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Council Audit & Finance Committee
Minutes
10/17/11
10:00 to 12:00
CIC Room

Council Attendees: Mayor Karen Weitkunat, Mayor Pro Tem Kelly Ohlson, Ben Manvel
Staff: Darin Atteberry, Mike Beckstead, Diane Jones, Bill Switzer, Ellen Switzer, Patty Bigner, Steve Catanach, Josh Birks, Bruce Hendee, Megan Bolin, Joe Frank, Steve Mason, Heather Shepherd,

Approval of Minutes

Kelly Ohlson moved approval of the October 10, 2011 minutes and Ben Manvel seconded the motion. The minutes are approved unanimously.

Utility Rates

Water and Wastewater rates will be raised effective January 2012.

Water	6%
Wastewater	8%
Electric	8.3%
Stormwater	0%

(Electric increases will vary by rate class.)

The related Ordinances will be taken to City Council Oct. 18th, 2011

Residential energy rate (2) options and some service charge changes will be presented to City Council on November 15, 2011

Regarding the information presented on Electric Rate increase data, Kelly Ohlson asked what the term "increased financing costs and depreciation" (page 5 of pdf) means. The Utilities staff will find out specifics and include it with the City Council information.

Kelly Ohlson asked how many current customers still operate on all electric in their homes. Patty Bigner will analyze how many houses there are currently using electric only, and what the impact to them, and new residential customers will be in the future.

Proposed rate changes, typical single family customer

	Current 2011	Proposed 2012	\$ Increase	% Increase
Electric 700 kWh month	\$59.94	\$59.94	*	*
Wastewater 4,800 gal/mo WQA	\$28.59	\$3088	\$2.29	8.01%
Stormwater	\$14.26	\$14.26	\$0	0%
Water	\$35.87	\$38.05	\$2.18	3.22%
TOTAL	\$138.66	\$143.13	\$4.47	3.22%

Proposed changes to Water fees for 2012 for a typical single family would increase about 3%

Water	+4.7%
Wastewater	-3.0%
Stormwater	+1.2%

Committee members agree that the public (rate payers) should be well educated on the reason for rate increases, and how the rates will be calculated.

Section 108 Loan Program

What is Section 108?

- Leverages the City's Community Development Block Grant (CDBG) in the form of a loan.
 - \$1 million CDBG = \$5 million Section 108 loan.
- City makes loans to third-party borrowers for eligible activities.
- Goal is to create jobs for low and moderate-income individuals.

City Council would have to approve any application made to the program

Background

- **December 2010** – Council passed Resolution to submit an application to U.S. Department of Housing and Urban Development (HUD) for \$5 million economic development loan pool.
- **August 2011** – HUD approves City's request.

Questions

1. Is there support to pursue start-up lending?
2. Should staff establish a revolving loan program for business loans?
3. Is there support to partner with local lending agencies for servicing and/or leveraging?
4. Can Section 108 Loan Agreements go on Council's consent agenda?

The City's original plan was to issue 1 to 5 large loans, but the demand has turned out to be more for small business loans like working capital, machinery, and start up lending. Third party underwriting and servicing would be put in place so that City staff time is not used.

Karen Weitkunat asked what City department would be responsible for oversight of this whole program. Josh Birks said it would be a multi-departmental approach. Planning, Economic Health, Historic Preservation, and the Finance Dept. Karen recommends having a point of contact who has experience working with HUD. Diane Jones said Advance Planning would probably be where it's 'housed'. Mike Beckstead advised the committee that there is a meeting of all City departments involved later this week to discuss administrative process.

Josh stated that staff is currently requesting more time to investigate the evolution in scope that has developed as a result of the press release (more demand from small business and startups, than from large business) issued when it was first approved by Council.

This committee agrees with the staff recommendation to explore the project further. Kelly Ohlson asked that all Council members get a summary memo.

After some exploration by City staff, the topic will come back to Council Finance Committee and the findings will be presented.

Other Business

Committee suggestions for future meeting topics:

- Salary System who the City compares to, public private, etc.
- Healthcare -- Statistics summarizing past 10 years.
- DDA Bond Interest. What are the pros and cons?

The Committee decided to change the date of the November Council Finance Committee to Monday, November 14th.