

Council Finance Committee & URA Finance Committee
Agenda Planning Calendar 2016
RVSD 04/02 mnb

Apr 18	TOPIC	TIME	WHO
CFC	RMI – Business & Refinancing Update	30 min	M. Freeman
	Utility CIP & LTFP Review	60 min	L. Smith
	CML Tax Code Definitions	15 min	T. Smith
	Unclaimed Financial Asset: Recommended Code Modifications	15 min	J. Voss

May 16	TOPIC	TIME	WHO
CFC	Mental Health & Substance Use	30 min	C. Block
	Science & Cultural Facilities District	30 min	C. Donaldson
	Revenue Diversification Recommendations	30 min	T. Smith
	Vine / Lemay / BNSF project	30 min	T. Kemp
URA			

June 20	TOPIC	TIME	WHO
CFC	Hourly Positions to Classified	30 min	K. DiMartino
	Career Progression & Compensation	30 min	K. DiMartino
	Downtown Parking	30 min	K. Ravenschlag
	Wastewater Bond Refinancing	15 min	J. Voss
URA			

July 18	TOPIC	TIME	WHO
	Capital Expansion Fee - Revision	30 min	T. Smith
	2015 Year End Fund Balances	30 min	T. Storin
	2015 Year End Financial Summary	30 min	T. Storin
URA			

Future Council Finance Committee Topics:

- CAP Financing Strategies
- Parking Garage Financing
- Benefits - Historical Forecast Accuracy & Possible Plan Changes – July or August
- Full Time Hourly Administrative Position Changes (2017-18 Offers)
- Compensation & Total Rewards

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
April 18, 2016
9:30 – 11:30 a.m.
CIC Room – City Hall

Approval of the Minutes from the March 22, 2016 meeting

- | | | |
|--|------------|------------|
| 1. RMI – Business & Refinancing Update | 30 minutes | M. Freeman |
| 2. Utility CIP & LTFP Review | 60 minutes | L. Smith |
| 3. CML Tax Code Definitions | 15 minutes | T. Smith |
| 4. Unclaimed Financial Asset: Recommended Code Modifications | 15 minutes | J. Voss |

OTHER BUSINESS:

1. Scheduling for future meeting on HR benefits and compensation philosophies



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Council Audit & Finance Committee
Minutes
03/22/16
7:30 – 9:00 a.m.
CIC Room

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

Staff: Darin Atteberry, Tyler Marr, Mike Beckstead, John Duvall, Tiana Smith, Kelly DiMartino, Chris Martinez, Blaine Dunn, Kristi Hess, Steve Engemoen, Travis Storin, Noelle Currell, Claire Turney, Lawrence Pollack, Carrie Daggett, Jeff Mihelich, Jamie Heckman, Andres Gavaldon

Others:

Absent:

Meeting started at 7:30 am

APPROVAL OF MINUTES

Gerry Horak made a motion to approve the February 22, 2016 Council Finance Committee minutes. Ross Cunniff made a second to the motion. The minutes were approved unanimously.

BFO ASSUMPTIONS FOR SALES TAX GROWTH, BENEFITS COSTS AND SALARY ADJUSTMENTS

In 2016 the City will again use Budgeting for Outcomes (BFO) to prepare the City Manager's Recommended Budget for 2017-18. Key assumptions are established at the beginning of the process and will be reviewed with Council Finance.

A. BFO ASSUMPTIONS – SALES TAX GROWTH

Tiana Smith presented the BFO Assumptions for Sales Tax Growth.

- During the largest recession in the recent past of 2008-2009, sales tax collection decreased 3.84%. Population growth contributes to our stability.
- Use tax is volatile and difficult to predict.
- Development in Fort Collins is projected to slow but continue in 2017.
- Several economic factors were considered (quantitative and qualitative), looking both historically and forward, to understand the relationship to sales and use tax growth.

Per Mike Beckstead: we don't have a lot of data in order to forecast with except for CPI & GDP.

Sales Tax Forecast options considered:

- Option 1: 2017 forecast is 3% growth and in 2018 is 2% growth.
 - The Sales tax growth average since 2008 has been 2.8%.
 - The plan is to assign \$4.4M of the General Fund reserves to hedge against the potential of an upcoming recession.

- Option 2: 2017 forecast is -1% growth and in 2018 is 0% growth.
 - This is the worst case scenario.
 - This is anticipating a recession that will hit in late 2016.
 - This would result in a reduction in services.

Darin Atteberry comment: he thinks this is very important and input is wanted from the committee.

Tiana Smith and Mike Beckstead are putting forward choosing option is #1. The \$4.4M estimate comes from the "lost" revenue between the two forecasts. This assignment of \$4.4M would allow the City to use general fund money to make up the lost revenue due to a recession.

Gerry Horak comment: We should remove the 90% confidence level wording and rephrase it as pessimistic or strongest confidence level. It should be a qualitative term.

Ross Cunniff asked if the projections/correlations were used to analyze past data. Tiana Smith said that they did and there was no single factor that was a perfect correlation. Ross asked for more information on how confident we are with the assumption numbers to get at the \$4.4M.

Ross Cunniff asked about the Mall and its impact on these numbers. Mike Beckstead responded that it acts like a buffer against worst case forecasts.

Ross Cunniff asked if there is some sort of model that we could use instead of, or in addition to, the analysis that was used. Mike Beckstead responded that when he first started with the City there was a model that was not very accurate. This analysis is not a model, but it is a good best estimate.

Gerry Horak wondered if this estimate includes the possibility of slowing building due to a recession. Mike Beckstead responded that he is having those discussions to anticipate what is needed.

Support for Option #1 was given by the committee.

B. BFO ASSUMPTIONS – BENEFITS COST

Kristi Hess and Steve Engemoen presented the BFO Assumptions for the Benefits Cost. Premiums, plan design, claims, along with employer and employee cost are looked at to do the analysis. There are 3

primary sources for market data: Mountain States Employers' council, Mercer national survey and Benergy survey. Claims and prescriptions have increased over the past 5 years, but it looks like that will level off as of 2016. Current policy states the Benefits Fund must maintain a 30% reserve of medical and dental expenses. The current shortfall in the reserve is \$200K. There is a projected increase to employees over the next few years to get to the 70/30 split that the City wants to maintain. The increase in 2017 will be 10.5% for employees and 9% for the City and in 2018 will be 10% for employees and 5% for the City.

A Request for Proposal (RFP) for a carrier review will occur in 2016, this may result in a carrier change that could reduce cost.

Darin Atteberry comment: Self-insurance has been a deliberate path for the City. This is not the first time the deliberate effort was done; it's more of a continuous improvement process. We don't want to get too skewed from the market both on salary or benefits.

Ross Cunniff question: Could we put some plus or minus on the budget before final approval? Ross would like to see a range. Mike Beckstead said they will conduct some research and get back to the committee.

Ross Cunniff question: Is 70/30 split a policy? Kelly DiMartino comment: market comparison is premium market split. It does not reflect total cost share. We would like to look at total cost share. The 70/30 is not a policy; rather, it is a decision that was made for what "felt" fair. Kristi Hess responded: new survey data is coming out late spring/early summer that we can use to re-evaluate this split.

Gerry Horak question: What is our policy? Is it market? Need to look at data that compares to organizations that are a similar size of the City. Using the employee only is not accurate as most people in the City who use benefits are employee plus family. Kristi Hess responded: from the data we are using, most employers use an 85/15 split for employee only plans. Looking at an overall plan cost, that is where the City has decided to adopt the 70/30 split.

Gerry Horak comment: we need to choose an index and track that over time.

Mike Beckstead comment: when there is a higher cost, the City absorbs it, when there is a lower cost, the fund balance remains healthy. Risk is on City's side.

Gerry Horak question: do we circle back to check our accuracy? I.E. Are we off by 2% contribution on City or Employee side when we forecast? Why should tax payers have to subsidize us getting somewhere? Why don't we have a specific policy and why aren't we presenting a path to get there?

Darin Atteberry comment: market is the driver... and it is moving. We are striving to meet that moving target. Which market are we comparing to? We are taking market comparisons and saying "is this a fair competitive share? We are not the highest and we are not the lowest."

Gerry Horak comment: We need a specific method, whether it is weighted average, average, a pinpoint, etc. Is the City picking up too much of the share? Argument could be given that employees are picking up too much?

Darin Atteberry: We don't want to get too precise on methodology as it may back us into a corner. Team will come back with more updates. Show explicitly what we are working towards.

What will Team come back with?

- Hone in more on data and methodology behind the data
- Relate the data better to City's plan and philosophy
- Come back with historical data on the split and show the trend

C. BFO ASSUMPTIONS – SALARY ADJUSTMENT

Kelly DiMartino, Chris Martinez and Blaine Dunn presented the BFO Assumptions for the Salary Adjustment. Within the last year there was a change made for pay increases from forced distribution to giving discretionary increase decisions to the Service Area Directors. The factors used for pay increases are performance (results & behaviors) and position (reclassifications) and range (within the position).

Gerry Horak question: Do we use one time award bonuses as opposed to always increasing wages?

Kelly DiMartino response: we use them sparingly right now, although we are looking to expand use.

Data was gathered at both the private and public sector for market comparisons. They initially looked at multiple factors over a 15 year timeframe (2000-2015) to gage what our salary increase should be.

Methodologies using the Employment Cost Index (ECI) shows an increase of 2.7%-3.47% for 2017/2018. The average 2016 salary budget of peer cities is 2.87%, which is higher than our 2% salary adjustment. Mike Beckstead comment: the recommendation for the budgeted increase is 2.5% for 2017/2018 at the current time. If something changes due to a recession, we want to keep the option open to revisit this recommendation.

Ross Cunniff comment: providing the spreadsheet he received last week every year would be beneficial to Council.

Gerry Horak question: Why is there a difference between the sales tax projections and this salary adjustment? Mike Beckstead response: There are different methodologies used for Sales Tax forecasts based on our prior historical data. Sales Tax needs a high degree of confidence and we are not trying to peg to GDP or CPI, but base the projections on our historical experience. Gerry Horak comment: Logic between Salary increases and Sales Tax should be the same.

Ross Cunniff comment: Make budgeted increase v. actual employee compensation changes clear to Council.

Gerry Horak comment: We should set up some type of cloud database for peer cities to share this type of data. Avoid 10 cities all calling each other. The City could provide leadership here.

OTHER DISCUSSIONS:

Kelly DiMartino presented: There is a personnel item that will come forward in the budget. The Affordable Care Act impacts compensation & benefits for full time hourly employees. Roughly 156 positions will be proposed to become classified. There is an approximately \$2.7M per year impact. Kelly DiMartino indicated that we will be very transparent on how it plays out and is reflected in BFO Offers.

Ross Cunniff question: Did we look at other options? I.E. having more part time hourlies as opposed to converting full time hourlies? Kelly DiMartino response: We are unique in the number of permanent full-time hourlies we were using. Going forward we cannot hire full-time hourly, we will have to hire part-time, seasonal or classified.

Meeting Adjourned at 9:00 am

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Mike Freeman (Innosphere)

Date: 4/18/16

SUBJECT FOR DISCUSSION (a short title)

Update on Innosphere operations and update for City Council Finance Committee.

EXECUTIVE SUMMARY (a brief paragraph or two that succinctly summarizes important points that are covered in more detail in the body of the AIS.)

Innosphere is a 501 (c)3 technology incubator founded by the City of Fort Collins and CSU in 1998. We provide services for technology startups focused mainly in the Front Range of Colorado.

Innosphere mission: we create economic impact and power the innovation ecosystem by supporting high growth technology startups in Colorado. Our niche is working with science and engineering focused startups.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED
(Work session questions should be designed to gather direction from Council without requiring Councilmembers to make a decision.)

This is an update on Innosphere operations. No action is being sought.

BACKGROUND/DISCUSSION (details of item – History, current policy, previous Council actions, alternatives or options, costs or benefits, considerations leading to staff conclusions, data and statistics, next steps, etc.)

The City of Fort Collins is a significant partner of Innosphere and has been a financial and otherwise major backer of the organization since its inception in 1998. The briefing will provide an update to City Council on recent Innosphere activities and will focus on providing an update to the Council Finance Committee on four specific topics:

- Innosphere expansion
- Innosphere funding
- Innosphere building financing
- Diversification strategies for revenue

ATTACHMENTS

1. RMI – Business & Refinancing Update Power Point

INNOSPHERE OVERVIEW



ACCELERATING JOB CREATION AND
ENTREPRENEURSHIP



INNOSPHERE

We create economic impact and power the innovation ecosystem by supporting high growth technology startups in Colorado.

Our niche is working with science and engineering focused startups.

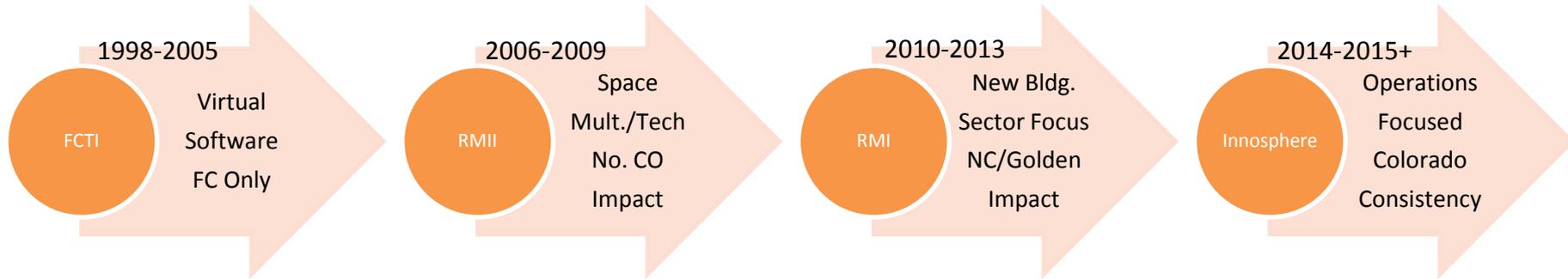
INNOSPHERE OFFICES



Innosphere's Strategy



Organizational Evolution



INNOSPHERE INDUSTRIES

Health Innovation

Digital Health – Medical Device - Diagnostics

Energy & Advanced Materials

Water – Cleantech – Transportation

Software/Hardware

Sensors – Internet of Things – Enterprise Software

2015 Metrics



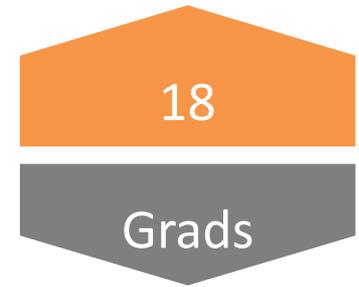
Family Office, Venture Capital and Corporate Strategics Lead the Way



Total capital raised by current clients and 2015 graduates.



Second highest level of job creation in our history.



Highest number of graduate companies in our history!

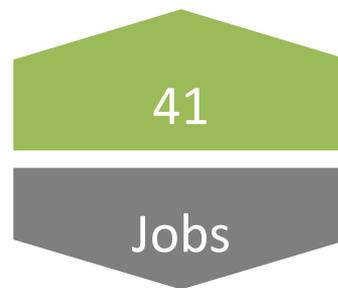
2015 Metrics – Fort Collins Graduates



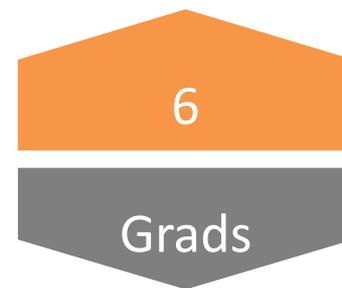
Family Office, Venture Capital and Corporate Strategics Lead the Way



Total capital raised by current clients and 2015 graduates.

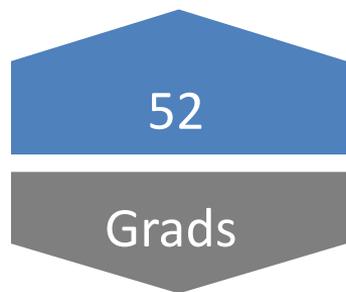


Second highest level of job creation in our history.



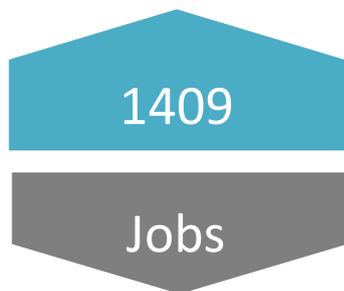
Highest number of graduate companies in our history!

We are an Impact Organization



Graduate Companies

Our most important metric of success. Graduate companies create the most economic impact.



Jobs Created

An important outcome of the Innosphere program. Often times the key metric for our funders.



Capital Raised

Capital is one of the most important startup metrics. Companies raise funding from a variety of sources.

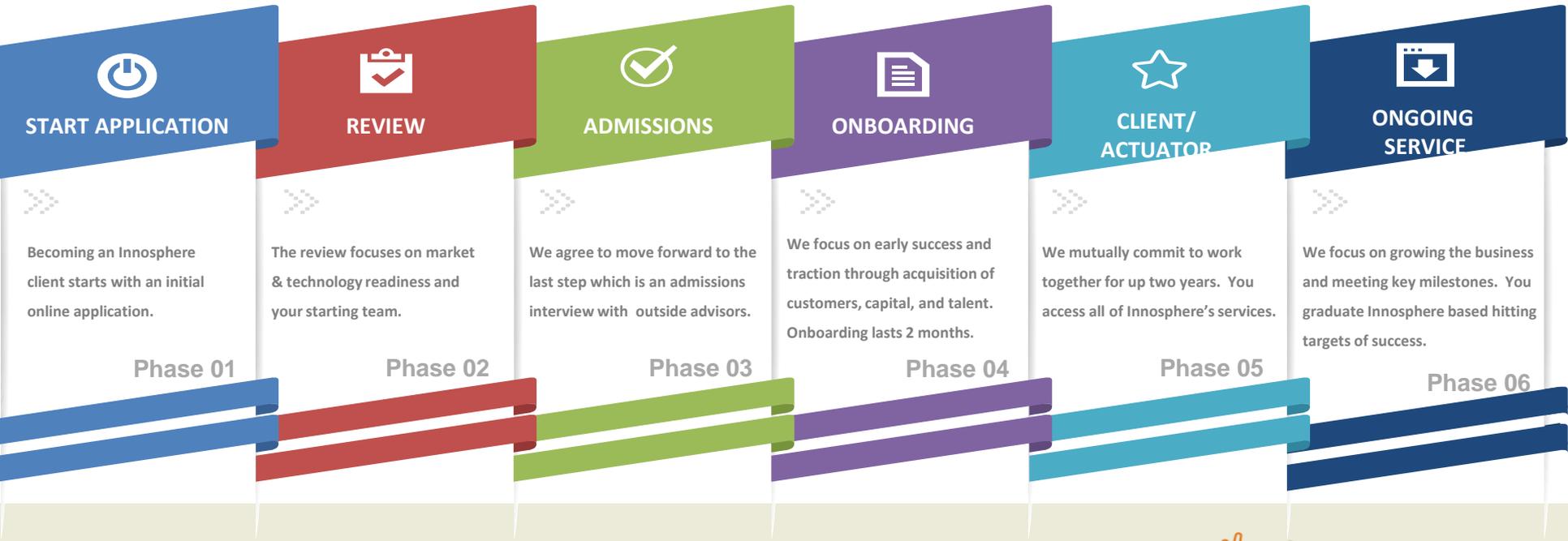


Revenue Generated

A short-term metric of success for startups that often dictate how much funding they can raise and how much traction they can gain.

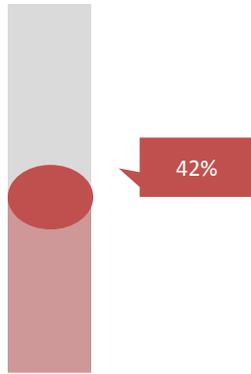
Cumulative Metrics 2009 - 2015

Client Application Process



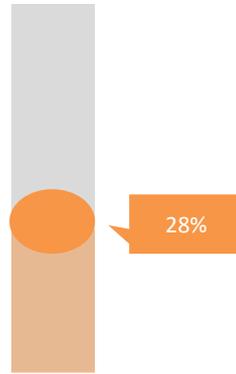
Onboarding Addresses Key Risk Factors

CB Insights



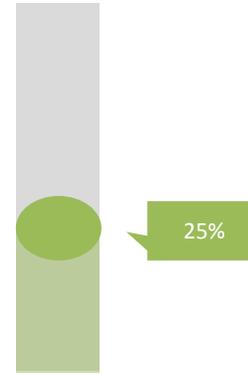
No Market Need

Tackling problems that are interesting to solve rather than those that serve a market need.



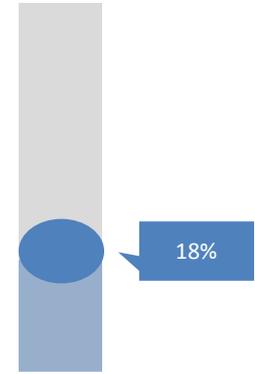
Out of Cash

Running out of cash was often tied to other reasons for startup failure into product-market fit and failed pivots.



Team

A diverse team with different skill sets was often cited as being critical to the success of a starting a company.



Competition

Despite the belief that startups shouldn't pay attention to the competition, the reality is that once an idea gets hot or gets market validation, there may be many entrants in a space.

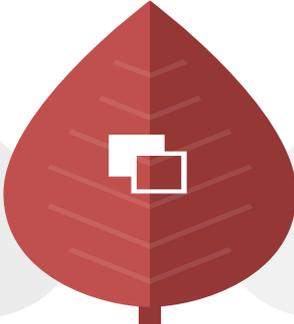
Onboarding Program Focus Areas

Investor Readiness is the Primary Outcome

Launch Well



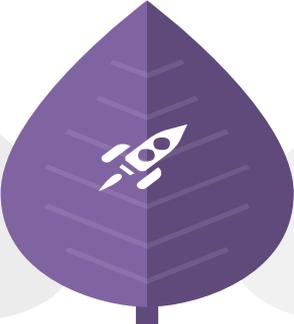
Customers



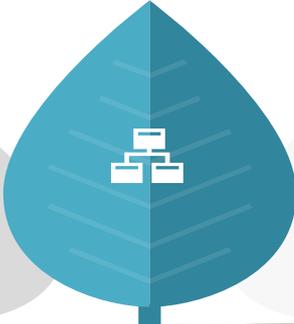
Capital



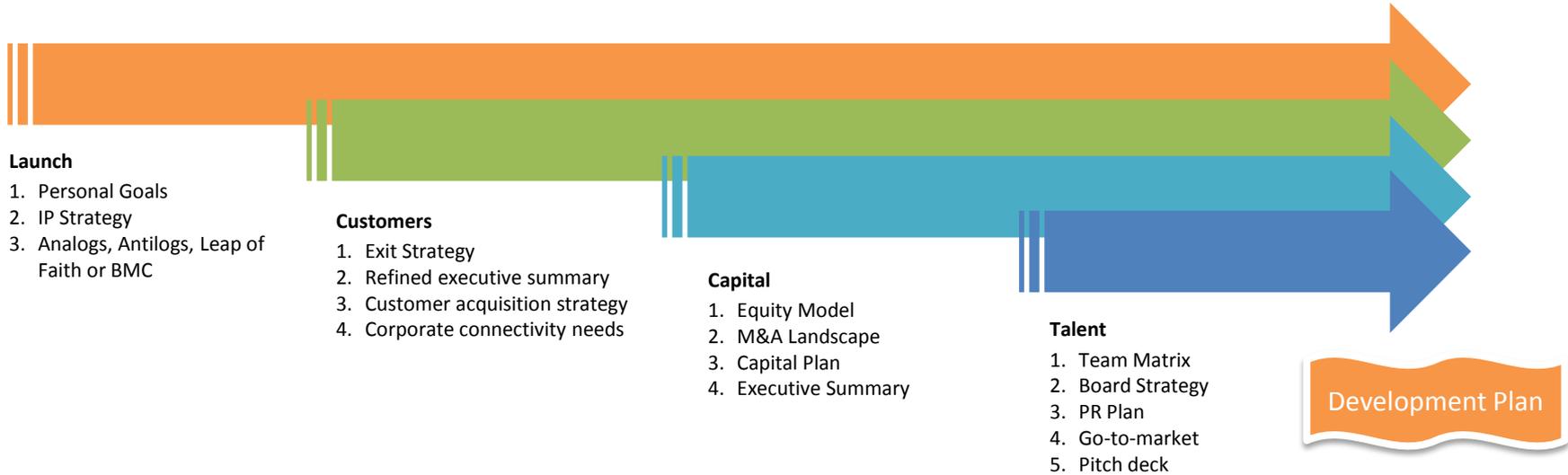
Team



Investor Ready



Onboarding Program Deliverables



INNOSPHERE CLIENT COMPANY PATHS TO SUCCESS

HQ Company

- Goal is to build and operate the business on an extended basis

Early Exit

- Goal is to create an early exit and there are significant gaps in the management team

Venture Backed

- Goal is create a high growth venture backed company that has large capital requirements

Innosphere Core Programs



Onboarding Program

The onboarding program guides new companies through a structured process of evaluation and deliverables that lead to investment ready stage.



Customer/Market/Competitor Research

Client companies need regular and ongoing strategic information to shape their business. Our team supports research and analysis needs.



Access to Capital

Raising capital can be a long and frustrating process. Our team works to make this process as efficient and effective as possible.



Advisors, Mentors, Technical Resources

Connecting you early with aligned advisors, mentors, and resources needed by startup companies is a core program.



Corporate Ventures

Startups need to access corporates for insight, to gain customer relationships, and eventually an exit. We connect you with companies of interest.



PR/Communication

Raising the profile of your startup in the early stages is important. Strategies for promoting your business and getting the word out are key.



Exit Strategy & Planning

Our Early Exit program is a first of its kind. For companies that are ready and are aligned, this program may be for you.

Innosphere Resources: Advisors, Partners & Providers

SAGE Advisors



Volunteers to help you with specific issues

Executive Advisors



"C" level ongoing assistance

Preferred Providers



Closely connected partners

Service Providers



Vetted service provider DB for clients

Product Discounts



Products and services designed for SU's

Networking /Education



Ongoing engagement and education

Innosphere Client Company Business Model

1. Formal application process
2. Annual client fee of \$5000 – billed after onboarding session
3. No blanket equity to participate
4. Early Exit program equity participation



Start the application: www.innosphere.org/apply

Mike Freeman
CEO, Innosphere
mike@innosphere.org
(970) 818-7736

Update Item One: Innosphere Expansion

- 2013 Innosphere expands to NREL – Golden
 - Innosphere assumes Clean Launch program
- 2014 Innosphere opens Industry office – Denver
 - Office opens to accommodate Denver clients
- 2015 Innosphere moves to Commons – Denver
 - Office moved to City of Denver location

2016 Funding Breakdown

Not Dedicated		Fort Collins	
Client Fees	150,000	City of Fort Collins	60,000
Corporate Partners	90,000	Bank Partner	50,000
CSU/CSUV	65,000	NoCoBio	30,000
City of Denver	50,000	PRPA	20,000
Bank Partner	50,000	Bank Partner	15,000
Canada Program	50,000	Bank Partner	15,000
Turkey Program	50,000	<u>Sub-total</u>	<u>190,000</u>
Family Office	30,000		
Bank Partner	25,000		
Family Office	25,000		
Family Office	25,000		
Corporate	25,000		
Corporate	25,000		
Corporate	25,000		
City of Loveland	20,000		
Family Office	10,000		
<u>Sub-total</u>	<u>565,000</u>		

Update Two: Innosphere Properties

- Building financing:
 - \$1.8M New Market Tax Credits
 - \$2.8M URA funding
- 2017 building refinancing in process
 - Refinance URA/City of Fort Collins debt by December 2016
 - Outstanding debt approximately \$2.5M
- Fundraising program launches
 - 2016 goal identify approximately \$1M in capital commitments

Update Three: Revenue Diversification

- 2013 – implemented higher client fees
- 2014 – fundraising focus on Denver
- 2015 – developed corporate partner program
- 2015 – launched early exit program

CLIENT COMPANY PATHS TO SUCCESS

HQ Company

- Goal is to build and operate the business on an extended basis

Early Exit

- Goal is to create an early exit and the management team is in place

Venture Backed

- Goal is create a high growth venture backed company that has large capital requirements

Equity Model and Transaction Fee

HQ's & VC's

- Annual fee: \$5,000
- Innosphere Equity: 1-3%

Early Exit

- Annual fee: \$5,000/\$10,000
- 5+% Equity/Transaction Fee

**WORK SESSION
AGENDA ITEM SUMMARY TEMPLATE**

Staff: Lance Smith, Utilities Strategic Financial Director

SUBJECT FOR DISCUSSION – Utilities 2016 Capital Improvement Plans and Strategic Financial Plan Update

EXECUTIVE SUMMARY

The purpose of this agenda item is to provide the Council Finance Committee with an overview of the planning processes underway within Fort Collins Utilities. The 2016 Capital Improvement Plans (CIPs) and the process behind them are outlined. The resulting investment projections set the stage for a follow up discussion in a few months on the long term Utilities Strategic Financial Plan.

The 2016 CIPs have been prioritized in a consistent, quantitative process for the water, wastewater and stormwater utilities. The 2016 CIP for the electric utility is based largely on a 20 year load assessment completed earlier this year with Leidos. It is expected that the quantitative prioritization process will be utilized for the electric utility ahead of the next budget cycle.

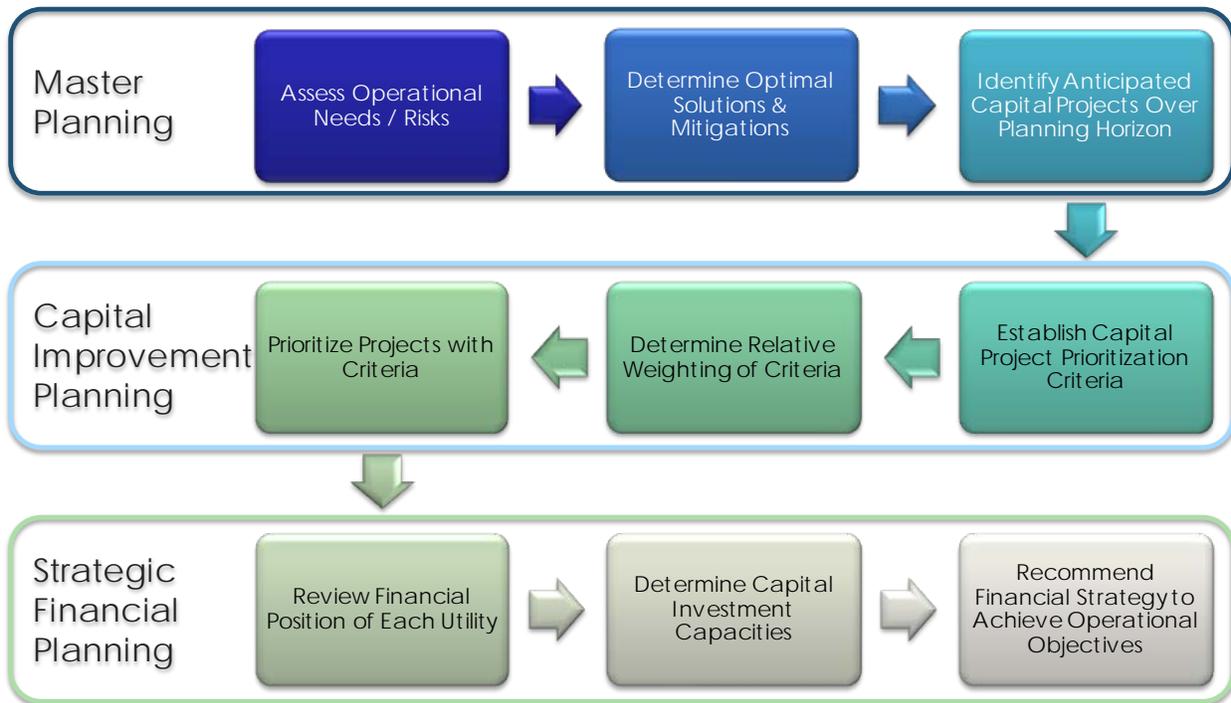
Each of these plans is projecting substantial capital investment being needed for each utility over the next decade. Because the projected levels of investment are not achievable through current operating revenues alone it will be necessary to further analyze the best means of achieving these operational needs without negatively impacting the financial integrity of the utilities while maintaining affordable utilities to the community. This analysis and the long term Utilities Strategic Financial Plan will be the focus of the follow up discussion in a few months.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Council Finance Committee support proceeding with the analysis and publication of a long term Utilities Strategic Financial Plan for each utility within the next few months?
2. Does the Council Finance Committee support the Utilities Strategic Financial Plan assumptions?

BACKGROUND/DISCUSSION

The capital investment required to operate and maintain each of the four utility services provided by the City to the community requires a long planning horizon and consistent needs assessment and prioritization in order to ensure that the levels of service established are sustained well into the future. This process begins with periodically developing and updating Operational Master Plans for each utility. These plans assess current infrastructure for needs and risks and review expected growth and regulatory requirements. The Master Plans generate a list of recommended capital projects over the planning horizon which are then included in the Capital Improvement Plans. The Utility Asset Management program has developed a rigorous process to identify and prioritize necessary capital investments. This prioritized list includes the annual capital investment which becomes an input into the long term Strategic Financial Plan. The financial position of each utility is also reviewed in this step with the output being a recommended path forward which may involve rate adjustments and future debt issuances in order to achieve the operational objectives and needs of each utility.



Capital Improvement Plans

Capital Improvement Plan Prioritization Process

The list of projects identified through the Master Planning process serve as a basis for the Capital Improvement Plans (CIPs) being presented here. These projects are prioritized through the process outlined in the following flow diagram:



This process involves many stakeholders throughout the Utilities organization from field and facility staff to the Executive Director. Throughout the Master Planning and CIP development quantitative analysis is utilized in the assessment of all capital projects. Industry benchmarking, engineering analysis, and Asset Management Plans are incorporated wherever possible in the processes.

In 2014, a Capital Project Review Committee (CPRC) was created within the Utilities Service Area to review the project prioritization prior to budget offers being submitted for the Budgeting for Outcomes process. The CPRC is composed of the following positions:

- Executive Director
- Utilities Strategic Finance Director
- Water Resources Treatment Operations Manager
- Water Engineering & Field Services Manager
- Light & Power Operations Manager

The CPRC is responsible for reviewing and approving the capital project prioritization for each enterprise fund prior to submitting funding requests to the City’s bi-annual Budgeting for Outcomes (BFO) process.

The process outlined above was first utilized for the 10 year CIPs for the three wet utilities in 2014. This process has been utilized again for the 2016 CIPs for these utilities. While significant progress has been made in socializing asset management in the electric utility, there was first a need to complete a 20 year load and capacity study for the electric distribution system before implementing such a process in 2016. For the 2016 electric utility CIP preliminary allocations were made to asset categories for system renewal, known annexations were scheduled and the system capacity additions identified the Leidos study were included. It is fully expected that the process outlined above will be utilized for the electric utility ahead of the next budget cycle.

The CPRC has reviewed and approved the initial 2016 Capital Improvement Plans for each of the four utilities. While the 10 year assessment of available capital may require a change in the timing of some capital investments over the next few months as the Strategic Financial Plans are finalized, the most immediate capital needs will be submitted through the Budgeting For Outcomes process for the 2017-18 City Budget.

The prioritization criteria identified and weighted by management and a group of subject matter experts from the water, wastewater and stormwater utilities are:

Operational Objectives	Relative Weights		
	502 - Water Fund	503 - Wastewater Fund	504 - Stormwater Fund
Safety	38%	36%	52%
Regulatory Compliance	29%	24%	
Reliability	13%	24%	22%
Sustainability	4%	9%	16%
Customer Satisfaction	7%	7%	10%
Product Quality	9%		

Given the City's commitment to safety and regulatory compliance, these two criteria were weighted the most heavily in the project prioritization followed by reliability. The relatively low ranking of customer satisfaction and product quality reflect the previous efforts in both of these categories and the confidence that both will remain strong into the future mainly through operational practices rather than capital investments.

10 Year Capital Projections

The 10 year CIP for the Light & Power Fund consists of projects needed to provide adequate substation and distribution capacity to developing areas of the City, anticipated annexations including the Mulberry Corridor, operational technology improvements and system renewal of existing substations and underground distribution assets.

501 - Light & Power

Project or Program	2017	2018	2019	2020	2021
Substation Improvements	\$ 445,000	\$ 590,000	\$ 750,000	\$ 620,000	\$ 605,000
Distribution System Improvements	\$ 2,950,000	\$ 2,536,000	\$ 2,843,000	\$ 3,452,000	\$ 3,263,000
New Capacity	\$ 4,654,000	\$ 3,628,000	\$ 1,034,000	\$ 1,770,000	\$ 2,970,000
Annexations	\$ 140,000	\$ 3,015,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Operational Technology & Fiber	\$ 3,150,000	\$ 2,027,000	\$ 159,000	\$ 161,000	\$ 163,000
Total	\$11,339,000	\$11,796,000	\$ 7,786,000	\$ 9,003,000	\$10,001,000

Project or Program	2022	2023	2024	2025	2026
Substation Improvements	\$ 440,000	\$ 440,000	\$ 440,000	\$ 315,000	\$ -
Distribution System Improvements	\$ 1,785,000	\$ 1,839,000	\$ 1,894,000	\$ 1,950,000	\$ 2,008,000
New Capacity	\$ 7,550,000	\$13,370,000	\$ 3,304,000	\$ -	\$ -
Annexations	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
Operational Technology & Fiber	\$ 165,000	\$ 167,000	\$ 169,000	\$ 171,000	\$ 173,000
Total	\$12,940,000	\$15,816,000	\$ 5,807,000	\$ 2,436,000	\$ 2,181,000

The Mulberry Annexation is expected to cost this utility \$15M in asset acquisition and integration costs over several years with some of the preliminary work potentially starting as soon as 2018 ahead of the annexation itself to minimize acquisition costs. Two new substations will also be required in 2022 and 2023.

The 10 year CIP for the Water Fund includes the construction of the Halligan Reservoir in 2019-20, an additional treated water storage facility in 2022 and significant renewal costs for the Poudre Pipeline in the Poudre Canyon potentially starting in 2018. It also includes significant investment in the distribution system throughout the City as the renewal rate for the distribution assets is increased. Significant investment has been made in the Water Treatment Facility since its expansion in 1999 allowing for more attention to be given to the source of supply and distribution systems over the coming decade.

502 - Water

Division	2017	2018	2019	2020	2021
Water Production	\$ 4,046,000	\$ 12,821,000	\$ 3,174,000	\$ 2,535,000	\$ 1,000,000
Water Distribution	\$ 6,957,000	\$ 4,610,000	\$ 4,537,000	\$ 6,483,000	\$ 6,757,000
Water Resources	\$ 553,000	\$ 555,000	\$ 13,135,000	\$ 14,417,000	\$ 2,680,000
Environmental Services	\$ 1,455,000	\$ 1,350,000	\$ 50,000	\$ 50,000	\$ 50,000
Total	\$ 13,011,000	\$ 19,336,000	\$ 20,896,000	\$ 23,485,000	\$ 10,487,000

Division	2022	2023	2024	2025	2026
Water Production	\$ 16,771,000	\$ 3,395,000	\$ 14,031,000	\$ 1,000,000	\$ 1,000,000
Water Distribution	\$ 6,315,000	\$ 7,311,000	\$ 7,251,000	\$ 7,251,000	\$ 7,251,000
Water Resources	\$ 216,000	\$ 222,000	\$ 228,000	\$ 237,000	\$ 183,000
Environmental Services	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total	\$ 23,352,000	\$ 10,978,000	\$ 21,560,000	\$ 8,538,000	\$ 8,484,000

The 10 year CIP for the Wastewater Fund consists of increased funding for replacement of the collection system assets over the next decade and some significant investments in asset improvements over the next few years at the Water Reclamation Facility. Not shown below are the expected costs associated with additional nutrient removal regulations that are anticipated just beyond the next decade but which are anticipated to cost between \$70-90M soon thereafter. This expense will be included in the financial analysis incorporating this CIP.

503 - Wastewater

Division	2017	2018	2019	2020	2021
Water Reclamation	\$ 7,810,000	\$ 10,880,000	\$ 5,733,000	\$ 3,540,000	\$ 3,050,000
Wastewater Collection	\$ 2,050,000	\$ 2,570,000	\$ 3,202,000	\$ 3,048,000	\$ 2,907,000
Environmental Services	\$ 355,000	\$ 30,000	\$ 50,000	\$ 50,000	\$ 50,000
Total	\$ 10,215,000	\$ 13,480,000	\$ 8,985,000	\$ 6,638,000	\$ 6,007,000

Division	2022	2023	2024	2025	2026
Water Reclamation	\$ 3,050,000	\$ 2,050,000	\$ 2,050,000	\$ 2,259,500	\$ 5,362,000
Wastewater Collection	\$ 3,383,000	\$ 3,276,000	\$ 3,889,000	\$ 4,123,000	\$ 3,980,000
Environmental Services	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total	\$ 6,483,000	\$ 5,376,000	\$ 5,989,000	\$ 6,432,500	\$ 9,392,000

The 10 year CIP for the Stormwater Fund reflects several large infrastructure projects yet to be built, including over \$100M in a 4 year timespan (2019-2022). It is unlikely that the financial position of this utility will accommodate such spend over 4 years so further analysis will need to be completed and the operational impacts of delaying some of this investment analyzed further.

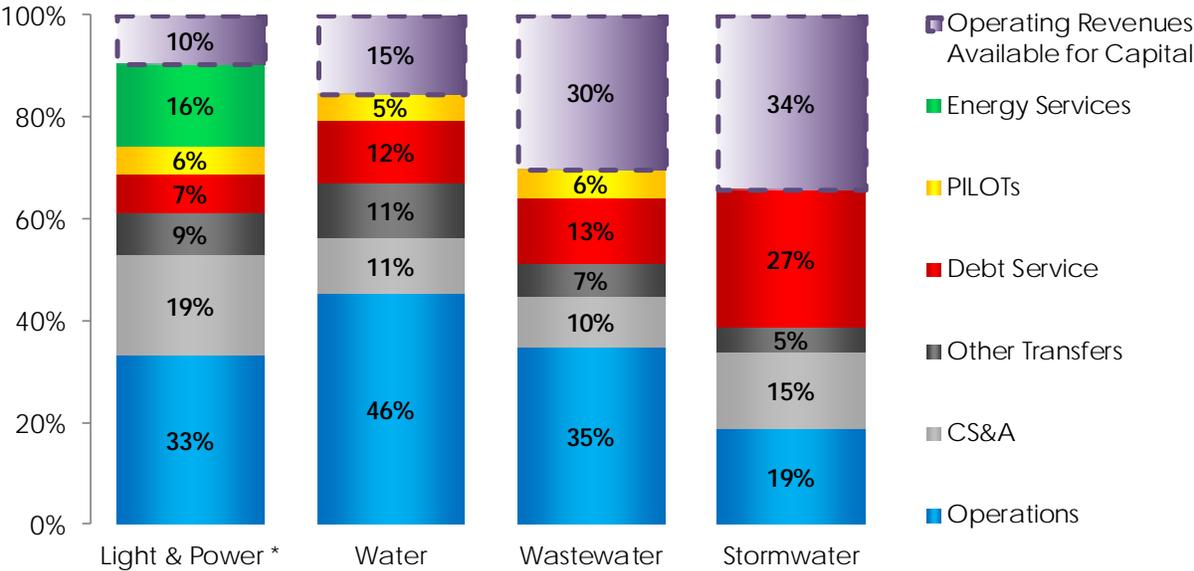
Category	2017	2018	2019	2020	2021
Major Capital	\$ 5,750,000	\$ 6,510,000	\$ 25,500,000	\$ 22,750,000	\$ 24,050,000
Minor Capital	\$ 1,400,000	\$ 1,500,000	\$ 1,600,000	\$ 1,700,000	\$ 1,800,000
Boxelder Basin Stormwater Authority	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Stream Rehabilitation	\$ 350,000	\$ 1,400,000	\$ 800,000	\$ 850,000	\$ 900,000
Total	\$ 7,850,000	\$ 9,760,000	\$ 28,250,000	\$ 25,650,000	\$ 27,100,000

Category	2022	2023	2024	2025	2026
Major Capital	\$ 17,950,000	\$ 6,250,000	\$ 5,750,000	\$ 3,750,000	\$ 4,280,000
Minor Capital	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000	\$ 2,200,000	\$ 2,300,000
Boxelder Basin Stormwater Authority	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Stream Rehabilitation	\$ 950,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000	\$ 1,150,000
Total	\$ 21,150,000	\$ 9,600,000	\$ 9,250,000	\$ 7,400,000	\$ 8,080,000

Operating Revenues Available for Capital Investment

Each utility collects operating revenues through monthly charges to its ratepayers. These revenues are used to operate and maintain each utility including making capital investments in system renewal and improvements. The chart below looks at the 2015 realized operating revenues for each of the four utilities and highlights the amount of operating revenue that was available for such capital investments.

2015 Expenses as % of Operating Revenues



The asterisk denotes that for the electric utility the portion of the operating revenue that is necessary to pay for the purchased power expenses from Platte River and the portion of the Payments In-Lieu of Taxes (PILOTs) associated with this expense have been removed to show how the remaining portion of the operating revenues available to Utilities was allocated. This represents 77% of the total operating revenues collected from electric customers, or \$90.4M of the \$117.5M total operating revenue. Platte River allocates those revenues across many of the same categories separately.

Shortfall of Forecasted Operational Revenues and Development Fees

As the chart above shows, within each Enterprise Fund's operating revenues there is some capacity to make capital investment in infrastructure. This is appropriate and necessary to ensure that infrastructure that has aged beyond its useful life can be renewed. Development fees, or Plant Investment Fees (PIFs), are also collected as new development occurs within the utility service area. PIFs cover both the additional cost of connecting the new customers to the existing infrastructure and the portion of existing or new capacity that will be utilized by the new customers. As the tables above from the CIPs show, capital investments can vary significantly more than operating revenues from one year to the next.

PIFs also fluctuate significantly from one year to the next. Debt service varies over time as debt is incurred or retired. Operational expenses also vary year over year depending on the amount of proactive replacement versus reactive replacement being done. For these reasons a ten year average is considered when estimating future availability of operating revenues and PIFs for capital investment.

10 Year Average Operating Revenues Available for Capital	\$5,000,000	\$3,600,000	\$3,000,000	\$4,600,000
10 Year Average PIF Revenues Available for Capital	\$3,400,000	\$4,000,000	\$2,900,000	\$700,000
10 Year Average Total Revenues Available for Capital	\$8,400,000	\$7,600,000	\$5,900,000	\$5,300,000

The tables below show how on a year by year basis the portion of operating revenues available for capital investments and the average annual PIFs are not sufficient to meet the projected capital investments needed for the utilities even when the current cash reserves are fully utilized above the minimum required reserves per City Financial Policies. A modest growth in operating expenses of 1.5% is assumed year over year which is why the amount available through operating revenues decreases over the 10 years.

The first two tables show the electric utility has sufficient capacity within its existing rates and cash reserve to support the capital investment needed for the first 6 years assuming no other appropriations are made for use of the reserves.

501 - L&P Fund	2017	2018	2019	2020	2021
Capital Investment from CIP	\$ 11,340,000	\$11,800,000	\$7,790,000	\$9,000,000	\$10,000,000
Available through Operating Revenues & PIFs	\$8,400,000	\$8,270,000	\$8,150,000	\$8,030,000	\$7,910,000
Annual Excess / (Shortfall)	(\$2,940,000)	(\$3,530,000)	\$360,000	(\$970,000)	(\$2,090,000)
Available Working Capital	\$15,000,000	\$12,060,000	\$8,530,000	\$8,890,000	\$7,920,000
Running Shortfall	\$12,060,000	\$8,530,000	\$8,890,000	\$7,920,000	\$5,830,000

501 - L&P Fund	2022	2023	2024	2025	2026
Capital Investment from CIP	\$12,940,000	\$15,820,000	\$5,810,000	\$2,440,000	\$2,180,000
Available through Operating Revenues & PIFs	\$7,790,000	\$7,670,000	\$7,560,000	\$7,440,000	\$7,330,000
Annual Excess / (Shortfall)	(\$5,150,000)	(\$8,150,000)	\$1,750,000	\$5,000,000	\$5,150,000
Available Working Capital	\$5,830,000	\$680,000	(\$7,470,000)	(\$5,720,000)	(\$720,000)
Running Shortfall	\$680,000	(\$7,470,000)	(\$5,720,000)	(\$720,000)	\$4,430,000

The next two tables look at the water utility. Because there is little unappropriated reserves currently available in this utility, the current rates are not sufficient to meet the anticipated capital needs in 2017. Over the next decade the shortfall is estimated to be \$86M.

502 - Water Fund	2017	2018	2019	2020	2021
Capital Investment from CIP	\$ 13,010,000	\$19,340,000	\$20,900,000	\$23,490,000	\$10,490,000
Available through Operating Revenues & PIFs	\$ 7,600,000	\$7,490,000	\$7,370,000	\$7,260,000	\$7,150,000
Annual Excess / (Shortfall)	(\$5,410,000)	(\$11,850,000)	(\$13,530,000)	(\$16,230,000)	(\$3,340,000)
Available Working Capital	\$3,000,000	(\$2,410,000)	(\$14,260,000)	(\$27,790,000)	(\$44,020,000)
Running Shortfall	(\$2,410,000)	(\$14,260,000)	(\$27,790,000)	(\$44,020,000)	(\$47,360,000)

502 - Water Fund	2022	2023	2024	2025	2026
Capital Investment from CIP	\$23,350,000	\$10,980,000	\$21,560,000	\$8,540,000	\$8,480,000
Available through Operating Revenues & PIFs	\$7,050,000	\$6,940,000	\$6,840,000	\$6,730,000	\$6,630,000
Annual Excess / (Shortfall)	(\$16,300,000)	(\$4,040,000)	(\$14,720,000)	(\$1,810,000)	(\$1,850,000)
Available Working Capital	(\$47,360,000)	(\$63,660,000)	(\$67,700,000)	(\$82,420,000)	(\$84,230,000)
Running Shortfall	(\$63,660,000)	(\$67,700,000)	(\$82,420,000)	(\$84,230,000)	(\$86,080,000)

The wastewater utility has a significant unappropriated reserve which will allow it to support the capital investments needed though the first 5 years without a need for a rate adjustment. However, anticipated new regulatory requirements for nutrient removal and temperature thresholds are expected to require an additional \$60-70M just beyond the ten year planning horizon. This represents an anticipated capital investment equivalent to 3 years of operating revenue.

503 - Wastewater Fund	2017	2018	2019	2020	2021
Capital Investment from CIP	\$ 10,220,000	\$13,480,000	\$8,990,000	\$6,640,000	\$6,010,000
Available through Operating Revenues & PIFs	\$ 5,900,000	\$5,810,000	\$5,720,000	\$5,640,000	\$5,550,000
Annual Excess / (Shortfall)	(\$4,320,000)	(\$7,670,000)	(\$3,270,000)	(\$1,000,000)	(\$460,000)
Available Working Capital	\$17,000,000	\$12,680,000	\$5,010,000	\$1,740,000	\$740,000
Running Shortfall	\$12,680,000	\$5,010,000	\$1,740,000	\$740,000	\$280,000

503 - Wastewater Fund	2022	2023	2024	2025	2026
Capital Investment from CIP	\$6,480,000	\$5,380,000	\$5,990,000	\$6,430,000	\$9,390,000
Available through Operating Revenues & PIFs	\$5,470,000	\$5,390,000	\$5,310,000	\$5,230,000	\$5,150,000
Annual Excess / (Shortfall)	(\$1,010,000)	\$10,000	(\$680,000)	(\$1,200,000)	(\$4,240,000)
Available Working Capital	\$280,000	(\$730,000)	(\$720,000)	(\$1,400,000)	(\$2,600,000)
Running Shortfall	(\$730,000)	(\$720,000)	(\$1,400,000)	(\$2,600,000)	(\$6,840,000)

The stormwater utility has such a modest unappropriated reserve balance that the capital investment needed in 2017 immediately produces a funding shortfall.

504 - Stormwater Fund	2017	2018	2019	2020	2021
Capital Investment from CIP	\$ 7,850,000	\$9,760,000	\$28,250,000	\$25,650,000	\$27,100,000
Available through Operating Revenues & PIFs	\$ 5,300,000	\$5,220,000	\$5,140,000	\$5,070,000	\$4,990,000
Annual Excess / (Shortfall)	(\$2,550,000)	(\$4,540,000)	(\$23,110,000)	(\$20,580,000)	(\$22,110,000)
Available Working Capital	\$2,000,000	(\$550,000)	(\$5,090,000)	(\$28,200,000)	(\$48,780,000)
Running Shortfall	(\$550,000)	(\$5,090,000)	(\$28,200,000)	(\$48,780,000)	(\$70,890,000)

504 - Stormwater Fund	2022	2023	2024	2025	2026
Capital Investment from CIP	\$21,150,000	\$9,600,000	\$9,250,000	\$7,400,000	\$8,080,000
Available through Operating Revenues & PIFs	\$4,910,000	\$4,840,000	\$4,770,000	\$4,700,000	\$4,630,000
Annual Excess / (Shortfall)	(\$16,240,000)	(\$4,760,000)	(\$4,480,000)	(\$2,700,000)	(\$3,450,000)
Available Working Capital	(\$70,890,000)	(\$87,130,000)	(\$91,890,000)	(\$96,370,000)	(\$99,070,000)
Running Shortfall	(\$87,130,000)	(\$91,890,000)	(\$96,370,000)	(\$99,070,000)	(\$102,520,000)

Is Growth Paying Its Own Way?

Given the forecasted shortfall for capital investment it is reasonable to ask if growth is paying for itself. Each Enterprise Fund assesses PIFs based on the actual cost of connecting new customers including the amount of system capacity being allocated to those customers. The determination of what is included in and how the PIFs are calculated is through a cost of service model similar to the cost of service models that are updated every two years for existing ratepayers. The PIF model utilized by the three wet utilities was last reviewed by an outside entity in 2009 and is based on industry best principles. In 2016 a consultant is being contracted to review and modify as necessary the existing Light & Power PIF model. The intention of all of the utilities' PIF models is that growth is paying its own way.

It is important, however, to recognize that capacity is normally built ahead of the new development requiring such capacity. This is done to both ensure that adequate capacity exists so as to not be a barrier to economic growth and because capacity is usually added in larger amounts than a single new customer may need so as to realize the economies of scale for such large capital investments. For example, the Water Treatment Facility was last expanded in 1999 to its present treatment capacity. This capacity is expected to be sufficient to serve all customers even through buildout of the water utility's service territory. That expansion was paid for through existing cash reserves, the portion of operating revenues available for capital investment and revenue bonds. As new customers are connected to the water system the PIFs assessed to those customers will recover the amounts paid by existing customers for the portion of that capital investment now being allocated to the new customers.

Next Step: Strategic Financial Planning

Estimated Rate Increases Required to Avoid Issuing Debt

Each of the four utilities show a shortfall in available funding for the needed capital investment at some point over the next decade with the water and stormwater utilities each showing a shortfall in every year. This is only the initial step in developing the Strategic Financial Plan. While it does show that there will need to be rate increases and debt issuances over the coming decade in order to achieve the capital investment necessary, a reasonable path forward will be developed for each utility and presented to the City Council for further consideration.

The next table shows the amount of annual rate increase that would be necessary to meet these shortfalls year by year for each utility. This assumes there is no debt issuance for any utility and operational expenses increases with inflation at 1.5% annually. Because capital investments fluctuate from one year to the next, rate decreases are also necessary from year to year to avoid building up excessive reserves. While the average annual rate change only exceeds 6% for the wastewater utility and the net 10 year rate increases are relatively small, the year over year volatility would not be acceptable to our community.

Utility	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10 Yr Ave Annual Rate Change
Light & Power	-38%	81%	-11%	4%	3%	9%	8%	-25%	-11%	-1%	2%
Water	8%	29%	4%	6%	-28%	39%	-27%	32%	-29%	0%	4%
Wastewater	-53%	179%	-14%	-8%	-2%	2%	-4%	3%	2%	12%	12%
Stormwater	4%	26%	97%	-7%	4%	-16%	-37%	-2%	-9%	4%	6%

Relative Rate Increases

Fort Collins citizens and businesses benefit from the low cost of utility services along with many neighboring communities. Through long term planning and prudent operations, the City has maintained these competitive rates through a rate philosophy of gradual, modest rate adjustments. Below is a table comparing the recent rate increases of several neighboring communities to those of Fort Collins Utilities.

	Electric			Water		
	2014	2015	2016	2014	2015	2016
Ft Collins	2.0%	1.9%	3.2%	4.0%	0.0%	0.0%
Loveland	8.4%	0.9%	5.5%	19.0%	13.1%	9.0%
Longmont	8.2%	4.9%	0.0%	4.5%	0.0%	7.0%
Greeley	5.8%	6.6%	-4.4%	7.9%	3.7%	0.7%
Boulder	5.8%	6.6%	-4.4%	3.0%	3.9%	4.7%
Colorado Springs	0.0%	3.7%	5.7%	11.2%	11.7%	0.0%

	Wastewater			Stormwater		
	2014	2015	2016	2014	2015	2016
Ft Collins	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%
Loveland	3.9%	11.1%	21.7%	0.0%	9.6%	9.6%
Longmont	16.7%	16.4%	15.1%	0.0%	68.0%	0.0%
Greeley	-2.1%	-0.7%	3.4%	0.0%	14.6%	0.0%
Boulder	5.0%	1.2%	27.5%	3.0%	2.9%	75.0%
Colorado Springs	0.0%	0.0%	0.0%	N/A	N/A	N/A

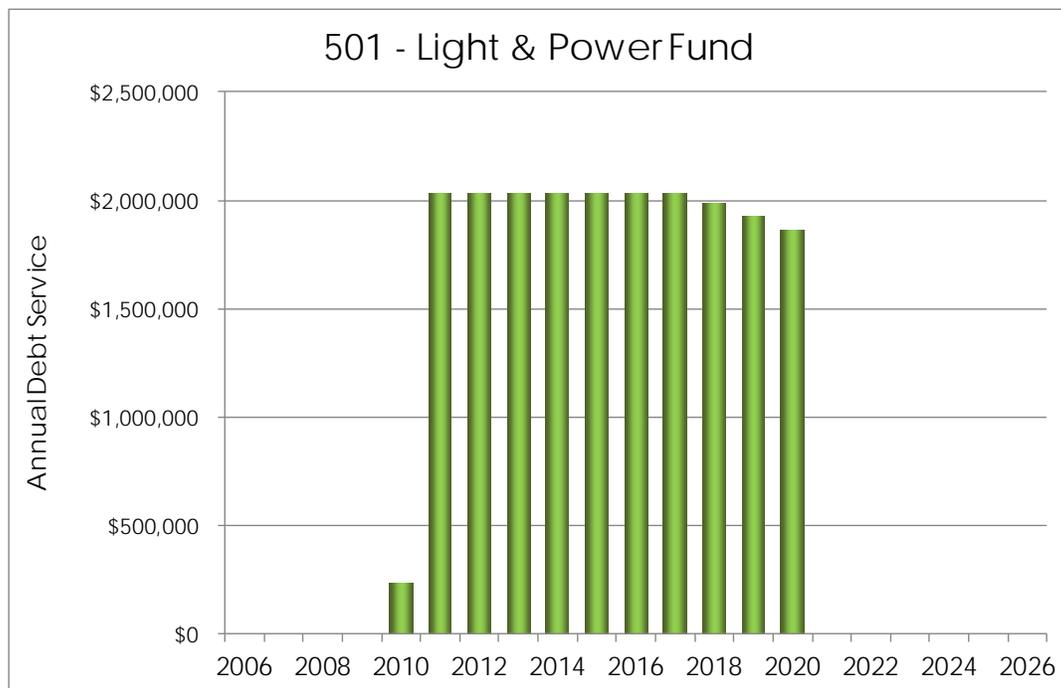
Relative rate increases can be misleading if not put into context of actual charges. The table below shows the actual charges for a typical residential customer.

	Electric	Water	Wastewater	Stormwater	Total
	2016	2016	2016	2016	2016
Ft Collins	\$ 68.21	\$ 43.57	\$ 35.07	\$ 14.26	\$ 161.11
Loveland	\$ 67.01	\$ 34.00	\$ 25.43	\$ 12.48	\$ 138.92
Longmont	\$ 63.25	\$ 31.47	\$ 33.63	\$ 13.05	\$ 141.40
Greeley	\$ 79.67	\$ 51.35	\$ 20.62	\$ 6.45	\$ 158.09
Boulder	\$ 79.67	\$ 35.84	\$ 29.08	\$ 13.46	\$ 158.05
Colorado Springs	\$ 85.46	\$ 77.82	\$ 31.27	N/A	\$ 194.55

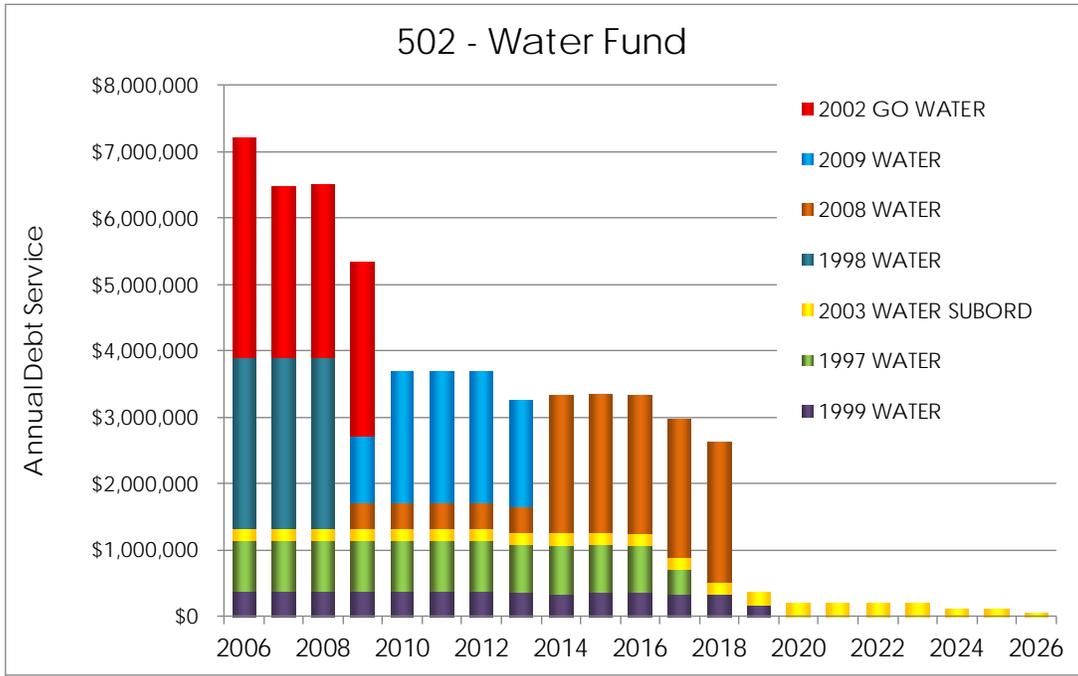
Debt Schedules

Given the anticipated funding shortfall to meet the expected capital investments required in the Enterprise Funds over the next decade and the variable nature of such capital investments, it will be necessary from time to time to issue revenue bonds in a prudent manner to minimize rate adjustments and still ensure that adequate capacity exists for new development and existing assets are renewed as needed to maintain the level of service and reliability expected by our community. Below are the annual debt service costs for all current debt by Enterprise Fund. The annual debt service costs depend on both the term of the debt issuance (typically 10 or 20 years) and the interest rate which in turn depends on the bond rating at issuance. Just for some context, a \$10M debt issuance may cost \$700-900K annually for a 20 year term or \$1.1-1.3M for a 10 year term.

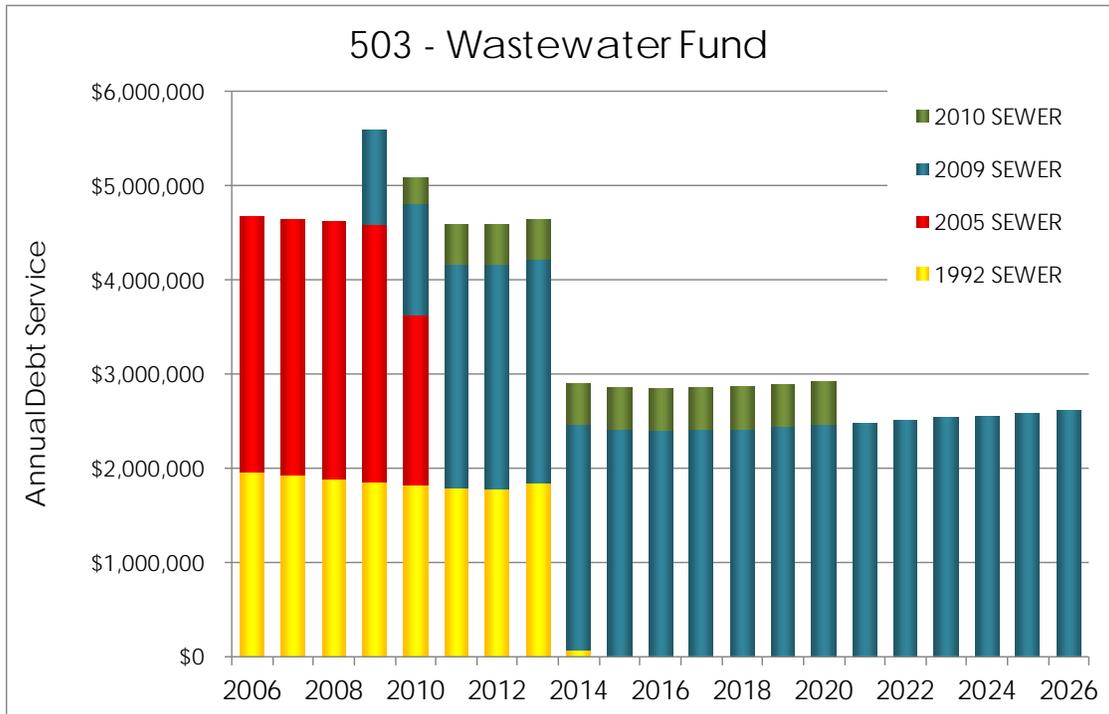
The Light & Power Fund issued its first debt in many years in 2010 to pay for the portion of the Advanced Meter Fort Collins project not covered through the matching federal grants. This debt has a current bond rating of AA- and will be retired in 2020.



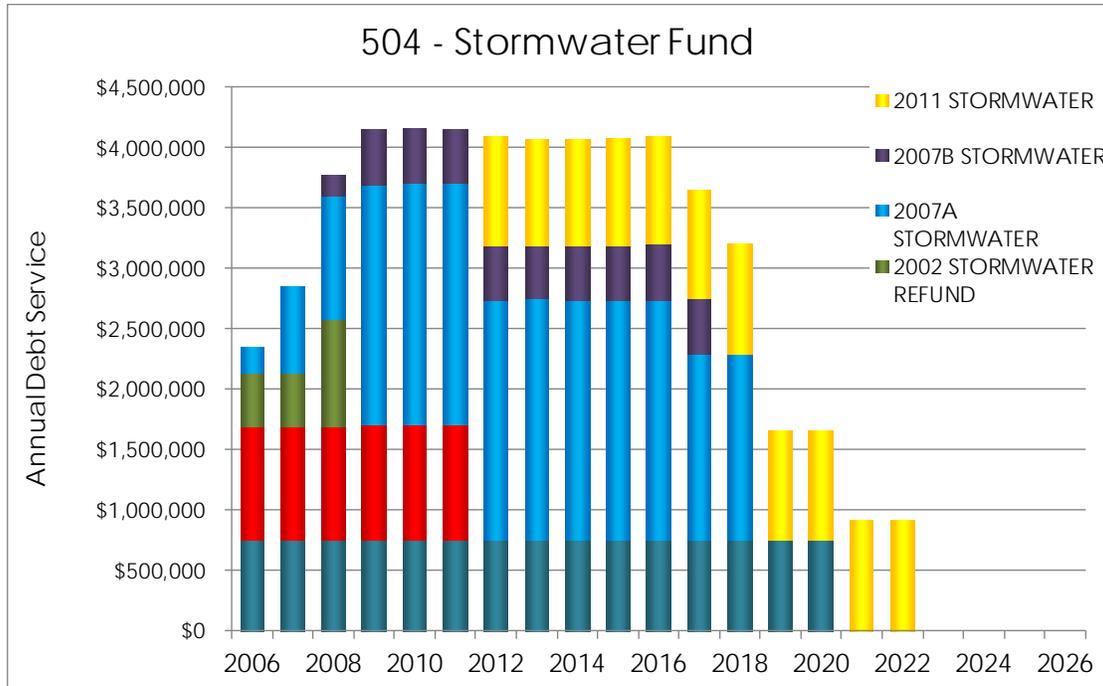
The Water Fund has a longer history of issuing debt for capital investment. In part because the size of some of the capital projects can exceed several years of operating revenue, making it difficult to have sufficient cash reserves for such large investments. The Water Enterprise Fund debt has a current bond rating of AAA. As the chart shows this Fund has carried significant debt service costs in the recent past and most of this debt will be retired over the next few years.



The Wastewater Enterprise Fund has issued several 20 year bonds. The bond rating for the Wastewater utility is currently AA+.



The Stormwater Fund has issued debt to support the initial build-out of the stormwater infrastructure. The bond rating for the Stormwater Fund is AA+, as well. The debt service costs for this Fund will be reduced over the next few years as existing debt is retired. This will modestly increase the amount of operating revenue available for either new debt service or directly for capital investments.



Conclusion

As shown there will be a need for considerable capital investment in each of the utility services in the coming decade. This is not unexpected given the growth of our community and the high levels of service required to support its economic development and sustainability. The low utility rates and high level of customer satisfaction are the results of City Leadership, both past and present, showing tremendous foresight and commitment to these municipal services and to the planning, operational and customer focused efforts of City staff. This update to the Council Finance Committee is intended to maintain this tradition through a long term Utilities Strategic Financial Plan.

Staff will continue the analysis from inputting the capital needs into the long term financial models for each utility. These capital investment needs along with the projected trends in operational costs and uncertainties in revenue and expense projections will be modeled to understand the rate implications and need for debt issuances over the next decade. The model inputs, methodology and outputs will then be presented to the Council Finance Committee within a few months including a recommended path for each utility for the 2017-18 City Budget being considered by the City Manager and the Mayor and City Council.

Attachments

- Light & Power Enterprise Fund Capital Improvement Plan
- Water Enterprise Fund Capital Improvement Plan
- Wastewater Enterprise Fund Capital Improvement Plan
- Stormwater Enterprise Fund Capital Improvement Plan



Council Finance Committee – Utilities 2016 Capital
Improvement Plans and Strategic Financial Plan

Lance Smith, Utilities Financial Planning Director

Purpose and Direction Sought

Objective:

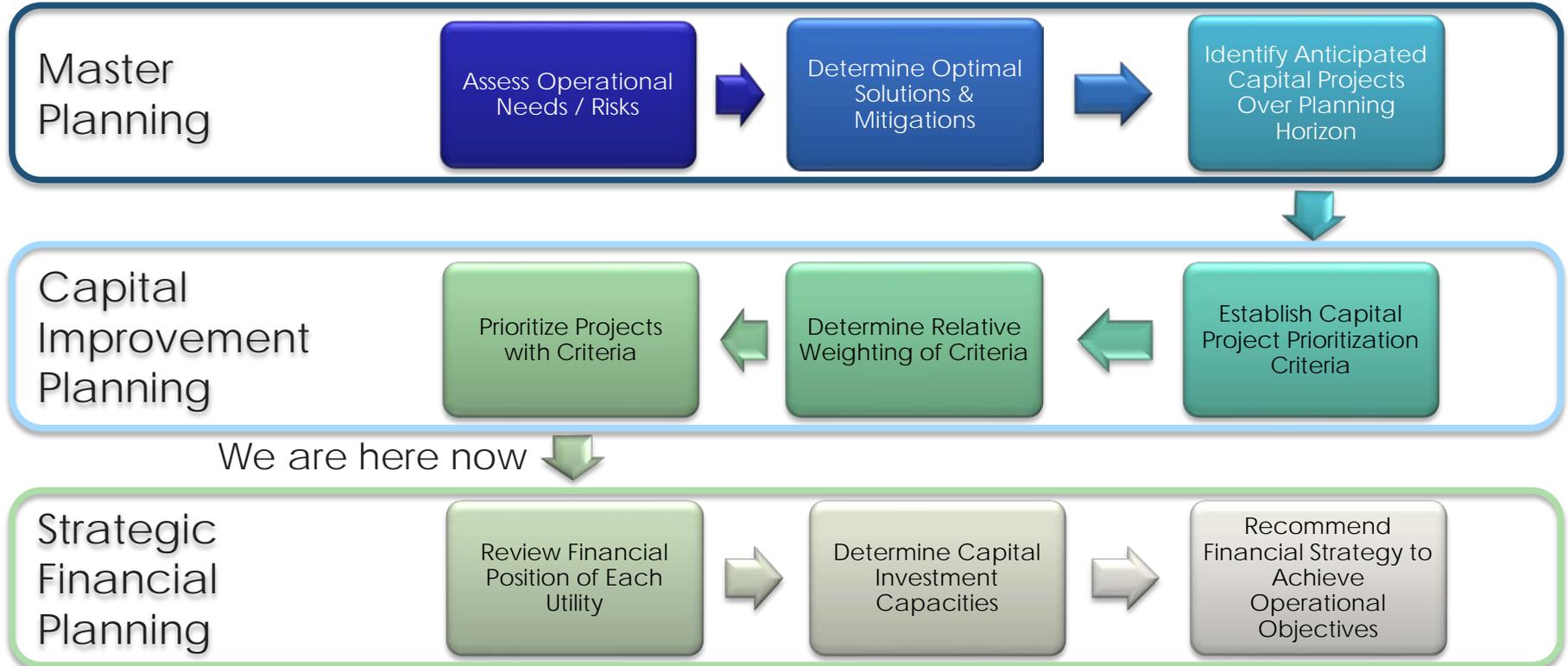
- Review CIP process and prioritization criteria
- Review the 2016 Ten Year Capital Improvement Plans
- Review future funding requirements & considerations
- Outline next steps

Direction Sought:

- Does the Council Finance Committee support proceeding with analysis of a long term Utilities Strategic Financial Plan?
- Does the Council Finance Committee support the Utilities Strategic Financial Planning assumptions?

How do the Capital Improvement Plans (CIPs) and Strategic Financial Plan (SFP) fit into the Utilities planning process?

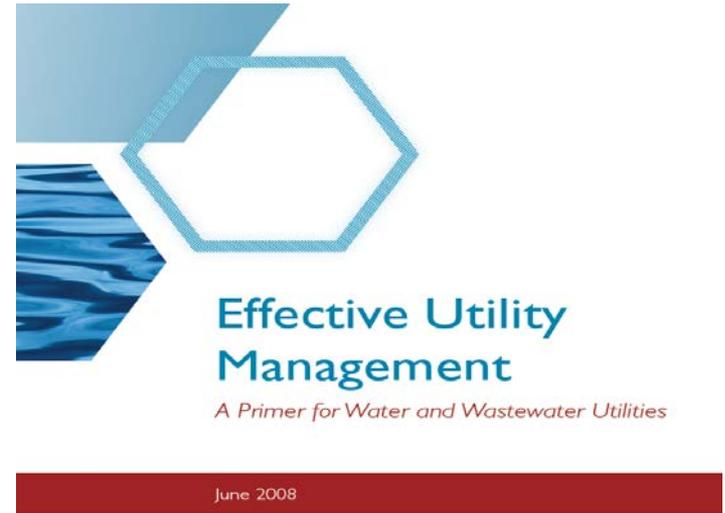
Utilities Planning Process



CIP Team Members
Senior Operations Managers
Strategic Finance Director
Division Managers
Engineers
Asset Manager
Field & Facility Staff

Inputs Used
Master Plans
Asset Management Plans
System Operations Knowledge
Metrics from Industry
Engineering Analyses
Regulatory Requirements

- Objectives chosen based on Effective Utility Management
- Those objectives are represented in the Utility Scorecard



With respect to **Maximize the benefit of capital dollars** which of the two objectives below is more important

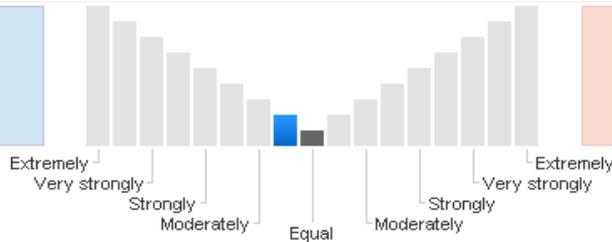
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Maximize the benefit of capital dollars

The goal of this effort is to maximize the benefit to FCU customers when we construct capital projects.

Safety

Regulatory Compliance



Erase Judgment

Safety
Safety WRT Maximize the ben...

Comment

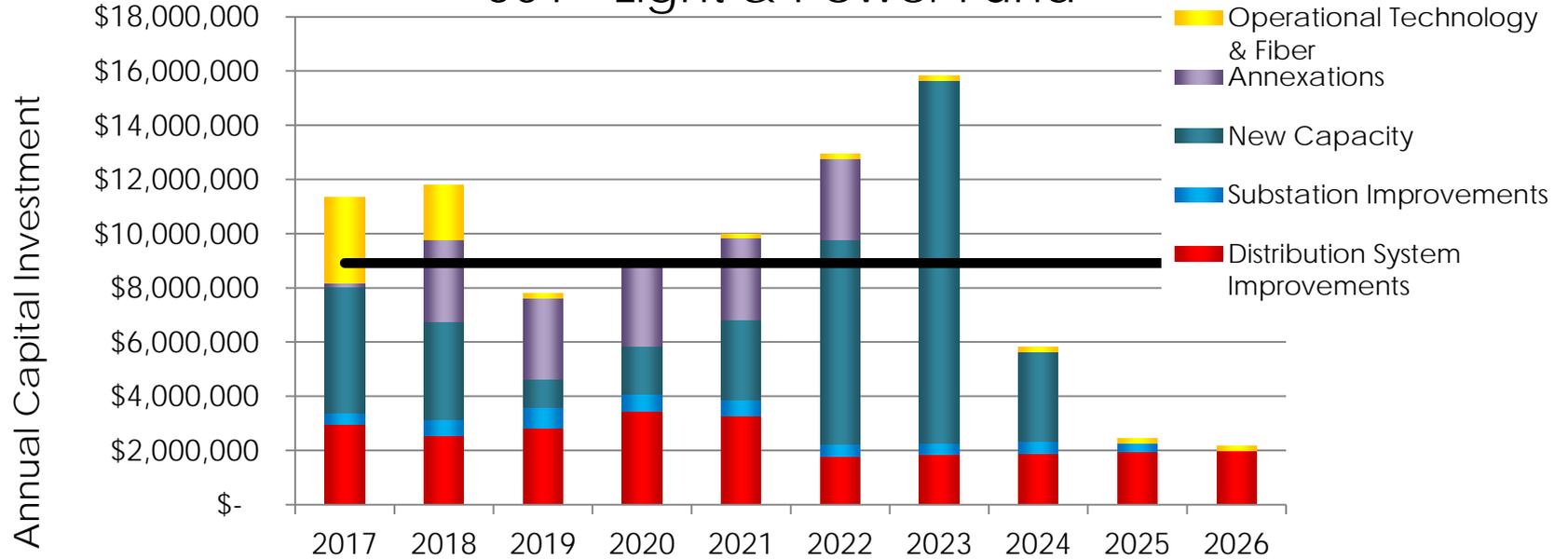
Regulatory Compliance
Regulatory Compl... WRT Maximize the ben...

Operational Objectives	Relative Weights		
	502 - Water Fund	503 - Wastewater Fund	504 - Stormwater Fund
Safety	38%	36%	52%
Reliability	13%	24%	22%
Regulatory Compliance	29%	24%	
Sustainability	4%	9%	16%
Customer Satisfaction	7%	7%	10%
Product Quality	9%		
Total:	100%	100%	100%

What are the capital needs for the next 10 years as identified in the Capital Improvement Plans?

New Capacity Projects	Annexations	Replacement Projects	Operational Technology
New circuits	Mulberry Corridor (anticipate some asset replacement ahead of actual asset acquisition)	Distribution System	Mapping system conversion
New duct banks	Leistikow	Substations	Automated Distribution Management System
New substations in 2022 & 2023	Arapahoe Bend	Fiber Optics	Fiber Optic Management Software
	Riverwalk		CMMS Implementation

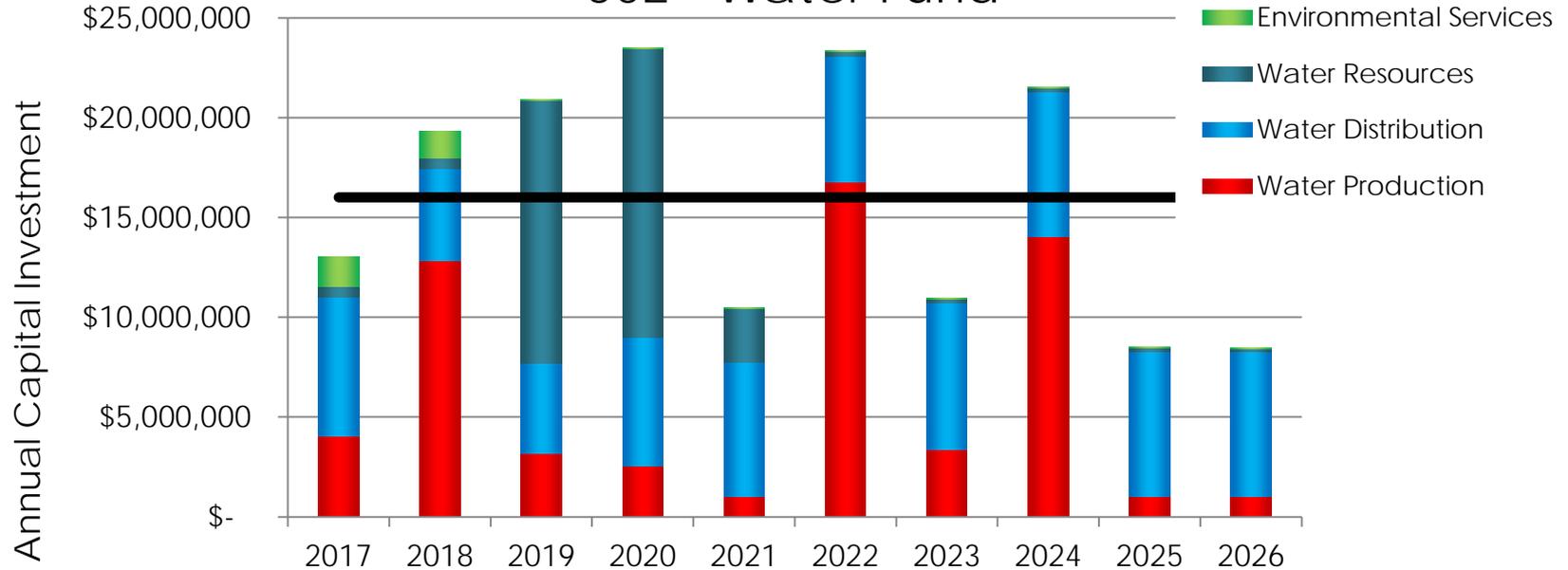
501 - Light & Power Fund



2015 Operating Revenue not used for Purchased Power expense was \$27.1M

Water Distribution	Water Production	Water Resources
Increase in renewal rate for a sustainable system	Safety Projects	Halligan Reservoir 2019-2020
Focus in downtown area	Poudre Canyon Pipeline Evaluation & Rehabilitation	
	Additional Treated Water Storage	
	Removal of chlorine gas for disinfection	

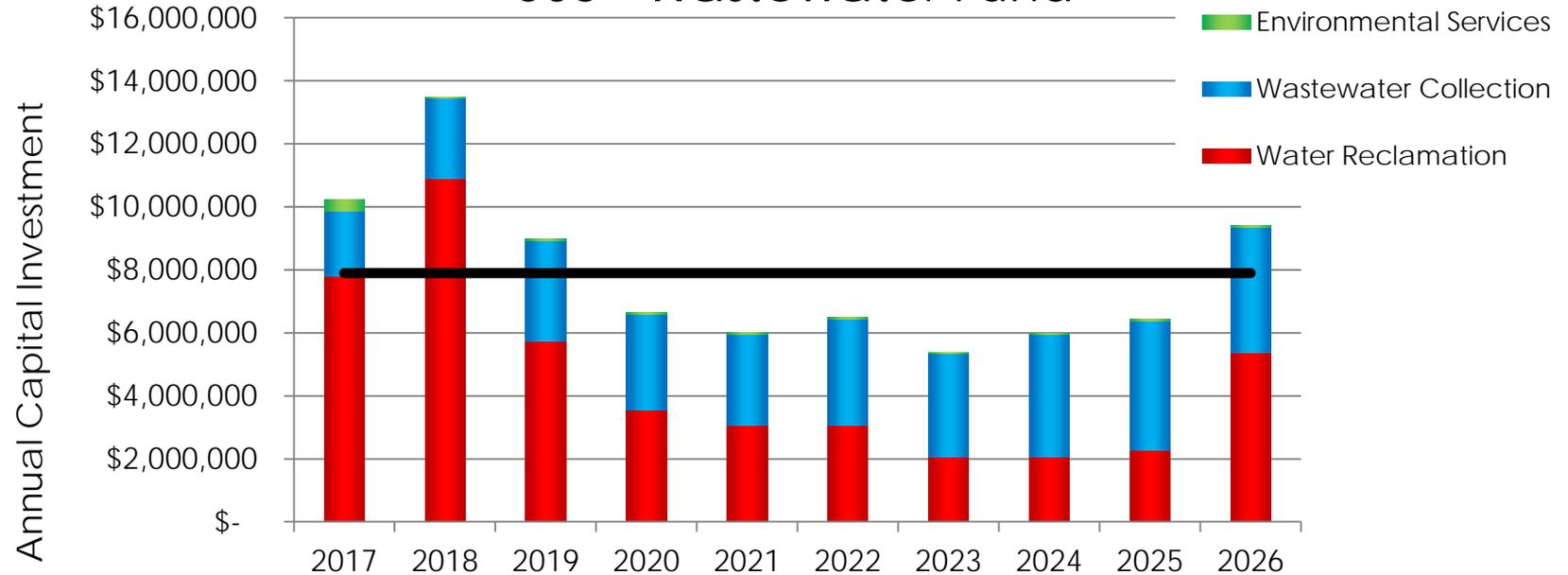
502 - Water Fund



2015 Operating Revenue was \$27.7M

Wastewater Collection	Water Reclamation
Increase in renewal rate for sustainable system	Replacement of aging equipment and infrastructure
Focus in downtown area	Preparation for regulatory requirements for nutrient removal
Study to determine source of excess flow in the collection system	Nutrient projects are currently scheduled for 2027.

503 - Wastewater Fund



2015 Operating Revenue was \$22.1M

Stormwater Capital Projects

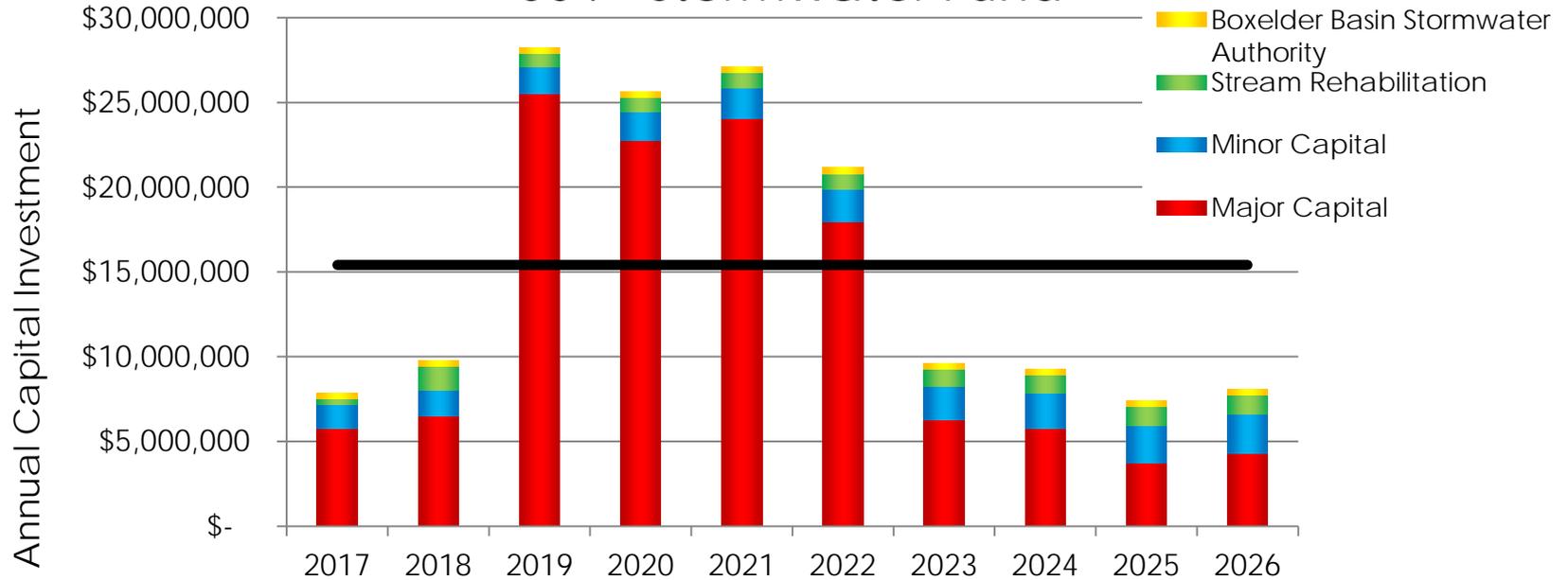
Replacement of existing infrastructure

Rehabilitation of streams in Fort Collins

Buildout of major flood conveyance infrastructure

1. Magnolia Street Outfall – 2 phases
2. Oak Street Outfall
3. Myrtle Street

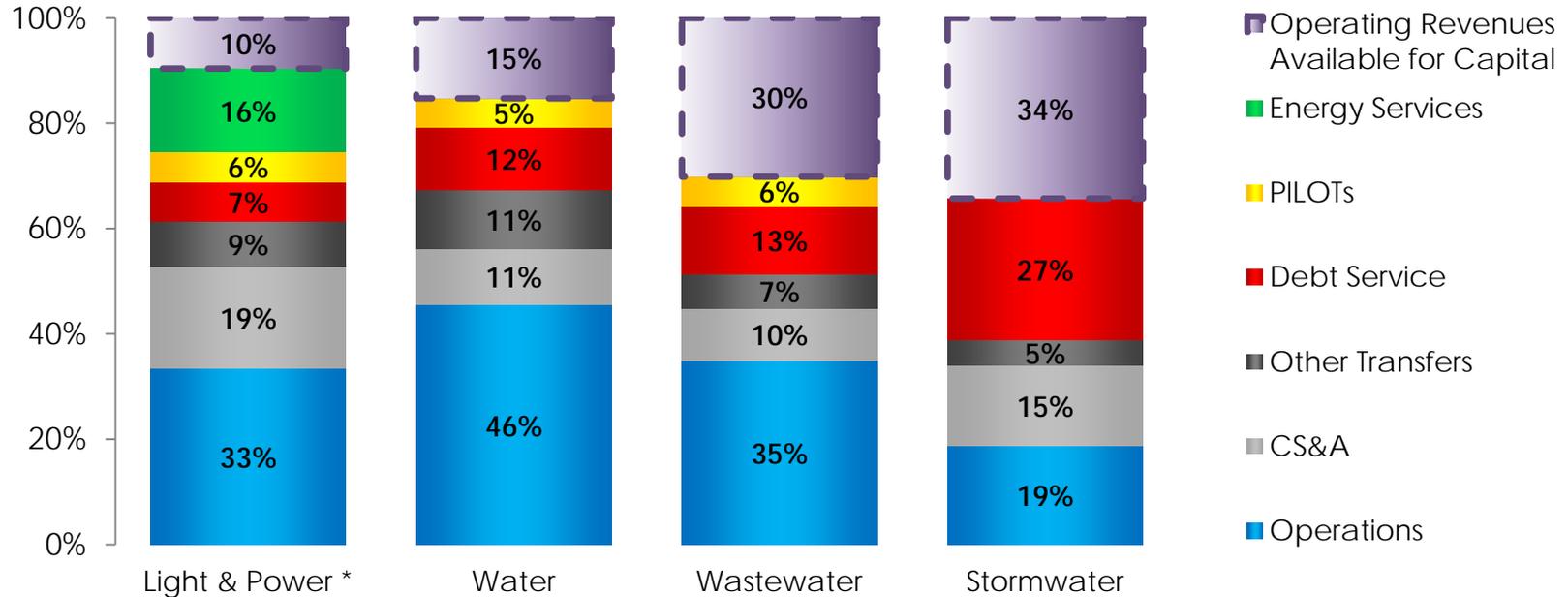
504 - Stormwater Fund



2015 Operating Revenue was \$15.0M

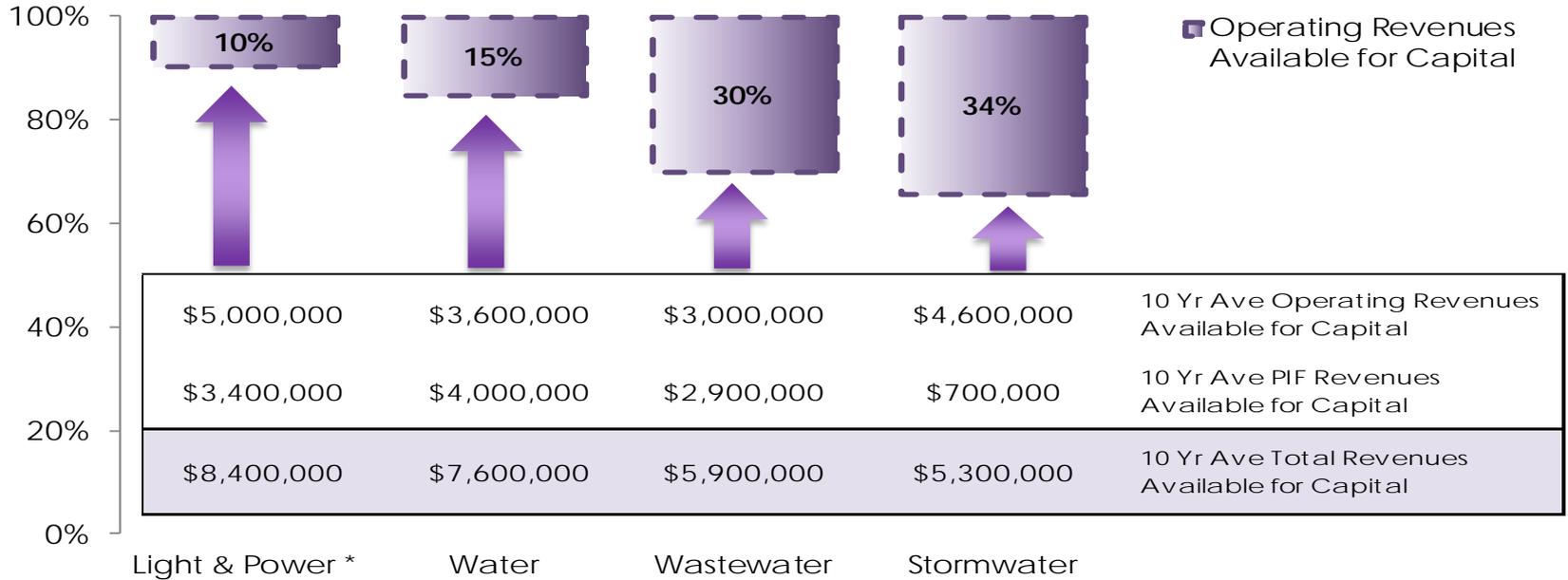
Funding requirements and considerations

2015 Expenses as % of Operating Revenues

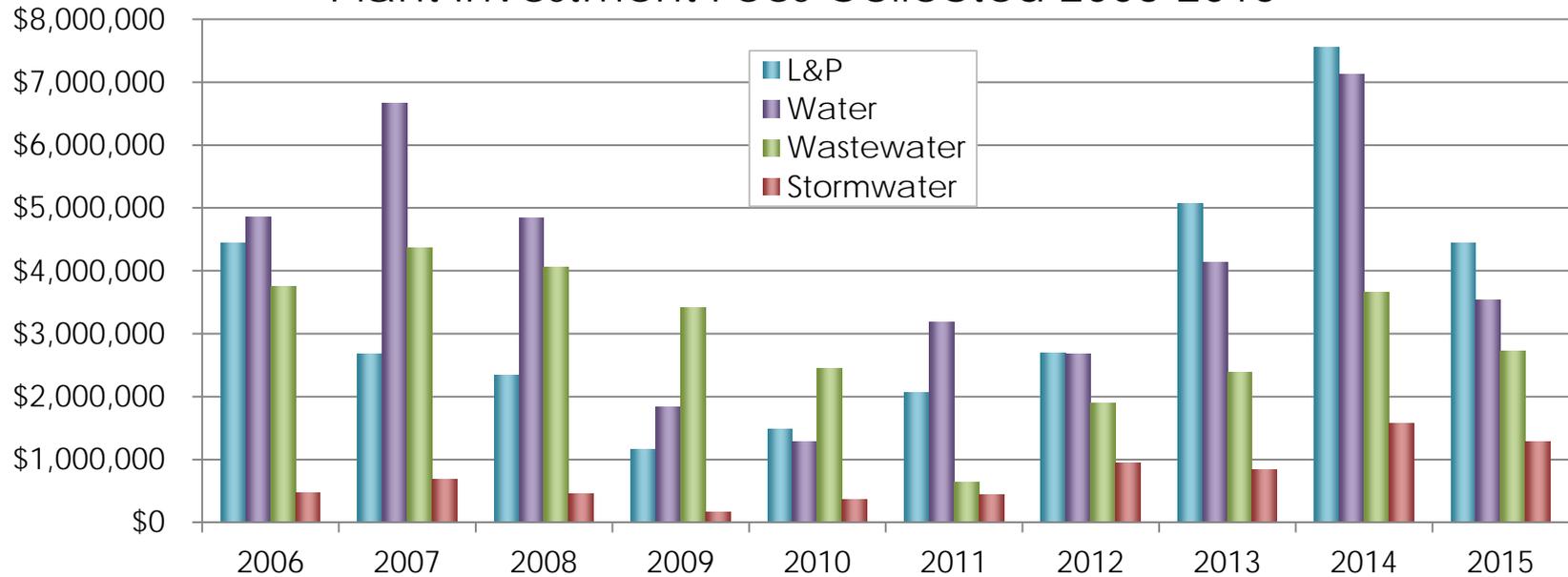


* Purchased Power expenses, PILOTs associated with it and the necessary operating revenue for this expense have been removed for this table.

2015 Expenses as % of Operating Revenues

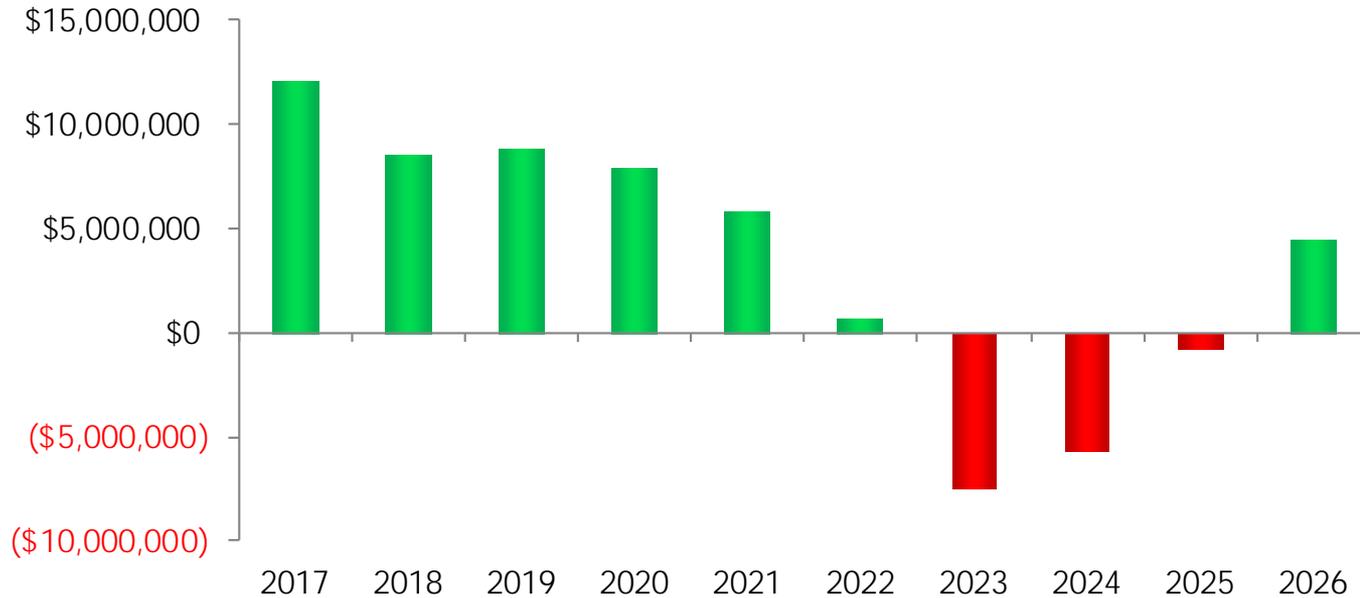


Plant Investment Fees Collected 2006-2015

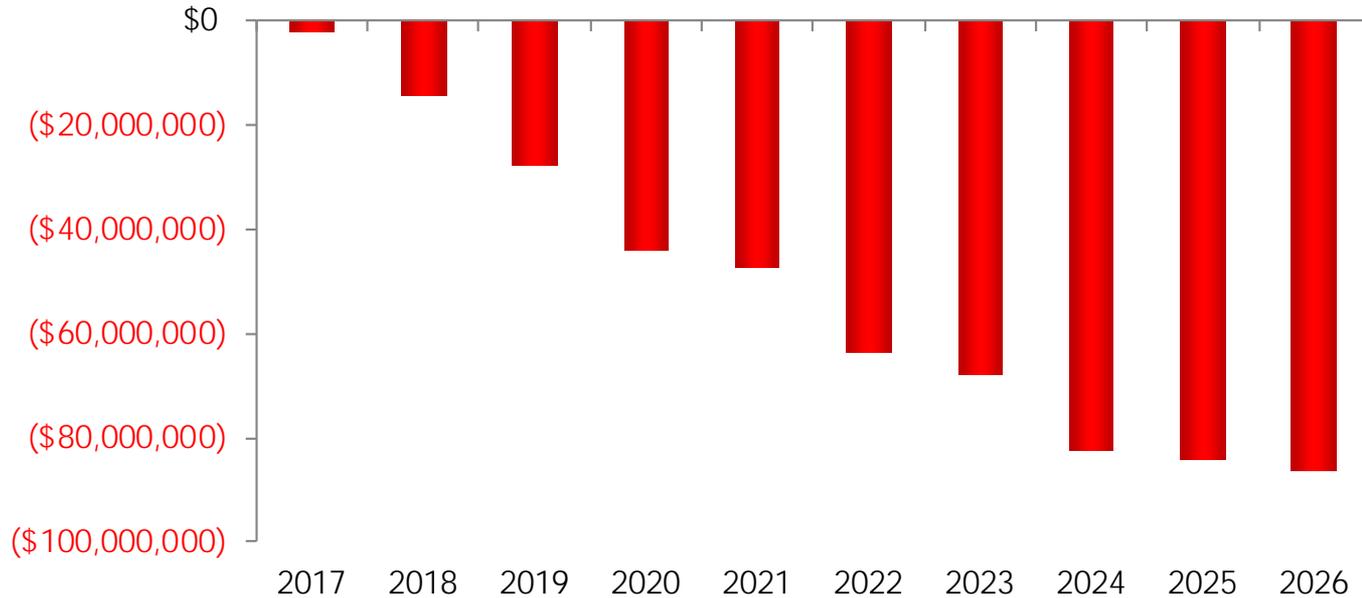


If we maintain the existing utility rates and allow operating expenses to increase with inflation (1.5% annually), how would funding all projects as outlined impact fund balances?

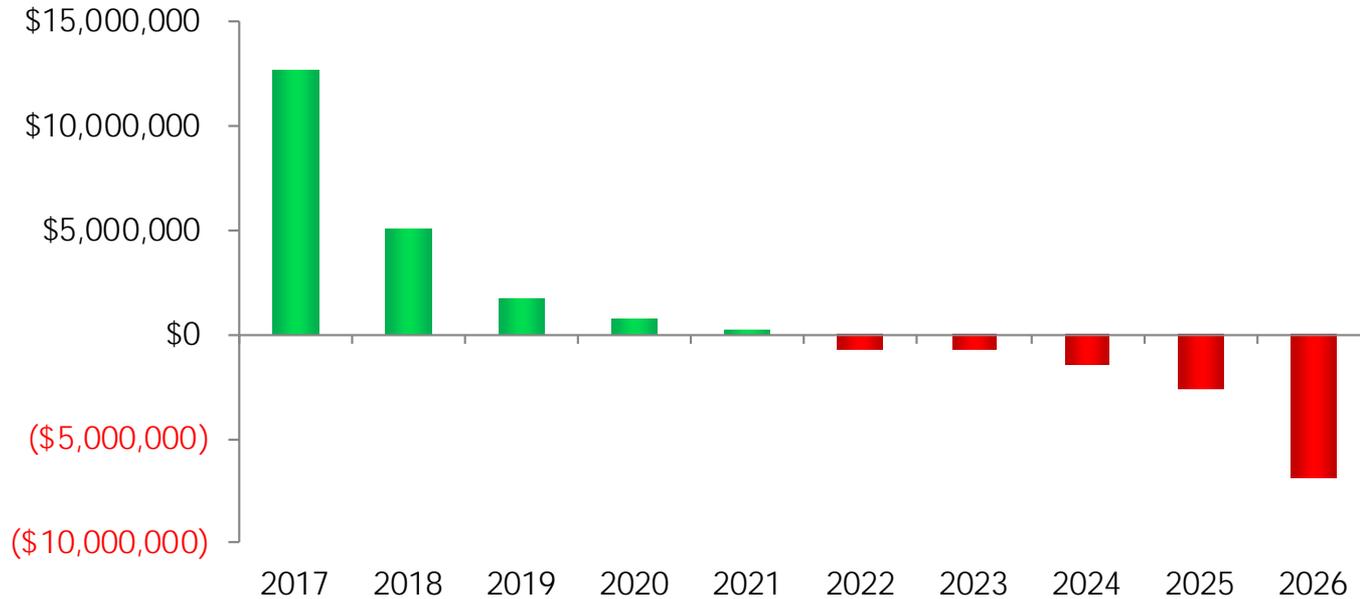
Light & Power Available Reserves 2017 - 2026



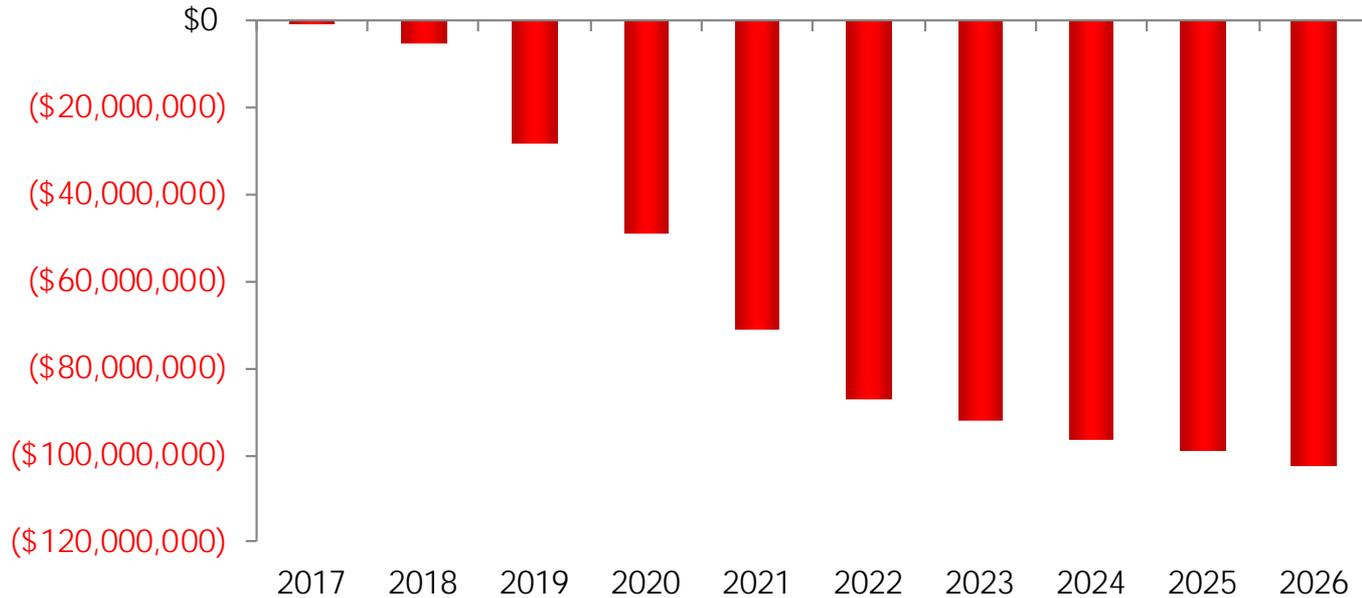
Water Available Reserves 2017 - 2026



Wastewater Available Reserves 2017 - 2026



Stormwater Available Reserves 2017 - 2026

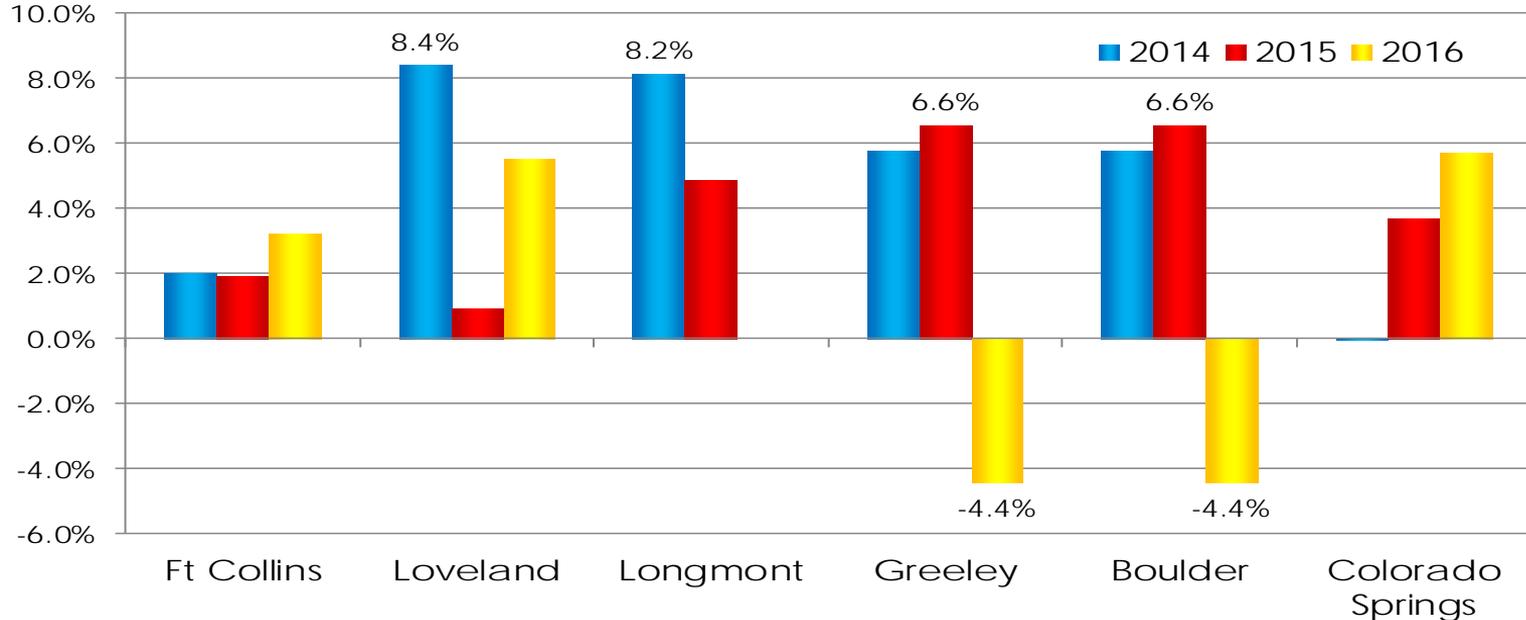


Rate increases will be necessary to fully implement the CIPs.

How do recent rate adjustments compare to other communities?

Residential Electric Increases

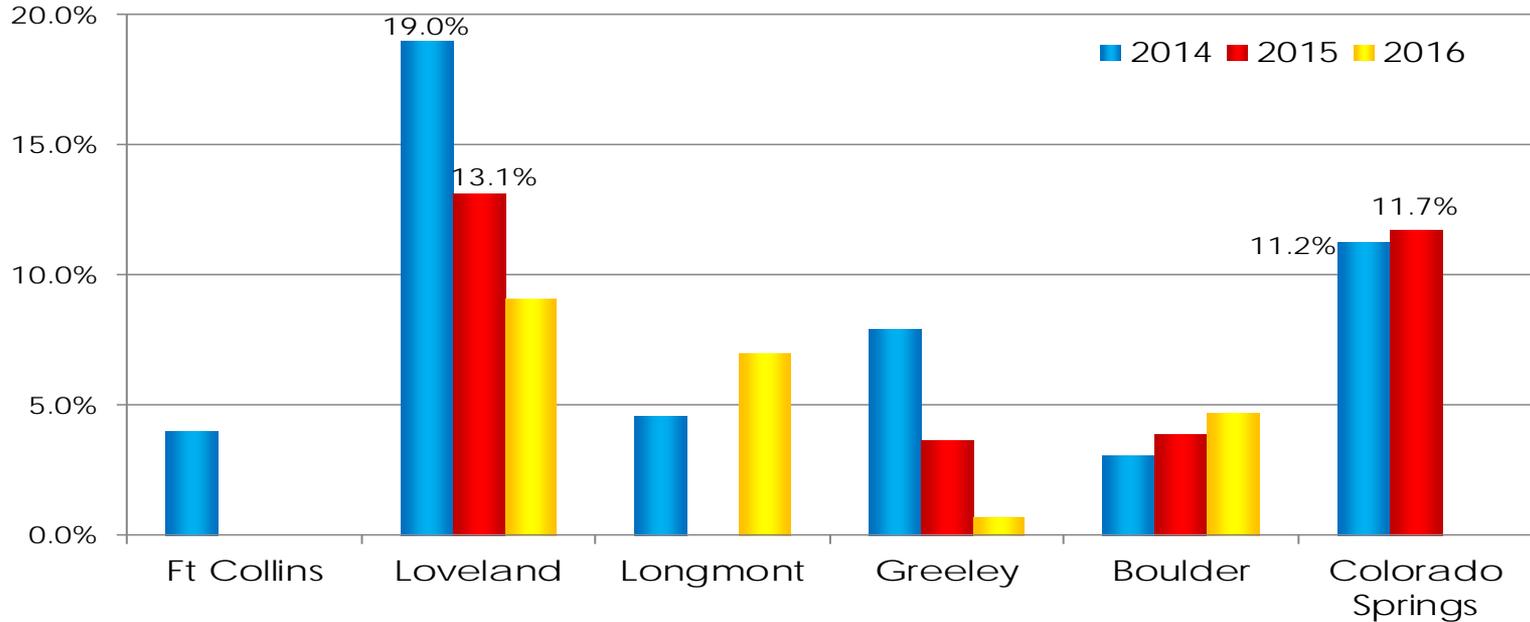
Annual Electric Rate Adjustments



Xcel Energy serves Greeley and Boulder and has a Power Cost Adjustment factor which was reduced in 2016 due to low natural gas prices

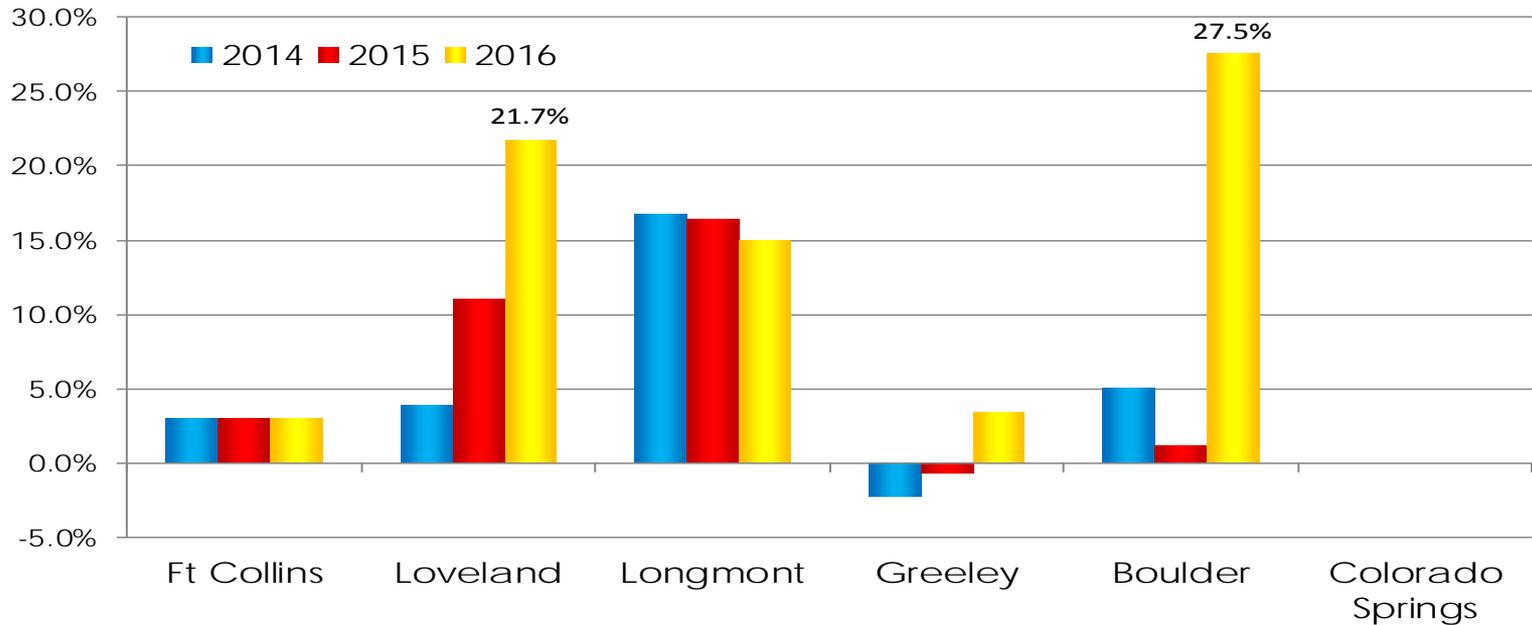
Residential Water Increases

Annual Water Rate Adjustments



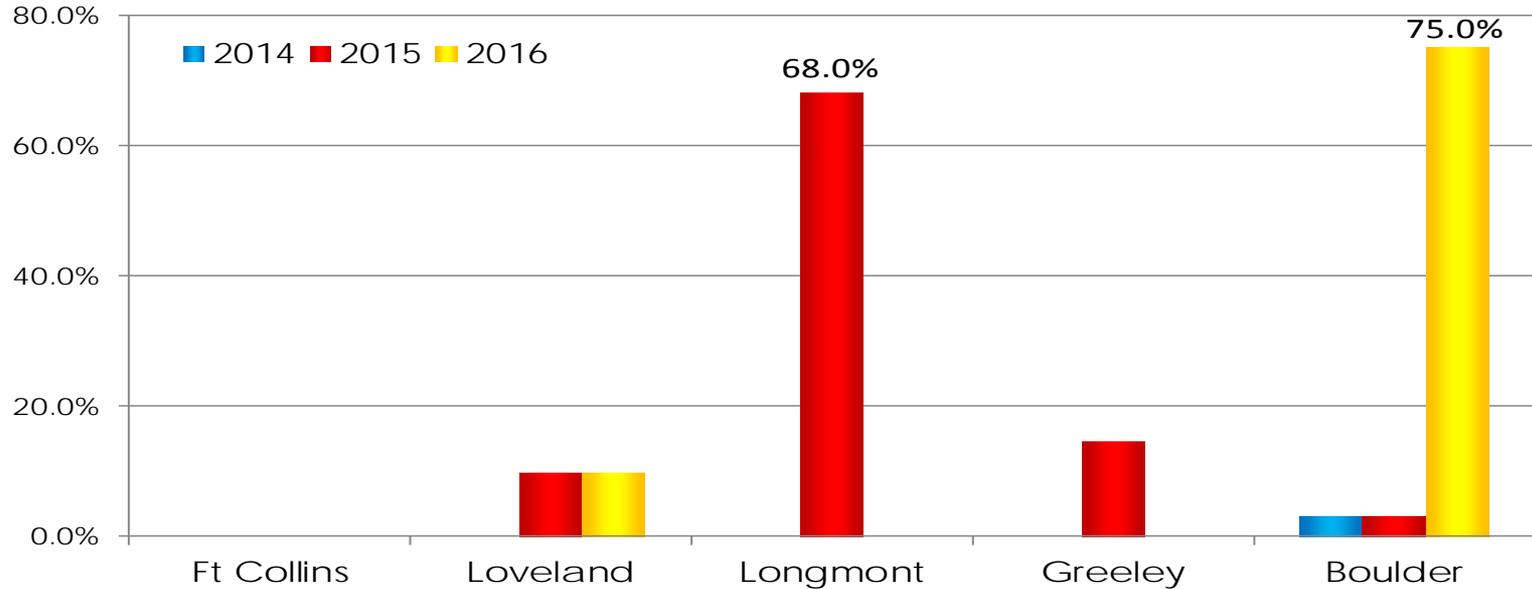
Residential Wastewater Increases

Annual Wastewater Rate Adjustments



Residential Stormwater Increases

Annual Stormwater Rate Adjustments



Residential Utility Rate Comparison

	Electric	Water	Wastewater	Stormwater	Total
	2016	2016	2016	2016	2016
Ft Collins	\$ 68.21	\$ 43.57	\$ 35.07	\$ 14.26	\$ 161.11
Loveland	\$ 67.01	\$ 34.00	\$ 25.43	\$ 12.48	\$ 138.92
Longmont	\$ 63.25	\$ 31.47	\$ 33.63	\$ 13.05	\$ 141.40
Greeley	\$ 79.67	\$ 51.35	\$ 20.62	\$ 6.45	\$ 158.09
Boulder	\$ 79.67	\$ 35.84	\$ 29.08	\$ 13.46	\$ 158.05
Colorado Springs	\$ 85.46	\$ 77.82	\$ 31.27	N/A	\$ 194.55

Given the rate philosophy of modest and gradual adjustments, what are the next steps in addressing the anticipated shortfalls that would result from implementing the CIPs?

- Analyzing the anticipated capital expenses into the long term financial models
- Perform scenario analyses to understand cash vs. debt funding impacts on rates, reserves, debt capacity and the financial position of each Enterprise Fund
- Develop recommendations on rate increases and debt issuances to meet the expected needs of the Fund

- Maintain adequate reserve balances
- Maintain current credit ratings for each Enterprise Fund and the City
- Avoid rate spikes by limiting rate increases to no more than 5% annually
- Adjust rates if:
 - Previous 3 years have negative operating income
 - Debt coverage ratio is less than 2.0
 - Working Capital is forecasted to be below minimum required reserve within 5 years
- Issue debt if:
 - Capital expenses are forecasted to exceed available reserves over the next 5 years

Purpose and Direction Sought

Objective:

- Review CIP process and prioritization criteria
- Review the 2016 Ten Year Capital Improvement Plans
- Review future funding requirements & considerations
- Outline next steps

Direction Sought:

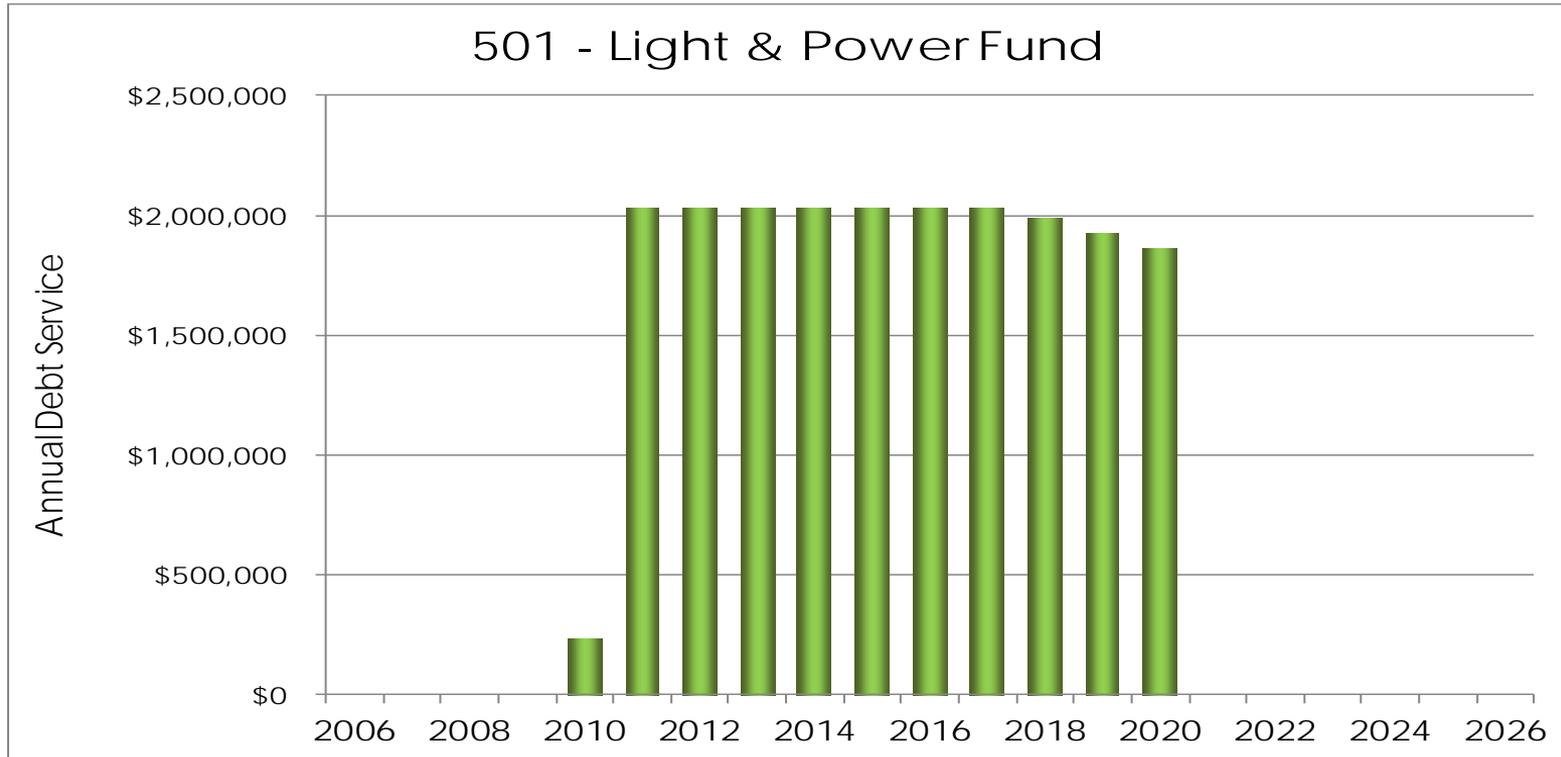
- Does the Council Finance Committee support proceeding with analysis of a long term Utilities Strategic Financial Plan?
- Does the Council Finance Committee support the Utilities Strategic Financial Planning assumptions?

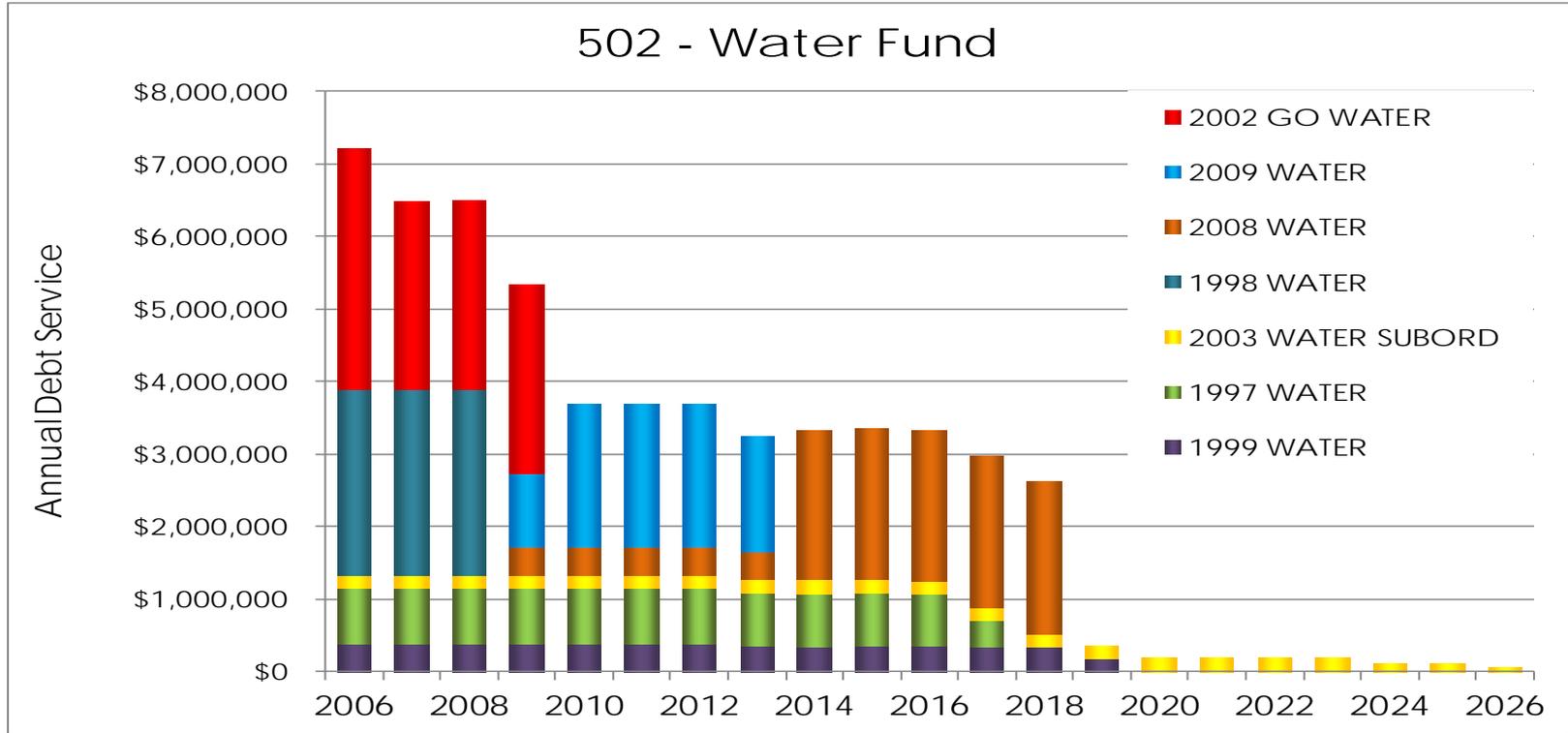


THANK YOU!

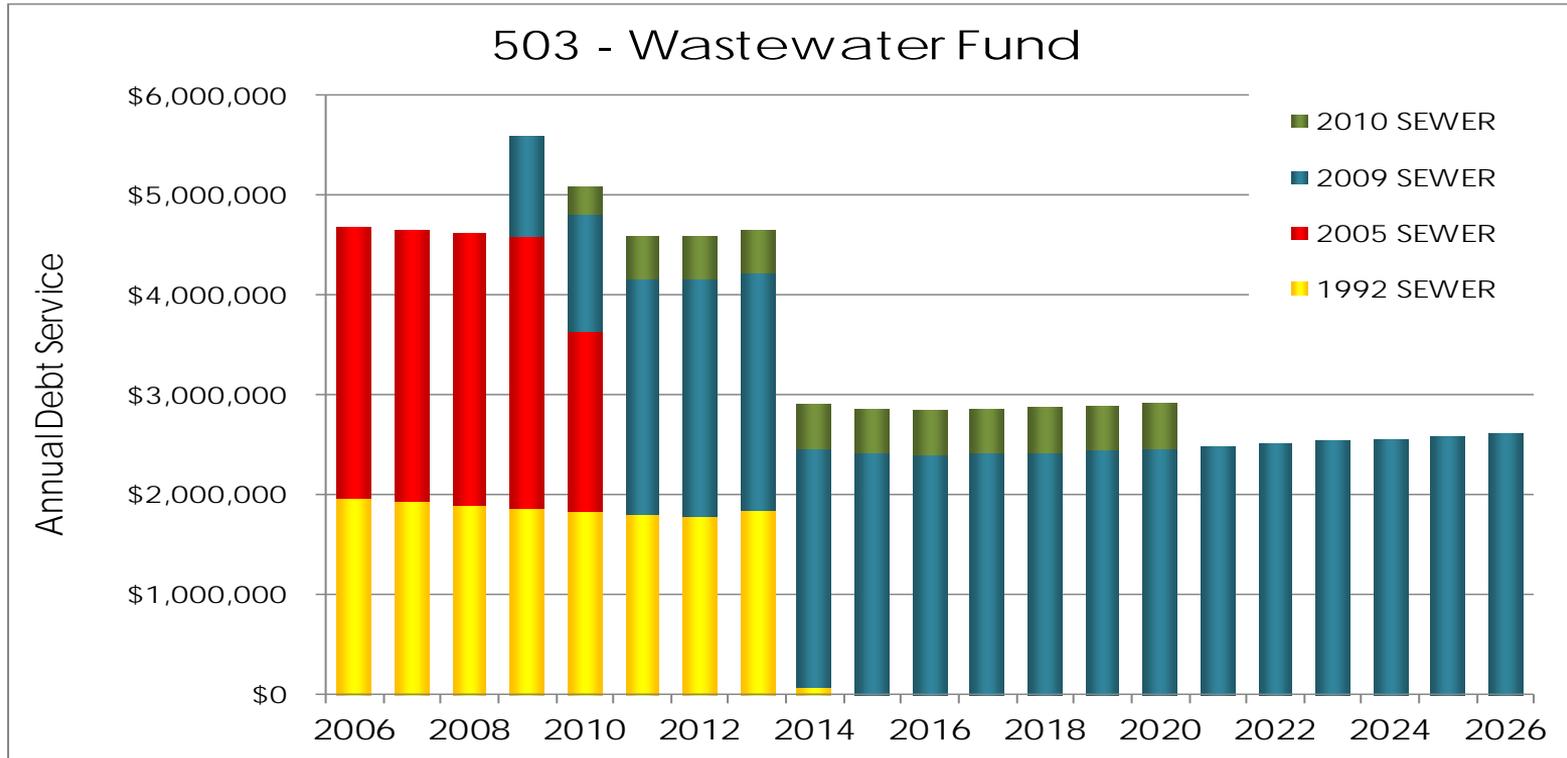
When will existing debt be retired?

Light & Power Debt Schedule

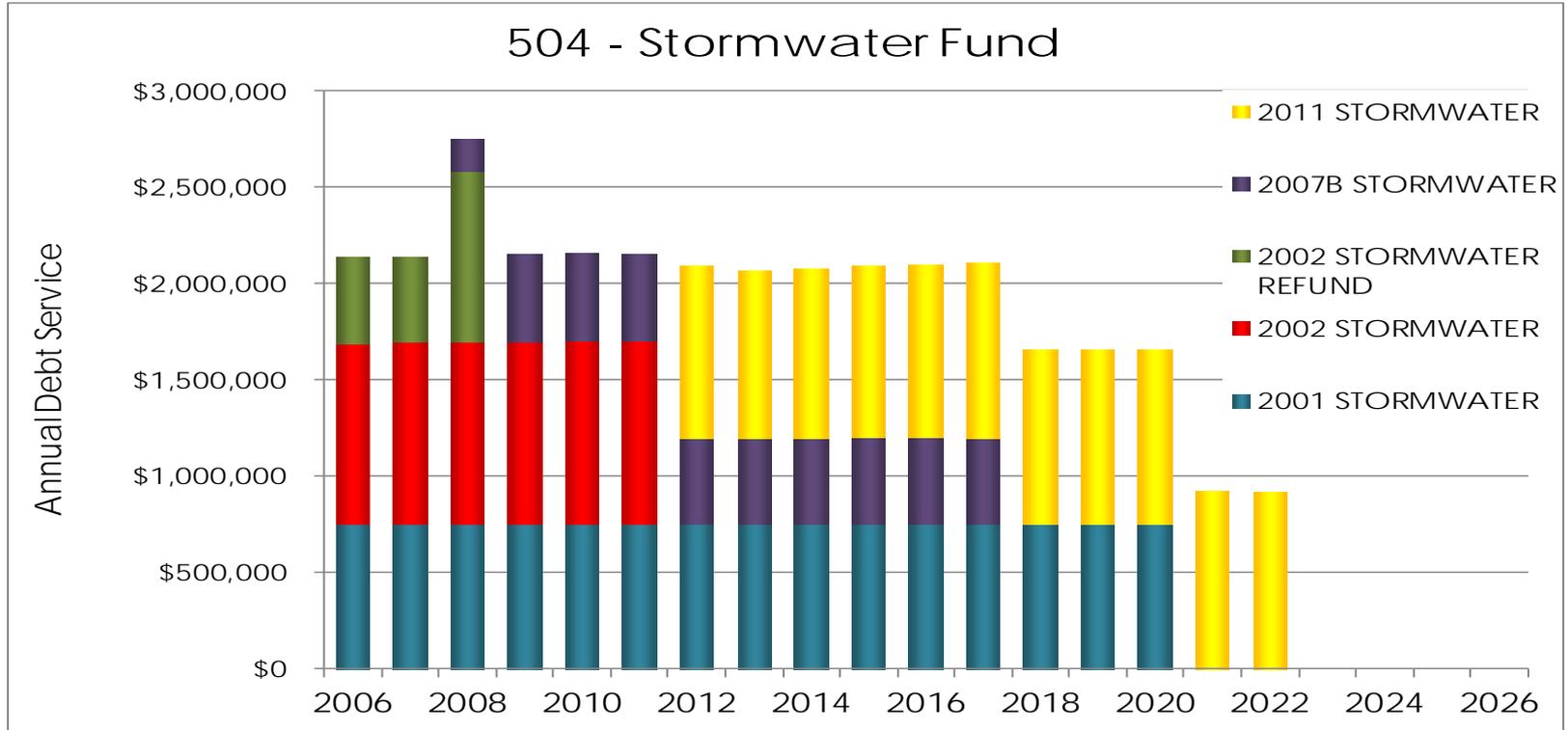




Wastewater Debt Schedule

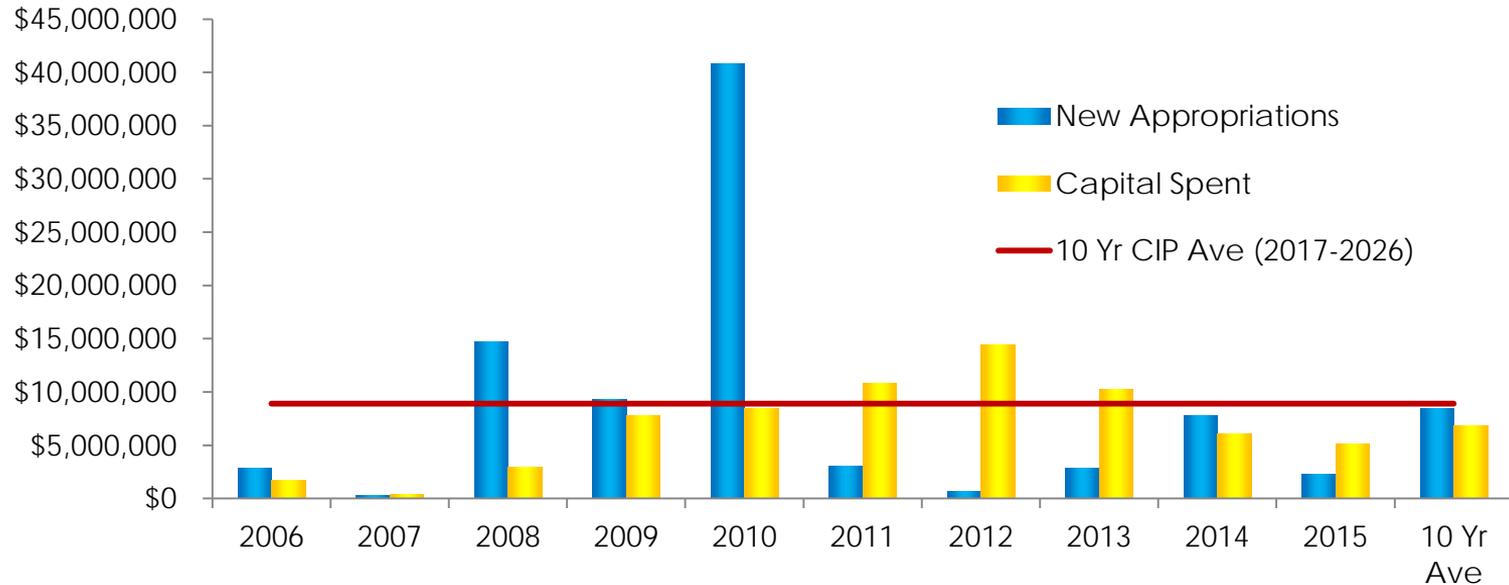


Stormwater Debt Schedule

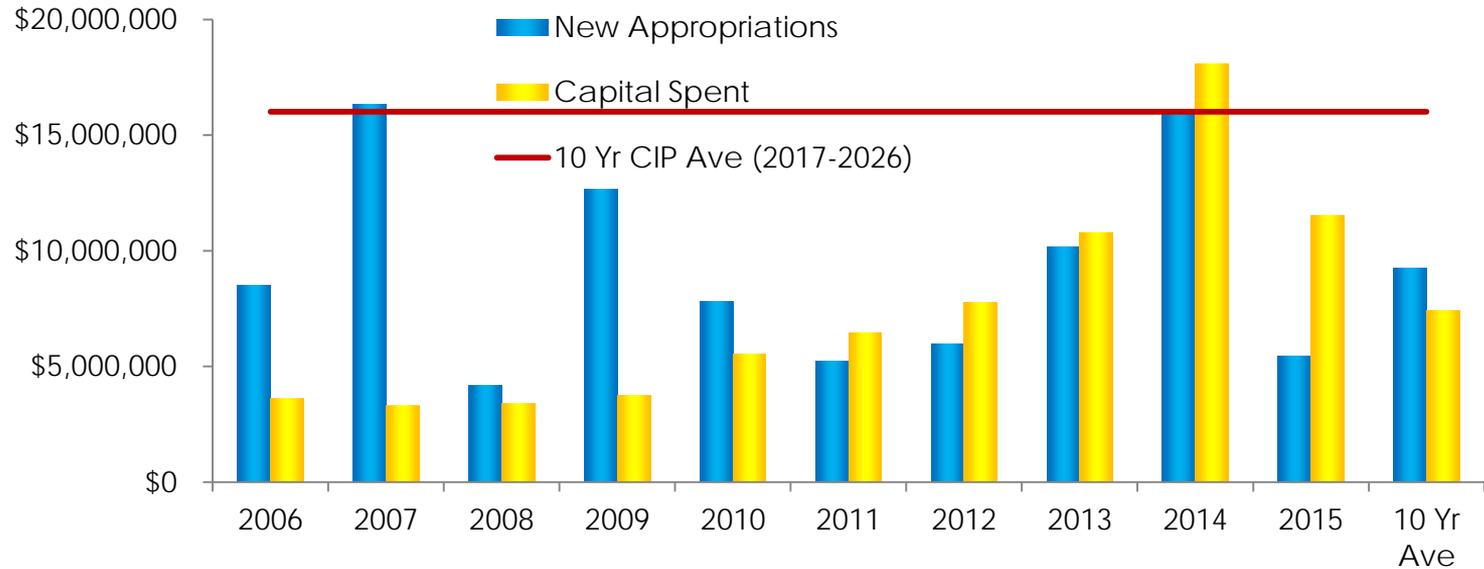


How do the expected levels of capital investment compare to historical investment levels?

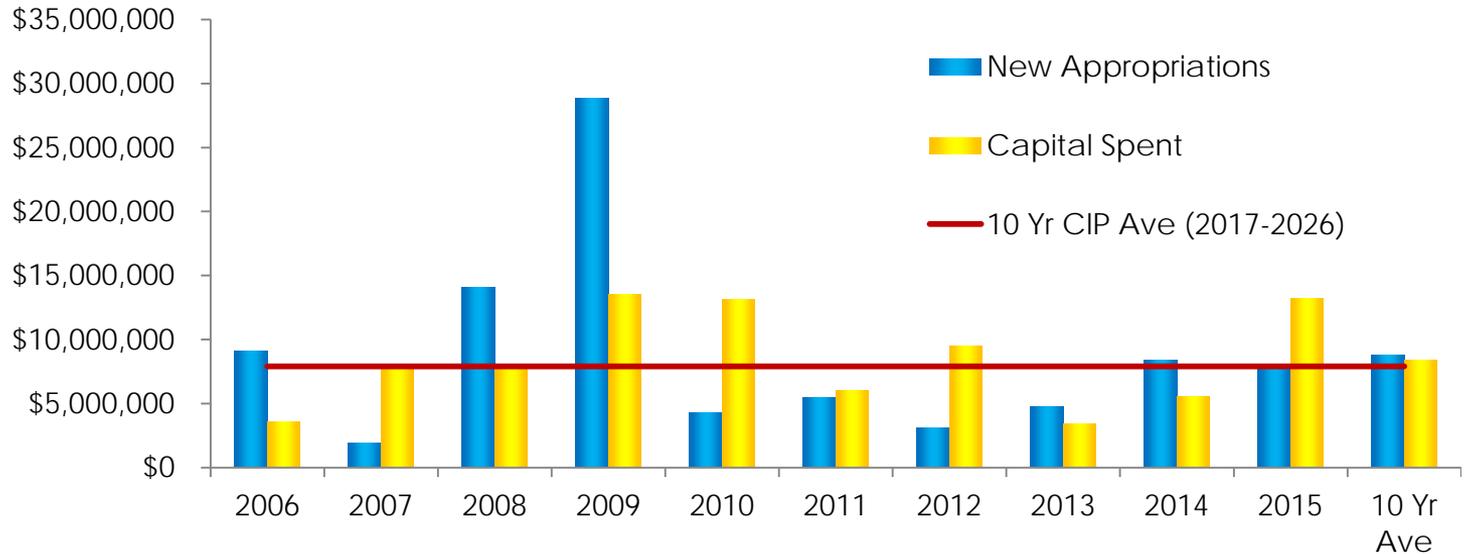
501 - Light & Power Capital Investments



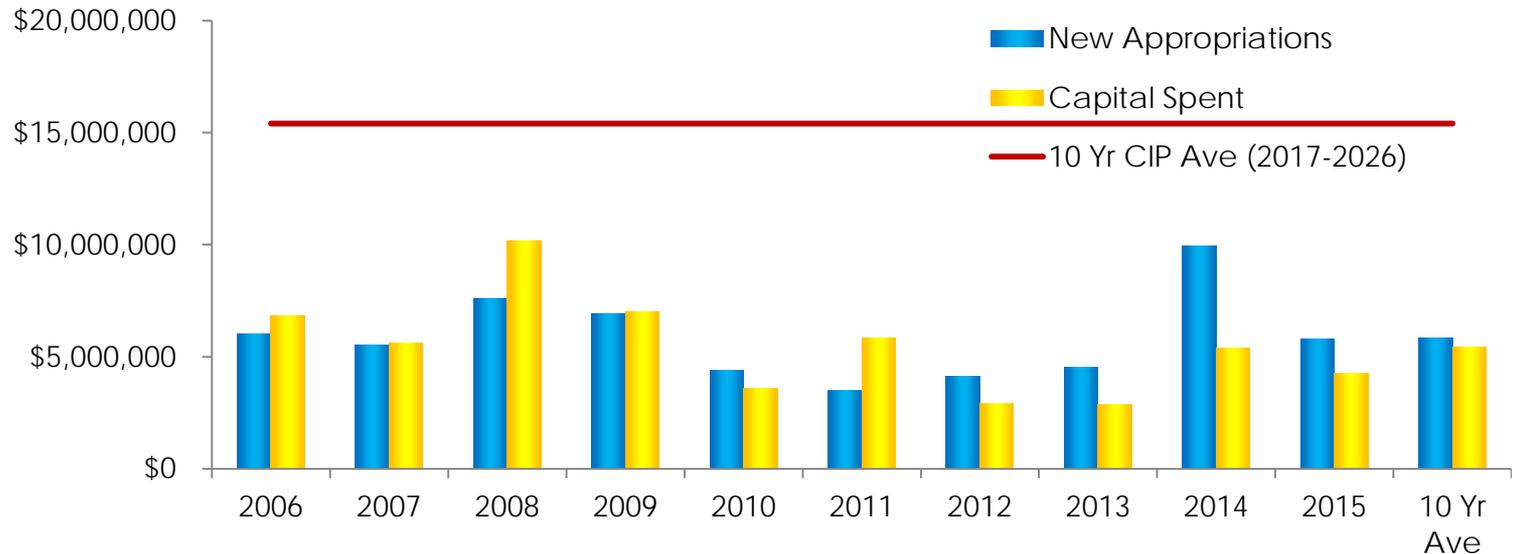
502 - Water Capital Investments



503 - Wastewater Capital Investments



504 - Stormwater Capital Investments



Fort Collins Utilities **Light & Power Enterprise Fund**

Capital Improvement Plan

2016

Prepared: March 2016
By: Chris Parton

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Table of Contents

Purpose.....	1
Executive Summary	3
Capital Project Prioritization	8
Capital Funding Needs.....	13
Capital Projects.....	20

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Purpose

The purpose of this document is to serve as a central repository for information relating to capital projects within the Light & Power Enterprise Fund.

Ownership

The Asset Manager maintains ownership of this document. It is the responsibility of the person in this role to ensure that the plan is updated when necessary and that all interested parties are allowed input into the preparation and update of this document.

Frequency of Updates

This document shall be updated on a yearly basis so that the Strategic Financial Planning Manager has the information necessary to prepare forward-looking documents dealing with expense and revenue projections, rate-setting, and the financial health of the Light & Power Fund.

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Executive Summary

The scope of this document is to provide information pertaining to capital projects, project prioritization, and funding needs within the Light & Power Enterprise Fund managed by Fort Collins Utilities (FCU). The planning period for this document is for a 10-year horizon beginning in 2017.

Outlined below are summaries of each area of this document.

Capital Projects

This document contains information pertaining to capital projects that will serve new development, projects that will annex new service territory, and projects that replace existing infrastructure. FCU project managers were asked to provide the Asset Manager with as much information as possible about known capital projects within the fund.

Capital Project Prioritization

A working group of approximately 20 FCU staff from the wastewater, water, & stormwater, & light & power businesses compiled the process for prioritizing projects. A high-level snapshot of the process is included below.



The process above was not used for prioritizing projects in the Light & Power fund. For the 2016 Light & Power Fund CIP, funding allocations were made to asset categories for system renewal and replacement, known annexations were scheduled, and the system capacity additions identified in the Light & Power 20-Year Plan were included. It is fully expected that the process outlined above will be utilized to prioritize projects for the Light & Power fund ahead of the next budget cycle.

The project prioritization for the different kinds of projects in the fund is shown on the next page.

Number	Project Name
New Circuits	
1	Install circuit 826 to unload 802, 804, and 834
2	Install circuit 936 to unload circuits 804, 834, and 906
3	Install circuit 322 to unload circuits 308 and 332 and serve Mulberry
4	Install circuit 724 to unload circuits 714, 722, and 732
5	Re-route circuit 716 due to cable ampacity
6	Re-route circuit 736 due to cable ampacity
7	Install circuit on existing breaker 554 to unload circuit 554
8	Install circuit on existing breaker 576 to unload circuit 576
9	Install circuit 934 to unload circuits 518 and 526
10	Install circuit 314 to unload circuit 308
11	Install circuit 616 to unload circuit 622
12	Install circuit 904 to unload circuit 504
13	Install new circuit 336 to serve Woodard
14	Install circuit on existing breaker 518 to unload circuit 518
15	Install circuit 572 to serve Avago
16	Install circuit 832 to serve system expansion in west
17	Install circuit on existing breaker 502 to unload ckts 502, 518 & 534
18	Install circuit on existing breaker 566 to unload circuit 522
19	Install circuit on existing breaker 548 to unload circuits 326 and 568
20	Install circuit 926 to serve system expansion in the southeast
21	Install circuit on existing breaker 508 to serve Intel and Avago
22	Install circuit 402 to unload circuit 832
23	Install circuit 404 to unload circuit 832
24	Install circuit 406 to unload circuits 732 and 822
25	Install circuit 408 to unload circuits 822 and 832
26	Install circuit 422 to serve system expansion in the northwest
27	Install circuit 424 to unload circuit 812
28	Install circuit 426 to backup Linden Tech serving downtown
29	Install circuit 428 to backup Linden Tech serving downtown
30	Future circuits
New Duct Banks	
1	County Rd 5 - Prospect to Mulberry
2	Shields Duct Bank - Harmony to Fossil Creek
3	Lincoln Ave. - Timberline to Lemay
4	Straus Cabin Rd Harmony to Horsetooth
5	Northeast Substation Duct Bank System
6	Trilby - Lemay to Timberline Road
7	Northwest Substation Duct Bank System
New Substations	
1	Northwest Substation
2	Northeast Substation

Projects to Serve New Growth

Number	Annexation Name
1	Riverwalk Annexation
2	Arapahoe Bend 2nd Annexation
3	Leistikow Annexation
4	Mulberry Annexation
5	Fossil Creek Open Space Annexation
6	South Taft Hill Road (West Side) Annexation
7	South Taft Hill Road (East Side) Annexation

Projects to Annex New Service Territory

Number	Distribution System
1	Cable Replacement
2	Transformer Replacement
3	1/O to electric heated homes
4	Streetlight System Replacement
Number	Fiber Optic System Improvements
1	Fiber Management Software
2	Fiber Cable Relocation
3	Fiber Panel upgrades
4	Fiber Optic Splicing equipment

Projects to Replace Existing Infrastructure

Number	Miscellaneous Project
1	Light & Power Mapping System Conversion
2	Advance Distribution Management System
3	Maximo Implementation
4	Total for Miscellaneous Projects

Miscellaneous Capital Projects

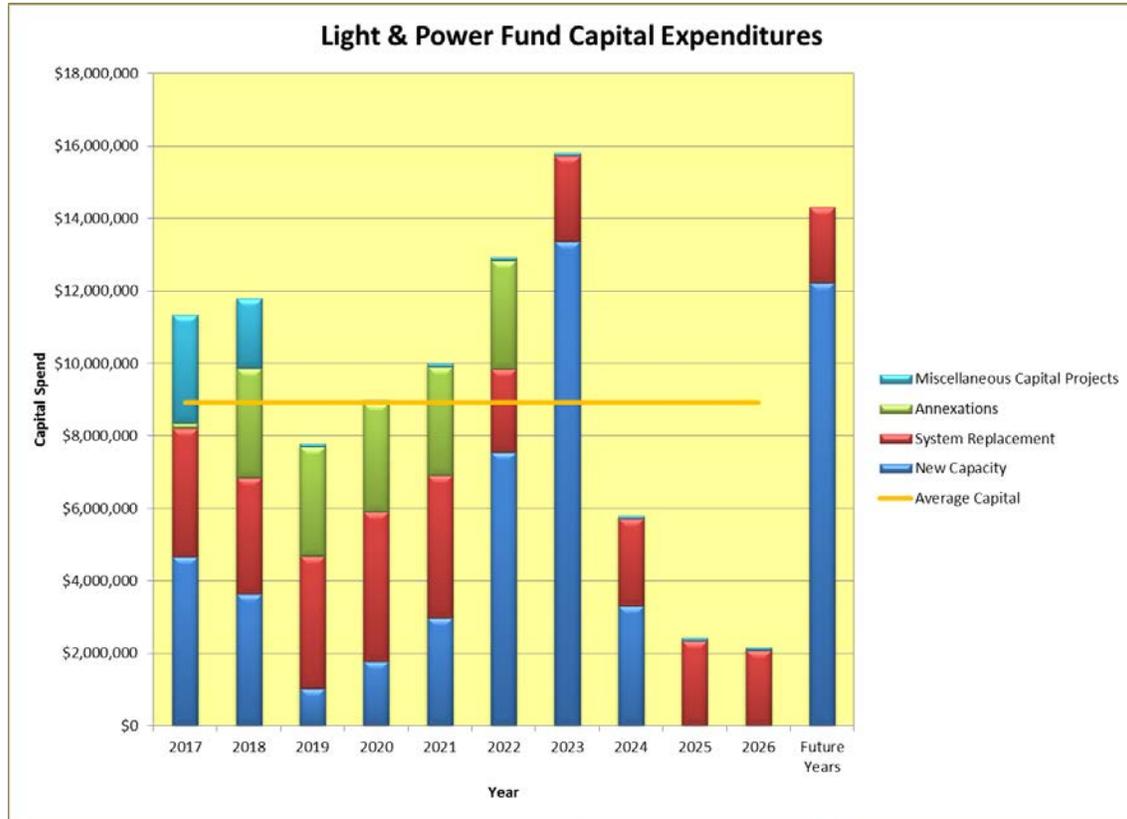
In 2014, the Capital Project Review Committee (CPRC) was created to review the project prioritization prior to budget offers being submitted for the Budgeting for Outcomes process. The CPRC is composed of the following positions:

- Executive Director
- Utilities Strategic Finance Director
- Water Resources & Treatment Operations Manager
- Water Engineering & Field Services Manager
- Light & Power Operations Manager

The CPRC is responsible for reviewing and approving the capital project prioritization for each enterprise fund prior to submitting funding requests to the City's bi-annual Budgeting for Outcomes (BFO) process.

Light & Power Fund Capital Funding Needs

The graph and table below show the capital funding needs for the enterprise fund for the next ten years. This funding contains projects to serve new growth, annexations, replacement of existing infrastructure, and miscellaneous capital projects.



Light & Power Fund Capital Expenditures

Type of Project	2017	2018	2019	2020	2021
Total for New Capacity	\$4,654,000	\$3,628,000	\$1,034,000	\$1,770,000	\$2,970,000
Total for Annexations	\$140,000	\$3,015,000	\$3,000,000	\$3,000,000	\$3,000,000
Total for Replacement Projects	\$3,555,000	\$3,223,000	\$3,662,000	\$4,143,000	\$3,941,000
Total for Operational Technology Projects	\$2,990,000	\$1,930,000	\$90,000	\$90,000	\$90,000
Grand total for all LPO Capital Projects	\$11,339,000	\$11,796,000	\$7,786,000	\$9,003,000	\$10,001,000

1-5 Year Light & Power Fund Capital Expenditures

Type of Project	2022	2023	2024	2025	2026
Total for New Capacity	\$8,050,000	\$13,370,000	\$3,303,139	\$0	\$0
Total for Annexations	\$3,150,000	\$3,150,000	\$0	\$0	\$0
Total for Replacement Projects	\$2,300,000	\$2,356,000	\$2,413,000	\$2,346,000	\$2,091,000
Total for Operational Technology Projects	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Grand total for all LPO Capital Projects	\$12,940,000	\$15,816,000	\$5,807,000	\$2,436,000	\$2,181,000

6-10 Year Light & Power Fund Capital Expenditures

Capital Project Prioritization

Prioritization Methodology

FCU staff developed a process for prioritizing capital projects across all of the enterprise funds. The need for this process was driven by the need for defensible and transparent capital budgeting requests, and ultimately to be able to defend any needed increases in revenue for capital expenditures in each of the enterprise funds. This process is designed to include the following kinds of projects and their associated costs:

- renewal & replacement of existing infrastructure, i.e. cables, transformers, etc.
- the annexation of new customers into the FCU service territory

Projects that are constructed to serve new development are prioritized by a separate effort and are not subject to this process.

A working group of approximately 20 FCU staff from the light & power, stormwater, water, & wastewater funds compiled the process for prioritizing projects. A high-level snapshot of the process is included below.



Capital Project Prioritization Business Process

The process above was not used for prioritizing projects in the Light & Power fund. For the 2016 Light & Power Fund CIP, funding allocations were made to asset categories for system renewal and replacement, known annexations were scheduled, and the system capacity additions identified in the Light & Power 20-Year Plan were included. It is fully expected that the process outlined above will be utilized for the Light & Power fund ahead of the next budget cycle.

Capital Projects Selection

Capital projects are brought forth for inclusion in the CIP by one of three ways:

- Suggestion by Electric Design & IT Staff,
- Suggestion by Project Engineering Staff, or
- Suggestion by Standards Engineering Staff.

These methods apply to both renewal and replacement of existing infrastructure and the addition of new capital to the fund. Each project is then evaluated against the evaluation criteria described above.

Prioritization of Projects

The respective prioritizations for each type of project that will be constructed by the fund, i.e. new capacity, annexation, or replacement, are shown below. The required funding for each type of project is shown in the next section.

Number	Project Name
New Circuits	
1	Install circuit 826 to unload 802, 804, and 834
2	Install circuit 936 to unload circuits 804, 834, and 906
3	Install circuit 322 to unload circuits 308 and 332 and serve Mulberry
4	Install circuit 724 to unload circuits 714, 722, and 732
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13	Install new circuit 336 to serve Woodard
14	Install circuit on existing breaker 518 to unload circuit 518
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2	Shields Duct Bank - Harmony to Fossil Creek
3	Lincoln Ave. - Timberline to Lemay
4	Straus Cabin Rd Harmony to Horsetooth
5	Northeast Substation Duct Bank System
6	Trilby - Lemay to Timberline Road
7	Northwest Substation Duct Bank System
New Substations	
1	Northwest Substation
2	Northeast Substation

Projects to Serve New Growth

Number	Annexation Name
1	Riverwalk Annexation
2	Arapahoe Bend 2nd Annexation
3	Leistikow Annexation
4	Mulberry Annexation
5	Fossil Creek Open Space Annexation
6	South Taft Hill Road (West Side) Annexation
7	South Taft Hill Road (East Side) Annexation

Projects to Annex New Service Territory

Number	Distribution System
1	Cable Replacement
2	Transformer Replacement
3	1/O to electric heated homes
4	Streetlight System Replacement
Number	Fiber Optic System Improvements
1	Fiber Management Software
2	Fiber Cable Relocation
3	Fiber Panel upgrades
4	Fiber Optic Splicing equipment

Projects to Replace Existing Infrastructure

Number	Miscellaneous Project
1	Light & Power Mapping System Conversion
2	Advance Distribution Management System
3	Maximo Implementation
4	Total for Miscellaneous Projects

Miscellaneous Capital Projects

Capital Project Prioritization Updates

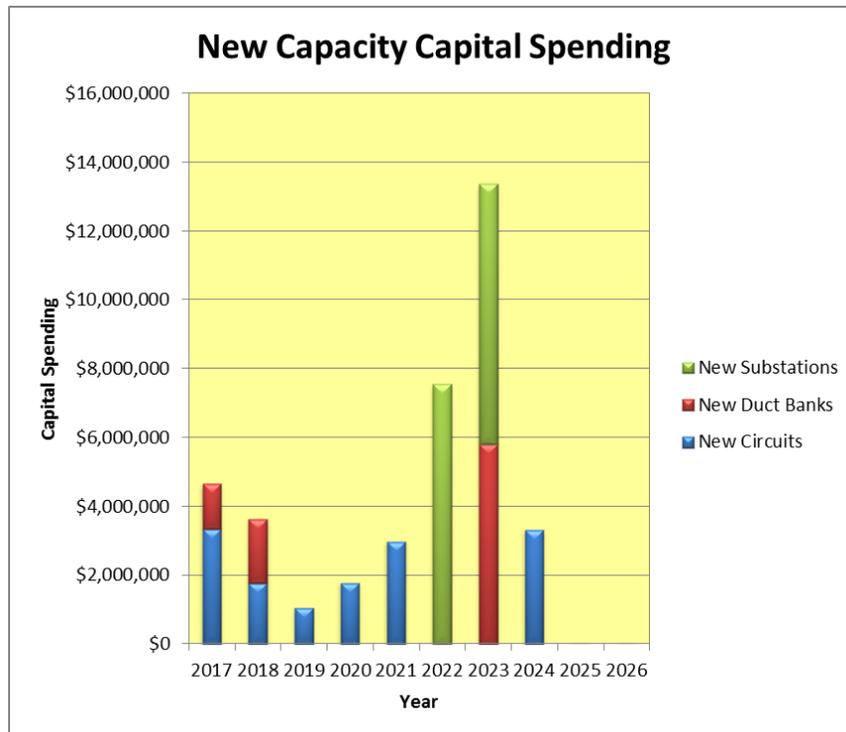
Since capital creation and renewal is such an integral part of FCU's bi-annual Budgeting for Outcomes (BFO) process, the capital project prioritization shall be updated every year. The process for prioritizing projects and the levels of service shall be reviewed annually to ensure that priorities of FCU senior management are being met by the project prioritization efforts.

Capital Funding Needs

The following section presents funding levels necessary for all known Light & Power Fund capital projects in the next 10 years.

Funding Needs for Growth-Related Projects

Funding needs for additional circuits, duct banks, and substations to accommodate future growth are shown in the graph and tables below. These projects were identified in the development of the Light & Power 20-Year Plan in 2016 by Leidos Engineering.



New Capacity Capital Spending

Type of Project	2017	2018	2019	2020	2021
New Circuits	\$ 3,328,800.00	\$ 1,777,440.00	\$ 1,033,440.00	\$ 1,769,280.00	\$ 2,969,280.00
New Duct Banks	\$ 1,325,000.00	\$ 1,850,000.00	\$ -	\$ -	\$ -
New Substations	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 4,653,800	\$ 3,627,440	\$ 1,033,440	\$ 1,769,280	\$ 2,969,280

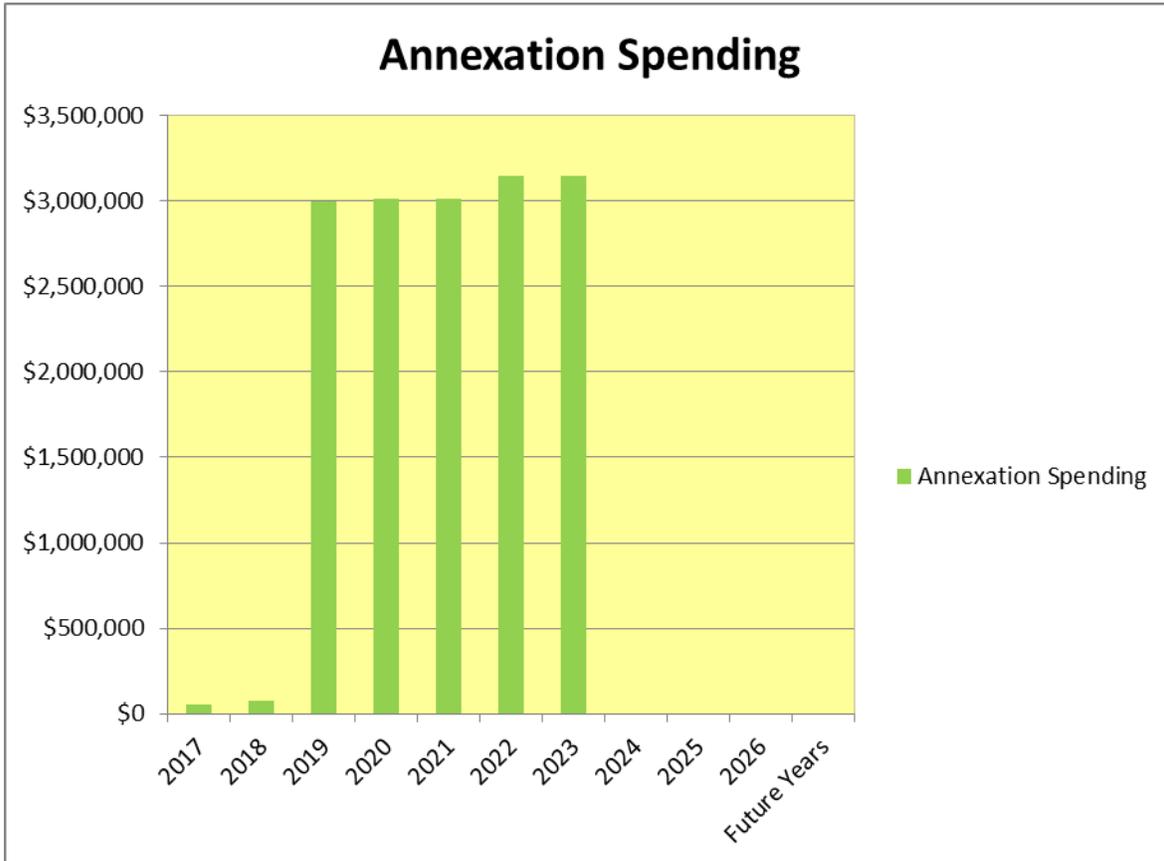
New Capacity 1-5 Year Capital Needs

Type of Project	2022	2023	2024	2025	2026
New Circuits	\$0	\$0	\$3,303,139	\$0	\$0
New Duct Banks	\$0	\$5,820,000	\$0	\$0	\$0
New Substations	\$7,550,000	\$7,550,000	\$0	\$0	\$0
Total	\$7,550,000	\$13,370,000	\$3,303,139	\$0	\$0

New Capacity 6-10 Year Capital Needs

Annexation of New Service Territory

Funding needs for annexations are shown in the table below. The costs below do not include the acquisition costs paid to the adjacent service provider with the exception of the Mulberry Annexation. The monthly volumetric charges that are paid to the adjacent service providers are considered a pass-through expense and are therefore not included in the costs below.



Capital Spending for Annexations

Annexation Name	2017	2018	2019	2020	2021
Riverwalk Annexation	\$50,000				
Arapahoe Bend 2nd Annexation		\$75,000			
Leistikow Annexation			\$15,000		
Mulberry Annexation			\$3,000,000	\$3,000,000	\$3,000,000
Total	\$50,000	\$75,000	\$3,015,000	\$3,000,000	\$3,000,000

Annexation 1-5 Year Funding Needs

Annexation Name	2022	2023	2024	2025	2026
Mulberry Annexation	\$3,000,000	\$3,000,000			
Fossil Creek Open Space Annexation	\$15,000				
South Taft Hill Road (West Side) Annexation		\$150,000			
South Taft Hill Road (East Side) Annexation			\$150,000		
Total	\$3,015,000	\$3,150,000	\$150,000	\$0	\$0

Annexation 6-10 Year Funding Needs

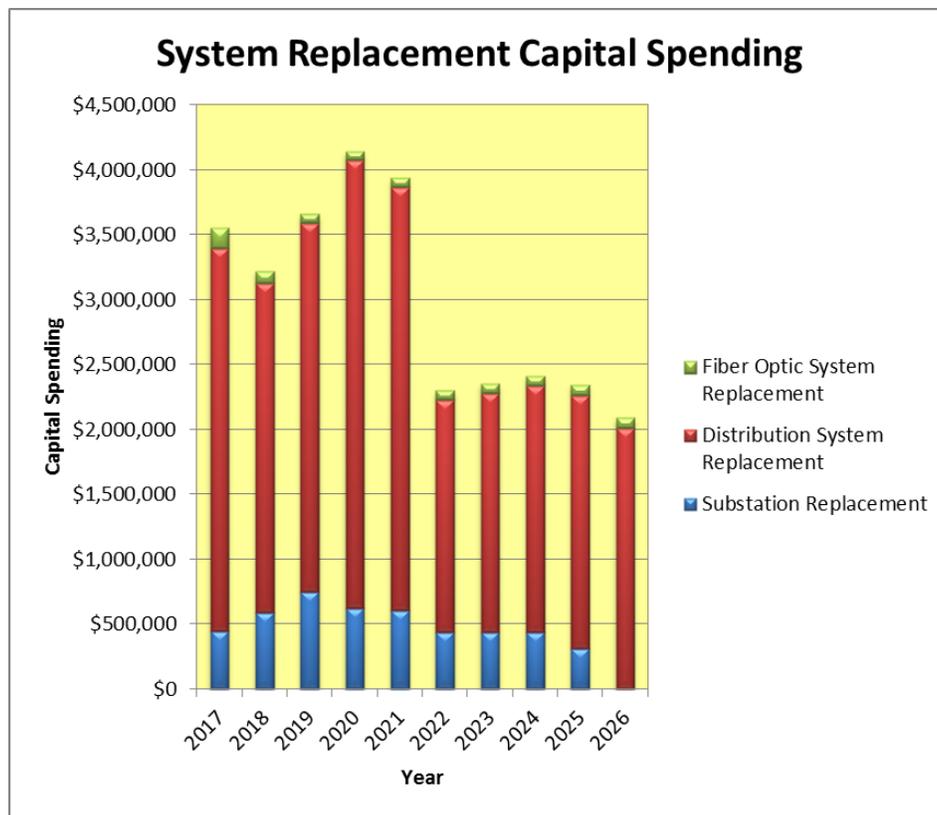
The costs above reflect a starting year of 2019 for the annexation of the Mulberry corridor into the FCU service territory from Xcel Energy and Poudre Valley Rural Electric Association. This is an estimate of when the annexation could start. No probable dates have been received from City of Fort Collins Planning Department staff. Since the geographical area to be annexed is so large, this is currently planned as a five year effort to convert the existing facilities to FCU Light & Power standards. If that timeframe is accelerated, then the costs will need to be adjusted accordingly.

Replacement of Existing Infrastructure

Funding needs for the replacement of existing infrastructure are included in this section. This funding group provides funding for replacement of equipment at substations and replacement of existing infrastructure in the distribution system, items such as cables, transformers, and switches.

The graph and tables below show 1-5 and 6-10 year funding needs for the replacement of existing infrastructure. Since the Light & Power Operations group is in the preliminary stages of implementing a strategic asset management program, a robust estimate of funding needs for transformer, switch, and cable replacement is not available at this time. The amount of budget requested for each of these areas is based, generally, on historical capital expenditures for each category.

As the asset management program becomes more mature in the Light & Power Enterprise Fund, it is expected that these expenditures will increase to address better understood needs for maintaining reliability of the electric distribution system.



System Replacement Capital Spending

Improvement of Existing Capital					
Substations	2017	2018	2019	2020	2021
Substation Improvements					
Sub security capital	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Automated Distribution and Load Control (3 switches/year)	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Replace battery bank at Dixon	\$15,000				
Replace battery banks at Drake, Rich, Linden, and Portner				\$30,000	\$15,000
Substation Improvements misc	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Re-gasket and paint substation transformers-2 per year (Harm, Drake, Linden, Rich)	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Install cap bank buildings (Dixon, Portner, Timberline, Northeast)		\$150,000	\$150,000	\$150,000	\$150,000
Install new power quality meters at substations		\$10,000	\$10,000	\$10,000	\$10,000
Improve oil containment on substation power transformers	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Replacement of electro-mechanical feeder relays at Richard's lake sub			\$160,000		
Total for Substation Improvements	\$445,000	\$590,000	\$750,000	\$620,000	\$605,000
Distribution System Improvements					
Cable Replacement	\$850,000	\$876,000	\$902,000	\$929,000	\$957,000
Transformer Replacement	\$670,000	\$710,000	\$731,000	\$753,000	\$776,000
1/O to electric heated homes - Lemay/Brookwood	\$30,000				
Streetlight System Replacement	\$500,000	\$950,000	\$1,210,000	\$1,770,000	\$1,530,000
Cable handling facility for cut-to-length program	\$900,000				
System conversions - overhead to underground or rear lot to front lot.	\$0	\$0			
Total for Distribution System Improvements	\$2,950,000	\$2,536,000	\$2,843,000	\$3,452,000	\$3,263,000
Fiber Optic System Improvements					
Fiber Cable Relocation	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000
Fiber Panel upgrades	\$25,000	\$26,000	\$27,000	\$28,000	\$29,000
Fiber Optic Splicing equipment	\$95,000	\$30,000			
Total for Fiber Optics Improvements	\$160,000	\$97,000	\$69,000	\$71,000	\$73,000
Total for Improvement Projects	\$3,555,000	\$3,223,000	\$3,662,000	\$4,143,000	\$3,941,000

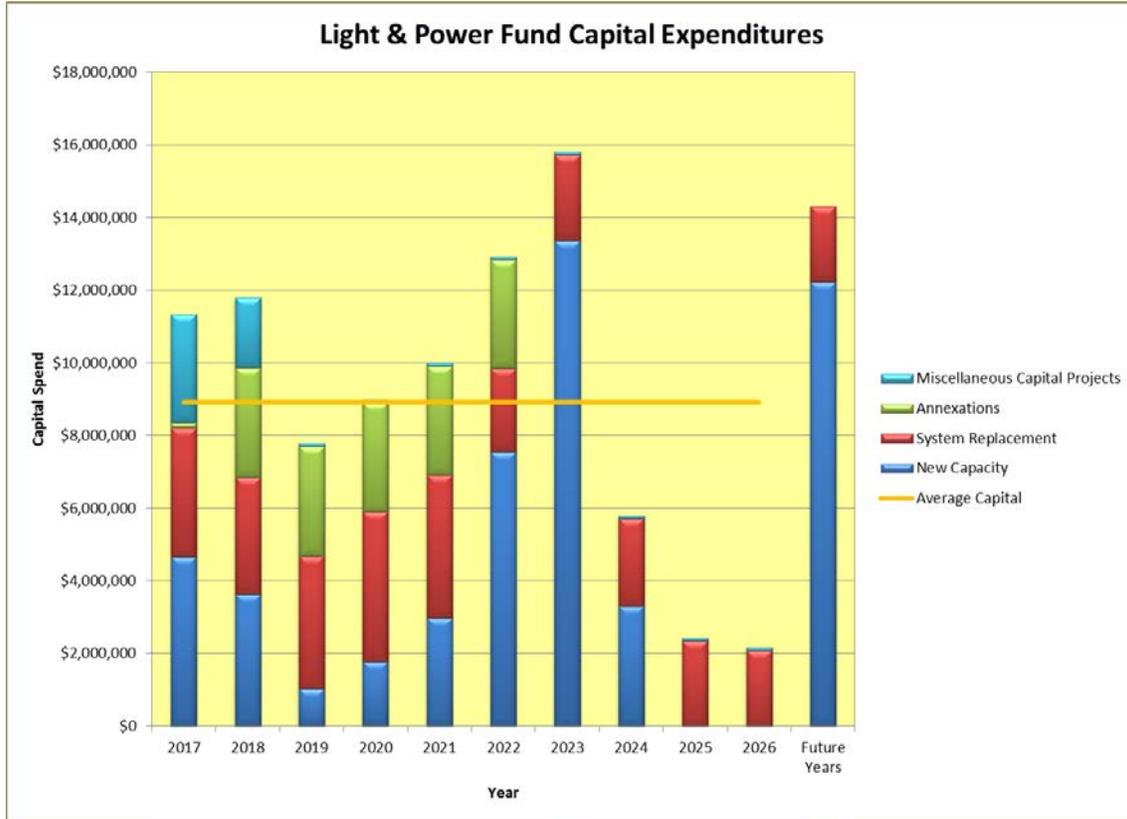
Replacement of Existing Infrastructure 1-5 Year Needs

Improvement of Existing Capital					
Substations	2022	2023	2024	2025	2026
Substation Improvements					
Sub security capital	\$20,000	\$20,000	\$20,000	\$20,000	
Automated Distribution and Load Control (3 switches/year)	\$80,000	\$80,000	\$80,000	\$80,000	
Replace battery bank at Dixon					
Replace battery banks at Drake, Rich, Linden, and Portner				\$15,000	
Substation Improvements misc	\$200,000	\$200,000	\$200,000	\$200,000	
Re-gasket and paint substation transformers-2 per year (Harm, Drake, Linden, Rich)	\$30,000	\$30,000	\$30,000		
Install cap bank buildings (Dixon, Portner, Timberline, Northeast)					
Install new power quality meters at substations	\$10,000	\$10,000	\$10,000		
Improve oil containment on substation power transformers	\$100,000	\$100,000	\$100,000		
Replacement of electro-mechanical feeder relays at Richard's lake sub					
Total for Substation Improvements	\$440,000	\$440,000	\$440,000	\$315,000	\$0
Distribution System Improvements					
Cable Replacement	\$986,000	\$1,016,000	\$1,046,000	\$1,077,000	\$1,109,000
Transformer Replacement	\$799,000	\$823,000	\$848,000	\$873,000	\$899,000
1/O to electric heated homes - Lemay/Brookwood					
Streetlight System Replacement					
Cable handling facility for cut-to-length program					
System conversions - overhead to underground or rear lot to front lot.					
Total for Distribution System Improvements	\$1,787,000	\$1,841,000	\$1,896,000	\$1,952,000	\$2,010,000
Fiber Optic System Improvements					
Fiber Cable Relocation	\$45,000	\$46,000	\$47,000	\$48,000	\$49,000
Fiber Panel upgrades	\$30,000	\$31,000	\$32,000	\$33,000	\$34,000
Fiber Optic Splicing equipment					
Total for Fiber Optics Improvements	\$75,000	\$77,000	\$79,000	\$81,000	\$83,000
Total for Improvement Projects	\$2,302,000	\$2,358,000	\$2,415,000	\$2,348,000	\$2,093,000

Replacement of Existing Infrastructure 6-10 Year Needs

Light & Power Fund Aggregate Funding Needs

The table and graph below show the total capital funding needs for the fund for the 10-year planning horizon. This aggregate funding contains capital funding for replacement of existing infrastructure, projects to install new capacity for development, annexation of new service territory, and miscellaneous capital projects to support LPO such as modernizing the mapping system.



Light & Power Fund Capital Expenditures

Type of Project	2017	2018	2019	2020	2021
Total for New Capacity	\$4,654,000	\$3,628,000	\$1,034,000	\$1,770,000	\$2,970,000
Total for Annexations	\$140,000	\$3,015,000	\$3,000,000	\$3,000,000	\$3,000,000
Total for Replacement Projects	\$3,555,000	\$3,223,000	\$3,662,000	\$4,143,000	\$3,941,000
Total for Operational Technology Projects	\$2,990,000	\$1,930,000	\$90,000	\$90,000	\$90,000
Grand total for all LPO Capital Projects	\$11,339,000	\$11,796,000	\$7,786,000	\$9,003,000	\$10,001,000

1-5 Year Light & Power Fund Capital Expenditures

Type of Project	2022	2023	2024	2025	2026
Total for New Capacity	\$8,050,000	\$13,370,000	\$3,303,139	\$0	\$0
Total for Annexations	\$3,150,000	\$3,150,000	\$0	\$0	\$0
Total for Replacement Projects	\$2,300,000	\$2,356,000	\$2,413,000	\$2,346,000	\$2,091,000
Total for Operational Technology Projects	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Grand total for all LPO Capital Projects	\$12,940,000	\$15,816,000	\$5,807,000	\$2,436,000	\$2,181,000

6-10 Year Light & Power Fund Capital Expenditures

FUTURE CAPITAL EXPENDITURES

The planning period for this document is 10 years; however, due to the need to serve new development and the finite nature of infrastructure, there will be capital needs for the fund beyond that 10-year planning period. It is anticipated that certain annual programs such as the replacement of cables, transformers, and substation equipment will continue beyond the 10-year planning period. The amount of those expenditures is unknown at this time, but it is expected that those expenditures will be considerably more than they are today due to the aging underground distribution system.

New development beyond the 10-year planning period will result in more than \$12million dollars in capital expenditures, as shown in the chart above.

Capital Projects

The following section contains schedule and funding needs for the known capital projects that will be funded by the enterprise fund in the next ten years.

Light & Power Enterprise Fund Project Prioritization

Project or Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years	Notes
New Capacity												
New Circuits	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years	
Install circuit 826 to unload 802, 804, and 834	\$585,600											
Install circuit 936 to unload circuits 804, 834, and 906	\$842,400											
Install circuit 322 to unload circuits 308 and 332 and serve Mulberry	\$914,400											
Install circuit 724 to unload circuits 714, 722, and 732	\$911,520											
Re-route circuit 716 due to cable ampacity	\$37,540											
Re-route circuit 736 due to cable ampacity	\$37,540											
Install circuit on existing breaker 554 to unload circuit 554		\$490,560										
Install circuit on existing breaker 576 to unload circuit 576		\$346,840										
Install circuit 934 to unload circuits 518 and 526		\$940,600										
Install circuit 314 to unload circuit 308			\$461,760									
Install circuit 616 to unload circuit 622			\$176,440									
Install circuit 904 to unload circuit 504			\$395,800									
Install new circuit 336 to serve Woodard				\$727,560								
Install circuit on existing breaker 518 to unload circuit 518				\$686,880								
Install circuit 572 to serve Avago				\$355,560								
Install circuit 832 to serve system expansion in west					\$404,520							
Install circuit on existing breaker 502 to unload ckts 502, 518 & 534					\$530,880							
Install circuit on existing breaker 566 to unload circuit 522					\$389,760							
Install circuit on existing breaker 548 to unload circuits 326 and 568					\$207,840							
Install circuit 926 to serve system expansion in the southeast					\$992,160							
Install circuit on existing breaker 508 to serve Intel and Avago					\$444,840							
Install circuit 402 to unload circuit 832								\$144,947				
Install circuit 404 to unload circuit 832								\$484,800				
Install circuit 406 to unload circuits 732 and 822								\$144,086				
Install circuit 408 to unload circuits 822 and 832								\$484,800				
Install circuit 422 to serve system expansion in the northwest								\$804,960				
Install circuit 424 to unload circuit 812								\$144,086				
Install circuit 426 to backup Linden Tech serving downtown								\$548,160				
Install circuit 428 to backup Linden Tech serving downtown								\$548,160				
Future circuits											\$12,230,000	These expenditure includes 16 circuits that are beyond the 10-year planning horizon.
Total for New Circuits	\$3,329,000	\$1,778,000	\$1,034,000	\$1,770,000	\$2,970,000	\$0	\$0	\$3,304,000	\$0	\$0	\$12,230,000	
New Duct Banks	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years	
County Rd 5 - Prospect to Mulberry	\$662,500											
Shields Duct Bank - Harmony to Fossil Creek	\$662,500											
Lincoln Ave. - Timberline to Lemay		\$875,000										
Straus Cabin Rd Harmony to Horsetooth		\$975,000										
Northeast Substation Duct Bank System							\$4,000,000					
Trilby - Lemay to Timberline Road							\$500,000					
Northwest Substation Duct Bank System							\$1,320,000					
Total for New Duct Banks	\$1,325,000	\$1,850,000	\$0	\$0	\$0	\$0	\$5,820,000	\$0	\$0	\$0	\$0	
New Substations	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years	
Northwest Substation						\$7,550,000						Does not include land purchase costs
Northeast Substation							\$7,550,000					Does not include land purchase costs
Total for New Substations	\$0	\$0	\$0	\$0	\$0	\$7,550,000	\$7,550,000	\$0	\$0	\$0	\$0	
System Additions	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years	
System Additions												
System Connections												
Total for New Capacity	\$4,654,000	\$3,628,000	\$1,034,000	\$1,770,000	\$2,970,000	\$7,550,000	\$13,370,000	\$3,304,000	\$0	\$0	\$12,230,000	
Annexations												

Annexations											
Riverwalk Annexation	\$50,000										
Arapahoe Bend 2nd Annexation	\$75,000										
Leistikow Annexation	\$15,000										
Mulberry Annexation		\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000					Estimate includes acquisition cost
Fossil Creek Open Space Annexation		\$15,000									
Total for Annexations	\$140,000	\$3,015,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$0	\$0	\$0	\$0	\$0
Replacement of Existing Capital											
Substations	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Substation Improvements											
Sub security capital	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
Automated Distribution and Load Control (3 switches/year)	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	
Replace battery bank at Dixon	\$15,000										
Replace battery banks at Drake, Rich, Linden, and Portner				\$30,000	\$15,000				\$15,000		
Substation Improvements misc	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
Re-gasket and paint substation transformers-2 per year (Harm, Drake, Linden, Rich)	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000		
Install cap bank buildings (Dixon, Portner, Timberline, Northeast)		\$150,000	\$150,000	\$150,000	\$150,000						
Install new power quality meters at substations		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000			
Improve oil containment on substation power transformers	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000			
Replcement of electro-mechanical feeder relays at Richard's lake sub			\$160,000								
Total for Substation Improvements	\$445,000	\$590,000	\$750,000	\$620,000	\$605,000	\$440,000	\$440,000	\$440,000	\$315,000	\$0	\$0
Distribution System Improvements	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Cable Replacement	\$850,000	\$876,000	\$902,000	\$929,000	\$957,000	\$986,000	\$1,016,000	\$1,046,000	\$1,077,000	\$1,109,000	\$1,142,000
Transformer Replacement	\$670,000	\$710,000	\$731,000	\$753,000	\$776,000	\$799,000	\$823,000	\$848,000	\$873,000	\$899,000	\$926,000
1/O to electric heated homes - Lemay/Brookwood	\$30,000										
Streetlight System Replacement	\$500,000	\$950,000	\$1,210,000	\$1,770,000	\$1,530,000						
Cable handling facility for cut-to-length program	\$900,000										
System conversions - overhead to underground or rear lot to front lot.	\$0	\$0									
Total for Distribution System Improvements	\$2,950,000	\$2,536,000	\$2,843,000	\$3,452,000	\$3,263,000	\$1,785,000	\$1,839,000	\$1,894,000	\$1,950,000	\$2,008,000	\$2,068,000
Fiber Optic System Improvements	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Fiber Cable Relocation	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000	\$45,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000
Fiber Panel upgrades	\$25,000	\$26,000	\$27,000	\$28,000	\$29,000	\$30,000	\$31,000	\$32,000	\$33,000	\$34,000	\$35,000
Fiber Optic Splicing equipment	\$95,000	\$30,000									
Total for Fiber Optics Improvements	\$160,000	\$97,000	\$69,000	\$71,000	\$73,000	\$75,000	\$77,000	\$79,000	\$81,000	\$83,000	\$85,000
Total for Replacement Projects	\$3,555,000	\$3,223,000	\$3,662,000	\$4,143,000	\$3,941,000	\$2,300,000	\$2,356,000	\$2,413,000	\$2,346,000	\$2,091,000	\$2,068,000
Operational Technology Projects											
Fiber Management Software	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Light & Power Mapping System Conversion	\$2,400,000										
Advance Distribution Management System		\$1,840,000									
CMMS Implementation	\$500,000										
Total for Operational Technology Projects	\$2,990,000	\$1,930,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Grand total for all LPO Capital Projects	\$11,339,000	\$11,796,000	\$7,786,000	\$9,003,000	\$10,001,000	\$12,940,000	\$15,816,000	\$5,807,000	\$2,436,000	\$2,181,000	\$14,388,000
Average 10-Year Capital Spend	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	\$8,910,500	Future Years
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years

Fort Collins Utilities Water Enterprise Fund

Capital Improvement Plan

2016

Revised: March 2016
By: Chris Parton

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Table of Contents

Purpose.....	1
Executive Summary	3
Capital Project Prioritization	8
Capital Funding Needs.....	12
Capital Projects.....	18

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Purpose

The purpose of this Capital Improvement Plan (CIP) is to serve as a central repository for information relating to capital projects within the water enterprise fund.

Ownership

The Asset Manager maintains ownership of this document. It is the responsibility of the person in this role to ensure that the plan is updated when necessary and that all interested parties are allowed input into the preparation and update of this document.

Frequency of Updates

This document shall be updated on a yearly basis so that the Utilities Strategic Finance Director has the information necessary to prepare forward-looking documents dealing with cost projections, revenue projections, and rate-setting.

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Executive Summary

The scope of this document is to provide information pertaining to capital projects, project prioritization, and funding needs within the Water Enterprise Fund managed by Fort Collins Utilities (FCU). The planning period for this document is for a 10-year horizon beginning in 2017. Where they are known, major capital projects that are planned beyond the 10-year planning horizon are included.

Capital Projects

This document contains information pertaining to the Water Production & Water Distribution divisions in the water enterprise fund. FCU project managers were asked to provide the Asset Manager with as much information as possible about known capital projects within the water fund.

Capital Project Prioritization

A working group of approximately 20 FCU staff from the wastewater, water, stormwater, and light & power businesses compiled the process for prioritizing projects. A high-level snapshot of the process is included below. This process was used to prioritize projects for water production and water distribution.



The project prioritization for the water fund is shown on the next page.

C

Priority	Alternative Name	Division
1	Water Treatment Facility Replacement Program	Water Production
2	Water Quality Lab Remodel	Environmental Services
3	Azalea Waterline Repairs	Water Distribution
4	Water System Replacement Master Plan Priority 1	Water Distribution
5	Water System Replacement Master Plan Priority 2	Water Distribution
6	Water Distribution System Replacement	Water Distribution
7	Water Meter Replacement Program	Water Distribution
8	Water System Replacement Master Plan Priority 3	Water Distribution
9	Water Quality Lab Instrumentation Replacement Program	Environmental Services
10	Water System Replacement Master Plan Priority 4	Water Distribution
11	24" Poudre Pipeline Replacement Evaluation & Installation	Water Production
12	Water System Replacement Master Plan Priority 5	Water Distribution
13	Water System Replacement Master Plan Priority 6	Water Distribution
14	Water System Replacement Master Plan Priority 7	Water Distribution
15	Water System Replacement Master Plan Priority 8	Water Distribution
16	Sodium Hypochlorite On-site Generation	Water Production
17	Cathodic Protection - A-B Line	Water Distribution
18	Finished Water Treated Storage	Water Production
19	PAC Contact Time Improvements	Water Production
20	Cathodic Protection - Trans & Dist Mains	Water Distribution
21	Poudre Pipeline blowoff installation, valve replacement and slope stabilization.	Water Production
22	Water System Replacement Master Plan Priority 9	Water Distribution
23	Finished Water Metering	Water Production
24	Water System Replacement Master Plan Priority 10	Water Distribution
25	Sludge Drying Pad	Water Production
26	East Backwash Waste Pond Liner	Water Production
27	Horsetooth Reservoir Second Outlet	Water Production
28	HT Reservoir PVP Connection	Water Production
29	Solar Power Project	Water Production
30	Finished Water Reservoir Bypass	Water Production
31	Solids Drying Lagoons Liner	Water Production
32	Rapid Drain Recycle Pond Liner	Water Production
33	Granular Activated Carbon Filters	Water Production
34	Ozone\BAC	Water Production
35	UV Disinfection	Water Production
36	Environmental Services Division Master Plan	Environmental Services
Unranked	Filter to Waste	Water Production
Unranked	Solids Handling - Centrifuge	Water Production
Water Resources		Division
1	Water Supply Development	Water Resources
2	Halligan Reservoir Enlargement Project	Water Resources
3	ELC Diversion Structure	Water Resources

Water Fund Project Prioritization

In 2014, the Capital Project Review Committee (CPRC) was created to review the project prioritization prior to budget offers being submitted for the Budgeting for Outcomes process. The CPRC is composed of the following positions:

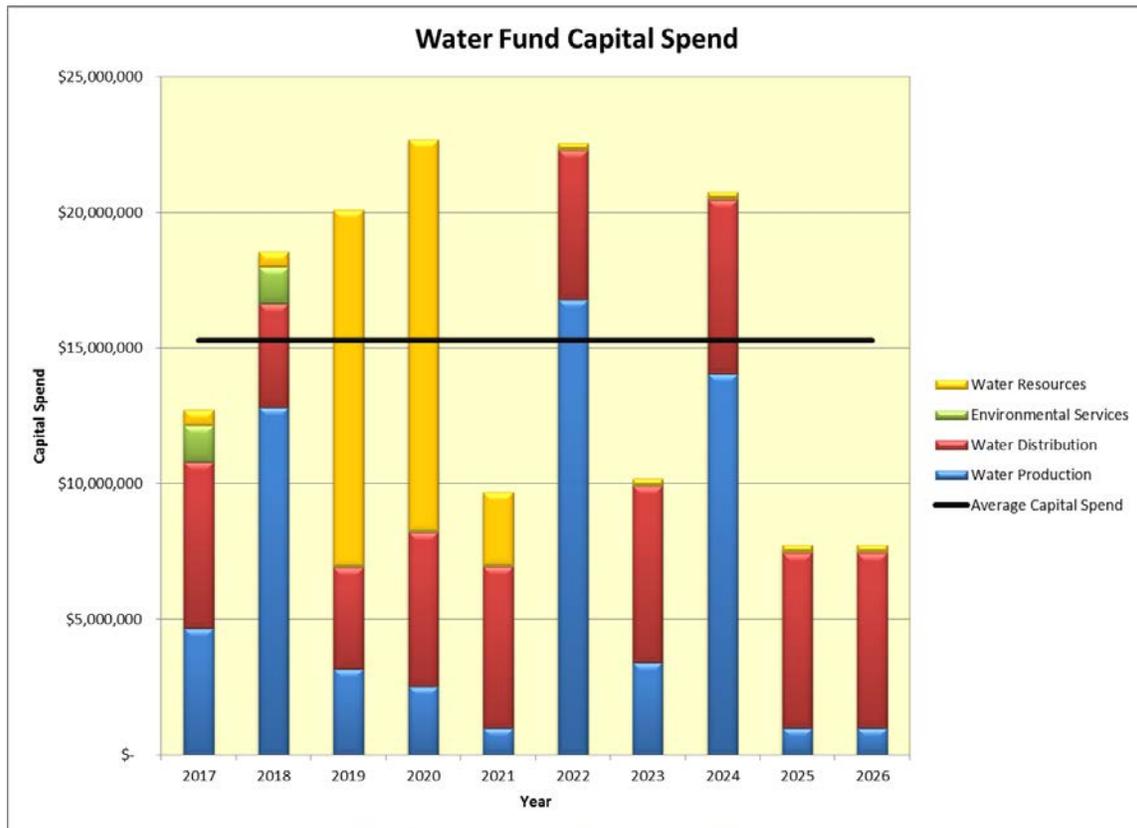
- Executive Director
- Utilities Strategic Finance Director
- Water Resources & Treatment Operations Manager

- Water Engineering & Field Services Manager
- Light & Power Operations Manager

The CPRC is responsible for reviewing and approving the capital project prioritization for each enterprise fund prior to submitting funding requests to the City's bi-annual Budgeting for Outcomes (BFO) process.

Water Fund Capital Funding Needs

The graph and table below show the capital funding needs for the water enterprise fund for near- and long-term capital projects. This funding contains water production, distribution system, water resources, and environmental services capital projects.



Water Enterprise Fund Capital Spend

Division	2017	2018	2019	2020	2021
Water Production	\$4,665,000	\$12,821,000	\$3,174,000	\$2,535,000	\$1,000,000
Water Distribution	\$6,153,000	\$3,810,000	\$3,737,000	\$5,683,000	\$5,957,000
Water Resources	\$554,000	\$558,000	\$13,128,000	\$14,418,000	\$2,680,000
Environmental Services	\$1,350,000	\$1,350,000	\$50,000	\$50,000	\$50,000
Total	\$12,722,000	\$18,539,000	\$20,089,000	\$22,686,000	\$9,687,000

1-5 Year Water Fund Capital Needs

Division	2022	2023	2024	2025	2026
Water Production	\$16,772,000	\$3,395,000	\$14,031,000	\$1,000,000	\$1,000,000
Water Distribution	\$5,515,000	\$6,511,000	\$6,451,000	\$6,451,000	\$6,451,000
Water Resources	\$216,000	\$222,000	\$228,000	\$237,000	\$247,000
Environmental Services	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$22,553,000	\$10,178,000	\$20,760,000	\$7,738,000	\$7,748,000

6-10 Year Water Fund Capital Needs

Enhancements from Previous Plans

1. Capital funding for the water distribution system (WDS) is expected to increase through year 5 of this plan. The length of replacement is proposed to increase by 0.10% each year to the proposed level of 1% per year. This increase will allow the distribution system superintendent and his staff to become more proactive in replacing the system and avoid probable increases in corrective maintenance as the system continues to deteriorate. This will also increase the replacement rate of the system to 1% per year, which is considered an industry best practice.
2. The Water Production Group updated the master plan for its facilities and infrastructure. This update resulted in the addition of several new projects to the water fund portfolio.
3. Water Engineering and Field Operations completed a master plan for replacement of the Old Town area of the water distribution system. The ten highest priority zones from that plan are identified in this version of the plan and are scheduled for funding and construction over the next decade.
4. Three capital projects were initiated to allow the Environmental Services Division to better manage its facilities and instruments. Those programs are for the completion of a master plan to address long-term needs for the Pollution Control and Water Quality laboratories, remodeling the existing Water Quality laboratory, and an annual program for the replacement of instrumentation at the Water Quality laboratory.

Future Project Costs

It is expected that certain annual capital projects, i.e. distribution system replacement or water production group replacement, will continue at similar funding levels beyond the 10-year planning horizon; however, of considerable note is one regulatory project beyond the 10-year planning horizon considered in this document.

The addition of three large projects to the treatment process is a potential regulatory-driven requirement. Each of these projects is related to the probable deterioration of water quality in the Cache la Poudre River basin. It is uncertain if and when these projects might occur, as they are related to a few different water quality parameters that could change in the future. While these projects are uncertain, they warrant special consideration due to the significant cost and potential impact on Water Fund reserves. The projects and their associated costs are shown below.

Project	Cost
Granular Activated Carbon Filters	\$72,684,000
Ozone\BAC	\$26,857,000
UV Disinfection	\$17,200,000

Capital Project Prioritization

Classification of Capital Projects

Capital construction in FCU's water enterprise fund consists of two areas of focus:

- construction of capital projects for the water production division; this area consists of projects at the water treatment facility (WTF) and the Source of Supply department which manages infrastructure on and near Cameron Pass to deliver raw water to the water treatment facility.
- renewal and replacement of the existing water distribution system (WDS).

A very large percentage of the distribution system exists today, and the FCU water service area is bounded by special districts; therefore, additional expansion of the distribution system through the addition of new capital is not anticipated as an expense for the water fund.

Similarly, the water treatment facility is built to provide adequate capacity for the 5-year planning horizon, so construction of additional capacity is not anticipated in that timeframe. Replacement of existing facility infrastructure as well as addressing new regulations will be the primary drivers for facility capital projects. A new storage tank will most likely be needed in year 8 of the plan. The project will be re-evaluated as it gets closer, as water demand will drive the need for that project.

Capital Projects Creation

Capital projects in the water enterprise fund are brought forth for inclusion in the CIP by one of three ways:

- suggestion by the water distribution system maintenance superintendent,
- suggestion by Water Treatment Facility staff
- suggestion by Water Systems Engineering staff.

These three methods apply to both renewal and replacement of existing infrastructure and the addition of new capital to the water fund. Each project is then evaluated against the CIP framework described below.

Prioritization Methodology

FCU staff developed a process for prioritizing capital projects across all of the enterprise funds. The need for this process was driven by the need for defensible and transparent capital budgeting requests, and ultimately to be able to defend any needed increases in revenue for capital expenditures in these "wet" funds. This process is designed to include renewal & replacement of existing infrastructure as well as addition of new capital to the system.

A working group of approximately 20 FCU staff from the light & power, stormwater, water, & wastewater funds compiled the process for prioritizing projects. A high-level snapshot of the process is included below.



Capital Project Prioritization Business Process

Prioritization Criteria

Capital projects were prioritized based on their ability to improve FCU’s adopted levels of service (LOS). The CPRC identified the following LOS related to the operation of the water fund and ultimately to the prioritization of capital projects in the fund:

Strategic Objectives	
Safety	Product Quality
Regulatory Compliance	Reliability
Sustainability	Customer Satisfaction

A pairwise comparison process was used to determine the relative weights for each of the LOS. The chart below shows the relative importance for the strategic objectives used to prioritize projects.

Objectives	Relative Weights
Safety	38%
Regulatory Compliance	29%
Reliability	13%
Product Quality	9%
Customer Satisfaction	7%
Sustainability	4%

Levels of Service – Relative Weights

Prioritization of Projects

Once the CIP framework was established and all known capital projects were identified, each capital project was rated against the framework to determine a total “score” for each project. Projects were then ranked from highest to lowest score to establish an order in which projects should be constructed. The prioritization for the water fund is shown below.

Priority	Alternative Name	Division
1	Water Treatment Facility Replacement Program	Water Production
2	Water Quality Lab Remodel	Environmental Services
3	Azalea Waterline Repairs	Water Distribution
4	Water System Replacement Master Plan Priority 1	Water Distribution
5	Water System Replacement Master Plan Priority 2	Water Distribution
6	Water Distribution System Replacement	Water Distribution
7	Water Meter Replacement Program	Water Distribution
8	Water System Replacement Master Plan Priority 3	Water Distribution
9	Water Quality Lab Instrumentation Replacement Program	Environmental Services
10	Water System Replacement Master Plan Priority 4	Water Distribution
11	24" Poudre Pipeline Replacement Evaluation & Installation	Water Production
12	Water System Replacement Master Plan Priority 5	Water Distribution
13	Water System Replacement Master Plan Priority 6	Water Distribution
14	Water System Replacement Master Plan Priority 7	Water Distribution
15	Water System Replacement Master Plan Priority 8	Water Distribution
16	Sodium Hypochlorite On-site Generation	Water Production
17	Cathodic Protection - A-B Line	Water Distribution
18	Finished Water Treated Storage	Water Production
19	PAC Contact Time Improvements	Water Production
20	Cathodic Protection - Trans & Dist Mains	Water Distribution
21	Poudre Pipeline blowoff installation, valve replacement and slope stabilization.	Water Production
22	Water System Replacement Master Plan Priority 9	Water Distribution
23	Finished Water Metering	Water Production
24	Water System Replacement Master Plan Priority 10	Water Distribution
25	Sludge Drying Pad	Water Production
26	East Backwash Waste Pond Liner	Water Production
27	Horsetooth Reservoir Second Outlet	Water Production
28	HT Reservoir PVP Connection	Water Production
29	Solar Power Project	Water Production
30	Finished Water Reservoir Bypass	Water Production
31	Solids Drying Lagoons Liner	Water Production
32	Rapid Drain Recycle Pond Liner	Water Production
33	Granular Activated Carbon Filters	Water Production
34	Ozone\BAC	Water Production
35	UV Disinfection	Water Production
36	Environmental Services Division Master Plan	Environmental Services
Unranked	Filter to Waste	Water Production
Unranked	Solids Handling - Centrifuge	Water Production
Water Resources		Division
1	Water Supply Development	Water Resources
2	Halligan Reservoir Enlargement Project	Water Resources
3	ELC Diversion Structure	Water Resources

Water Fund Project Prioritization

Capital Project Prioritization Updates

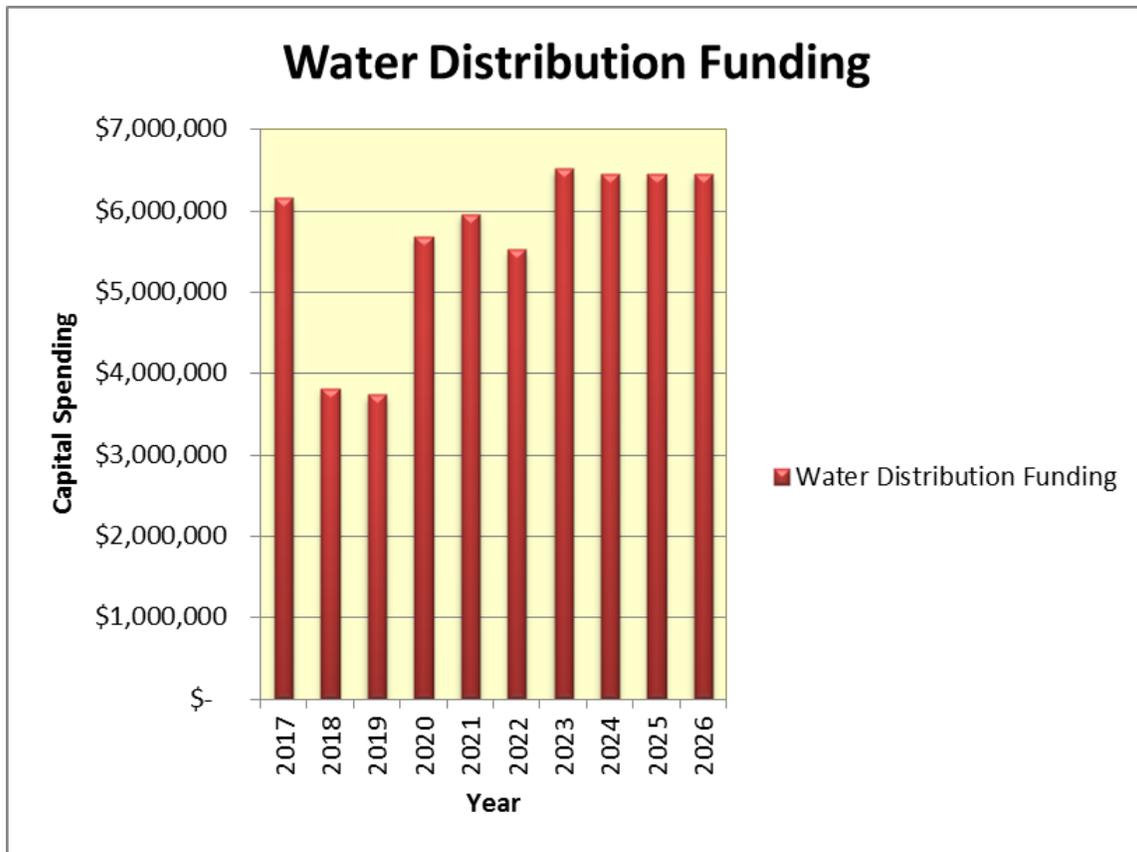
Since capital creation and renewal is such an integral part of FCU's bi-annual Budgeting for Outcomes (BFO) process, the capital project prioritization shall be updated every year. The process for prioritizing projects and the levels of service shall be reviewed annually to ensure that priorities of FCU senior management are being met by the project prioritization efforts.

Capital Funding Needs

The following section presents funding levels necessary to build water fund capital projects in the next 10 years.

Water Distribution System

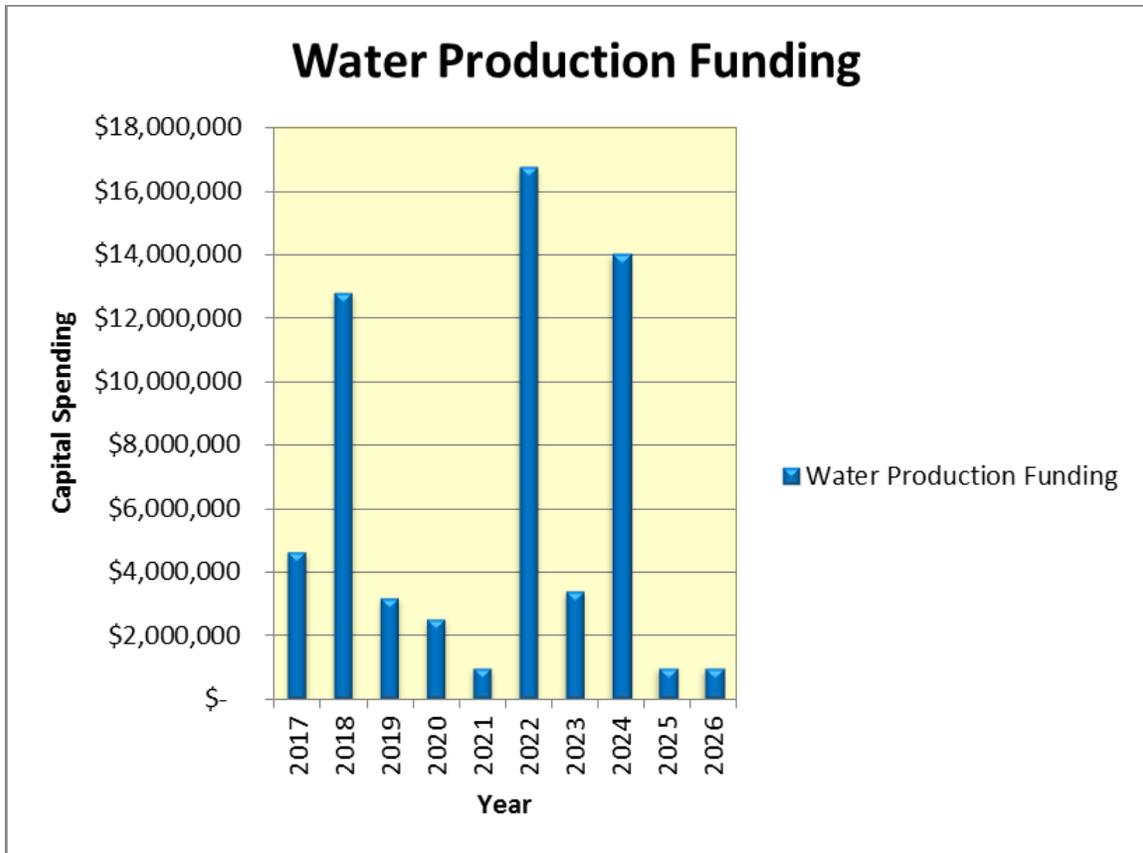
Funding needs for the water distribution system are shown in the graph below. The annual increase in capital funding is the result of an incremental increase in system replacement each year from 2015 to 2021 to achieve a more sustainable rate of replacement.



Water Distribution 10-Year Capital Needs

Water Production Group

Funding needs for the water production group are shown in the graph below. The updated Water Production Group Master Plan identified significant capital expenditures necessary in the next decade to add storage capacity and replace existing infrastructure. Those expenditures are included in the chart below.



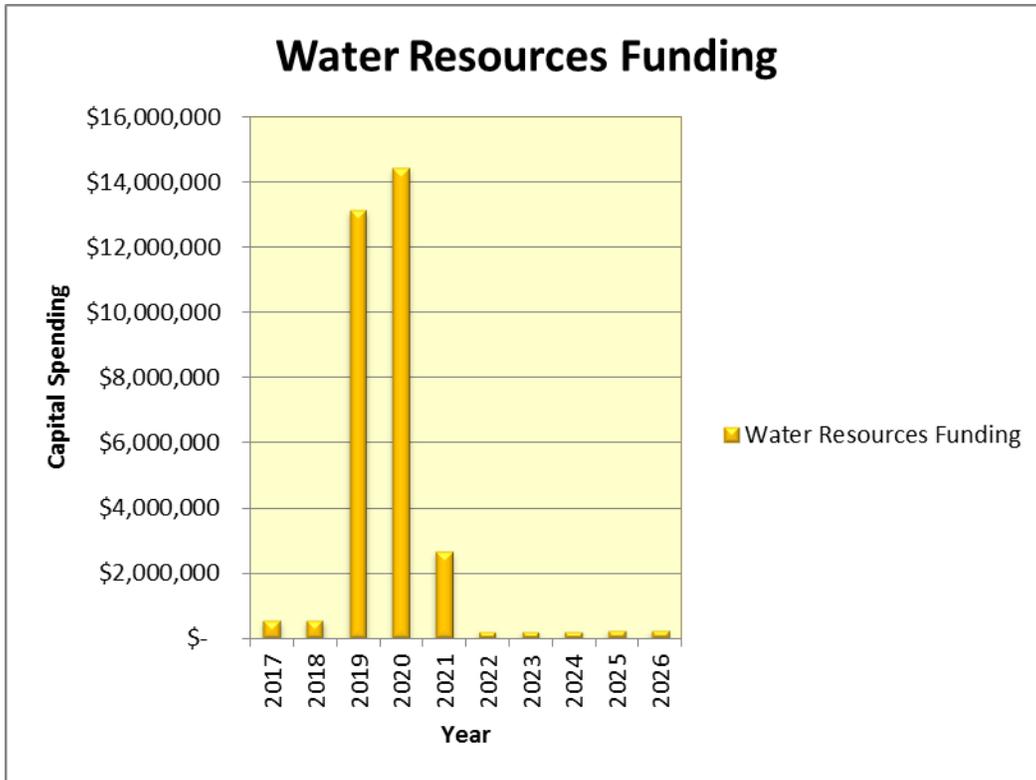
Water Production Capital Needs

Water Resources Group

The primary mission of the Water Resources Group is to secure water rights to strengthen FCU's water rights portfolio and to provide for adequate storage of raw water. Funding needs to accomplish each of these tasks are shown in the graph below.

Of particular interest in this funding group is the spike in costs in years 2019 and 2020. These costs are for the enlargement of Halligan Reservoir. The anticipated cost of this project was revised in 2015. This revision resulted in a higher anticipated cost that is depicted in the graph below. This project is still being permitted by the Corps of Engineers, and the timing of the project is still uncertain; however, this is the best estimate of when the project will be constructed.

To date, \$37.4million has been appropriated to the project. It is estimated that an additional \$7.1million in appropriations will be needed to fully fund the project for all necessary acquisition, design, permitting, construction, and operating costs.

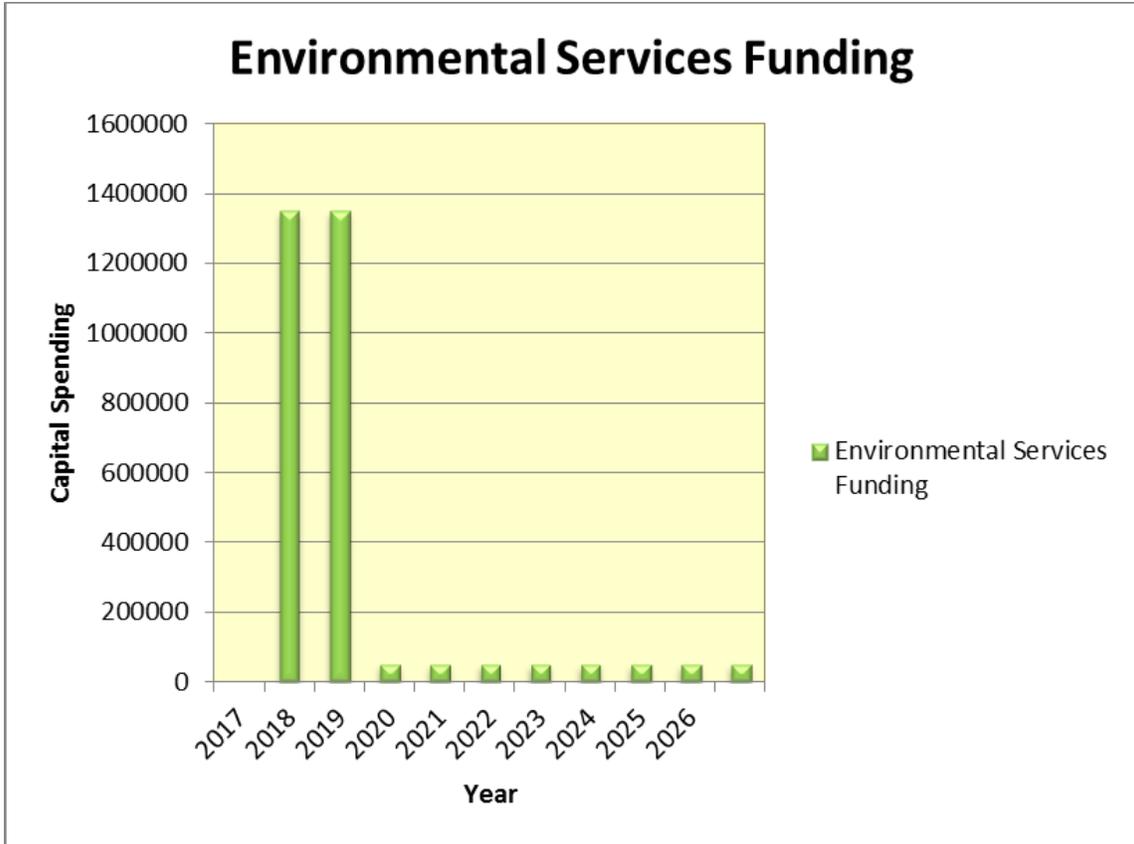


Water Resources Capital Needs

ENVIRONMENTAL SERVICES

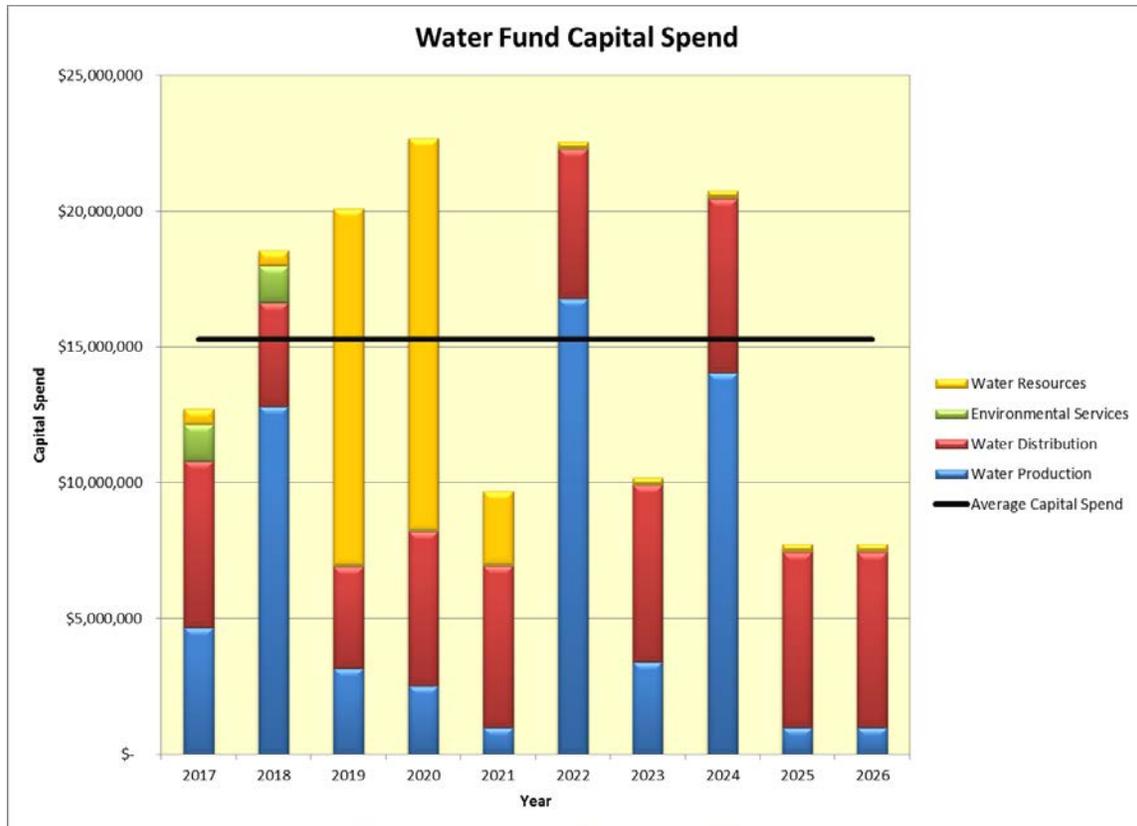
The Environmental Services Division (ESD) provides laboratory services for the Water and Wastewater Funds. Services provided for the water fund include testing of raw and finished water entering and leaving the water treatment facility, testing of the finished water in the distribution system, and responding to complaints about the quality of water in the distribution system when customers contact FCU with a concern.

The ESD has three capital projects in this plan. Those projects are for the completion of a master plan to address long-term needs for the Pollution Control and Water Quality laboratories, remodeling the existing Water Quality laboratory, and an annual program for the replacement of instrumentation at the Water Quality laboratory.



Water Fund Aggregate Funding Needs

The graph and table below show the capital funding needs for the water enterprise fund for near- and long-term capital projects. This funding contains water production, distribution system, water resources, and environmental services capital projects.



Water Enterprise Fund Capital Spend

Division	2017	2018	2019	2020	2021
Water Production	\$4,665,000	\$12,821,000	\$3,174,000	\$2,535,000	\$1,000,000
Water Distribution	\$6,153,000	\$3,810,000	\$3,737,000	\$5,683,000	\$5,957,000
Water Resources	\$554,000	\$558,000	\$13,128,000	\$14,418,000	\$2,680,000
Environmental Services	\$1,350,000	\$1,350,000	\$50,000	\$50,000	\$50,000
Total	\$12,722,000	\$18,539,000	\$20,089,000	\$22,686,000	\$9,687,000

1-5 Year Water Fund Capital Needs

Division	2022	2023	2024	2025	2026
Water Production	\$16,772,000	\$3,395,000	\$14,031,000	\$1,000,000	\$1,000,000
Water Distribution	\$5,515,000	\$6,511,000	\$6,451,000	\$6,451,000	\$6,451,000
Water Resources	\$216,000	\$222,000	\$228,000	\$237,000	\$247,000
Environmental Services	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$22,553,000	\$10,178,000	\$20,760,000	\$7,738,000	\$7,748,000

6-10 Year Water Fund Capital Needs

The tables below show the projected costs for the Water Fund in near- and mid-term windows.

Capital Projects

The following section contains schedule and funding needs for the known capital projects that will be funded by the water enterprise fund in the next ten years. Detailed information for each of these projects is available in Appendices A, B, & C.

Water Fund Prioritization - 2016

Priority	Alternative Name	Division	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future
1	Water Treatment Facility Replacement Program	Water Production	\$ 1,900,000	\$ 1,900,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2	Water Quality Lab Remodel	Environmental Services	\$ 1,300,000	\$ 1,300,000									
3	Azalea Waterline Repairs	Water Distribution	\$ 450,000										
4	Water System Replacement Master Plan Priority 1	Water Distribution	\$ 1,300,000										
5	Water System Replacement Master Plan Priority 2	Water Distribution		\$ 900,000									
6	Water Distribution System Replacement	Water Distribution	\$ 2,127,000	\$ 2,910,000	\$ 1,825,000	\$ 2,173,000	\$ 3,300,000	\$ 3,515,000	\$ 5,211,000	\$ 4,651,000	\$ 2,351,000	\$ 4,751,000	\$ 6,451,000
7	Water Meter Replacement Program	Water Distribution	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
8	Water System Replacement Master Plan Priority 3	Water Distribution			\$ 1,600,000								
9	Water Quality Lab Instrumentation Replacement Program	Environmental Services	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
10	Water System Replacement Master Plan Priority 4	Water Distribution				\$ 3,000,000							
11	24" Poudre Pipeline Replacement Evaluation & Installation	Water Production	\$ 800,000	\$ 10,921,000									
12	Water System Replacement Master Plan Priority 5	Water Distribution					\$ 2,300,000						
13	Water System Replacement Master Plan Priority 6	Water Distribution						\$ 2,000,000					
14	Water System Replacement Master Plan Priority 7	Water Distribution							\$ 1,300,000				
15	Water System Replacement Master Plan Priority 8	Water Distribution								\$ 1,800,000			
16	Sodium Hypochlorite On-site Generation	Water Production								\$ 10,982,000			
17	Cathodic Protection - A-B Line	Water Distribution	\$ 2,280,000										
18	Finished Water Treated Storage	Water Production						\$ 13,888,000					
19	PAC Contact Time Improvements	Water Production			\$ 688,000								
20	Cathodic Protection - Trans & Dist Mains	Water Distribution			\$ 312,000	\$ 510,000	\$ 357,000						
21	Poudre Pipeline blowoff installation, valve replacement and slope stabilization.	Water Production			\$ 569,000								
22	Water System Replacement Master Plan Priority 9	Water Distribution									\$ 4,100,000		
23	Finished Water Metering	Water Production			\$ 357,000								
24	Water System Replacement Master Plan Priority 10	Water Distribution										\$ 1,700,000	
25	Sludge Drying Pad	Water Production	\$ 1,346,000										
26	East Backwash Waste Pond Liner	Water Production				\$ 1,535,000							
27	Horsetooth Reservoir Second Outlet	Water Production											\$ 4,680,000
28	HT Reservoir PVP Connection	Water Production			\$ 560,000								
29	Solar Power Project	Water Production						\$ 1,883,000					
30	Finished Water Reservoir Bypass	Water Production											\$ 530,000
31	Solids Drying Lagoons Liner	Water Production							\$ 2,395,000				
32	Rapid Drain Recycle Pond Liner	Water Production								\$ 2,049,000			
33	Granular Activated Carbon Filters	Water Production											\$ 72,700,000
34	Ozone\BAC	Water Production											\$ 26,900,000
35	UV Disinfection	Water Production											\$ 17,200,000
36	Environmental Services Division Master Plan	Environmental Services	\$ 105,000										
Unranked	Filter to Waste	Water Production											\$ 2,000,000
Unranked	Solids Handling - Centrifuge	Water Production											\$ 8,000,000
Water Resources		Division	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future
1	Water Supply Development	Water Resources	\$ 125,000	\$ 130,000	\$ 135,000	\$ 140,000	\$ 145,000	\$ 151,000	\$ 157,000	\$ 163,000	\$ 169,000	\$ 176,000	\$ 183,000
2	Halligan Reservoir Enlargement Project	Water Resources	\$ 428,000	\$ 425,000	\$ 13,000,000	\$ 14,277,000	\$ 1,285,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 68,000	\$ 7,000	
3	ELC Diversion Structure	Water Resources					\$ 1,250,000						
		Division	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future
		Water Production	\$ 4,046,000	\$ 12,821,000	\$ 3,174,000	\$ 2,535,000	\$ 1,000,000	\$ 16,771,000	\$ 3,395,000	\$ 14,031,000	\$ 1,000,000	\$ 1,000,000	\$ 133,010,000
		Water Distribution	\$ 6,957,000	\$ 4,610,000	\$ 4,537,000	\$ 6,483,000	\$ 6,757,000	\$ 6,315,000	\$ 7,311,000	\$ 7,251,000	\$ 7,251,000	\$ 7,251,000	\$ 7,251,000
		Water Resources	\$ 553,000	\$ 555,000	\$ 13,135,000	\$ 14,417,000	\$ 2,680,000	\$ 216,000	\$ 222,000	\$ 228,000	\$ 237,000	\$ 183,000	\$ 183,000
		Environmental Services	\$ 1,455,000	\$ 1,350,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
		Total	\$ 13,011,000	\$ 19,336,000	\$ 20,896,000	\$ 23,485,000	\$ 10,487,000	\$ 23,352,000	\$ 10,978,000	\$ 21,560,000	\$ 8,538,000	\$ 8,484,000	\$ 140,444,000

Fort Collins Utilities Wastewater Enterprise Fund

Capital Improvement Plan

2016

Revised: March 2016
By: Chris Parton

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Table of Contents

Purpose.....	5
Executive Summary	7
Capital Project Prioritization	12
Capital Funding Needs.....	18
Wastewater Fund Capital Projects	24

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Purpose

The purpose of this Capital Improvement Plan (CIP) is to serve as a central repository for information relating to capital projects within the wastewater enterprise fund.

Ownership

The Asset Manager maintains ownership of this document. It is the responsibility of the person in this role to ensure that the plan is updated when necessary and that all interested parties are allowed input into the preparation and update of this document.

Frequency of Updates

This document shall be updated on a yearly basis so that the Utilities Strategic Finance Director has the information necessary to prepare forward-looking documents dealing with expenditures, revenues, and rate-setting.

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Executive Summary

The scope of this document is to provide information pertaining to capital projects, project prioritization, and funding needs within the Wastewater Enterprise Fund managed by Fort Collins Utilities (FCU). The planning period for this document is for a 10-year horizon beginning in 2017. Where they are known, major capital projects that are planned beyond the 10-year planning horizon are included.

Capital Projects

This document contains information pertaining to both the Water Reclamation & Biosolids and Wastewater Collection divisions in the Wastewater enterprise fund. FCU project managers were asked to provide the Asset Manager with as much information as possible about known capital projects within the wastewater fund.

Capital Project Prioritization

A working group of approximately 20 FCU staff from the wastewater, water, stormwater, & light & power businesses compiled the process for prioritizing projects. A high-level snapshot of the process is included below. This process was used to prioritize both water reclamation and wastewater collection projects.



A detailed project prioritization is included on the next page.

Priority	Project Name	Division
1	DWRF Digester Lid Replacements (612)	Water Reclamation
2	Pollution Control Lab Instrumentation Replacement Program	Environmental Services
3	WRF Master Plan Update	Water Reclamation
4	DWRF Sidestream Treatment	Water Reclamation
5	Pollution Control Lab "Clean Room" Improvements	Environmental Services
6	DWRF Carbon Addition Improvements	Water Reclamation
7	DWRF Dewatering Improvements	Water Reclamation
8	Collection System Replacement	Wastewater Collection
9	Collection System CIPP	Wastewater Collection
10	Collection System - Old Town Sewer Main Replacement - Priority 1	Wastewater Collection
11	Collection System I&I Study	Wastewater Collection
12	WRF Replacement Program 2017	Water Reclamation
13	Collection System - Old Town Sewer Main Replacement - Priority 2	Wastewater Collection
14	DWRF Bar Screen/Wash Press replacement	Water Reclamation
15	Collection System - Old Town Sewer Main Replacement - Priority 3	Wastewater Collection
16	Collection System - Old Town Sewer Main Replacement - Priority 4	Wastewater Collection
17	MWRF Carbon Addition Improvements	Water Reclamation
18	WRF Replacement Program 2018	Water Reclamation
19	Collection System - Old Town Sewer Main Replacement - Priority 5	Wastewater Collection
20	Collection System - Sewer Hydraulic Model Support	Wastewater Collection
21	Collection System - Old Town Sewer Main Replacement - Priority 6	Wastewater Collection
22	DWRF Sludge Strain Press Redundancy	Water Reclamation
23	Collection System - Old Town Sewer Main Replacement - Priority 7	Wastewater Collection
24	WRF Replacement Program 2019	Water Reclamation
25	MWRF Future Phosphorus Regulatory Improvements (Filters & Pumps)	Water Reclamation
26	Collection System - Old Town Sewer Main Replacement - Priority 8	Wastewater Collection
27	DWRF Future North Process Train Nitrogen Regulatory Improvements	Water Reclamation
28	MWRF - Future Nitrogen Regulatory Improvements (ASB Expansion)	Water Reclamation
29	Collection System - Septic System Elimination Master Plan	Wastewater Collection
30	DWRF Future Phosphorus Regulatory Improvements	Water Reclamation
31	WRF Replacement Program 2020	Water Reclamation
32	Collection System - Old Town Sewer Main Replacement - Priority 9	Wastewater Collection
33	MSR Stock Well, Fence, Road, Culvert Replacements	Water Reclamation
34	WRF Replacement Program 2021	Water Reclamation
35	Collection System - Old Town Sewer Main Replacement - Priority 10	Wastewater Collection
36	DWRF Future South Process Train Nitrogen Regulatory Improvements	Water Reclamation
37	WRF Replacement Program 2022	Water Reclamation
38	MSR - Apron for Drying Pad Pond	Water Reclamation
39	MSR - Equipment Storage Facility	Water Reclamation
40	MSR - Jordon Residence Demo	Water Reclamation
41	DWRF Replace South Process Train Final Clarifier Mechanisms	Water Reclamation
42	DWRF - Food Waste Receiving Mods	Water Reclamation
43	DWRF Replace Primary Pump Station Boilers and Controls	Water Reclamation
44	MWRF House Deconstruction	Water Reclamation
45	Environmental Services Division Master Plan	Environmental Services
46	Reserve Funding for Anticipated Regulatory Projects*	Water Reclamation

Wastewater Fund Project Prioritization

REVIEW OF PRIORITIZATION

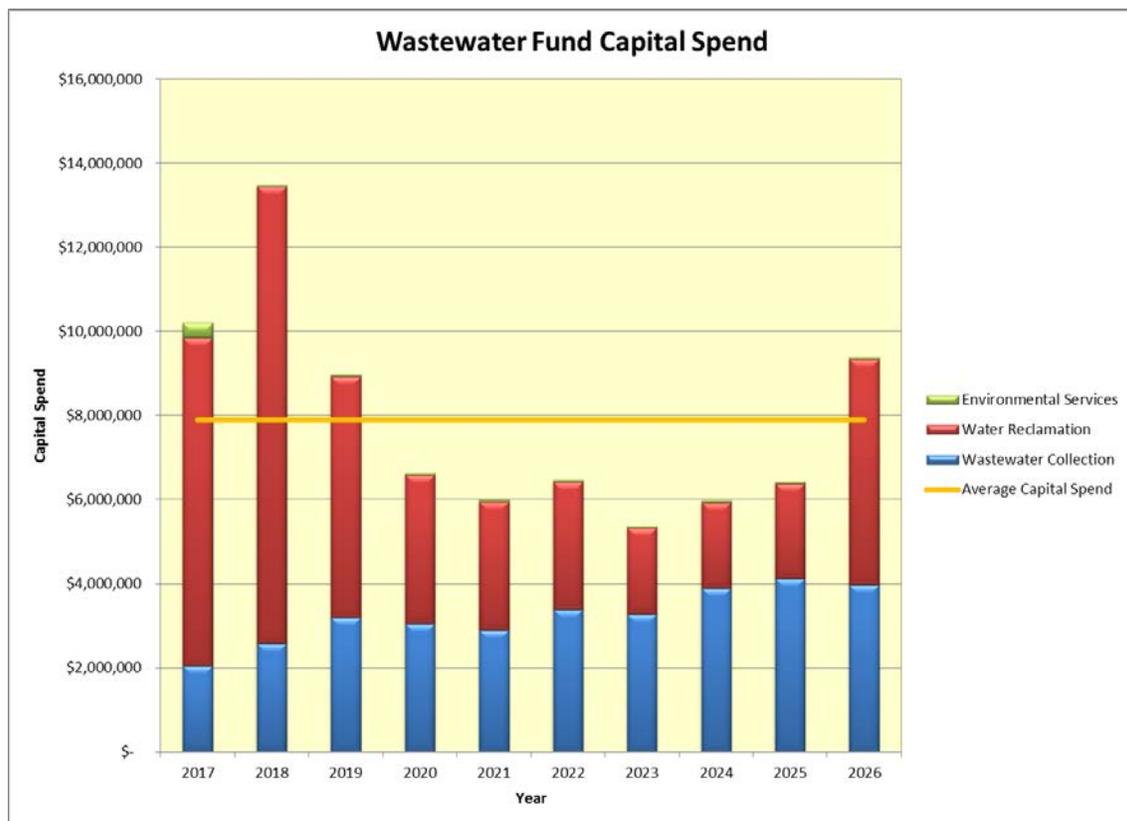
In 2014, the Capital Project Review Committee (CPRC) was created to review the project prioritization prior to budget offers being submitted for the Budgeting for Outcomes process. The CPRC is composed of the following positions:

- Executive Director
- Utilities Strategic Finance Director
- Water Resources & Treatment Operations Manager
- Water Engineering & Field Services Manager
- Light & Power Operations Manager

The CPRC is responsible for reviewing and approving the capital project prioritization for each enterprise fund prior to submitting funding requests to the City's bi-annual Budgeting for Outcomes (BFO) process.

Wastewater Capital Funding Needs

The graph and table below show the funding needs for the wastewater enterprise fund for near- and long-term capital projects. This aggregate funding contains water reclamation, collection system, and environmental services division capital projects.



Wastewater Fund 10-Year Funding Needs.

Division	2017	2018	2019	2020	2021
Water Reclamation	\$7,810,000	\$10,880,000	\$5,733,000	\$3,540,000	\$3,050,000
Wastewater Collection	\$2,050,000	\$2,570,000	\$3,202,000	\$3,048,000	\$2,907,000
Environmental Services	\$355,000	\$30,000	\$50,000	\$50,000	\$50,000
Total	\$10,215,000	\$13,480,000	\$8,985,000	\$6,638,000	\$6,007,000

1-5 Year Wastewater Fund Capital Needs

Division	2022	2023	2024	2025	2026
Water Reclamation	\$3,050,000	\$2,050,000	\$2,050,000	\$2,259,500	\$5,362,000
Wastewater Collection	\$3,383,000	\$3,276,000	\$3,889,000	\$4,123,000	\$3,980,000
Environmental Services	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$6,483,000	\$5,376,000	\$5,989,000	\$6,432,500	\$9,392,000

6-10 Year Wastewater Fund Capital Needs

Regulatory Projects for Water Reclamation Facilities

There are several regulatory-driven projects in the water reclamation & biosolids division that are beyond the 10-year planning horizon of this document. These projects address pending regulations from the Environmental Protection Agency and State of Colorado that will require the removal of excess nitrogen and phosphorus from water reclamation facility (WRF) effluent. The table below shows the magnitude of these projects. The costs shown below are the result of taking the costs from the 2009 WRF Master Plan and applying the Engineering News Record Construction Cost Index (CCI) for the Denver region to project an expected cost for the timeframe for when these projects will be built.

Project	Future Cost
WW Future SPT Nitrogen Regulatory Improvements	\$ 8,450,000.00
WW Future NPT Nitrogen Regulatory Improvements	\$ 31,950,000.00
WW Future MWFR Nitrogen Regulatory Improvements (ASB Expansion)	\$ 4,635,000.00
WW Future Phosphorus Regulatory Improvements	\$ 32,220,000.00
WW MWRF Future Phosphorus Regulatory Improvements (Filters & Pumps)	\$ 8,240,000.00
Total	\$ 85,495,000.00

Future Water Reclamation Capital Projects

It is now known that some mix of projects at both Drake WRF and Mulberry WRF will be needed by or about year 2027 to address these regulations; however, it is unclear at this

time what the projects themselves or the financial impacts of those projects will look like. FCU will update its WRF Master Plan in 2017, and it is expected that that document, along with a revised Water Quality Management Plan from the North Front Range Water Quality Planning Association, will contain more reliable information about the timing and impact of these projects. This document will be updated with that information once it is available.

To begin preparing for these projects, an annual appropriation of \$2million will be made to the wastewater fund reserve balance. The remainder of the projects will most likely be funded by a debt issuance, low interest loans from the State of Colorado, or both of these mechanisms.

Capital Project Prioritization

Classification of Capital Projects

Capital construction in FCU's wastewater enterprise fund consists of two areas of focus:

- construction of capital projects for the water reclamation and biosolids division unit; this area consists of projects at the Drake and Mulberry water reclamation facilities (WRF) and the Meadow Springs Ranch where biosolids from each of the water reclamation facilities are processed.
- renewal and replacement of the existing wastewater collection system (WWCS).

A very large percentage of the collection system exists today, and the FCU wastewater service area is bounded by special districts; therefore, additional expansion of the collection system through the addition of new capital is not anticipated as an expense for the wastewater fund.

Similarly, the water reclamation facilities are built to provide adequate capacity for the 10-year planning horizon, so construction of additional capacity is not anticipated. Replacement of existing facility infrastructure as well as addressing new regulations will be the primary drivers for facility capital projects.

One final component that warrants monitoring for the wastewater fund is the presence of excessive inflow and infiltration in the collection system. This excessive flow is entering the collection system at unknown points where it is conveyed to the reclamation facilities and is treated in the same manner as typical wastewater. Until this issue is addressed, the reclamation facilities must plan for treating this extra flow from a capacity and operational perspective. A project to study this issue further is included in this revision of the CIP. The study will most likely result in some additional projects in the collection system to address inflow and infiltration before it is received at the water reclamation facilities.

Capital Projects Creation

Capital projects in the wastewater enterprise fund are brought forth for inclusion in the CIP by one of three ways:

- suggestion by the Wastewater Collection System maintenance superintendent,
- suggestion by Water Reclamation & Biosolids staff
- Suggestion by Water Systems Engineering staff.

These three methods apply to both renewal and replacement of existing infrastructure and the addition of new capital to the wastewater fund. Each project is then evaluated against the CIP framework described above.

Prioritization Methodology

FCU staff developed a process for prioritizing capital projects across all of the enterprise funds. The need for this process was driven by the need for defensible and transparent capital budgeting requests, and ultimately to be able to defend any needed increases in

revenue for capital expenditures in these “wet” funds. This process is designed to include renewal & replacement of existing infrastructure as well as addition of new capital to the system.

A working group of approximately 20 FCU staff from the light & power, stormwater, water, & wastewater funds compiled the process for prioritizing projects. A high-level snapshot of the process is included below.



Capital Project Prioritization Business Process

Prioritization Criteria

Capital projects were prioritized based on their ability to improve FCU’s adopted levels of service (LOS). The CPRC identified the following LOS related to the operation of the wastewater fund and ultimately to the prioritization of capital projects in the fund:

Levels of Service	
Safety	Reliability
Regulatory Compliance	Customer Satisfaction
Sustainability	

Prioritization Criteria Weights

A pairwise comparison process was used to determine the relative weights for each of the levels of service. Senior leaders and subject matter experts relevant to the wastewater fund were asked to provide their individual priorities of the levels of service. These individual priorities were then combined to determine the group’s priorities. The chart on the following page shows the relative importance for the strategic objectives.

Number	Objective	Relative Weight
1	Safety	36%
2	Reliability	24%
3	Regulatory Compliance	24%
4	Sustainability	9%
5	Customer Satisfaction	7%
Total		100%

Strategic Objective Relative Weights

Prioritization of Projects

The LOS listed above drive the selection of capital projects for funding. Each project in the wastewater fund portfolio is evaluated against the objectives above to determine how much each project improves each strategic objective. Each project is then assigned a “benefit” based on how much they improve the objectives in total. Those projects that provide the most benefit to the fund are funded first, and those that provide the least benefit are funded last.

All relevant senior leaders and subject matter experts for the wastewater fund evaluated the projects in the fund based on information provided by respective project managers. The result of this evaluation is shown in the project prioritization on the following page.

Priority	Project Name	Division
1	DWRF Digester Lid Replacements (612)	Water Reclamation
2	Pollution Control Lab Instrumentation Replacement Program	Environmental Services
3	WRF Master Plan Update	Water Reclamation
4	DWRF Sidestream Treatment	Water Reclamation
5	Pollution Control Lab "Clean Room" Improvements	Environmental Services
6	DWRF Carbon Addition Improvements	Water Reclamation
7	DWRF Dewatering Improvements	Water Reclamation
8	Collection System Replacement	Wastewater Collection
9	Collection System CIPP	Wastewater Collection
10	Collection System - Old Town Sewer Main Replacement - Priority 1	Wastewater Collection
11	Collection System I&I Study	Wastewater Collection
12	WRF Replacement Program 2017	Water Reclamation
13	Collection System - Old Town Sewer Main Replacement - Priority 2	Wastewater Collection
14	DWRF Bar Screen/Wash Press replacement	Water Reclamation
15	Collection System - Old Town Sewer Main Replacement - Priority 3	Wastewater Collection
16	Collection System - Old Town Sewer Main Replacement - Priority 4	Wastewater Collection
17	MWRF Carbon Addition Improvements	Water Reclamation
18	WRF Replacement Program 2018	Water Reclamation
19	Collection System - Old Town Sewer Main Replacement - Priority 5	Wastewater Collection
20	Collection System - Sewer Hydraulic Model Support	Wastewater Collection
21	Collection System - Old Town Sewer Main Replacement - Priority 6	Wastewater Collection
22	DWRF Sludge Strain Press Redundancy	Water Reclamation
23	Collection System - Old Town Sewer Main Replacement - Priority 7	Wastewater Collection
24	WRF Replacement Program 2019	Water Reclamation
25	MWRF Future Phosphorus Regulatory Improvements (Filters & Pumps)	Water Reclamation
26	Collection System - Old Town Sewer Main Replacement - Priority 8	Wastewater Collection
27	DWRF Future North Process Train Nitrogen Regulatory Improvements	Water Reclamation
28	MWRF - Future Nitrogen Regulatory Improvements (ASB Expansion)	Water Reclamation
29	Collection System - Septic System Elimination Master Plan	Wastewater Collection
30	DWRF Future Phosphorus Regulatory Improvements	Water Reclamation
31	WRF Replacement Program 2020	Water Reclamation
32	Collection System - Old Town Sewer Main Replacement - Priority 9	Wastewater Collection
33	MSR Stock Well, Fence, Road, Culvert Replacements	Water Reclamation
34	WRF Replacement Program 2021	Water Reclamation
35	Collection System - Old Town Sewer Main Replacement - Priority 10	Wastewater Collection
36	DWRF Future South Process Train Nitrogen Regulatory Improvements	Water Reclamation
37	WRF Replacement Program 2022	Water Reclamation
38	MSR - Apron for Drying Pad Pond	Water Reclamation
39	MSR - Equipment Storage Facility	Water Reclamation
40	MSR - Jordon Residence Demo	Water Reclamation
41	DWRF Replace South Process Train Final Clarifier Mechanisms	Water Reclamation
42	DWRF - Food Waste Receiving Mods	Water Reclamation
43	DWRF Replace Primary Pump Station Boilers and Controls	Water Reclamation
44	MWRF House Deconstruction	Water Reclamation
45	Environmental Services Division Master Plan	Environmental Services
46	Reserve Funding for Anticipated Regulatory Projects*	Water Reclamation

Wastewater Fund Project Prioritization

Capital Project Prioritization Updates

Since capital creation and renewal is such an integral part of FCU's bi-annual Budgeting for Outcomes (BFO) process, the capital project prioritization shall be updated every year. The process for prioritizing projects and the levels of service shall be reviewed annually to ensure that priorities of FCU senior management are being met by the project prioritization efforts.

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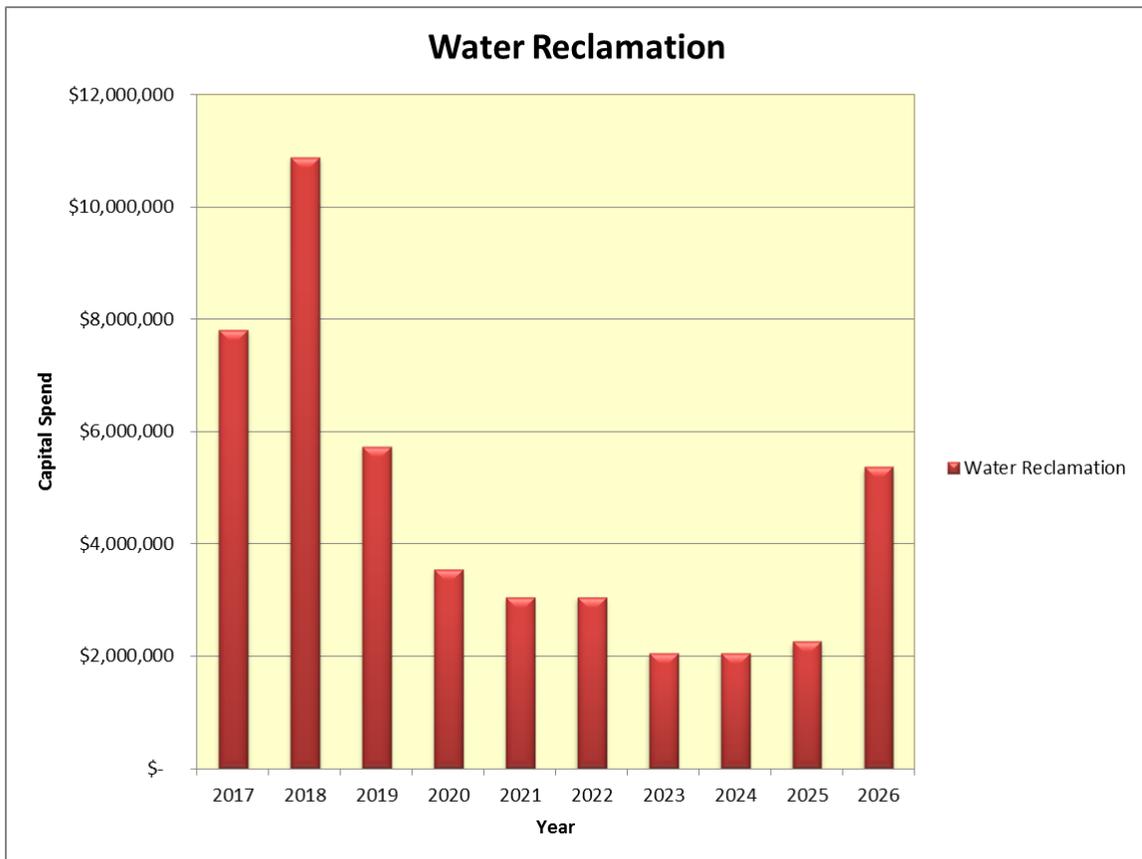
Capital Funding Needs

The following section presents information regarding required capital funding necessary to build capital projects in the wastewater fund for the next ten years. Project costs are shown by both a division and a fund-wide view to provide a clear picture of capital needs for future years.

Water Reclamation & Biosolids

Funding needs for water reclamation & biosolids capital projects are shown in the graph below. The WRF master plan will be updated in 2017. It is expected that this update will identify additional capital projects. Those will be included in the next revision of this document.

Additionally, it is expected that the Asset Management Program will continue to provide recommended infrastructure replacements as infrastructure continues to age and deteriorate; therefore, it is expected that replacement costs will continue to increase as well.

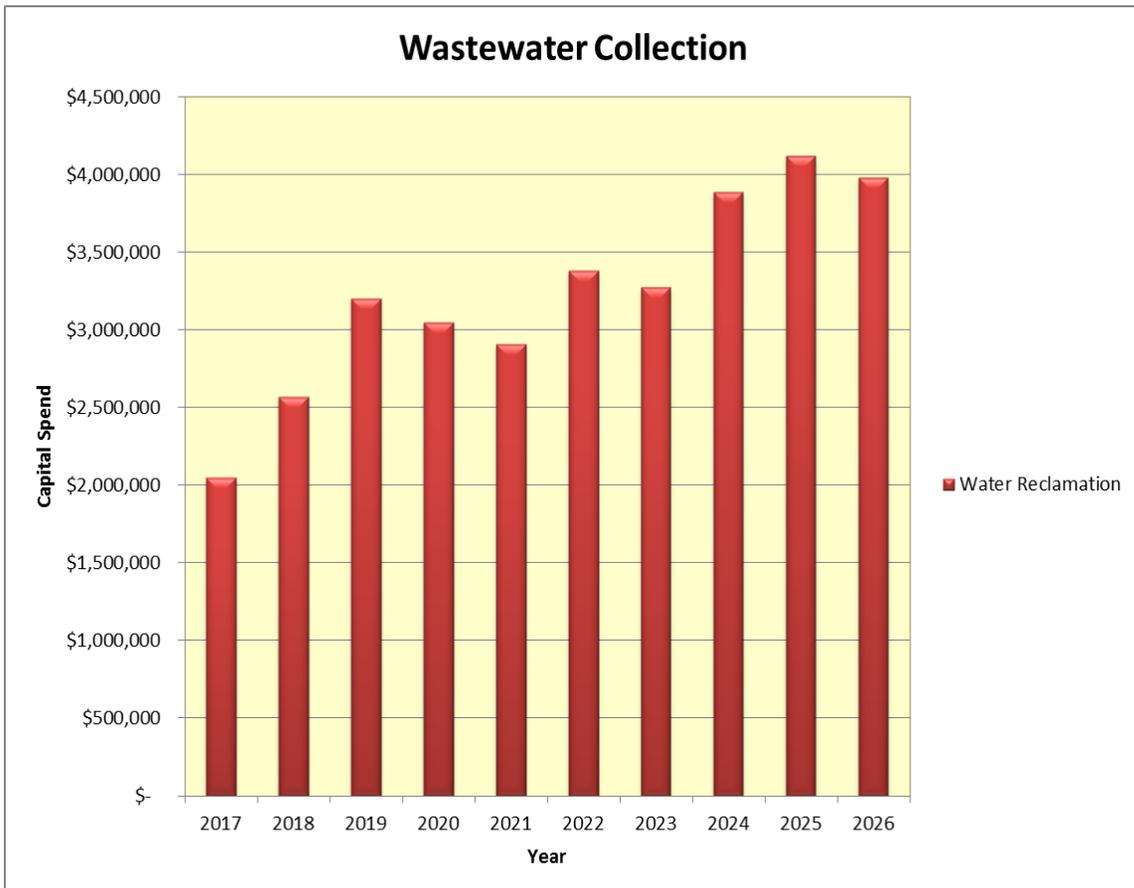


Water Reclamation Capital Funding Needs

Wastewater Collection System

Wastewater collection system funding is shown in the graph below. As shown by the graph, the amount of capital funding for the collection system is projected to increase each year through 2021 then remain stable for the foreseeable future. This increase in funding will allow the collection system manager and his staff to become proactive when replacing the collection system and will result in a more sustainable replacement rate for the system. A significant amount of the system will be replaced with trenchless technologies, i.e. lining, pipe bursting, directional drilling, all methods that are generally better from a triple bottom line perspective when compared to traditional open cut construction methods.

In addition to this increase in funding for replacement, a study to determine the source of significant amounts of inflow and infiltration in the collection system is planned for 2017 and 2018. This study will most likely result in some additional costs to address this issue.

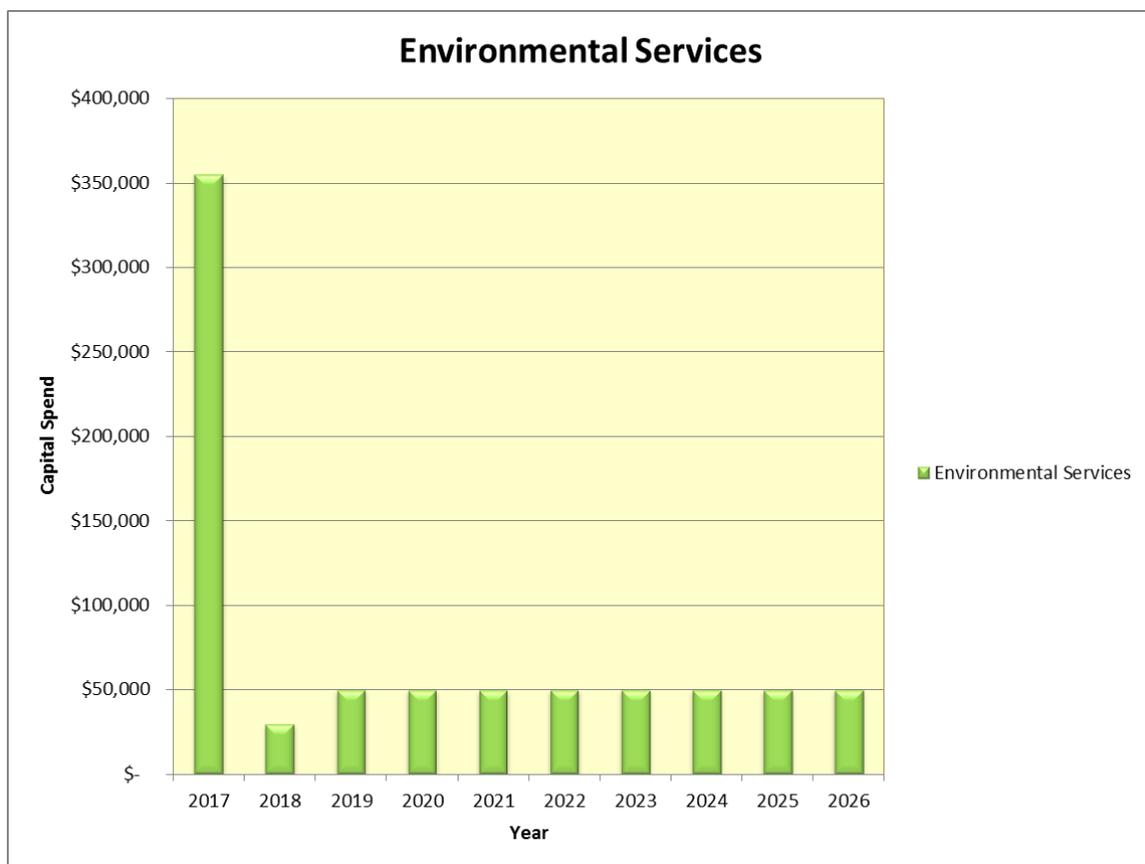


Collection System Capital Funding Needs

ENVIRONMENTAL SERVICES

The Environmental Services Division (ESD) provides laboratory services for the Water and Wastewater Funds. Services provided for the wastewater fund include testing of treated wastewater leaving the water reclamation facilities and testing of wastewater effluent for wastewater customers that are enrolled in the Pretreatment Program administered by the Water Reclamation and Biosolids Division.

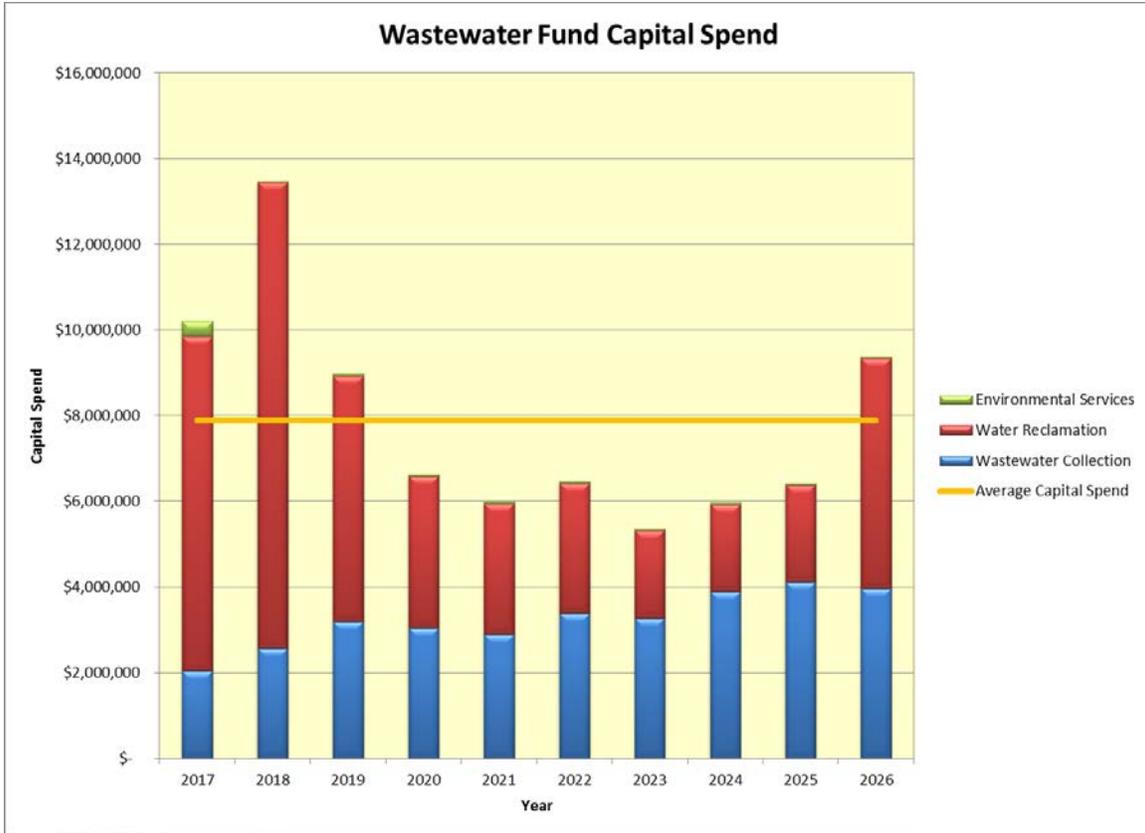
The ESD has three capital projects in this plan. Those projects are for the completion of a master plan to address long-term needs for the Pollution Control and Water Quality laboratories, renovations to the air handling system in the Pollution Control Laboratory, and an annual program for the replacement of instrumentation at the Pollution Control Laboratory.



Environmental Services Capital Funding Needs

Wastewater Fund Aggregate Funding Needs

The graph and table below show the capital funding needs for the wastewater enterprise fund for the next ten years. This funding contains capital funding for water reclamation, collection system, and environmental services division capital projects.



Wastewater Fund Capital Needs

Division	2017	2018	2019	2020	2021
Water Reclamation	\$7,810,000	\$10,880,000	\$5,733,000	\$3,540,000	\$3,050,000
Wastewater Collection	\$2,050,000	\$2,570,000	\$3,202,000	\$3,048,000	\$2,907,000
Environmental Services	\$355,000	\$30,000	\$50,000	\$50,000	\$50,000
Total	\$10,215,000	\$13,480,000	\$8,985,000	\$6,638,000	\$6,007,000

1-5 Year Wastewater Fund Capital Needs

Division	2022	2023	2024	2025	2026
Water Reclamation	\$3,050,000	\$2,050,000	\$2,050,000	\$2,259,500	\$5,362,000
Wastewater Collection	\$3,383,000	\$3,276,000	\$3,889,000	\$4,123,000	\$3,980,000
Environmental Services	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$6,483,000	\$5,376,000	\$5,989,000	\$6,432,500	\$9,392,000

6-10 Year Wastewater Fund Capital Needs

Potential Regulatory Projects for Water Reclamation Facilities

There are several regulatory-driven projects in the water reclamation & biosolids division that were beyond the 10-year planning horizon in the previous revision of this document. These projects address pending regulations from the Environmental Protection Agency

and State of Colorado that will require the removal of excess nitrogen and phosphorus from water reclamation facility (WRF) effluent. The table below shows the magnitude of these projects. The costs shown below are the result of taking the costs from the 2009 Water Reclamation Facilities Master Plan and applying the Engineering News Record Construction Cost Index (CCI) for the Denver region to project an expected cost for the timeframe for when these projects will be built.

Project	Future Cost
WW Future SPT Nitrogen Regulatory Improvements	\$ 8,450,000.00
WW Future NPT Nitrogen Regulatory Improvements	\$ 31,950,000.00
WW Future MWFR Nitrogen Regulatory Improvements (ASB Expansion)	\$ 4,635,000.00
WW Future Phosphorus Regulatory Improvements	\$ 32,220,000.00
WW MWRF Future Phosphorus Regulatory Improvements (Filters & Pumps)	\$ 8,240,000.00
Total	\$ 85,495,000.00

Future Water Reclamation Capital Projects

It is now known that some mix of projects at both Drake WRF and Mulberry WRF will be needed by or about year 2027 to address these regulations; however, it is unclear at this time what the projects themselves or the financial impacts of those projects will look like. FCU will update its Water Reclamation Facility Master Plan in 2017, and it is expected that that document, along with a revised Water Quality Management Plan from the North Front Range Water Quality Planning Association, will contain more reliable information about the timing and impact of these projects. This document will be updated with that information once it is available.

To begin preparing for these projects, an annual appropriation of \$2million will be made to the wastewater fund reserve balance. The remainder of the projects will most likely be funded by a debt issuance, low interest loans from the State of Colorado, or both of these mechanisms.

Wastewater Fund Capital Projects

The following section contains prioritization, schedule, and funding needs for capital projects that will be funded by the wastewater fund in the next ten years.

Wastewater Fund Prioritization & Funding Schedule

Priority	Project Name	Division	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future
1	DWRF Digester Lid Replacements (612)	Water Reclamation		\$ 2,010,000									
2	Pollution Control Lab Instrumentation Replacement Program	Environmental Services	\$ 55,000	\$ 30,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
3	WRF Master Plan Update	Water Reclamation	\$ 500,000										
4	DWRF Sidestream Treatment	Water Reclamation		\$ 4,300,000									
5	Pollution Control Lab "Clean Room" Improvements	Environmental Services	\$ 200,000										
6	DWRF Carbon Addition Improvements	Water Reclamation				370,000							
7	DWRF Dewatering Improvements	Water Reclamation	\$ 4,260,000										
8	Collection System Replacement	Wastewater Collection	\$ 1,200,000	\$ 1,320,000	\$ 1,452,000	\$ 1,598,000	\$ 1,757,000	\$ 1,933,000	\$ 2,126,000	\$ 2,339,000	\$ 2,573,000	\$ 2,830,000	\$ 3,113,000
9	Collection System CIPP	Wastewater Collection	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
10	Collection System - Old Town Sewer Main Replacement - Priority 1	Wastewater Collection		\$ 600,000									
11	Collection System I&I Study	Wastewater Collection	\$ 200,000										
12	WRF Replacement Program 2017	Water Reclamation	\$ 1,000,000										
13	Collection System - Old Town Sewer Main Replacement - Priority 2	Wastewater Collection			\$ 1,100,000								
14	DWRF Bar Screen/Wash Press replacement	Water Reclamation			\$ 2,350,000								
15	Collection System - Old Town Sewer Main Replacement - Priority 3	Wastewater Collection				\$ 800,000							
16	Collection System - Old Town Sewer Main Replacement - Priority 4	Wastewater Collection					\$ 500,000						
17	MWRF Carbon Addition Improvements	Water Reclamation			\$ 333,000								
18	WRF Replacement Program 2018	Water Reclamation		\$ 1,000,000									
19	Collection System - Old Town Sewer Main Replacement - Priority 5	Wastewater Collection						800,000					
20	Collection System - Sewer Hydraulic Model Support	Wastewater Collection	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
21	Collection System - Old Town Sewer Main Replacement - Priority 6	Wastewater Collection							\$ 500,000				
22	DWRF Sludge Strain Press Redundancy	Water Reclamation		\$ 1,520,000									
23	Collection System - Old Town Sewer Main Replacement - Priority 7	Wastewater Collection								\$ 900,000			
24	WRF Replacement Program 2019	Water Reclamation			\$ 1,000,000								
25	MWRF Future Phosphorus Regulatory Improvements (Filters & Pumps)	Water Reclamation											\$ 8,240,000
26	Collection System - Old Town Sewer Main Replacement - Priority 8	Wastewater Collection									\$ 500,000		
27	DWRF Future North Process Train Nitrogen Regulatory Improvements	Water Reclamation											31,950,000
28	MWRF - Future Nitrogen Regulatory Improvements (ASB Expansion)	Water Reclamation											\$ 4,635,000
29	Collection System - Septic System Elimination Master Plan	Wastewater Collection											
30	DWRF Future Phosphorus Regulatory Improvements	Water Reclamation											32,220,000
31	WRF Replacement Program 2020	Water Reclamation				\$ 1,000,000							
32	Collection System - Old Town Sewer Main Replacement - Priority 9	Wastewater Collection									\$ 400,000		
33	MSR Stock Well, Fence, Road, Culvert Replacements	Water Reclamation	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
34	WRF Replacement Program 2021	Water Reclamation					\$ 1,000,000						
35	Collection System - Old Town Sewer Main Replacement - Priority 10	Wastewater Collection										\$ 500,000	
36	DWRF Future South Process Train Nitrogen Regulatory Improvements	Water Reclamation											8,450,000
37	WRF Replacement Program 2022	Water Reclamation						\$ 1,000,000					
38	MSR - Apron for Drying Pad Pond	Water Reclamation									\$ 209,500		
39	MSR - Equipment Storage Facility	Water Reclamation										\$ 838,000	
40	MSR - Jordon Residence Demo	Water Reclamation										\$ 111,000	
41	DWRF Replace South Process Train Final Clarifier Mechanisms	Water Reclamation										\$ 1,070,000	
42	DWRF - Food Waste Receiving Mods	Water Reclamation				\$ 120,000							
43	DWRF Replace Primary Pump Station Boilers and Controls	Water Reclamation										\$ 1,200,000	
44	MWRF House Deconstruction	Water Reclamation										\$ 93,000	
45	Environmental Services Division Master Plan	Environmental Services	\$ 100,000										
46	Reserve Funding for Anticipated Regulatory Projects*	Water Reclamation	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
		Water Reclamation	\$ 7,810,000	\$ 10,880,000	\$ 5,733,000	\$ 3,540,000	\$ 3,050,000	\$ 3,050,000	\$ 2,050,000	\$ 2,050,000	\$ 2,259,500	\$ 5,362,000	\$ 87,545,000
		Wastewater Collection	\$ 2,050,000	\$ 2,570,000	\$ 3,202,000	\$ 3,048,000	\$ 2,907,000	\$ 3,383,000	\$ 3,276,000	\$ 3,889,000	\$ 4,123,000	\$ 3,980,000	\$ 3,763,000
		Environmental Services	\$ 355,000	\$ 30,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
		Total	\$ 10,215,000	\$ 13,480,000	\$ 8,985,000	\$ 6,638,000	\$ 6,007,000	\$ 6,483,000	\$ 5,376,000	\$ 5,989,000	\$ 6,432,500	\$ 9,392,000	\$ 91,358,000

* This funding is earmarked to build a reserve for regulatory projects scheduled for 2027 to remove excess levels of nitrogen and phosphorus from effluent at the water reclamation facilities. This funding is not available to construct capital projects annually.

Fort Collins Utilities Stormwater Enterprise Fund

Capital Improvement Plan

2016

Prepared by: Chris Parton
Revised: March 2016

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Table of Contents

Purpose.....	1
Executive Summary	3
Capital Funding Needs.....	15
Stormwater Fund Capital Projects	17

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Purpose

The purpose of this document is to serve as a central repository for information relating to capital projects within the stormwater enterprise fund.

Ownership

The Asset Manager maintains ownership of this document. It is the responsibility of the person in this role to ensure that the plan is updated when necessary and that all interested parties are allowed input into the preparation and update of this document.

Frequency of Updates

This document shall be updated on a yearly basis so that the Strategic Financial Planning Manager has the information necessary to prepare forward-looking documents dealing with expenditures, revenues, and rate-setting.

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Executive Summary

The scope of this document is to provide information pertaining to capital projects, project prioritization, and funding needs within the Stormwater Enterprise Fund managed by Fort Collins Utilities (FCU). The planning period for this document is for a 10-year horizon beginning in 2017. Where they are known, major capital projects and their costs that are planned beyond the 10-year planning horizon are included.

Capital Projects

This document contains information pertaining to master-planned capital projects, stream restoration projects, and minor capital projects that will be funded by the Stormwater enterprise fund. FCU project managers were asked to provide the Asset Manager with as much information as possible about known capital projects within the stormwater fund.

Capital Project Prioritization

A working group of approximately 20 FCU staff from the wastewater, water, stormwater, & light & power businesses compiled the process for prioritizing projects. A high-level snapshot of the process is included below. This process was used to prioritize all projects in the stormwater fund.



A detailed project prioritization for the Stormwater fund is included on the next page.

Number	Project
1	Storm Drainage Small Capital Repairs and Replacements
2	Master Planning
3	Stream Rehabilitation Program
4	Boxelder Basin Regional Stormwater Authority
5	Magnolia Street Outfall - Phase 1
6	Myrtle Street Storm Sewer
7	Oak Street Outfall Extension
8	Magnolia Street Outfall - Phase 2
9	Mulberry Street / Riverside Avenue Storm Sewer
10	NECCO Backbone and Ponds
11	Plum Corridor
12	Central (Vine, Forney Pond, Taft Hill to Cherry)
13	Cooper Slough at SH 14 - County/CDOT Project
14	Poudre River @ Oxbow Levee
15	Laporte Avenue Storm Sewer
16	Southern (LaPorte to Overland)
17	Harmony Road & I-25- road imps.
18	Whedbee Street Storm Sewer
19	North PV&L/PV&L Bank Imp/Langshire Drive
20	South PV&L Corridor
21	Fossil Ridge Drive
22	Cherry Street Storm Sewer
23	Lincoln Channel (reaches 2,3) 100-yr alternative
24	Boxelder Creek at Prospect Road and D/S diversion
25	Prospect & College Phase 1
26	Taft Hill Road at Lang Gulch
27	Prospect / College Storm Sewer
28	Downtown River District (phase 2 - Jefferson St to Pine)
29	Dixon Creek Pond
30	No. College Ave. Property- buyout
31	Total Foothills Basin
32	English Ranch Ponds #2 through #5 & Fox Meadows Pond
33	Buckingham & along Lincoln Avenue- InSitu Outfall
34	Shield Street at Lang Gulch
35	Lincoln and Willow Street Outfall
36	Prospect & College Phase 2
37	Riverside / Pitkin Storm Sewer
38	N. College (NECCO projects)
39	Remington / Lake Storm Sewer
40	Poudre School District Facilities Site - RCBC to LaPorte Ave
41	Lake / Center Storm Sewer
42	Stone Creek (Middle Tributary) Culvert & Pond
43	Ziegler Pond
44	Stone Creek (North Trib) Pond and Outfall
45	New Mercer Ditch Improvements for Mason Street area
46	Strachan / Edinburgh Storm Sewer
47	C&S Railroad No. 4 at Lang Gulch
48	Oakridge Regional Detention Pond Spillway
49	C&S Railroad No. 3 at Lang Gulch
50	C&S Railroad No. 2 at Lang Gulch
51	Swift Pond Embankment
52	Glenmoor Pond Aesthetic Enhancements

Stormwater Project Prioritization

REVIEW OF PRIORITIZATION

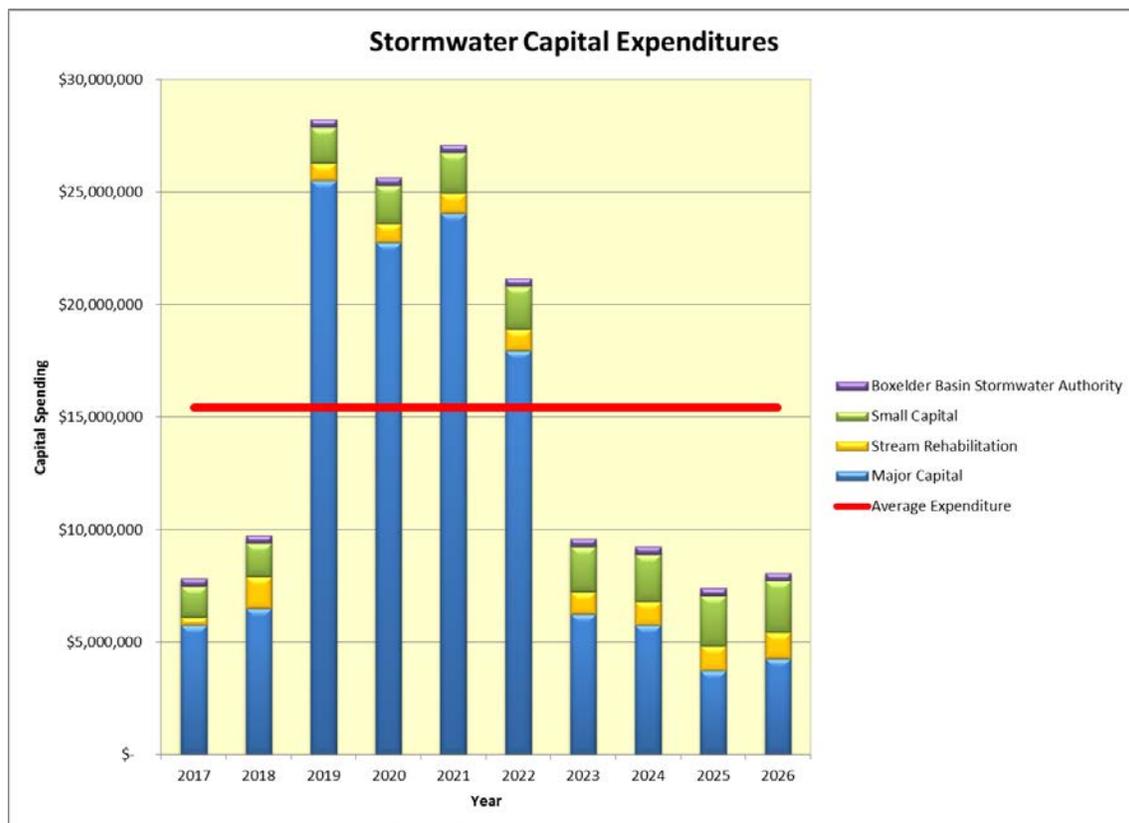
In 2014, the Capital Project Review Committee (CPRC) was created to review the project prioritization prior to budget offers being submitted for the Budgeting for Outcomes process. The CPRC is composed of the following positions:

- Executive Director
- Utilities Strategic Finance Director
- Water Resources & Treatment Operations Manager
- Water Engineering & Field Services Manager
- Light & Power Operations Manager

The CPRC is responsible for reviewing and approving the capital project prioritization for each enterprise fund prior to submitting funding requests to the City's bi-annual Budgeting for Outcomes (BFO) process.

Stormwater Fund Capital Funding Needs

The graph and table below show the capital funding needs for the stormwater enterprise fund for the next ten years. This aggregate funding contains capital funding for master planned projects, stream restoration projects, and minor capital projects.



Stormwater 10-Year Capital Expenditures

Category	2017	2018	2019	2020	2021
Major Capital	\$ 5,750,000	\$ 6,510,000	\$ 25,500,000	\$ 22,750,000	\$ 24,050,000
Small Capital	\$ 1,400,000	\$ 1,500,000	\$ 1,600,000	\$ 1,700,000	\$ 1,800,000
Boxelder Basin Stormwater Authority	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Stream Rehabilitation	\$ 350,000	\$ 1,400,000	\$ 800,000	\$ 850,000	\$ 900,000
Total	\$ 7,850,000	\$ 9,760,000	\$ 28,250,000	\$ 25,650,000	\$ 27,100,000
Average Annual Expenditure	\$ 15,409,000	\$ 15,409,000	\$ 15,409,000	\$ 15,409,000	\$ 15,409,000

1-5 Year Stormwater Fund Capital Needs

Category	2022	2023	2024	2025	2026
Major Capital	\$ 17,950,000	\$ 6,250,000	\$ 5,750,000	\$ 3,750,000	\$ 4,280,000
Small Capital	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000	\$ 2,200,000	\$ 2,300,000
Boxelder Basin Stormwater Authority	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Stream Rehabilitation	\$ 950,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000	\$ 1,150,000
Total	\$ 21,150,000	\$ 9,600,000	\$ 9,250,000	\$ 7,400,000	\$ 8,080,000
Average Annual Expenditure	\$ 15,409,000	\$ 15,409,000	\$ 15,409,000	\$ 15,409,000	\$ 15,409,000

6-10 Year Stormwater Fund Capital Needs

It is important to note that a large number of the costs above are from the Stormwater Basin Master Plans that were completed in the early 2000's. As such, some of the costs included in this version of the CIP may be much lower than current construction costs. It is recommended that these older costs be updated before any sort of long-term funding strategy such as the issuance of debt is considered.

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Capital Project Prioritization

Classification of Capital Projects

Capital construction for FCU's stormwater collection system consists of three areas of focus:

- construction of new master-planned facilities for flood control purposes (master-planned projects)
- construction of stream restoration projects aimed at restoring reaches of various streams throughout Fort Collins to their native state (stream restoration projects)
- replacement of existing stormwater collection infrastructure (minor capital projects)

Many of the master-planned projects were identified through the Stormwater Basin Master Plans that were completed in the early 2000's. Since the completion of those master plans, Utilities, specifically the Stormwater Fund, has been working to complete as many of those projects as possible; however, due to the issuance of a large amount of debt to complete some of these projects after the Spring Creek Flood in 1997, the fund has been unable to issue more debt due to debt capacity limitations. This has resulted in a large number of projects from the basin master plans being incomplete. In addition to those projects, new projects have been identified since the master plans were completed. These projects are included in this revised CIP for the fund.

In 2012, FCU staff completed a multi-criteria decision analysis to prioritize the restoration of several sections of existing streams within the Stormwater Fund service territory. Those projects are completed through an annual program titled "Stream Restoration Program." This project was identified in this version of the plan and was prioritized amongst the other projects in the stormwater fund.

The replacement of existing stormwater infrastructure is typically completed under the program titled "Minor Capital Improvement Program." This is an annual program that replaces different components of the existing system that are either undersized, in poor condition, or deficient in some other aspect. This work is typically completed by internal construction crews.

Capital Projects Creation

Capital projects in the stormwater fund are brought forth for inclusion in the CIP by one of three ways:

- Suggestion by the Stormwater Collection System maintenance superintendent
- Suggestion by the Stormwater and Floodplain Program Management staff
- Suggestion by the Water Systems Engineering Group

Each of these methods applies to both the renewal and replacement of existing infrastructure and the addition of new capital to the SCS. Each project is then evaluated against the CIP framework described above.

Prioritization Methodology

FCU staff developed a process for prioritizing capital projects across all of the enterprise funds. The need for this process was driven by the need for defensible and transparent capital budgeting requests, and ultimately to be able to defend any needed increases in revenue for capital expenditures in these “wet” funds. This process is designed to include renewal & replacement of existing infrastructure as well as addition of new capital to the system.

A working group of approximately 20 FCU staff from the light & power, stormwater, water, & wastewater funds compiled the process for prioritizing projects. A high-level snapshot of the process is included below.



Capital Project Prioritization Business Process

Prioritization Criteria

Capital projects were prioritized based on their ability to improve FCU’s adopted levels of service (LOS). The relevant subject matter experts identified the following LOS related to the operation of the stormwater fund and ultimately to the prioritization of capital projects in the fund:

Levels of Service	
Safety	Reliability
Sustainability	Customer Satisfaction

Stormwater Fund Levels of Service

In addition to these strategic LOS, operational objectives were identified to support the strategic LOS listed above. Those operational objectives are shown below.

Operational Objectives	
Leveraging Funding	Public Health & Safety
Benefit-Cost Score	Protected Structures
Habitat Improvement	Reducing the Flooding of Streets
Improving Stormwater Quality	Road Overtopping
Employee Health & Safety	Public Perception

Stormwater Fund Operational Objectives

These operational objectives ultimately support one of the strategic LOS listed above. The relationship between the strategic LOS and the operational objectives is shown in the table below.

Strategic Level of Service	Operational Objective
Sustainability	Leveraging Funding
	Benefit-Cost Score
	Habitat Improvement
	Improving Stormwater Quality
Safety	Employee Health & Safety
	Public Health & Safety
Reliability	Protected Structures
	Reducing the Flooding of Streets
	Road Overtopping
Customer Satisfaction	Public Perception
	Leveraging Funding
	Habitat Improvement
	Improving Stormwater Quality

Relationship between Levels of Service and Operational Objectives

Prioritization Criteria Weights

A pairwise comparison process was used to determine the relative weights of the four levels of service for the stormwater fund. These weights were determined by all members of the CIP team for the fund.

Level of Service	Relative Weight
Safety	52%
Reliability	22%
Sustainability	16%
Customer Satisfaction	10%

Stormwater Levels of Service Weights

A pairwise comparison process was used to determine the relative weights of the operational objectives for the stormwater fund. These weights were determined by all members of the CIP team for the fund.

Strategic Service	Level of	Operational Objective	Relative Weight
Sustainability		Leveraging Funding	31%
		Benefit-Cost Score	33%
		Habitat Improvement	14%
		Improving Stormwater Quality	22%
		Total	100%
Safety		Employee Health & Safety	49%
		Public Health & Safety	51%
		Total	100%
Reliability		Protected Structures	52%
		Reducing the Flooding of Streets	21%
		Road Overtopping	27%
		Total	100%
Customer Satisfaction		Public Perception	36%
		Habitat Improvement	26%
		Improving Stormwater Quality	38%
		Total	100%

Stormwater Operational Objective Relative Weights

Prioritization of Projects

The LOS and operational objectives listed above drive the selection of capital projects for funding. Each project in the stormwater fund portfolio is evaluated against the objectives above to determine how much each project improves each strategic objective. Each project is then assigned a “benefit” based on how much they improve the objectives in total. Those projects that provide the most benefit to the fund are funded first, and those that provide the least benefit are funded last.

All relevant senior leaders and subject matter experts for the stormwater fund evaluated the projects in the fund based on information provided by relevant subject matter experts. The result of this evaluation is shown in the project prioritization on the following page.

Number	Project
1	Storm Drainage Small Capital Repairs and Replacements
2	Master Planning
3	Stream Rehabilitation Program
4	Boxelder Basin Regional Stormwater Authority
5	Magnolia Street Outfall - Phase 1
6	Myrtle Street Storm Sewer
7	Oak Street Outfall Extension
8	Magnolia Street Outfall - Phase 2
9	Mulberry Street / Riverside Avenue Storm Sewer
10	NECCO Backbone and Ponds
11	Plum Corridor
12	Central (Vine, Forney Pond, Taft Hill to Cherry)
13	Cooper Slough at SH 14 - County/CDOT Project
14	Poudre River @ Oxbow Levee
15	Laporte Avenue Storm Sewer
16	Southern (LaPorte to Overland)
17	Harmony Road & I-25- road imp.
18	Whedbee Street Storm Sewer
19	North PV&L/PV&L Bank Imp/Langshire Drive
20	South PV&L Corridor
21	Fossil Ridge Drive
22	Cherry Street Storm Sewer
23	Lincoln Channel (reaches 2,3) 100-yr alternative
24	Boxelder Creek at Prospect Road and D/S diversion
25	Prospect & College Phase 1
26	Taft Hill Road at Lang Gulch
27	Prospect / College Storm Sewer
28	Downtown River District (phase 2 - Jefferson St to Pine)
29	Dixon Creek Pond
30	No. College Ave. Property- buyout
31	Total Foothills Basin
32	English Ranch Ponds #2 through #5 & Fox Meadows Pond
33	Buckingham & along Lincoln Avenue- InSitu Outfall
34	Shield Street at Lang Gulch
35	Lincoln and Willow Street Outfall
36	Prospect & College Phase 2
37	Riverside / Pitkin Storm Sewer
38	N. College (NECCO projects)
39	Remington / Lake Storm Sewer
40	Poudre School District Facilities Site - RCBC to LaPorte Ave
41	Lake / Center Storm Sewer
42	Stone Creek (Middle Tributary) Culvert & Pond
43	Ziegler Pond
44	Stone Creek (North Trib) Pond and Outfall
45	New Mercer Ditch Improvements for Mason Street area
46	Strachan / Edinburgh Storm Sewer
47	C&S Railroad No. 4 at Lang Gulch
48	Oakridge Regional Detention Pond Spillway
49	C&S Railroad No. 3 at Lang Gulch
50	C&S Railroad No. 2 at Lang Gulch
51	Swift Pond Embankment
52	Glenmoor Pond Aesthetic Enhancements

Stormwater Fund Project Prioritization

Capital Project Prioritization Updates

Since capital creation and renewal is such an integral part of FCU's bi-annual Budgeting for Outcomes (BFO) process, the capital project prioritization shall be updated yearly. The process for prioritizing projects and the levels of service shall be reviewed annually to ensure that priorities of FCU senior management are being met by the project prioritization efforts.

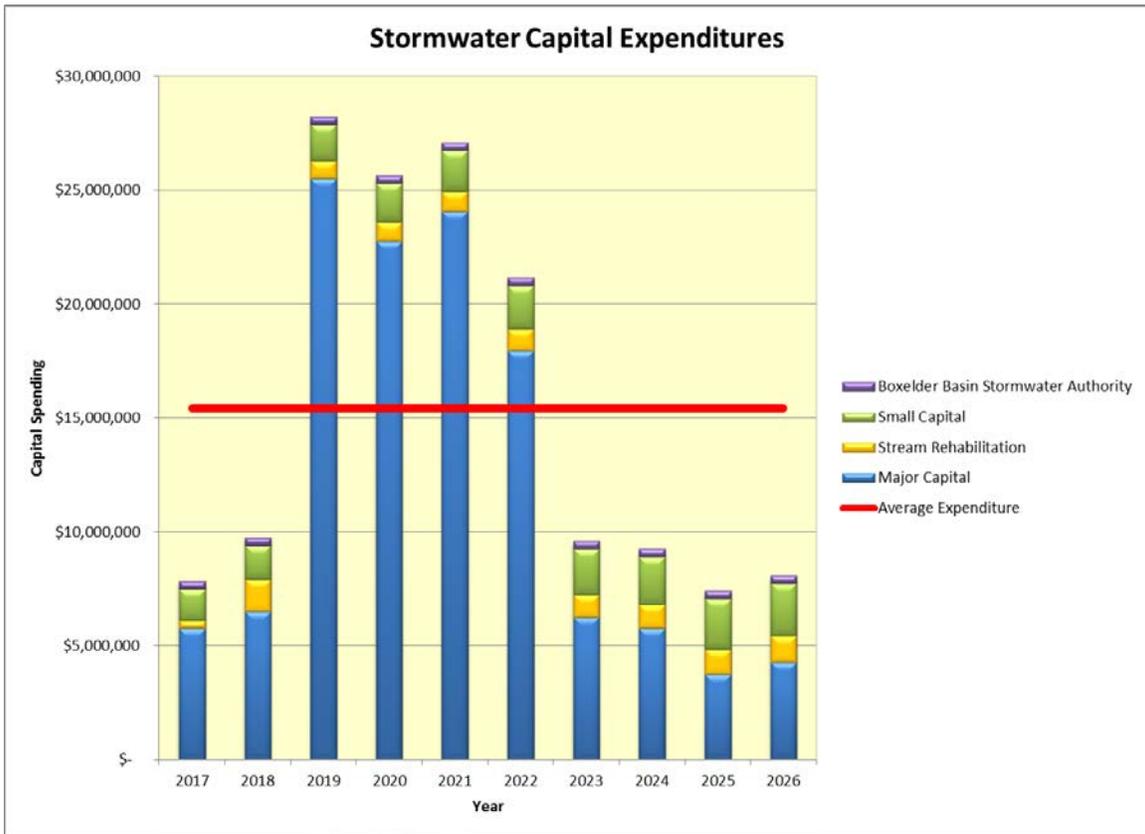
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Capital Funding Needs

The following section presents funding levels necessary to build stormwater fund capital projects in the next ten years. Project costs are shown by type of project and a fund-wide combined view to provide a fund-wide picture of capital needs for future years.

Stormwater Fund Capital Funding Needs

The graph and table below show the capital funding needs for the stormwater enterprise fund for the next ten years. This aggregate funding contains capital funding for master planned projects, stream restoration projects, and minor capital projects.



Stormwater 10-Year Capital Expenditures

Category	2017	2018	2019	2020	2021
Major Capital	\$ 5,750,000	\$ 6,510,000	\$ 25,500,000	\$ 22,750,000	\$ 24,050,000
Small Capital	\$ 1,400,000	\$ 1,500,000	\$ 1,600,000	\$ 1,700,000	\$ 1,800,000
Boxelder Basin Stormwater Authority	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Stream Rehabilitation	\$ 350,000	\$ 1,400,000	\$ 800,000	\$ 850,000	\$ 900,000
Total	\$ 7,850,000	\$ 9,760,000	\$ 28,250,000	\$ 25,650,000	\$ 27,100,000
Average Annual Expenditure	\$15,409,000	\$15,409,000	\$15,409,000	\$15,409,000	\$15,409,000

1-5 Year Stormwater Fund Capital Needs

Category	2022	2023	2024	2025	2026
Major Capital	\$17,950,000	\$ 6,250,000	\$ 5,750,000	\$ 3,750,000	\$ 4,280,000
Small Capital	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000	\$ 2,200,000	\$ 2,300,000
Boxelder Basin Stormwater Authority	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Stream Rehabilitation	\$ 950,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000	\$ 1,150,000
Total	\$21,150,000	\$ 9,600,000	\$ 9,250,000	\$ 7,400,000	\$ 8,080,000
Average Annual Expenditure	\$15,409,000	\$15,409,000	\$15,409,000	\$15,409,000	\$15,409,000

6-10 Year Stormwater Fund Capital Needs

FUTURE STORMWATER FUND CAPITAL FUNDING NEEDS

The needs depicted in the chart and tables above depict ten years of funding needs for the stormwater fund for both ongoing programs such as stream rehabilitation and small capital replacement in addition to the larger one-time capital expenditures; however, there are significant needs beyond the ten year planning horizon.

It is anticipated that those annual programs such as stream rehabilitation and small capital replacement will continue at similar or slightly increased funding levels beyond the 10-year included in this document. In addition to those annual programs, to complete the buildout of stormwater infrastructure in the FCU service territory, an additional ~\$50million in capital investment will be required beyond the 10-year planning horizon.

Stormwater Fund Capital Projects

The following section contains schedule and funding needs drivers for the known capital projects that will be funded by the stormwater enterprise fund in the next ten years. All types of projects, i.e. stream rehabilitation, small capital, and major capital are represented.

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Stormwater Project Prioritization - 2016 Update

Number	Project	Cost	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future
1	Storm Drainage Small Capital Repairs and Replacements		\$ 1,400,000	\$ 1,500,000	\$ 1,600,000	\$ 1,700,000	\$ 1,800,000	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000	\$ 2,200,000	\$ 2,300,000	\$ 2,400,000
2	Master Planning		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
3	Stream Rehabilitation Program	\$ 650,000	\$ 350,000	\$ 1,400,000	\$ 800,000	\$ 850,000	\$ 900,000	\$ 950,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000	\$ 1,150,000	\$ 1,200,000
4	Boxelder Basin Regional Stormwater Authority		\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
5	Magnolia Street Outfall - Phase 1	\$ 18,000,000	\$ 300,000	\$ 1,200,000	\$ 1,500,000	\$ 15,000,000							
6	Myrtle Street Storm Sewer	\$ 8,000,000				\$ 1,000,000	\$ 7,000,000						
7	Oak Street Outfall Extension	\$ 18,800,000					\$ 1,800,000	\$ 17,000,000					
8	Magnolia Street Outfall - Phase 2	\$ 16,000,000				\$ 1,000,000	\$ 15,000,000						
9	Mulberry Street / Riverside Avenue Storm Sewer	\$ 1,510,000		\$ 1,510,000									
10	NECCO Backbone and Ponds	\$ 8,700,000	\$ 3,100,000										
11	Plum Corridor	\$ 6,011,000			\$ 500,000	\$ 5,500,000							
12	Central (Vine, Forney Pond, Taft Hill to Cherry)	\$ 6,202,000						\$ 700,000	\$ 5,500,000				
13	Cooper Slough at SH 14 - County/CDOT Project	\$ 15,254,000		\$ 2,000,000	\$ 13,250,000								
14	Poudre River @ Oxbow Levee	\$ 850,000	\$ 850,000										
15	Laporte Avenue Storm Sewer	\$ 5,320,000							\$ 500,000	\$ 5,000,000			
16	Southern (LaPorte to Overland)	\$ 4,017,200								\$ 500,000	\$ 3,500,000		
17	Harmony Road & I-25- road imps.	\$ 10,000,000			\$ 10,000,000								
18	Whedbee Street Storm Sewer	\$ 1,100,000										\$ 1,100,000	
19	North PV&L/PV&L Bank Imp/Langshire Drive	\$ 2,930,000										\$ 2,930,000	
20	South PV&L Corridor	\$ 4,290,000											\$ 4,290,000
21	Fossil Ridge Drive	\$ 748,900		\$ 750,000									
22	Cherry Street Storm Sewer	\$ 4,720,000											\$ 4,720,000
23	Lincoln Channel (reaches 2,3) 100-yr alternative	Unknown											Unknown
24	Boxelder Creek at Prospect Road and D/S diversion	\$ 4,100,000											
25	Prospect & College Phase 1	\$ 750,000	\$ 750,000										
26	Taft Hill Road at Lang Gulch	\$ 464,300											\$ 464,300
27	Prospect / College Storm Sewer	\$ 1,294,000											
28	Downtown River District (phase 2 - Jefferson St to Pine)	\$ 6,000,000											\$ 6,000,000
29	Dixon Creek Pond	\$ 712,000											\$ 712,000
30	No. College Ave. Property- buyout	\$ 2,316,700											\$ 2,316,700
31	Total Foothills Basin	Unknown											Unknown
32	English Ranch Ponds #2 through #5 & Fox Meadows Pond	\$ 501,100											\$ 501,100
33	Buckingham & along Lincoln Avenue- InSitu Outfall	\$ 1,526,474	\$ 200,000										
34	Shield Street at Lang Gulch	\$ 2,262,700											\$ 2,262,700
35	Lincoln and Willow Street Outfall	\$ 2,600,000											
36	Prospect & College Phase 2	\$ 800,000		\$ 800,000									
37	Riverside / Pitkin Storm Sewer	\$ 407,000											\$ 407,000
38	N. College (NECCO projects)	\$ 3,656,000											\$ 3,656,000
39	Remington / Lake Storm Sewer	\$ 515,000											\$ 515,000
40	Poudre School District Facilities Site - RCBC to LaPorte Ave	\$ 2,900,000											\$ 2,900,000
41	Lake / Center Storm Sewer	\$ 678,000											\$ 678,000
42	Stone Creek (Middle Tributary) Culvert & Pond	\$ 1,227,752											\$ 1,227,752
43	Ziegler Pond	\$ 673,200											\$ 673,200
44	Stone Creek (North Trib) Pond and Outfall	\$ 1,108,823											\$ 1,108,823
45	New Mercer Ditch Improvements for Mason Street area	\$ 5,050,200											\$ 5,050,200
46	Strachan / Edinburgh Storm Sewer	\$ 1,376,000											\$ 1,376,000
47	C&S Railroad No. 4 at Lang Gulch	\$ 402,200											\$ 402,200
48	Oakridge Regional Detention Pond Spillway	\$ 1,758,100											\$ 1,758,100
49	C&S Railroad No. 3 at Lang Gulch	\$ 664,100											\$ 664,100
50	C&S Railroad No. 2 at Lang Gulch	\$ 811,400											\$ 811,400
51	Swift Pond Embankment	\$ 2,366,700											\$ 2,366,700
52	Glenmoor Pond Aesthetic Enhancements	\$ 300,000	\$ 300,000										
	Total		\$ 7,850,000	\$ 9,760,000	\$ 28,250,000	\$ 25,650,000	\$ 27,100,000	\$ 21,150,000	\$ 9,600,000	\$ 9,250,000	\$ 7,400,000	\$ 8,080,000	\$ 49,061,275
	Year		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Tiana Smith

Date: 4-18-16

SUBJECT FOR DISCUSSION

Update to Tax Code Definitions Timeline and Impacts to Fort Collins

EXECUTIVE SUMMARY

In late 2015, the City of Fort Collins was approached by Colorado Municipal League (CML) to participate in a state-wide initiative aimed at creating a list of tax code definitions that are expected to be adopted by municipalities across the State. The objective of this initiative is to arrive at a list of definitions that is understandable and consistent for citizens and businesses that cross taxing entities

The City of Fort Collins is participating in this initiative to meet the same objective listed above on behalf of the citizens and businesses of Fort Collins. Staff in the Sales Tax Office and the City Attorney's Office have undergone two rounds of review of CML's recommended definitions and responded with feedback as to the proposed definitions' impact to Fort Collins.

A finalized version of the definitions from CML based on the feedback from all participating municipalities is expected in early summer. Staff will provide a finalized version of the recommended list of definitions for the Tax Code to Council Finance in Q3 of 2016 and, upon approval, bring the definitions to City Council for approval in Q4 of 2016.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

The purpose of this item at Council Finance is for advanced notice of an update to Tax Code definitions that will be presented in early fall of 2016. Additionally, Staff would like to answer any questions that Council Finance may have and gather feedback about process and timeline.

BACKGROUND/DISCUSSION

Definitions to the Tax Code for the City were last updated in 1991 and many definitions as well as the general nature of how business is conducted have changed since that time. This initiative allows the City to update definitions consistent with the evolution of business. The City Attorney's office has served as close advisors in all reviews of the proposed definitions and will continue to work with the Sales Tax team in bringing future definition changes to Council for its consideration.

ATTACHMENTS

1. Tax Code Definitions Update CFC 4-18-16 Power Point

OBJECTIVE:

Update Council Finance on Colorado Municipal League's (CML) state-wide effort to address inconsistencies in municipalities tax code definitions and the impact to the City of Fort Collins. This is informational only at this point.

Tax Code Definitions- Info Only

- ✓ CML-driven initiative
 - ✓ Working with cities across Colorado on adopting Tax Code definitions with consistent language

- ✓ 2 year process culminating in fall of 2016
 - ✓ Creating recommended definitions
 - ✓ Gathering feedback from cities
 - ✓ Finalizing definitions for adoption

**Definitions to the Fort Collins Tax Code
Haven't Been Updated Since 1991**

Impacts to Fort Collins

- ✓ Definitions help establish what we tax and how
 - ✓ Consistency in definitions across the state for easier comparisons between communities
 - ✓ Less confusing for citizens and entities that cross municipalities

- ✓ Opportunity for Fort Collins
 - ✓ Update Code
 - ✓ Fix some long-outdated language

**Important To Be Consistent with Other
Home Rule Cities In Colorado**

What's the City's Position?

- ✓ Definitions the City will retain that have special applicability to Fort Collins Tax Code
 - ✓ City Manager, Exempt Organization License, Local Exchange Company, Medical Supplies, Purchaser

- ✓ Definitions the City will not adopt:
 - ✓ School- Fort Collins prefers the State's definitions
 - ✓ Storage- recommended changes are confusing, difficult to enforce
 - ✓ Definitions that aren't pertinent to tax code, i.e. airline company

- ✓ Fort Collins has provided 2 rounds of feedback to CML
- ✓ Waiting to see finalized version of tax code definitions
- ✓ City Attorney's Office will be reviewing new definitions for any legal issues
- ✓ New definitions will be brought to Council Finance in Q3 timeframe and upon approval to Council in Q4 for adoption

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: John Voss, Controller
Lisa Rosintoski, Utility Customer Connections Manager

Date: April 18, 2016

SUBJECT FOR DISCUSSION: Unclaimed and Abandoned Intangible Personal Property

EXECUTIVE SUMMARY: State law requires local governments to have formal procedures in place in order to assume ownership of unclaimed and abandoned intangible personal property. Alternatively, the City would have to turn the property over to the State of Colorado. Existing City Code Section 23-130 has provided these formal procedures but they are in need of updating.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Additional information needed?
2. Changes to the proposed Code language?
3. Is the proposed Code language ready for first reading May 17?

BACKGROUND/DISCUSSION: The City holds three types of unclaimed intangible personal properties: uncashed checks, credit balances on utility customer accounts, and unclaimed construction related deposit escrows. Average annual amounts that go unclaimed are about \$100,000 from nearly 1,200 customers and checks. Unclaimed construction deposit escrows are uncommon.

The proposed new process is summarized as follows:

- After 1 year without the owner claiming the property, the property is presumed abandoned
- Notices then distributed
 - All abandoned properties will be listed on city website fcgov.com
 - Letters written to last known address of owner for amounts \$125 or more
- Claimants have 1 year to file proof of claim
- If proof of claim not timely filed, the intangible personal property is forfeited to the City

Upon the forfeiture of the property the fund holding the assets retain them for purposes of that fund, except for utility funds. Forfeited property held by the utility funds will be transferred to the Payment Assistance Program.

ATTACHMENTS

- PowerPoint Slides
- Proposed new Code
- Existing Code section 23-130



Unclaimed and Abandoned Intangible Personal Property

John Voss, Lisa Rosintoski

Why are new Code provisions required?

- State law requires local governments to have formal procedures in place in order to assume ownership of unclaimed and abandoned intangible personal property
- Alternatively, the City would have to turn the property over to the State of Colorado
- Existing City Code Section 23-130 has provided these formal procedures but they are in need of updating

- Abandoned tangible personal property
 - unique challenges warranted a separate project team
 - new procedures will be significantly different from those now in Code Section 23-130
- Utility Payment Assistance Program
 - part of a broader Low Income Assistance Program
 - work session in May

- Uncashed checks
 - average per year: 180 payments for about \$60,000
- Credit balances on Utility customer accounts
 - average per year: 946 customers for about \$43,000
- Unclaimed construction related deposit escrows
 - (rare and few)

- After 1 year without the owner claiming the property, the property is presumed abandoned
- Notices then distributed
 - All abandoned properties will be listed on city website fcgov.com
 - Letters written to last known address of owner for amounts \$125 or more, or email if known
- Claimants have 1 year to file proof of claim
- If proof of claim not timely filed, the intangible personal property is forfeited to the City

Use of Forfeited Intangible Assets

- Forfeited property will be retained by the fund holding the assets
 - available to the fund, except for Utility funds
 - subject to City Council appropriation
- Forfeited property held by Utility Funds will be transferred to the Payment Assistance Program
 - this includes all types – checks, credit balances and escrows
 - subject to City Council appropriation

Forfeited Intangible Assets in Utility Funds will be used for Payment Assistance Program

Low-Income Assistance Program Portfolio

Ongoing Assistance

- Income-Qualified Rate (IQR)
- Medical Assistance Program (MAP)
- Low-Income Solar
- Direct Installs

Project Management

- Project Team
- Processes
- Outreach

Temporary Assistance

- Payment Assistance Fund (PAF)
- Energy Outreach Colorado Partnership
- Community Resources
- County and State Resources

Efficiency and Conservation Education

Changes or additional information needed?

Ready for first reading May 17?

City Code Chapter 23, Article IV, Division 4

Intangible Personal Property

Sec. 23-131 Applicability.

This Division shall only be applicable to property the City acquires in the ordinary course of the City's operations, but shall not include property seized or otherwise acquired by the City in connection with a criminal investigation conducted by City law enforcement officials.

Sec. 23-132 Definitions.

The following words, terms and phrases when used in this Division shall have the meaning given to them in this Section, unless the context requires otherwise:

City shall mean the City of Fort Collins, Colorado, and all of its administrative offices, including, without limitation, all of its service areas, utilities, departments, and divisions.

Financial Officer shall mean the City's Financial Officer or such person's designee.

Last-known address shall mean the most recent address in the City's records sufficient for the delivery of mail to the owner.

Owner shall mean the person whose name appears on the City's records as the person entitled to property held, issued, or owing by the City or such other person that may be known to the Financial Officer as potentially entitled to ownership of such property. A person is considered *potentially entitled to ownership of such property* if the person was the depositor in the case of a deposit; a creditor, claimant, or payee in the case of other intangible property; is the finder of lost property given to the City; or demonstrates any other legal or equitable interest in the property.

Person shall mean an individual, business association, state or other government, governmental subdivision or agency, public corporation, public authority, estate, trust, two or more persons having a joint or common interest, or any other legal or commercial entity.

Property shall mean all moneys, checks, drafts, deposits, account credits, overpayments, unused advance payments, refunds, rebates, uncollected remittances, and any other intangible personal property.

Utilities shall mean the City's electric, water, wastewater, stormwater, and any other utilities established under the City's Charter or Code.

Sec. 23-133 Property presumed abandoned.

(a) Except as provided by paragraph (b) of this Section, all property, less any offsets authorized in Section 23-136, that is held, issued, or owing in the ordinary course of the City's operations and has remained unclaimed by the owner for more than one year after it became owing, payable, or distributable is presumed abandoned.

(b) Any unused utility deposit, unused advance payment paid to and held by utilities for utility services to be furnished, and any other unused customer account credit owing by the utilities, less any offsets authorized in Section 23-136, that remains unclaimed by the owner for more than one year after termination of the utility service to which the deposit, advance payment, or account credit pertains is presumed abandoned.

(c) Property is owing, payable, or distributable for the purposes of this Division notwithstanding the owner's failure to make demand or to present to the City any instrument or document required to receive payment from the City.

Sec. 23-134 Notice of abandoned property.

(a) When the Financial Officer determines that property is presumed abandoned under Section 23-133, the Financial Officer shall cause the following notices to be provided regarding that property:

(1) There shall be posted on the City's website and easily accessible for public inspection, an alphabetical list of the names of the owners of abandoned property with a general description of the abandoned property corresponding to each name and this posting for the property shall remain on the City's website until the property is disposed of pursuant to this Division; and

(2) There shall be sent by first-class mail to the last-known addresses of the owners a written notice advising them of the property the City holds that is presumed abandoned under this Division. However, a notice need not be mailed to an owner if the value of the property is less than one hundred twenty-five dollars. In addition, if the City has in its records an email address for the owner, the notice shall be emailed to that address regardless of the value of the property.

(b) The notices required in paragraph (a) of this Section shall include the following additional information:

(1) a statement that information concerning the property may be obtained by any person possessing an interest in the property by sending or making an inquiry to the Financial Officer at a stated mailing address, email address, and telephone number, each established by the Financial Officer for responding to such inquiries;

(2) a statement that any person claiming an interest in the property must timely file a proof of claim with the Financial Officer as required in Section 23-135 and a statement of the final date by which it will be considered timely filed under Section 23-135; and

(3) the proof of claim form required to be filed under Section 23-135.

Sec. 23-135 Filing proof of claim and Financial Officer's decision.

(a) A person claiming an interest as an owner of any property presumed abandoned under this Division shall file with the Financial Officer a proof of claim on a form prescribed by the Financial Officer. That form must be filed with the Financial Officer not more than one year after the later of: (i) the date of the initial posting of the notice on the City's website, and (ii) the date of the mailing of the written notice, as both are required under Section 23-134. If helpful to identify the claimant as the owner of the abandoned proper or if needed for tax purposes, the Financial Officer may require the claimant to include on the proof of claim form his or her social security number or its federal employer identification number, whichever is applicable. The social security number or federal employer identification number shall be kept confidential by the City to the full extent permitted by law.

(b) The Financial Officer shall consider each claim and give written notice within 90 days after the filing of the claim to the claimant if the claim is denied in whole or part or if the Financial Officer intends to seek a judicial determination as provide in paragraph (d) of this Section. The notice may be given by sending it by first-class mail to the mailing address and to the email address stated in the proof of claim by the claimant as the addresses to which such notice is to be sent. No notice of denial need be sent to claimant if the proof of claim fails to state mailing and email addresses to which such notice is to be sent to the claimant.

(c) If the claim is allowed by the Financial Officer, the City shall pay over or deliver to the claimant the property, but less any offsets authorized in Section 23-136. The Financial Officer may condition such delivery to the claimant by requiring the claimant to provide the City with such signed written releases and indemnification agreements that the Financial Officer determines is reasonably necessary to protect the City from future claims of other persons claiming ownership to the property.

(d) If the Financial Officer receives more than one conflicting claim to any property or if the Financial Officer determines, after consultation with the City Attorney, that it is in the City's best interest to seek a judicial determination concerning any claim, the City Attorney is authorized to seek that judicial determination by filing an action in either Larimer County District Court or in the Fort Collins Municipal Court.

(e) A claimant aggrieved by a decision of the Financial Officer or whose claim has not been acted upon by the Financial Officer within 90 days after the person's filing of a proof of claim under this Section, may bring an action in Larimer County District Court or in Fort Collins Municipal Court to establish the claim, naming the City as a defendant. The action must be

brought within 180 days after the Financial Officer's decision or within one year after the person's filing of the proof of claim if the Financial Officer has failed to act on it.

Sec. 23-136 City offsets and interest.

The Financial Officer may offset from any monetary amount owed and paid to a claimant under Section 23-135 any fees, charges, taxes, fines, penalties, interest, costs, and any other amounts owed to the City by the claimant under any contract with the City, under this Code, or under any other law. The City shall have no obligation to pay to the owner and the owner shall have no right to receive any interest on any property paid or distributed to the owner pursuant to this Division.

Sec. 23-137 Forfeiture, use and sale of abandoned property.

(a) If a proof of claim for property presumed abandoned under Section 23-133, and for which the notices required by Section 23-134 have been provided, is not timely filed with the Financial Officer as required by Section 23-135(a), the property shall be deemed forfeited to the City and ownership and title to that property shall vest in the City. Such forfeiture and vesting of ownership and title shall occur as of the day immediately following the last day for the filing a proof of claim under Section 23-135(a). In such event, the City may retain the property for its own use or sale the property as provided in paragraphs (c) and (d) of this Section.

(b) When a proof of claim has been timely filed under Section 23-135 and the Financial Officer has either not timely issued a decision concerning the claim or issued a decision denying the claim in whole or part, the claimant's failure to file an action in Larimer County District Court or Fort Collins Municipal Court within the applicable time period required in Section 23-135(e) in order to establish that claim, the property shall be deemed forfeited to the City and ownership and title to that property shall vest in the City. Such forfeiture and vesting of ownership and title shall occur as of the day immediately following the claimant's last day for filing a judicial action to establish the claim not acted on or denied by the Financial Officer under Section 25-135(e). In such event, the City may retain the property for its own use or sale as provided in paragraphs (c) and (d) of this Section.

(c) If the forfeited property is money or property easily converted to cash, the City may retain and use these monies for the purposes authorized for the City fund within which these monies are deposited and accounted for or for any other purpose authorized by City Council, unless the forfeited property was being held by any of the utilities. The funds from utilities-held property shall be deposited in the account of the Utilities Payment Assistance Program established in Code Section 26-722 and used for the purposes authorized in that section.

(d) If the forfeited property is not money or property easily converted to cash, the Financial Officer shall sell the property to the highest bidder at a public sale or sell by using a regulated market or exchange, using the method that in the judgment of the Financial Officer is most

favorable to the City for the property. The Financial Officer may decline the highest bid and reoffer the property for sale if in the judgment of the Financial Officer the bid is insufficient. If in the judgment of the Financial Officer the probable cost of sale exceeds the value of the property, it need not be offered for sale. If the property is to be sold at a public sale rather than through a regulated market or exchange, that sale must be preceded by a single publication of notice, at least three weeks before sale, in a newspaper of general circulation in the county where the property is to be sold. The proceeds from the sale of property under this paragraph (d) may be used by the City for any purpose authorized by City Council, unless the property sold was being held by any of the utilities. The proceeds from the sale of utilities-held property shall be deposited in the account of the Utilities Payment Assistance Program established in Code Section 26-722 and used for the purposes authorized in that section.

(e) The purchaser of property at any sale conducted by the Financial Officer under this Section takes the property free of all claims of any and all owners of the property and of all persons claiming through or under them. The Financial Officer shall execute all documents necessary to complete the transfer of ownership of the property to the purchaser.

DRAFT

Sec. 23-130. - Disposition of lost, abandoned or other unclaimed property.

Except as otherwise specifically provided for by law or ordinance, any property seized or otherwise obtained by the City and not sold or destroyed as perishable, hazardous or illegal property and which property has not been claimed by or surrendered to the rightful owner may be disposed of in the following manner:

- (1) All such property must first be retained for a period of no less than thirty (30) days from the date that possession was acquired by the City;
- (2) After the expiration of such period of time and as soon thereafter as is practicable, the Purchasing Agent must cause to be published once in a newspaper of general circulation in the City, or advertise via electronic media, a general description of the articles of property to be disposed of, which notice must contain the following information:
 - a. That a detailed list of each and all articles of such property is available and may be obtained from Purchasing, including the address and the hours during which such list may be obtained;
 - b. That if such property is not claimed by the rightful owner within ten (10) calendar days from the date of the publication, such property will become the property of the City to be disposed of by public auction or otherwise, and if by public auction provide the date, place and location of any such public auction.
- (3) If within ten (10) days from the publication of the notice, no claim for such property described in the notice shall have been made by the rightful owner, such property shall become the property of the City and shall be disposed of in the following manner:
 - a. Any property which was delivered to the City, the possession or use of which is not illegal or dangerous, may be returned to the person who delivered the same to the City. The City shall thereupon relinquish any claim of ownership to such property and shall thereafter be relieved of any liability to the original owner of such property or any other person.
 - b. Any other such property may, in the discretion of the Purchasing Agent, be retained and used by the City in the administration of City affairs or for use in City or community events or programs, so long as the use and distribution of such property is in accordance with the Purchasing Agent's established policies and guidelines approved by the City Manager.
 - c. All other property shall be sold at public auction, including an auction via electronic media in the manner and upon the terms described in the above notice, with the proceeds of any such sale or sales to be paid to the Financial Officer to be placed in the general fund of the City after deducting the cost of storage, advertising and selling.
 - d. Any unclaimed property which is of little or no marketable value may be destroyed.
- (4) Notwithstanding any of the foregoing provisions to the contrary, the disposition of firearms or other weapons shall be governed by the following additional provisions:
 - a. Firearms and other weapons shall be disposed of at the sole discretion of the Chief of Police, who may:
 1. Authorize sale or destruction; or
 2. Authorize retention for the purpose of training members of Police Services in the safe handling and operation of those weapons. Any firearm so retained shall be rendered inoperable.
 - b. Sales of firearms shall be restricted to licensed dealers or licensed collectors (licensed under the Federal Gun Control Act of 1988).

(Code 1972, § 88-2; Ord. No. 140, 1986, § 88-12(C), 10-21-86; Ord. No. 102, 1989, § 2, 8-1-89; Ord. No. 130, 2002, § 7, 9-17-02; Ord. No. 018-2007, § 4, 2-6-07; Ord. No. 151, § 2, 1-15-08; Ord. No. 026, 2008, § 9, 3-18-08)