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AGENDA

Council Finance & Audit Committee
October 15, 2018
10:00 am - noon
CIC Room - City Hall

Approval of Minutes from the September 17th Council Finance Committee meeting.

1. Utility Rate Increases	30 minutes	L. Smith
2. Infrastructure Financing	20 minutes	B. Dunn

Other Business:
State Amendment 73 Revenue Impact

Council Finance Committee
Agenda Planning Calendar 2018
RVSD 10/03/18

Oct 15th			
	Utility Rate Increases	30 min	L. Smith
	Infrastructure Financing	20 min	B. Dunn

Nov 19th			
	Airport Lease Review	20 min	J. Licon
	GERP Review	15 min	B. Dunn
	Financial Management Policy Review	30 min	J. Voss
	Internet Sales Tax – Work Plan	20 min	J. Poznanovic
	State Amendment 73 – Revenue Impact	20 min	M. Beckstead

Dec 17th			
	Metro District Policy Updates	30 min	J. Birks

Jan 28th			

Future Council Finance Committee Topics:

- **Revenue Contingency Plan Review**

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Finance Committee Meeting Minutes
09/17/2018
10 am - noon
CIC Room - City Hall

Council Attendees: Mayor Wade Troxell, Ross Cunniff, Ken Summers (via phone)

Staff: Darin Atteberry, Kelly DiMartino, Jeff Mihelich, Mike Beckstead, Wendy Williams, John Duval, Ginny Sawyer, Laurie Kadrich, Noelle Currell, Tim Kemp, Kyle Lambrecht, Jennifer Poznanovic, Lawrence Pollack, Tyler Marr, Katie Ricketts, Andres Gavaldon, Zack Mozer, Lance Smith

Others: Fee Working Group members; Diane Cohn, Will Flowers, Linda Stanley, Ragan Adams, Rebecca Hill, Doug Braden and Moira Bright.
Dale Adamy, R1ST.org, Kevin Jones, Chamber of Commerce, Rusty McDaniel, Asst. Larimer County Engineer, Traci Shambo, Larimer County Development Review Manager

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Meeting called to order at 10:06 am

Approval of Minutes from the August 20th Council Finance Committee Meeting and the Special Council Finance Committee Meeting on September 5th. Ross Cunniff move for approval of minutes from both meetings. Mayor Troxell seconded the motions. Minutes were approved unanimously.

A. Fee Review - Fee Team Report - Total Impact

Jennifer Poznanovic, Revenue & Project Manager

SUBJECT FOR DISCUSSION

Impact Fee Working Group Findings & Recommendations

EXECUTIVE SUMMARY

Since the fall of October 2016, staff has worked to coordinate the process for updating all new development related fees that require Council approval. The 2017 CEFs and TCEFs full fee proposals showed significant increases from the previously approved fees. Due to the concern in the development and building community around impact fee changes, Council asked for a fee working group to be created to foster a better understanding of impact fees prior to discussing further fee updates.

The fee working group meetings commenced in August of 2017, comprised of a balanced group of stakeholders – City staff, business-oriented individuals, citizens and a Council liaison. The group met 14 times, and the topics covered included: detailed review of fee methodologies, inputs, calculations, City revenue sources, alternative revenue sources, academic economic research on impact fees, a third-party impact fee audit review and impact fee comparisons to other communities.

Below is a summary of the key findings from the Fee Working Group position paper:

- Bringing impact fees together for review and formation of the fee working group has been beneficial to better understand the full impact of Council approved impact fees for new development.
- The group acknowledges overall sound methodologies, calculations and inputs.
- The third-party fee audit revealed that the City manages impact fee expenditures very well. how the City spends and collects impact fees is sound.
- Regarding economic data, the group agrees that amenities paid for through impact fees add to property value, but views differ as to what extent they impact demand and supply. Academic research showed that home price increases in growing areas are mainly demand driven.
- The group agreed that impact fees are complicated and difficult to communicate across the community. They recommend better messaging to stakeholders and the general public.
- In the 2017 study, park impact fees increased more than other impact fees due to increases in the costs of land, water and construction. These fees are the only category where impact fees pay for 100 percent of what is built.
- The group acknowledges the need to identify new revenue sources for park refresh and maintenance.
- If council approves lower fees than the staff recommendation, alternative revenue sources will be needed. If Council goes this direction, it will be for the community to decide what alternatives to pursue.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Next Steps:

- November 13th: Council Work Session
- December 4th & 18th: Ordinance readings
- 2019: Utility Fees, Development Fees & Step III for CEFs

Feedback & Questions from Council Finance Committee

BACKGROUND/DISCUSSION

- Impact Fee Working Group Position Paper
- 3rd Party Impact Fee Audit

Discussion / Next Steps:

Mike Beckstead; team validated that our fees are so complex - hard to convey details in a meaningful way in a 20 minute presentation. Challenge of what we are still faced with is how to communicate this to the community.

Question came out of discussion was -how we use the fees and expenditures
Through detail analysis we agreed that $130K was misapplied due to a misunderstanding – they thought park impact fees could be used to put new things in existing parks.

Ross Cunniff; we talked about that at a Council meeting.

Darin Atteberry; really important - we did discuss it but it requires more context. Mike, can you take a few minutes and provide some background.

Mike Beckstead; This was a combination of the Building Board and Board of Realtors - they received a grant of $25K and hired a company out of Phoenix to do the audit review. They asked for 5 years of revenue coming into capital expansion and funds coming out - peer review / audit of the way we calculate, collect and spend fees - they looked at 5 years of data which included approximately $54M in total – they spent quite a bit of time with it and we provided written responses to each of their concerns. Code says it ok to use fees for overhead costs in parks planning but there was a philosophy that they would prefer that not to be -they did acknowledge that is the way code is written so that is an acceptable way to use fees. With that summary, we provided the report back to the Board of Realtors and the Building Board – they reviewed and agreed that it should be shared in this report and publicly. It was a very appropriate and very meaningful action which very strongly validates the integrity of our systems.

Ross Cunniff; best practice going forward - fee collections - we did find .25% and now we can take action to rectify that - keep everything above board

Darin Atteberry; how do we fold in an outside review similar to what was done here? I see this as good news and it should be shared. Thanks to all of the team members doing this on a daily basis.
As Ross said - we move forward with this lesson learned - to have some sort of review like this every x number of years

Mike Beckstead; we will figure out how to integrate that into the schedule that Jennifer discussed earlier – maybe after the next cycle of fee inputs in 2021 -

Mayor Troxell; how specialty is this type of audit? Could this be part of our regular fiscal audit?

Mike Beckstead; we could look into that.

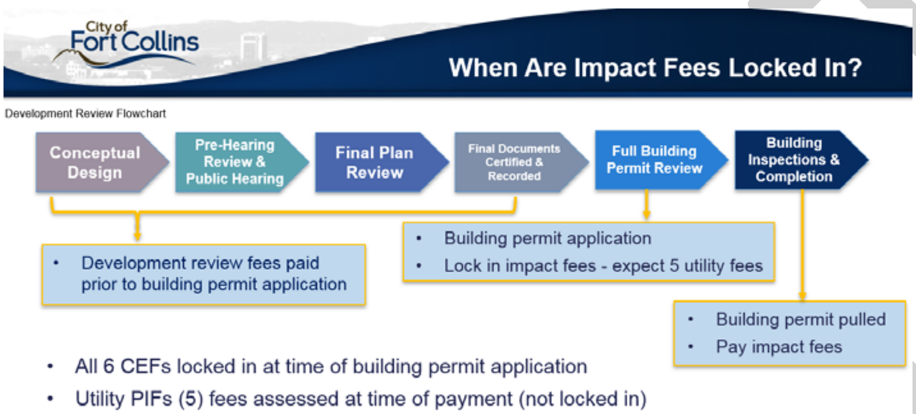
Mike Beckstead; the economic data looks at communities that allow amenities to be built - amenities are part of what creates the flywheel of desire and value in a community - without these it becomes a less attractive community so the multiplier esp on higher value homes – the value of fee adds to value of property to a greater degree - this is the Policy choice of Council in terms how we pay for these – it clearly adds to the price of the home too - it has a multiplier effect that is positive .

Mike Beckstead; as the team turned over a bit - Will and Doug stepped in and they shared
that they were hearing from their organizations that we were raising fees because we were on the low end of the scale in the lower quadrant – somehow all of the work we did to show we were competitive was misinterpreted and somehow got lost in that discussion.

Ross Cunniff; one nuance – you could look at design of our parks and look at the implications on on-going maintenance and refresh - change the master design - go back into the fee calculation

Mike Beckstead; we had a conversation a few years ago about a park maintenance fee - $1 per month per resident which would help fund maintenance - set it aside – we did talk about a park maintenance fee and a trail maintenance fee – those discussions - we may want to come back and have a conversation- do we want to have a dedicated funding stream.

Back up slide below illustrates when impact fees are locked in – this addresses Ross Cunniff's earlier request for analysis - Permits - October timeframe - fees change - permit applications – active applications – rolling kind of number



Ross Cunniff; we have to either build $600K less of amenities or have less in General Fund (time = money)

Staff Recommendations

	Group Recommendations	Staff Recommendations
1.	Better Communication/Outreach & Notice of Fee Changes	Currently underway with community outreach and the group as ambassadors of the process
2.	Repayment of the $130k Identified in the Impact Fee Audit	Staff agrees
3.	Progressive Fees if/where Possible	Explore progressive fees in the 2021 updates
4.	Explore Additional Revenue Sources for Parks Buildout	Current policy is 100% of new parks are funded by impact fees
5.	Investigate Revenue Alternatives to Support Parks Refresh & Maintenance	Staff agrees that in the future we will need to have this conversation
6.	Explore Stronger Supports for Affordable Housing Fee Waivers	Currently underway with a dedicated internal Affordable Housing Task Force

Data has to back that up - more people in larger homes – 2015 census data would give us a higher slope on that line - When we update CES again in 20 -21 that is something we would be looking at - expanding those categories

Ross Cunniff; I read through the report – the duration of time that a house is supposed to be affordable - tie the waiver to a better outcome – from a 20 - to 40-50 year horizon.

Mike Beckstead; there is a commission working on that - we will share this data with the Affordable Housing Taskforce.

Mike Beckstead; The period of notification that fees are changing - we have been having this dialog for the last 2 ½ years – Council said let's do this in steps - our communication with the community – there has been a 2 year dialog going on so that notification has been occurring from our perspective – one of the feedbacks we are going to hear from the community - to allow for more time to get ready for fee changes – that will be Council's call but that is what we are hearing in our outreach as feedback.

Mayor Troxell; fee stacking - is there some comparative analysis of overall fee stacking against other jurisdictions

Mike Beckstead; we didn't bring it with us but we have been using that data - we look at how our fees and fee stacking compare to other Front Range communities; Timnath, Wellington, Loveland and Fort Collins.

Ross Cunniff; using insurance industry standard saves community $$, productivity loss, yes, this adds to the fee stack but we think impact on health and safety-

Mayor Troxell; it puts us in the lower half of the fee stack – looking at building, utility and capital

Mike Beckstead; with this update we would be right in the middle – we don't have cost of code included in this comparison because we don't know what their cost of code is. We looked at our cost of code over time – median home prices – has been right in the 10% range

Ross Cunniff; I would like to add my thanks to the committee members and the staff who participated – I think it ended up being a much more involved task than we thought it would be

Mayor Troxell; I add my thanks - this is an excellent piece of work with a lot of complexity - illustrates the kinds of questions that were being asked by many over a long time are now answerable.

B. Partnership Fee Update – Regional Road Fee & School PILOs Update

Ginny Sawyer, Senior Project Manager
Kyle Lambrecht, Civil Engineer III
Tim Kemp, Interim Capital Projects Manager

EXECUTIVE SUMMARY

The purpose of this item is to present and discuss updates to the Larimer County Regional Road and School District fees. These fees are considered "partnership" fees; fees collected by the City of Fort Collins on behalf of Larimer County and the Poudre and Thompson School Districts, respectively.

The County has made fee adjustments to the Regional Road Fee which will need to be considered by the City Council. Currently, adoption of the Regional Road Fee is aligned with the City's Capital Expansion Fees which are considered annually in December.

The School District agreements are set to expire on December 31, 2018. Staff from the City and each District have been working on minor revisions to the Intergovernmental Agreements which will come before Council for consideration, before the end of 2018.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Council Finance Committee have any additional questions regarding the fees or the timing of the updates?

BACKGROUND/DISCUSSION

Regional Road Fee

In 2000, the City and Larimer County entered into an Intergovernmental Agreement (IGA) authorizing the City to collect a Regional Road Fee on behalf of Larimer County. The fee is collected at the time a building permit is issued. The Regional Road Fee helps generate revenue for road improvements on regionally significant roadways that are necessitated by new development. The fees are only used on capacity related improvements that are of mutual benefit to both the City and Larimer County.

Since 2000, the City and Larimer County have partnered to design and construct several projects along regionally significant roadways; including improvements to Taft Hill Road, Shields Street, and the Shields Street/Vine Drive intersection. City and County staff continue to plan for future improvements, recognizing opportunities for additional improvements along regionally significant corridors. Since 2000, $6,023,061 in regional road fees has been collected.

The Larimer County Land Use Code specifies that its Regional Road Fees must be updated annually to reflect changes in road construction costs during the previous year. The updated fees typically become effective on the first day of July. Unless a fee study recommends otherwise, the standard fee adjustment methodology is based on a two-year moving average calculated from the Colorado Construction Cost Index data compiled by the Colorado Department of Transportation. The most recent Regional Road Fee schedule formally adopted by the City of Fort Collins was the 2015 fee schedule.

In April 2018, the County completed a study recommending changes to the program's fee calculation methodology, including:

- Basing transportation capital expansion fees for residential developments on dwelling size as opposed to dwelling type.
- Revising the fee methodology to use Vehicle Miles Travelled (VMT) as the basis for determining impact, instead of trips generated. This change more accurately ties the fee to demand on the transportation system.

The use of vehicle miles traveled to determine impacts to a municipality's transportation network is considered a best management practice by the infrastructure financing strategies industry. This methodology shift results in a new fee schedule for the Regional Road Fees:

Development Type	2018 Regional Road Fee	2015 Regional Road Fee	Increase or Decrease	Percent Change
Residential (per dwelling) by Finished Square Foot of Living Space				
900 or less	$163	$211	($48)	(23%)
901 to 1300	$228	$211	$17	8%
1301 to 1800	$275	$302	($27)	(9%)
1801 to 2400	$322	$302	$20	7%
2401 to 3000	$361	$302	$59	20%
3001 to 3600	$393	$302	$91	30%
3601 or more	$420	$302	$118	39%
Non-Residential (per 1000 Square Feet of Floor Area)				
Industrial	$100	$257	($157)	(61%)
Commercial	$422	$837	($415)	(50%)
Office & Other Services	$248	$432	($184)	(43%)

In general, regional road fees for single family detached homes will increase while regional road fees for non-residential developments will decrease. The revised Regional Road fees were adopted by Larimer County in July 2018.

Under the City Code, changes in the County fee schedule do not take effect in the City until the City Council approves a new fee schedule. Currently, consideration for adoption of the partnership fees is aligned with consideration for adoption of the City's Capital Expansion Fees. City Capital Expansion Fees are considered for adoption annually in December. The County is aware of this adoption schedule.

School District Fees

In 1998, the City of Fort Collins and Thompson and Poudre School Districts entered into Intergovernmental Agreements (IGAs) regarding land dedication for new developments, including a provision for fees-in-lieu of land dedication.

Fees are based on a number of factors including school site size, student population projections, enrollment capacities of each type of school (elementary, junior high and high schools), and the cost of developed land within the school district. Site sizes and enrollment capacities are set by School District policy.

Both IGAs were set to expire in April 2018. City Council and each School Board adopted resolutions to extend the agreements through December 31, 2018.

Staff have been working with each entity to review and update the IGAs. Currently no fee changes are scheduled. The last Poudre School District fee review and change was in 2013. The last Thompson School district fee review and change was in 2006.

Collections since 2000 are as follows:

Poudre School District				**Thompson School District**	
Paid				**Paid**	
Document Type	PV			Document Type	PV
Row Labels	**Sum of Actual Amount**			**Row Labels**	**Sum of Actual Amount**
2000	684,858			2000	47,810
2001	799,629			2001	82,104
2002	964,309			2002	184,386
2003	993,659			2003	292,402
2004	582,358			2004	163,948
2005	658,100			2005	150,284
2006	639,925			2006	4,782
2007	532,629			2007	5,571
2008	663,989			2008	55,891
2009	256,217			2009	51,728
2010	335,649			2010	35,393
2011	703,448			2011	21,780
2012	753,304			2012	164,714
2013	1,526,988			2013	107,540
2014	1,554,501			2014	70,786
2015	1,378,632			2015	21,537
2016	1,530,257			2016	5,688
2017	1,642,226			2017	21,780
2018	875,020			2018	5,445
Grand Total	**17,075,697**			**Grand Total**	**1,493,571**

Discussion / Next Steps;

Mayor Troxell; County assumptions are probably different

Kyle Lambrecht; They use different factors / trip lengths

Mayor Troxell; APP - does that come out of this fee?

Ross Cunniff; my understanding if that APP comes out of the total cost

Mike Beckstead; my guess is $11m - 1% irrespective of funding source - Federal Projects can't do APP and I am not sure this is excluded

Ross Cunniff; Do you have a methodology on how you assess? Do we take into account the regional people using this in addition to residents?

Tim Kemp; Rusty McDaniel and Traci Shambo are here from the County staff - How we are assessing how much of the regional road fees go to projects. We are trying to accumulate as much as we can and put it to each project - not based on a set methodology. Can we match a grant? How much is the County putting in?

Ross Cunniff; some are well outside the city limits - not used as much by city residents – my suspicion is that it varies by project – the amount that we spend city versus regional -The future project of Horsetooth and Taft Hill – very strongly city resident driven vs. Shields/Willox /287 - destinations outside city limits. Thinking ahead to really big projects like Vine / Lemay overpass – we aren't actually capturing the cost - we don't have a mechanism – the cost of the new regional buildout

Darin Atteberry; these capital projects are primarily -they are not typically expanded in the city limit
Vine / Lemay - lots of trips destined outside the city limits -Vine /Lemay is not part of the calculation
For regional - Point is a really good one – these facilities are heavily used by residents living inside and out of the city limits / GMA. We should think about a more systematic approach to how we calculate these.
Each one of these projects is unique - a big sticky - I think it is important to have our normal methodology documented – what is our starting point? so it is not a customized one off - having some sort of documentation of what our process is – first and foremost, outside grants, state grants. We go through this process – understanding the uniqueness of projects but this really should be standard operating policies round how we do this

Ross Cunniff; we are not even coming close to recognizing the cost of the GMA - even with this fee structure

Darin Atteberry; includes this build out number – no different than the conversation about this is only their water utility now – it is about water across the GMA – this isn't only about the impact to the General Fund it is making sure the facilities are being built to provide for future growth - that our vocabulary includes this
Mayor Troxell asked about comparables -who do we benchmark against - the other jurisdictions are considering a broad impact fee - my understanding is - when you look at our stack – there has to be an * on part of it - we

have been arguing this philosophy since this was put in place by Council – from a regional policy standpoint, It doesn't make sense that this isn't occurring in other communities as well. Important to share that message back That other jurisdictions don't have these – results in less efficiency region wide.

Ross Cunniff; beyond efficiency - fairness is the driver

Darin Atteberry; if not this, what other mechanism is being used?

Mayor Troxell; GMA - it is a complete streets framework

Kyle Lambrecht; I can't speak to County but I know with the City we do look at complete streets basing our costs on complete. Regional roads - impact fees can only be used for capacity improvements including vehicles and multimodal.

Tim Kemp; with the majority of these projects we did add bike lanes, curbs and gutters, sidewalks and intersection improvements.

Ross Cunniff; would 287 sidewalks have been eligible?

Tim Kemp; that is on the CDOT right-of-way so we didn't participate in that - city and county fee collection that we share - City transportation capital expansion fee is adding to that project

Mayor Troxell; Do you mean wider street with paint or grade separated for bike lanes?

Tim Kemp; to date it has been a wider street with paint

Mayor Troxell; looking at Mulberry Street - grade separated - how do we go forward with a safer system?
What do we mean by complete streets? Where we are going with bike infrastructure?
Denver example in the RiNo District - a wider sidewalk up - marked with green - more of a bike / pedestrian realm instead of bike / car. How do we get to that sort of thinking?

Tim Kemp; only a difference in terminology - we call them protected bike facilities - with our current standards – our revised plans - example - Suniga between College and Blondel has a protected bike lane - peds and bikes are up on sidewalks - we will continue to look at it with the County.

Mike Beckstead; hearing some follow up on documentation of methodology and how we share costs

School District PILO Fee Update

Ginny Sawyer, Senior Project Manager

- Thompson and Poudre School District
- IGA and Code Section since 1998
- Extended in April 2018 until December 31, 2018
- New IGA and associated Code changes coming before the end of the year
- Changes to align with practice and trends

Ginny Sawyer hasn't heard from either district that they are ready - Thompson schools within the GMA - Coyote Ridge - Developers can dedicate land or payment in lieu of - we are working on the new IGAs and will be bringing them forward before the end of the year.

Response to question from Councilmember Ross Cunniff regarding the full fee schedule for school district PILO fees was provided by Ginny Sawyer on September 25th and is included below;

Poudre School District Impact Fee (per dwelling unit)
Single Family Detached or 2 – 4 attached dwelling units $ 1,710.00
5 or more attached dwelling units $ 855.00

Thompson School District Impact Fee (per dwelling unit)
Single Family Detached or 2 – 4 attached dwelling units $ 1,382.00
5 or more attached dwelling units $ 946.00

Poudre

- 2001- $768 per dwelling
- 2006- $1800 per dwelling
- 2008- no change
- 2011- decrease to $1600 per dwelling
- 2013- $1710 per dwelling

Thompson

2001- $688 per dwelling
2006- $1342 per dwelling unit

Mayor Troxell; the data from Thompson (schools in the GMA) goes back to 2006 - Do you see equity between the two school districts going forward?

Ginny Sawyer; we contact them regularly to request updated information but have not received to date. There is limited development in the GMA areas that are part of Thompson. The schools districts are both equally stretched to have this sort of thing rise to the surface and get it done. We just picked per dwelling as an example. Each district has to vote - you have to get the state legislature to weigh as well.

C. Year End Adjustment Ordinance (used to be called Clean Up Ordinance)

Lawrence Pollack Budget Director

SUBJECT FOR DISCUSSION
First Reading of Ordinance No, 2018, Appropriating Unanticipated Revenue and Prior Year Reserves in Various City Funds.

EXECUTIVE SUMMARY

The purpose of this Annual Adjustment Ordinance is to combine dedicated and unanticipated revenues or reserves that need to be appropriated before the end of the year to cover the related expenses that were not anticipated and, therefore, not included in the 2018 annual budget appropriation. The unanticipated revenue is primarily from fees, charges, rents, contributions and grants that have been paid to City departments to offset specific expenses.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions or feedback does the Council Finance Committee have on the 2018 Annual Adjustment Ordinance?

- Does the Council Finance Committee support moving forward with bringing the 2018 Annual Adjustment Ordinance to the full City Council?

BACKGROUND/DISCUSSION

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

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

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

Funding	Unanticipated Revenue	Prior Year Reserves	Transfers between Funds	TOTAL
General Fund	$590,612	$1,263,154	$0	$1,853,766
Benefits Fund	426,000	0	0	426,000
Capital Projects Fund	37,838	0	0	37,838
Equipment Fund	1,682,645	0	0	1,682,645
GID #1 Fund	0	60,000	0	60,000
GID #15 (Skyview) Fund	0	30,000	0	30,000
Natural Areas Fund	51,472	0	0	51,472
Transportation Fund	38,850	841,038	0	879,888
Water Fund	15,540	45,000	0	60,540
GRAND TOTAL	**$2,842,957**	**$2,239,192**	**$0**	**$5,082,149**

A. GENERAL FUND

1. The City received one metropolitan district application for its review and consideration. As per City policy, one application was accompanied by a non-refundable application fee of $2,000 and a deposit of $10,000 and three applications were accompanied by a non-refundable application fee of $2,000 and a deposit of $5,000 to be utilized for the reimbursement of staff, legal and consultant expenses.

FROM:	Unanticipated Revenue (application fees)	$33,000
FOR:	Reimbursement of staff, legal and consultant expenses	$33,000

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

FROM:	Unanticipated Revenue (from radon kit sales)	$4,102
FOR:	Radon Test Kits	$4,102

3. This request is intended to cover expenses related to land bank property maintenance needs for 2018. As expenses vary from year-to-year, funding is requested annually mid-year to cover these costs. Expenses for 2018 include general maintenance of properties, raw water and sewer expenses, electricity and other as applicable.

FROM:	Prior Year Reserves (Land Bank reserve)	$21,000
FOR:	Land Bank Expenses	$21,000

4. The Parks department received a donation for the 4th of July Fireworks at City Park and unanticipated donation for the Forestry Division for trees. This request appropriates those donations.

FROM:	Unanticipated Revenue (donations)	$30,424
FOR:	4th of July Celebration	$25,000
FOR:	Tree Purchases	$5,424

5. The Community and Public Involvement Office (CPIO) has received additional franchise fees from Comcast after a mid-franchise financial audit of Comcast per Section 3.6 of the agreement between The City and Comcast. This revenue has been received and equipment will be purchased this year.

FROM:	Unanticipated Revenue (audit recovery)	$28,000
FOR:	Fort Collins Public Media equipment & technology	$28,000

6. The City is engaging Corona Insights to conduct a research study focused on the current housing market, neighborhood quality, and the impacts of the occupancy ordinance and received additional funding of $10,525 from the Fort Collins Board of Realtors to fund the study.

FROM:	Unanticipated Revenue (donation)	$10,525
FOR:	Occupancy Study	$10,525

7. As required by law, Chief Judge Lane appointed defense counsel to represent certain defendants on traffic and non-traffic misdemeanor cases at the expense of the City. She has appointed defense counsel to 151 cases from January through the end of July 2018. The fee paid by the City for such representation is billed at the rate of $75/hour up to a maximum of $1,675 per case if the case does not go to trial, or $2,480 if the case goes to trial. The Court's original budget for these services was $44,060, which has

been exceeded to-date. The number of appointments being made has increased significantly due to a change in state law that occurred after our budget offers for 2017-2018 had been submitted. The Municipal Court is requesting the use of reserves of $32,000 to meet the anticipated cost increase for this required service.

FROM:	Prior Year Reserves (General Fund)	$32,000
FOR:	Court-Appointed Defense Counsel costs	$32,000

8. On March 6, 2018, Resolutions 2018-021/022 authorized Chief Judge Lane to hire and appoint Temporary Judges to hear civil case(s) filed into Municipal Court. No additional funding for personnel costs was appropriated for the Court's budget at that time. On April 3, 2018, a civil case with multiple parties was filed into Municipal Court. Chief Judge Lane appointed a Temporary Judge to hear this case. The case is complex with 31 individual filings to date and may not be completed until Fall 2018. This request covers the estimated personnel costs associated with Judge Hamilton-Feldman hearing this case through completion.

FROM:	Prior Year Reserves (General Fund)	$5,000
FOR:	Personnel Costs for Temporary Judges to Hear Civil Cases	$5,000

9. Fort Collins Police Services (FCPS) has received revenue from various sources and is also requesting the use of reserves, to be appropriated to cover the related expenditures. A listing of these items follows:

   a. $36,934 – 2018 Beat Auto Theft Through Law Enforcement (BATTLE) Grant - In 2018 Police Services was awarded a Beat Auto Theft Through Law Enforcement (BATTLE) grant from the State to pay for officers to work overtime to conduct enforcement activities.

   b. $5,000 – 2018 Click It or Ticket (aka Seatbelt) Grant - In 2018 Police Services was awarded a Click it or Ticket grant from the Colorado Department of Transportation to pay for officers to work overtime to conduct enforcement activities.

   c. $600,000 – Police Collective Bargaining Unit Costs - Since the 2018 Collective Bargaining Unit costs are established after the 2018 budget was put in place, this adjustment requests additional funding to cover some of the additional costs agreed in the Collective Bargaining Agreement.

   d. $160,241 - As a part of the movement of the Northern Colorado Drug Task Force to Larimer County, who is now the fiscal agent, this appropriation would allow the department to send the State Asset Forfeiture reserve fund balance to Larimer County.

   e. $11,818 – 2018 High Visibility Impaired Driving Enforcement (HVE) Grant – In 2018 Police Services was awarded a High Visibility Impaired Driving Enforcement grant from the Colorado Department of Transportation to pay for overtime for DUI enforcement during specific holiday time periods.

   f. $33,552 – 2018 Edward Byrne Memorial Justice Assistance Grant (JAG) Grant - In 2018 Police Services was awarded a Justice Assistance Grant (JAG) grant from the Department of Justice to help offset some of the overtime costs for officers who work at the Northern Colorado Drug Task Force. These funds are not shared with our partners and are exclusive to the City of Fort Collins, as City of Loveland and Larimer County have received their own respective grant awards.

g. $75,687 – Sale of Police records and other miscellaneous revenue - FCPS received revenue from the sale of Police reports along with other miscellaneous revenue.

h. $308,744 – Police Overtime Reimbursement - Police Services helps schedule security and traffic control for large events. Since these events are staffed by officers outside of their normal duties, officers are paid overtime. The organizations that request officer presence are billed for the costs of the officers' overtime. 2018 activities included CSU football games, Tour de Fat, Brew Fest, New West Fest and other events. Additionally, FCPS partners with Larimer County to staff events at The Ranch.

i. $2,500 - Shop with a Cop Grant - The program pairs volunteers from regional emergency services with local children whose families are facing severe financial difficulties and limited/no housing. Children selected by the McKinney Foundation (through the Poudre School District), are given gift cards to purchase gifts for their immediate family members. Emergency personnel shop with them, building bonds and providing assistance.

<u>TOTAL APPROPRIATION</u>

FROM:	Unanticipated Revenue (2018 BATTLE Grant)	$36,934
FROM:	Unanticipated Revenue (2018 Click it or Ticket Grant)	$5,000
FROM:	Prior Year Reserves (Police Collective Bargaining Unit Costs)	$600,000
FROM:	Prior Year Reserves (Northern Colorado Drug Task Force)	$160,241
FROM:	Unanticipated Revenue (HVE Grant)	$11,818
FROM:	Unanticipated Revenue (JAG Grant)	$33,552
FROM:	Unanticipated Revenue (Miscellaneous)	$75,687
FROM:	Unanticipated Revenue (Overtime Reimbursement)	$308,744
FROM:	Unanticipated Revenue (Shop with a Cop Grant)	$2,500
FOR:	2018 BATTLE Grant	$36,934
FOR:	2018 Click it or Ticket Grant	$5,000
FOR:	Transfer of reserve funding to Larimer County	$160,241
FOR:	2018 HVE Grant	$11,818
FOR:	2018 JAG Grant	$33,552
FOR:	Police Services	$984,431
FOR:	Shop with a Cop Grant	$2,500

10. This grant was awarded from the Colorado Restorative Justice Coordinating Council to update and translate all Restorative Justice documents from English to Spanish, and to provide a three-part training in equity and inclusion for all Restorative Justice/Mediation staff and volunteers.

FROM:	Unanticipated Revenue (grant)	$10,326
FOR:	Restorative Justice/Mediation expenses	$10,326

11. This request is to appropriate $444,913 to cover the payment of 2017 Manufacturing Equipment Use Tax rebates (MUTR) made in 2018. In accordance with Chapter 25, Article II, Division 5, Manufacturing Equipment Use Tax Rebates were paid out in July 2018. The rebate program was established to encourage investment in new manufacturing equipment by local firms. Vendors have until December 31st of the following year to file for the rebate. This item appropriates the use tax funds to cover the payment of the rebates.

FROM:	Prior Year Reserves (Manufacturing Use Tax Rebate)	$444,913

FOR: Manufacturing Use Tax Rebates $444,913

B. BENEFITS FUND

1. The Human Resources department was awarded a Worksite Wellness grant from Tri-County Health Department to fund fitness testing equipment for an employee fitness testing program.

FROM:	Unanticipated Revenue (grant)	$1,000
FOR:	Fitness testing equipment for an employee fitness testing program	$1,000

2. This appropriation request is to fund unanticipated expenditures for the City's 2018 Stop Loss Insurance plan. In 2016 and a portion of 2017, the City experienced excessive high-dollar medical claims that resulted in 40% cost increases to its Stop Loss insurance plan for 2017 and 2018. The City was able to absorb the cost increase in 2017 from pharmaceutical savings and a favorable medical claims performance year.

Through July 2018, medical claims performance is on par with budget and is projected to come in under budget by year-end to once again help absorb the Stop Loss cost overage. However, medical claims activity in 3rd and 4th quarters has historically been very volatile. This request of $425,000 from unanticipated revenues in the Benefits Fund will aid in covering 2018 Stop Loss insurance plan costs in the event that any underspend from medical claims cannot fully absorb the Stop Loss overage.

FROM:	Unanticipated Revenue (premium fees)	$425,000
FOR:	Stop Loss insurance plan	$425,000

C. CAPITAL PROJECTS FUND

1. As a part of recent development on North College, repayment funds were received from the developer for their local street obligation for the improvements that were completed by the City. Generally, these funds go back into the nearest capital project on the same corridor. The funds are necessary to complete the North College Pedestrian Connection Project.

FROM:	Unanticipated Revenue (contributions in aid)	$10,444
FOR:	North College Pedestrian Connection Project	$10,444

2. The Gardens on Spring Creek seeks to appropriate unanticipated donations designated for capital construction of the Visitor's Center expansion and garden expansion projects.

FROM:	Unanticipated Revenue (donations)	$27,394
FOR:	Gardens on Spring Creek Capital Project	$27,394

D. EQUIPMENT FUND

1. This revenue is from the Alt Fuels Colorado ($145,600) and Charge ahead ($11,394) grant programs administered by the State Energy Office and the Regional Air Quality Council. Alt Fuels Colorado provides 80% reimbursement on the incremental cost of Natural Gas vehicles, while the Charge ahead provides infrastructure for vehicle charging stations.

FROM:	Unanticipated Revenue (grants)	$156,994
FOR:	Vehicle charging stations	$156,994

2. These funds are from rebates from energy efficiency lighting projects at various City Facilities from Fort

Collins Utilities and Platte River Power Authority. This revenue will be used for additional energy efficiency and solar projects in 2018.

FROM:	Unanticipated Revenue (rebates)	$25,651
FOR:	Energy efficiency and solar projects	$25,651

3. These funds represent the insurance proceeds from the July 2018 Hail Storm that damaged 370 City Fleet vehicles. The repairs are all expected to be completed this year.

FROM:	Unanticipated Revenue (insurance proceeds)	$1,500,000
FOR:	City Fleet vehicles	$1,500,000

E. GENERAL IMPROVEMENT DISTRICT #1 FUND

1. The Downtown GID has $25,000 allocated to sidewalk improvements annually to cover areas of sidewalk that may need to be removed/repaired or replaced. This year the brick sidewalk in front of the Opera Galleria was identified as a sidewalk in need of repair. Due to the length of the repair needed, additional budget is required to fully repair/replace the sidewalk.

FROM:	Prior Year Reserves (GID #1)	$60,000
FOR:	Opera Galleria sidewalk repair	$60,000

F. GENERAL IMPROVEMENT DISTRICT #15 (SKYVIEW) FUND

1. The Skyview GID will be getting asphalt work done in 2019 per the current Street Maintenance Program schedule. Historically, work has been completed to upgrade sidewalks one year in advance of asphalt to not create a "backup" in the repair/replacement process (laying asphalt goes much faster than concrete repairs and when done in the same year, the asphalt crews end up being stalled by the concrete work being done in front of them). This request is to complete the concrete work in the Skyview South GID in 2018 prior to asphalt work in 2019.

FROM:	Prior Year Reserves (GID #15)	$30,000
FOR:	Concrete work in the Skyview South GID	$30,000

G. NATURAL AREAS FUND

1. This grant from Colorado Health Foundation supports the Outdoor Club, a collaboration with City of Fort Collins Natural Areas, the Fort Collins Boys & Girls Club, and CSU School of Social Work to connect low income children and their families to natural areas. The funds are for transportation, outdoor gear, stipends for partner agencies to offer activities, teacher training, and activity supplies.

FROM:	Unanticipated Revenue (grant)	$51,472
FOR:	Programs to connect low income children and their families to natural areas	$51,472

H. TRANSPORTATION SERVICES FUND

1. The 2018 snow budget has nearly been consumed. The total annual budget is $1.4M and YTD spending is $1.3M. Extremely cold temperatures require more deicer material to keep the roads safe, which drives up the cost of snow operations significantly. Ice cutting can be required due to the weather pattern where daytime thawing and nighttime freezing caused ice dams, ice potholes, and build-up in

gutters causing drain blockages. Additional funding of $800,000 is requested to provide snow removal services during the winter months from October through December 2018.

FROM:	Prior Year Reserves (Transportation Fund)	$800,000
FOR:	Snow & Ice Removal	$800,000

2. FC Bikes received funding from the following sources: People for Bikes Big Jump Mini Grant ($25,000); Bike Share Membership and User Revenue ($41,038); and, Open Streets sponsorship and vendor fees ($13,850). Funding from the People for Bikes grant will be used to develop concept designs and implement a temporary demonstration project along City Park Ave. Funding from Bike Share Membership and User fees will be used to support the City's ongoing Bike Share sponsorship contract. Open Streets sponsorship dollars and vendor fees will be used to supplement 2018 Open Streets event costs.

FROM:	Unanticipated Revenue (grant)	$38,850
FROM:	Prior Year Reserves (grant deposited in 2017)	$41,038
FOR:	FC Bike Share Program	$79,888

I. WATER FUND

1. The Water Supply Vulnerability Study was funded with $250,000 in 2017 and $100,000 in 2018 to study future water supply uncertainties related to climate changes, supply disruptions, and changes in demand. The Water Resources Division solicited our regional water supply partners to join us in the Study. Northern Water Conservancy District, who manages the Colorado-Big Thompson Project, agreed to partner with us and bring an additional $45,000 (after the $350,000 had been approved through the BFO process) to help fund the study. Utilities has received these additional dollars and this Adjustment Request is to appropriate the $45,000 to the Water Supply Vulnerability Study. $40,000 was received in 2017 and $5,000 will be received by end of year 2018. It is being requested to take all $45,000 out of reserves since the $5,000 for 2018 has not been received.

FROM:	Prior Year Reserves (Water Fund)	$45,000
FOR:	Water Supply Vulnerability Study	$45,000

2. Fort Collins Utilities was recently awarded a Public Education and Outreach Grant in the amount of $15,540 from the Colorado Water Conservation Board to address water efficiency in the commercial, institutional, and industrial (CII) sector. CII efforts require granular site-specific knowledge on top of traditional billing data analysis, including information about the facility's operations, occupancy, end uses, building age and more. With this grant Fort Collins Utilities will collaborate with industry expert Michelle Maddaus, from Maddaus Water Management, to provide a hands-on technical training to Fort Collins as well 15 other water utilities across the front range. With this focused training, participants will gain skills to identify and address efficiency opportunities and strategies in the commercial sector that will save utility customers water and money, while contributing to the State's larger water goals.

FROM:	Unanticipated Revenue (grant)	$15,540
FOR:	Water Efficiency training	$15,540

FINANCIAL / ECONOMIC IMPACTS

This Ordinance increases total City 2018 appropriations by $5,082,149. Of that amount, this Ordinance increases General Fund 2018 appropriations by $1,853,766 including use of $1,263,154 in prior year reserves. Funding for the total City appropriations is $2,842,957 from unanticipated revenue and $2,239,192 from prior year reserves.

The following is a summary of the items requesting prior year reserves:

Item #	Fund	Use	Amount
A3	General	Land Bank Property Maintenance	$21,000
A7	General	Municipal Court-Court-Appointed Defense Counsel	32,000
A8	General	Municipal Court-Temporary Judges	5,000
A9c	General	Police Collective Bargaining Unit Additional Costs	600,000
A9d	General	Movement of Funds Associated with the Northern Colorado Drug Task Force	160,241
A11	General	Manufacturing Equipment Use Tax Rebates	444,913
E1	GID #1	Opera Galleria Sidewalk Improvement	60,000
F1	GID #15	Skyview South GID Sidewalks	30,000
H1	Transportation	Snow Removal	800,000
H2	Transportation	FC Bikes - Grants and Bike Share Revenue	41,038
I1	Water	Water Supply Vulnerability Study	45,000
		Total Use of Prior Year Reserves:	**$2,239,192**

Discussion / Next Steps:

Ross Cunniff; I do support bringing this forward to the full Council. Brings up some other questions - regarding hail damage – this includes vehicle oriented but did we have any building damage?

Lawrence Pollack; I imagine that Operations Services will be providing a full comprehensive analysis / assessment of city impact and will include building roofs as well.

Ross Cunniff; it feels like we have been seeing an increase in hail damage to roofs – makes me think about the regulatory environment of roofing and what could be done to improve the durability of roofing materials - quality life - Impact to our wasteshed with all of the asphalt (fiberglass) roofing shingles coming off and not being recycled - being trashed.

Darin Atteberry; the end point would be to see how many roofing permits have been pulled in the last 5 years due to hail damage

Mayor Troxell; different grades of roofing - 50 year shingles - more durability

Ross Cunniff; roofing - impact on several of our goals - maybe some incentive or waiver on the Wasteshed side and lighter colored roofs / less energy use. What role, if any does the city have to play?

Darin Atteberry; Also, how did the solar shingles fare during some of the hail storms?

Lawrence Pollack; forgot about one walk on item that was brought to my attention after these materials were put forward - PFA requested use of their reserves from KFCG dedicated to them - sometime they are included in the next budget cycle but due to the timing, offers had already finalized clearly called so they are just requesting that use. In the AIS going to full Council, we will make sure that this is fully called out.

Ross Cunniff; I would like some of the rationale explained in the AIS as well.

Lawrence Pollack; we can get and include that information.

Mayor Troxell; I am supportive of going forward

Ken Summers; on the roofing - there is probably something we could do for areas outside of an HOA
Within HOA boards we had some stringent requirements relative to roofing products to make sure they were more hail resistant – maybe had the 50 year guarantee - We could look at how we apply that across the board -it makes sense for waste diversion, insurance companies and homeowners.

Do we know in terms of anticipated reserves moving forward - do we have a handle on what we anticipate that total to be?

Mike Beckstead; we ended the year with approximately $70M of reserves in the General Fund. We used about $3.5M of that. In new Budget, $2.2M revenue contingency which is still in that number and it will be Council's choice if they want to use that. We have healthy and adequate reserves based on our policies.

Ken Summers; I concur with that - $3.5M figure was maybe factored into the 19-20 budget line item / BFO request.

Fee Discussion follow up

Ross Cunniff; for tomorrow night's discussion – can we get relative to the fee discussion - Affordable housing
To quickly call – what other cities have for their requirements for affordable housing - I heard that might be some HUD requirements around this as well

Darin Atteberry; to Jeff – may be dated but we should have that. If any updates, they can be provided.

Discovery Science Center;
at LPT meeting today, I responded briefly to the work we did around the Discovery Science Center - has financial implications. Mike - can you give a quick update?

Mike Beckstead; I am not 100% landed but I think have a pretty good understanding and we have drafted a memo regarding this topic to make sure I have my facts right. The agreement between the non-profit and the city that governs the way we manage the museum has the City contributing $1.4M from BOB revenue to cover O&M costs paid between 2009 – 2015. They didn't use it in those years so it went into a fund and they have used it in the budget. 2018 was the last year they were planning to use $159K of that.

In the agreement, it states that the city will fund specific operational personnel, facilities, upkeep, etc.
The non-profit gets the revenue from the gates and the gift shop which is used to fund programming.
History - when our museum was in the Carnegie Building - Facilities and Parks covered costs of building maintenance, landscaping, grounds, snow removal, etc.

In 2013 first full year of operations at the current site, new expense – they were still maintaining the Carnegie Building, they now had a new building
An agreement was reached – expectation we would transition that back into

The Museum didn't pay for utilities in the Carnegie Building – An agreement was reached to bill the museum From 2013 – 2016 - those costs at their peak were $130K have been transitioned back into operating departments – as we became more energy efficient, the facility was able to pick up the cost of the utilities. Same thing with custodial services, parks, landscaping

This has been a conversation going on since 2013 – now we are back to kind of the same place – the city's obligation to take care of bldg. and facility. This is consistent with the way we have handled this with other organizations. The nuance here - with a partnership; does it and should it work exactly the same? That is the dialog.

Ross Cunniff; do we have that written down somewhere because the belief on Council – was that the costs had transitioned over to the no- profit. If we could get that agreement that would be helpful. Can we find out who actually owns the building? Is it the non-profit or a partnership?

Mike Beckstead; we will find who owns the building.

Kelly DiMartino; I would add – the agreement talks about sharing operations but it is not explicit and detailed as to how that will be divided. In part because our city maintenance staff is doing that work. When we started transitioning - a portion of costs were transitioned to the non-profit partner or things that are going away as the BOB dollars go away. It is not being fully absorbed into the city budget.

Ross Cunniff; thinking forward to our increased use of partnerships - learn from what we have done and try to make it more explicit so the Council will know what decision they are making. We have believed on Council for last 5 years has been that those costs were transitioning to the museum itself.

Mike Beckstead; I agree - if there is a desire for more specificity of how the costs are shared - that needs to be in the agreement up front.

Darin Atteberry; that was one of our learnings – if there is shared O&M, we have a good handle on capital - in reviewing this I think it is fair to both parties - it is a complicated agreement - the city hasn't been taken for a ride – the Museum has done their fair share and we have been involved in the governance process. We are implementing what was envisioned. To be more clear, most of our 6-10 year O&M dollars are city projects and are not usually with a partner - so we are normally talking about O&M for a facility that is all city owned.
To Ross' question earlier re: regional impact fees – one of the big takeaways from this is that we are going to have a framework, a conversation is had and expectations that will be very clear. We will be prepared to talk out it in length and in the memo first.

Mike Beckstead; when the artifact storage came to Council for budget (think it was $300- $350K) we didn't fund it - ultimately the non-profit partner funded it through gate revenues. There has also been $300K projector enhancement and computer equipment that they have funded. My take is there is pretty good partnership to figure it out how to use the revenues that are available. Our funding is approximately $900K from the General Fund.

Ross Cunniff; I think some of the upgrades were funded by capital campaigns.

Mike Beckstead; the agreement specifies that the annual operating plan is the place where these costs are going. The Operating Plan is based on revenue they have. We are trying to take a broader view of the city's - including O&M, Gardens, what we build in the future and what sustainability actually means in those.

Meeting adjourned at 11:35 AM

COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Staff: Blaine Dunn, Sr. Treasury Analyst

Date: October 15, 2018

SUBJECT FOR DISCUSSION
COPs Financing: I-25/Prospect Interchange & Police Training Facility

EXECUTIVE SUMMARY
City staff is seeking $25.3M in financing through Certificates of Participation (COPs) for a January 2019 closing. These funds will be used for the City's portion of the I-25 Prospect interchange construction ($17.1M) and the City's portion of the joint police training facility construction ($8.17M).

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED
Does Council Finance support proceeding to first reading on 12/4/18?

BACKGROUND/DISCUSSION
I-25/Prospect Interchange
The I-25/Prospect interchange is a joint project with CDOT. The total cost of the project is $31M; $24M for the interchange and $7M for urban design. CDOT is paying $12M (half the interchange cost) and the City, Timnath, and interchange property owners will fund the additional $19M. Contributions from transportation capital expansion fees and rights of way totaling $1.9M have already been made to the project. After these contributions the City will borrow the remaining $17.1M.

Timnath and the interchange property owners will help support the $19M local cost. Overall the City's portion of the cost after contributions from Timnath and property owners is anticipated to be $8.25M. The City is borrowing the remaining amount needed of $17.1M and will be paid back over time by Timnath and the property owners for their portion.

Police Training Facility Joint Venture
The Police Training Facility is a joint venture with the City of Fort Collins and the City of Loveland. The total cost of the facility will be $18.5M. Both cities have agreed to split the constructions costs 50/50, making the City of Fort Collins' portion of the project $9.25M. In the 2017/18 budget, Council appropriated $1.08M for this project from General Fund Reserves. With this previous appropriation the City is seeking $8.17M in financing for the remainder of our share of the construction costs.

Debt Structure
The City is seeking to borrow a total of $25.6M, $25.3M for the projects and $300k in closing costs, with the COPs. The COPs will have a 20-year term and fixed interest rate. The City will make semiannual payments starting in June 2019 with the last payment occurring in December 2038. The average annual debt service is $2,036,000.

ATTACHMENTS
Attachment 1 – PowerPoint

10-15-18

COPs Financing:

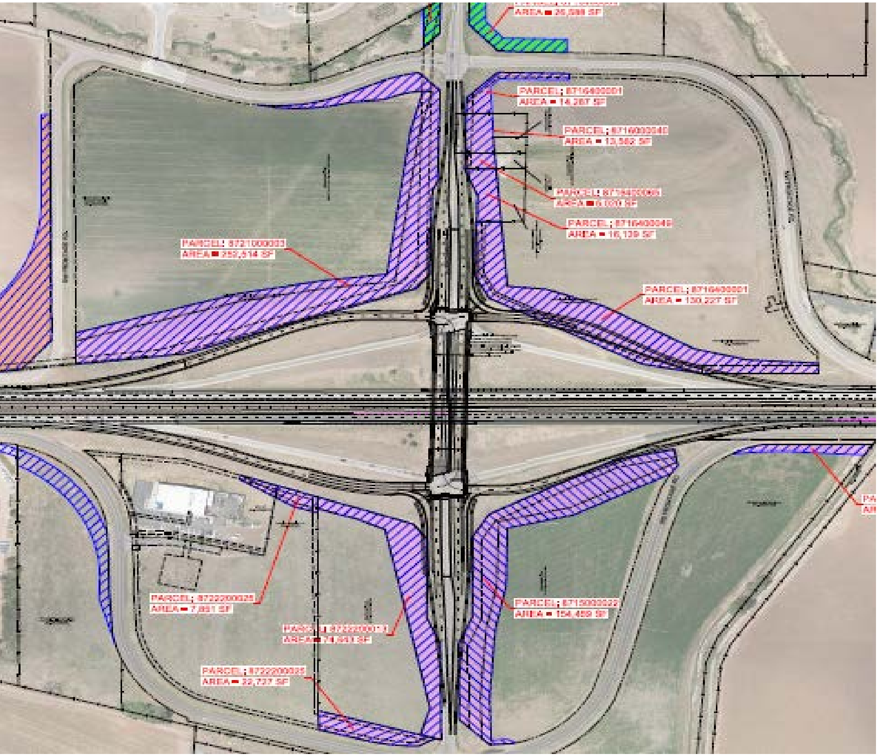
I-25/Prospect Interchange & Police Training Facility

Blaine Dunn, Sr. Treasury Analyst & Jim Manire, Hilltop Securities

I-25/Prospect Project Information

- **Prospect/I-25 Interchange has failing LOS at peak travel times**
- **Total Cost $31M ($24M + urban design)**
  - CDOT cost $12M (half interchange cost)
  - City cost $19M
- **Estimated savings of $7M if constructed with I25 expansion**
- **Partnership with**
  - City of Fort Collins
  - Town of Timnath
  - Interchange property owners

Interchange Ownership & Development Plans



- **NW Corner – 144.6 total acres, in PDP**
  - 276 apartments
  - 27 single family homes
  - Additional single family homes and commercial development potential (Future)
- **NE Corner – 110 total acres, in ODP**
  - Industrial/Employment
  - Commercial
  - Urban Estate
- **SE Corner – 17 acres, in ODP**
  - Commercial
- **SW Corner – 96 acres, owned CSURF**
  - No development plans in review

Intersection Cost & Cost Share

- **Total Cost $31M**
  - Includes $7M for Urban Design
- **CDOT $12M -** 50% of base design
- **City/Property Owners/Timnath $19M**
  - FC = $8.25M
  - Property Owners = $8.25M
  - Timnath = $2.5M
- **Current Estimate - Borrow $17.1M**
  - $19M less ROW & TCEF contribution

Partners Share Allocation ($ in millions)				
	Total	**FC**	**Property**	**Timnath**
Overpass Cost	$ 19.00	$ 8.25	$ 8.25	$ 2.5
		43%	**43%**	**13%**
Less ROW Value			0.50	
TCEF		0.70	0.70	
Debt Obligation	**$ 17.1**	**$7.55**	**$ 7.05**	**$ 2.5**
% Share		**44%**	**41%**	**15%**
Borrow-Principle	**$ 17,100,000**			
Term	**20**			
Interest*	**3.67%**			
Payment Share*	**$1,236,066**	**$543,869**	**$ 506,787**	**$185,410**

*Market rates as of 10/10/18; subject to change

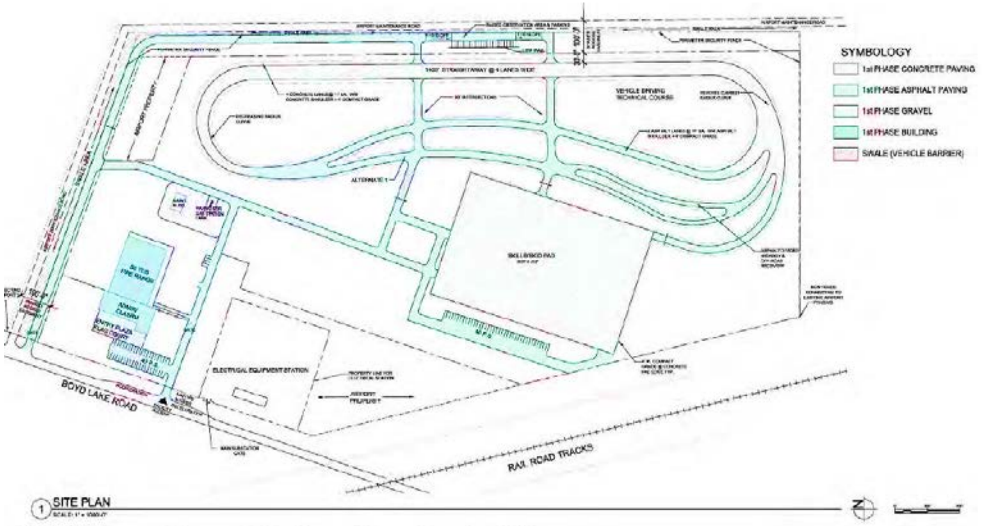
Proposed Cost Share Timnath 13%, Property Owners 43%, COFC 43%

Police Training Facility Project Information

- **Partnership with Loveland**
- **Total Cost $18.5M**
    - $9.25M from City of Fort Collins
        - $1.08M Appropriated 2017
    - $9.25M from City of Loveland

- **Current Estimate – Borrow $8.2M**

- **Estimated completion date of early 2020 and will include:**
    - 50 yd pistol range
    - 1.4 mile driving track
    - Classrooms for special training



PRTC Approved Concept Option – Phase One, in CAD

Debt Issuance Process

- **Issuance Options**
  - Negotiated Sale
  - Private Placement
  - Competitive Bid

- **Process leading to Competitive Bid**
  - Leverage City’s Aaa credit rating
  - Market appears to favor competitive bid
  - Good collateral options for market
  - Will take competitive bids from underwriters in early January

Competitive Bid Process Will Be Used to Select Underwriter

City of Fort Collins

COP Collateral

- **215 N Mason Building**
    - Came off lease in June 2018
    - Appraised value of $16.5M

- **Civic Center Parking Garage**
    - Came off lease in June 2018
    - Appraised value of $15.9M

- **Other Properties Considered:**
    - Aztlan (available; $14.6M)
    - Streets Facility (current debt paid in 2024; $14.3M)
    - Police Headquarters (current debt paid 2026; $27M)

Selection Criteria – Minimal Deed Restrictions and Criticality of Service

Debt Structure

- **20 Year Term**
- **Fixed interest rate**
- **Semiannual payments starting in June 2019**
- **Last payment December 2038**
- **Borrowing**

Issue Costs*	$	.3M
Project Amounts		25.3M
Total	$	25.6M

*estimate subject to change

Budget vs. Current Market

Budget

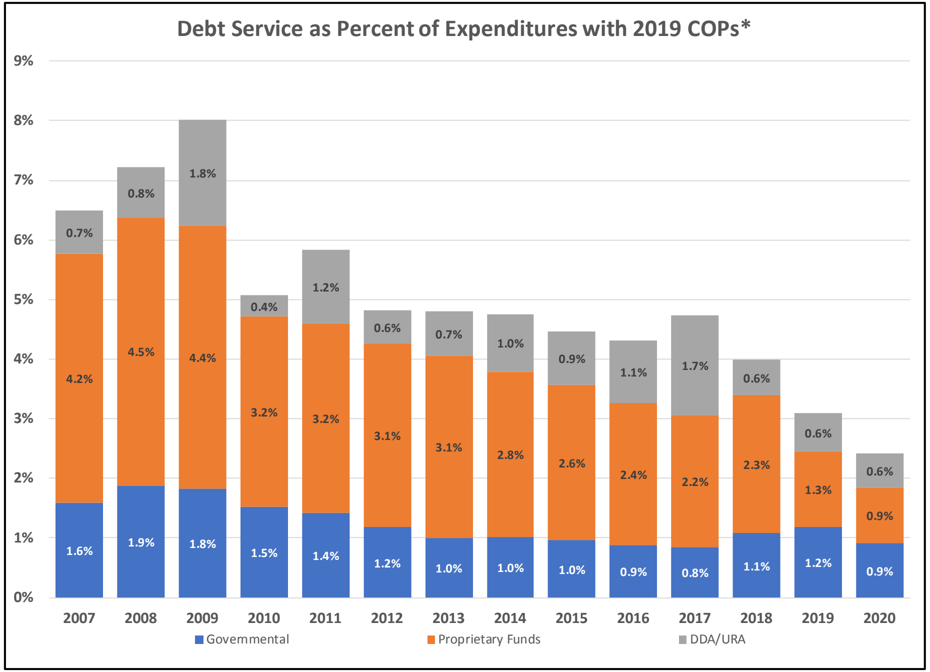
- **5.00% - Interest Rate**
- **Debt Service**
  - 2019 - $2,038,500
  - 2020 - $2,035,000
  - Max - $2,042,000

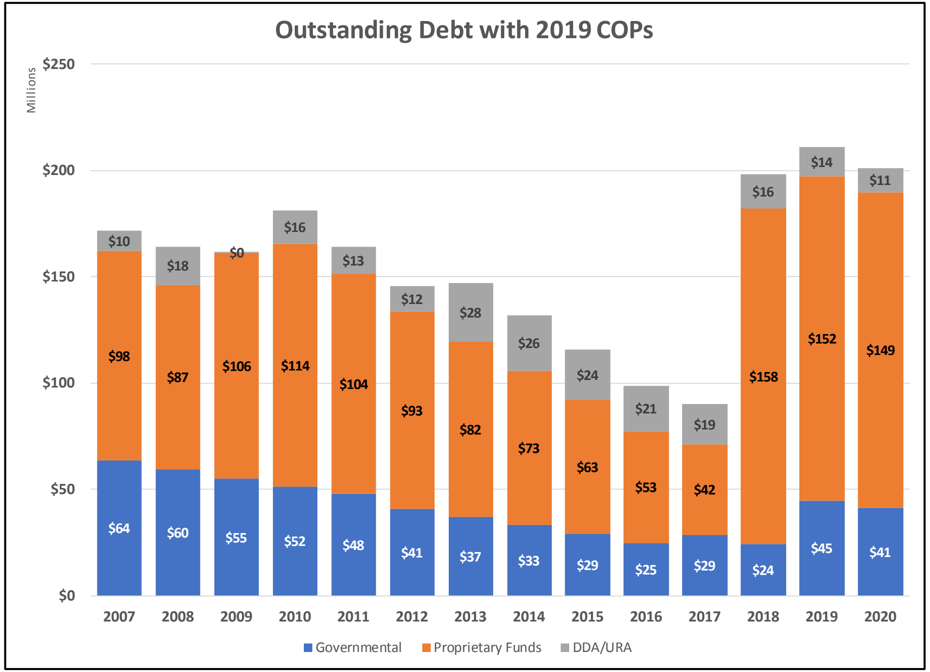
Current Market*

- **3.80% - Net Interest Cost**
- **Debt Service**
  - 2019 - $1,813,000
  - 2020 - $1,817,000
  - Max - $1,818,000

*Market rates as of 10/10/18; subject to change

Outstanding Debt





*Debt service excludes capitalized interest for Broadband

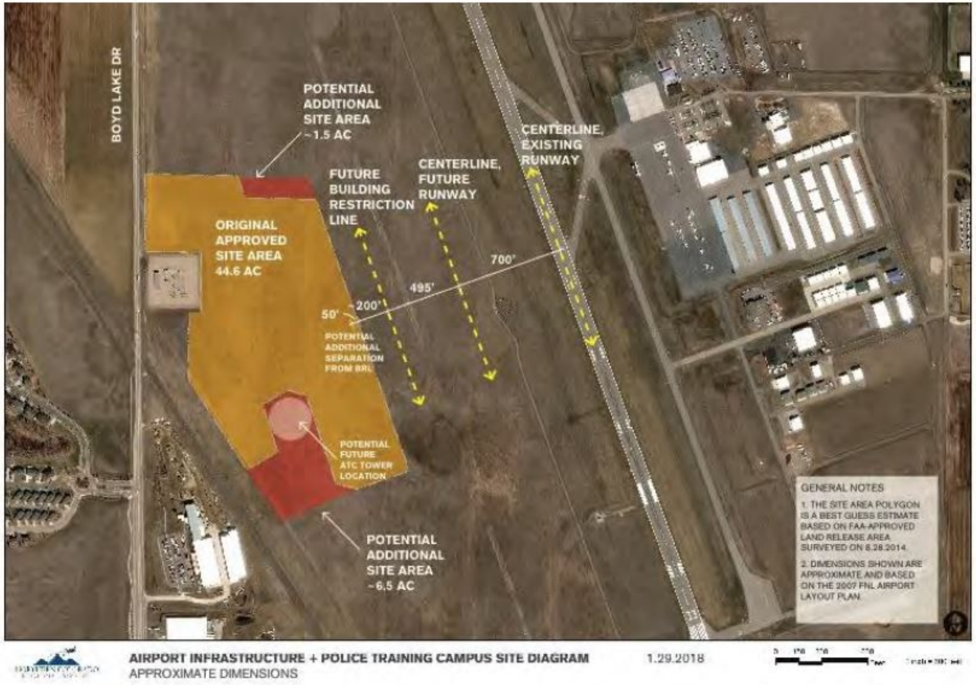
Key Upcoming Dates

• November 6	Rating agency call
• November 15	Rating results received
• December 4	COP Ordinance first reading
• December 18	COP Ordinance second reading
• December 27	Preliminary Official Statement posted to Internet
• January 8	Marketing of COPs
• January 17	Closing and delivery of proceeds
• End of January	Payment to Loveland – subject to IGA
• April	Payment to CDOT

Questions and Comments

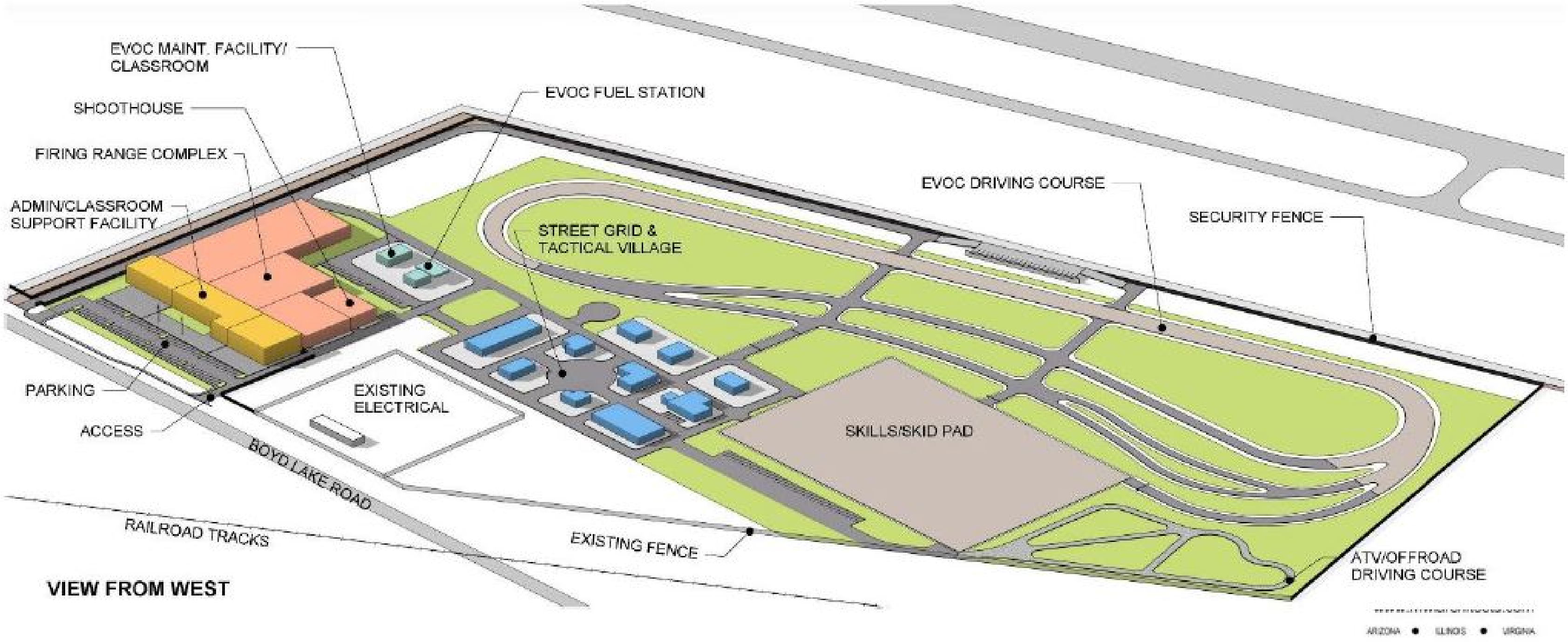
Appendix

Police Training Facility Site Plan



PRTC Site – relationship to the existing airport and future expansion plans

Police Training Campus Master Plan



COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Staff: Lance Smith, Utilities Strategic Finance Director

Date: October 15, 2018

SUBJECT FOR DISCUSSION

2019 Utility Rate Adjustments

EXECUTIVE SUMMARY

The revenue requirements to support the 2019-20 Biennial budget will require increasing monthly charges for electric service by 5.0% and stormwater service by 2.0% in each of those years.

The electric rate increase each year consists of two components. The first component of 1.4% is necessary to offset the increase in wholesale energy prices. The second component of 3.6% is needed to increase operating revenues sufficient to offset operating expenses so that reductions in reserves stop and funds can be set aside for future capital improvements.

The stormwater increase is intended to raise operating revenues modestly to increase the debt capacity of the Enterprise in anticipation of significant debt being needed to meet future capital improvements necessary to complete the initial buildout of the stormwater infrastructure. Similar, modest adjustments of less than 3% may be necessary over the coming decade depending on the timing and scale of the necessary capital investments.

From a residential customer's perspective the net increase to their 4 service utility bill is expected to be $3.76 per month, or 2.2% more than they are paying in 2018.

Fort Collins Utilities
Average Residential Monthly Bill

Utility	2018	2019	$ Change	% Change
Electric	$ 71.96	$ 75.41	$ 3.45	4.8%
Water	$ 47.88	$ 47.88	$ -	0.0%
Wastewater	$ 34.45	$ 34.45	$ -	0.0%
Stormwater	$ 15.42	$ 15.73	$ 0.31	2.0%
Total Average Bill	$ 169.71	$ 173.47	$ 3.76	2.2%

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does the Council Finance Committee support bringing the rate increases being proposed forward for consideration by the Mayor and City Council?

BACKGROUND/DISCUSSION

The 2016 Strategic Financial Plan for each utility was presented to this Committee through 3 meetings. The rate strategy that was developed as part of the Strategic Financial Plans provides for objective rate adjustments based on financial metrics. This strategy is included in the financial modeling for the plan and serves as the basis of the rate projections presented to Council since 2016.

Rate Strategy and Smoothing

The following criteria objectively determine when, why and how much rates should be adjusted to maintain the financial health of each utility:

1. Adjust electric rates sufficient to meet Platte River Power Authority wholesale rate adjustments.
2. If the previous 3 years have averaged negative operating income, raise rates next year to the lessor of 5% or the level sufficient to have offset the average operating loss.
3. If debt coverage is less than 2.0, increase rates the lessor of 5% and a level sufficient to raise the debt coverage ratio to 2.1 the next year.
4. If the Available Reserve fund balance is projected to be negative at the end of any year, increase rates the lessor of 5% and an amount sufficient to increase reserves to the minimum required reserve.
5. Add up all of the previous criteria driven rate adjustments and take the lessor of 5% and the sum as the recommended rate adjustment.

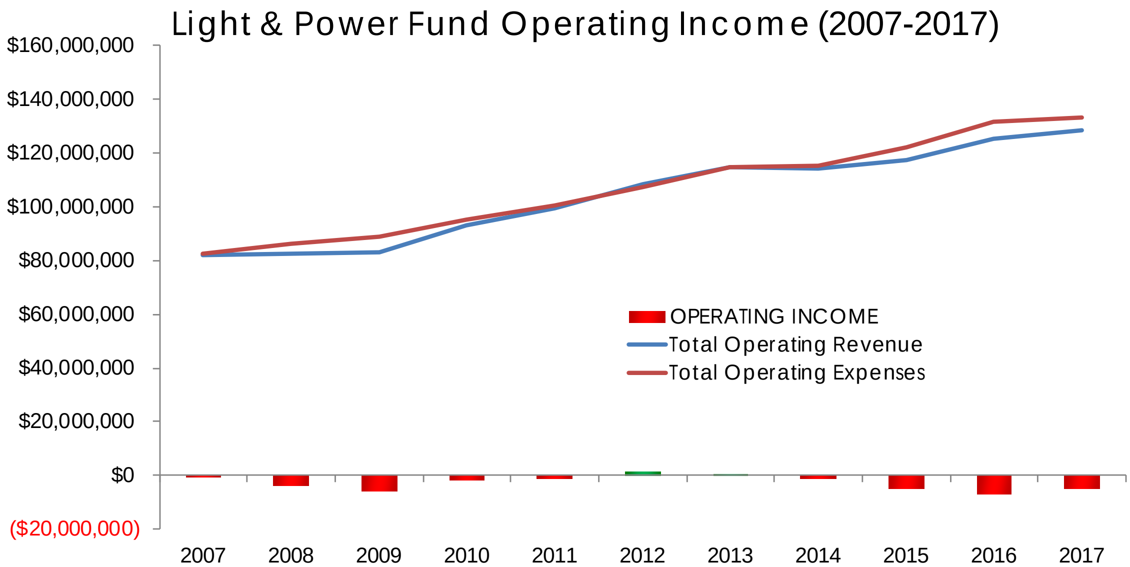
By limiting the annual increase to no more than 5.0% in any given utility, the average customer should not see an increase in their utility bill by more than 5% in one year. This constraint results in some smoothing of larger rate increases over 2 or more years. Moreover, because the total utility bill is considered, adjustments in one utility may be less than needed in order to smooth out the overall bill impact. In the 2017-18 Budget cycle, for example, water rates were adjusted up 5.0% in each year while wastewater rates were increased 3.0% each year.

Here the necessary electric rate increase is being smoothed out over the next 3 years. Also, because the water and wastewater rates are not being adjusted this budget cycle, it is being proposed to adjust stormwater rates in anticipation of significant debt issuances in the next decade.

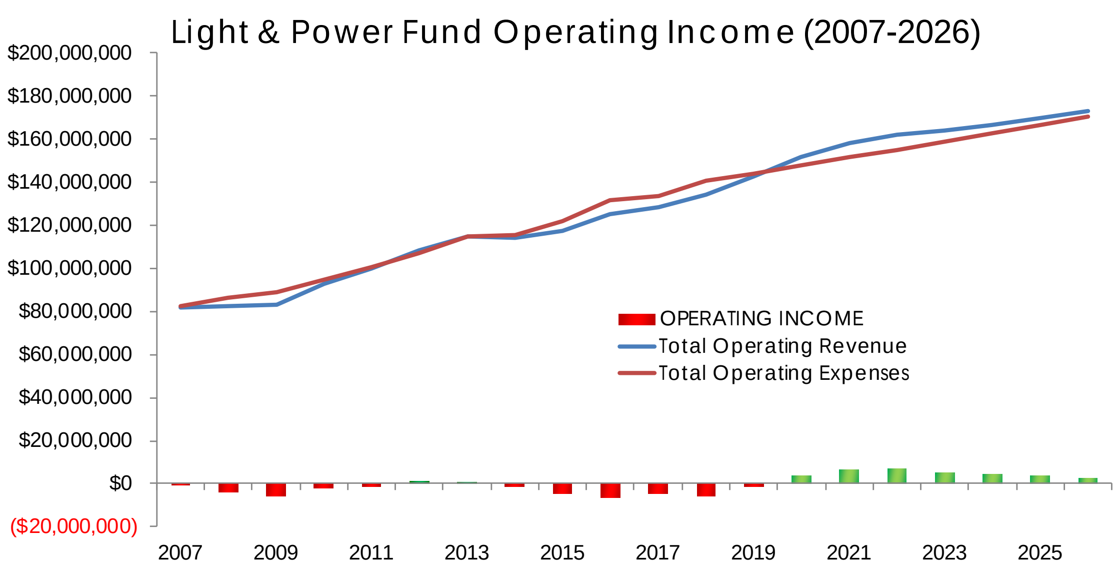
Electric Rate Increase

The ten-year rate forecast presented to this Committee last November included 5.0% rate increases in 2019 and 2020 followed by lesser increases in the subsequent years. That forecast served as the basis for the 2017 Strategic Financial Plan for the Light & Power Enterprise Fund and the subsequent revenue projections utilized in the development of the 2019-20 Budget cycle.

Looking at the operating income since 2007 shows that this Fund has utilized reserves to offset operating losses. While this was an intentional draw down of reserves based on previous City Council direction, over the last 3 Budgeting For Outcomes cycles (2013-2018) $41.7M has been appropriated from Reserves. Some of these appropriations have been offset by unanticipated revenues due to strong development. The Reserve balance has decreased from a peak in 2014 of $56.5M to $31.6M at the end of 2017. In 2018, an additional $8.3M has been appropriated from these Reserves for bond defeasance and capital investments. This is no longer sustainable so it is necessary to increase operating income in the near term through these rate adjustments.



The 3.6% increases in 2019 and 2020 that generate additional revenue to remain within the distribution utility of the City will result in positive operating income being generated for this Enterprise.



The table below summarizes the implementation of the rate strategy for the electric utility:

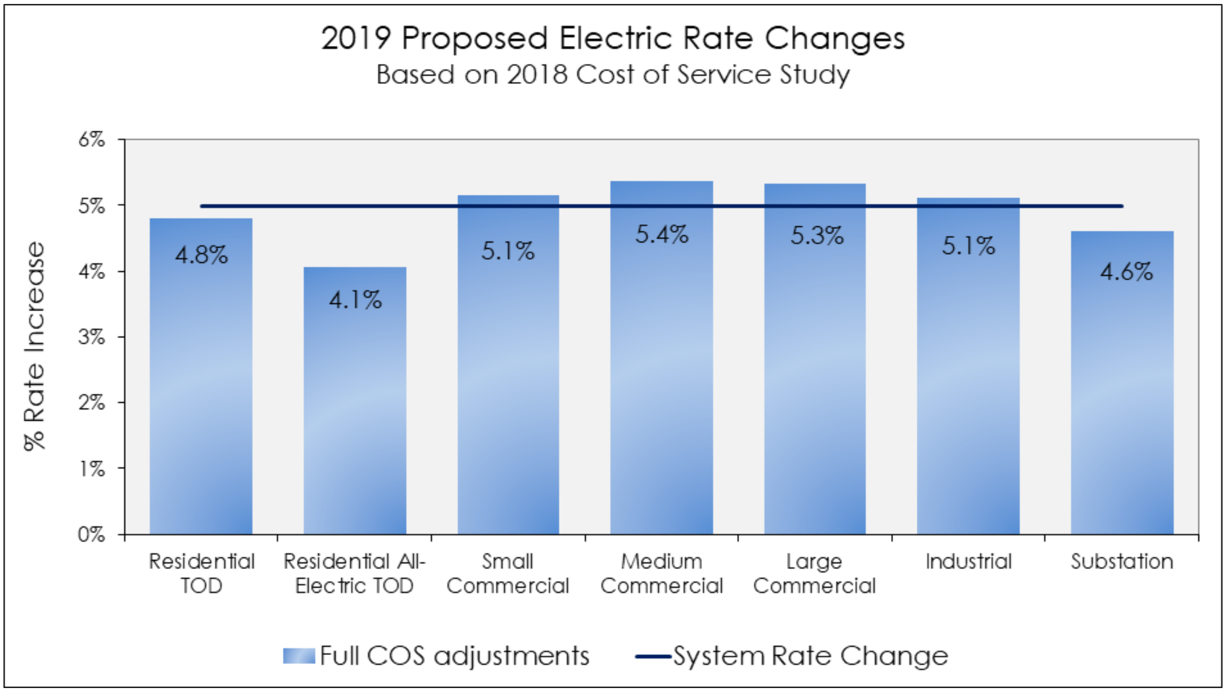
Criteria	2019	2020
1. PRPA wholesale energy costs	1.4%	1.4%
2. 3 yr ave. Operating Income < $0	5.0%	3.0%
3. Debt Coverage Ratio < 2.0	-	-
4. Available Reserves less Capital Need < 0	-	-
Sum of Above	6.4%	4.4%
5. Lesser of 5.0% or the sum of above *	**5.0%**	**5.0%**

* Because of the limit in 2019 being met the 2020 increase is higher than it otherwise would have been.

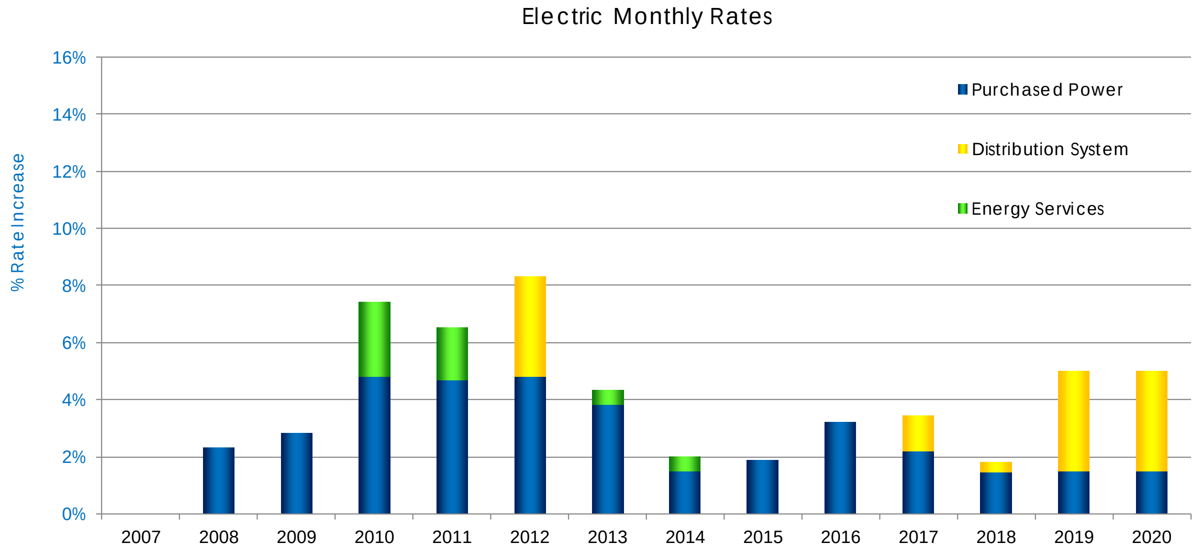
There is an extensive discussion of the financial planning that has occurred for this utility over the past few years in the 2017 Strategic Financial Plan for Light and Power (see Attachment 2).

The attached one page budget summary for the Light and Power Enterprise Fund shows the budget assuming this proposed 5.0% rate increase is adopted. Because reserves have been drawn down already any reduction in the proposed 5.0% rate increase would need to be offset by a corresponding amount in other offers or through anticipated underspend in 2018 which will flow back to reserves at the end of the year.

The electric cost-of-service (COS) model is updated every two years, with updates occurring over the summer of 2018. Only slight rate class adjustments are needed, with all classes within 1% or less of the average. The graph below shows the specific adjustments by rate class. These year-to-year adjustments are driven by various factors, with the main driver being changes in load factor calculations for individual rate classes, along with varying rate class customer growth and changes in average total consumption per customer.



Below is a chart showing the adjustments to rates that have been done since 2007 along with the forecasted rate adjustments being proposed in this budget. The table below the chart shows the rate adjustments that are anticipated to be necessary over the next 10 years to provide adequate revenues to maintain the financial health as determined by the bond rating agencies criteria for assessing new debt issuances.



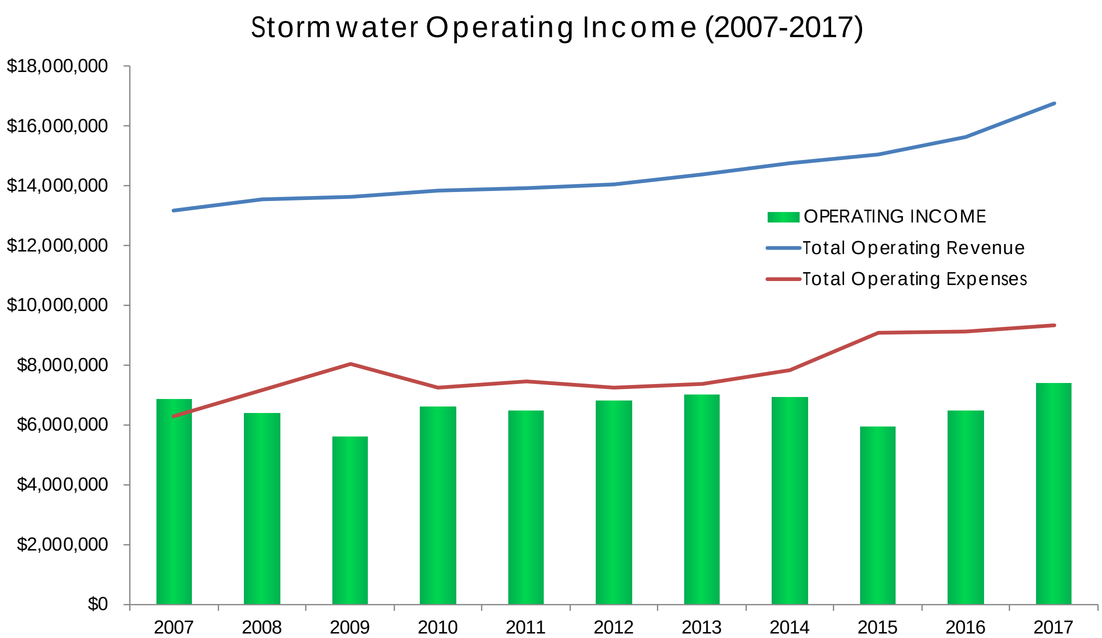
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase	3.45%	1.8%	5.0%	5.0%	2-3%	1-3%	1-3%	1-3%	1-3%	1-3%	1-3%	1-3%
Debt Issuance $M							**$20.0**					

$165M of capital work is expected to be needed between 2017 and 2026 in addition to the current capital appropriations.

Stormwater Rate Increase

The ten-year rate forecast presented to this Committee in February included rather modest rate increases in 2019 and 2020 followed by even smaller increases in the subsequent years. That forecast served as the basis for the revenue projections utilized in the development of the 2019-20 Budget cycle.

Looking at the operating income of this utility shows a healthy operating margin. This criterium is not expected to drive any rate increases over the next decade at least.



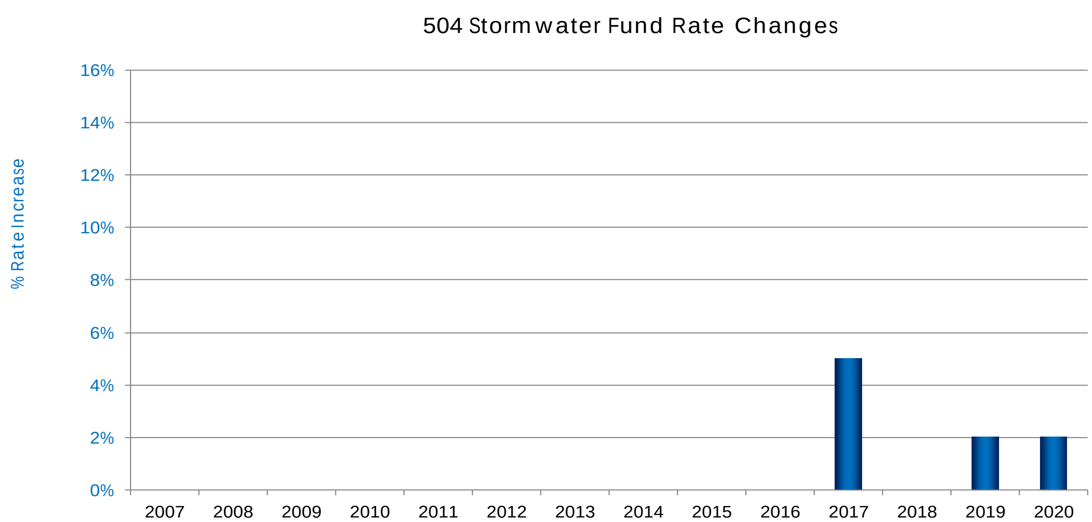
While staff has not completed prioritizing the latest iteration of the capital improvement plan for this utility, given the very significant amount of capital investment required to fully buildout the stormwater system throughout the whole community, there is expected to be a need to increase the debt capacity of this utility. A modest adjustment is being proposed here to help with smoothing any larger future increase that may be necessary as the capital improvements are prioritized.

Criteria		2019	2020
1. 3 yr ave. Operating Income < $0		-	-
3. Debt Coverage Ratio < 2.0		-	-
4. Available Reserves less Capital Need < 0 *		2.0%	2.0%
	Sum of Above	2.0%	2.0%
5. Lesser of 5.0% or the sum of above		**2.0%**	**2.0%**

* This is an estimate in lieu of the capital improvement plan being prioritized. It will be necessary to increase revenues to support the significant capital needs for this utility

The 2% stormwater increase for 2019 is intended to raise operating revenues modestly to increase the debt capacity of the Enterprise in anticipation of significant debt being needed to meet these future capital needs. Similar, modest adjustments of less than 3% may be necessary over the coming decade depending on the timing and scale of the necessary capital investments.

As shown below few rate adjustments have been made since 2007. The table below the chart shows the rate adjustments that are anticipated to be necessary over the next 10 years to provide adequate revenues to maintain the financial health as determined by the bond rating agencies criteria for assessing new debt issuances.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase	5%	0%	2.0%	2.0%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%
Debt Issuance			$30-35M				$25-30M				$25-30M	

*$272M of capital work is expected to be needed between 2019 and **2044**.
$70M of stream restoration work has also been identified here.

ATTACHMENTS
Attachment 1 – PowerPoint presentation
Attachment 2 – 2017 Fort Collins Strategic Financial Plan for Light and Power
Attachment 3 – 2019-20 Budgeting For Outcome Enterprise Budget Summaries

October 15, 2018

2019 Proposed Utility Rates

Council Finance Committee

Purpose and Direction Sought

Objective:

- Provide an explanation for the 2019 rate increases being proposed for Electric and Stormwater monthly services in the 2019-20 Budget For Outcomes process

Direction Sought:

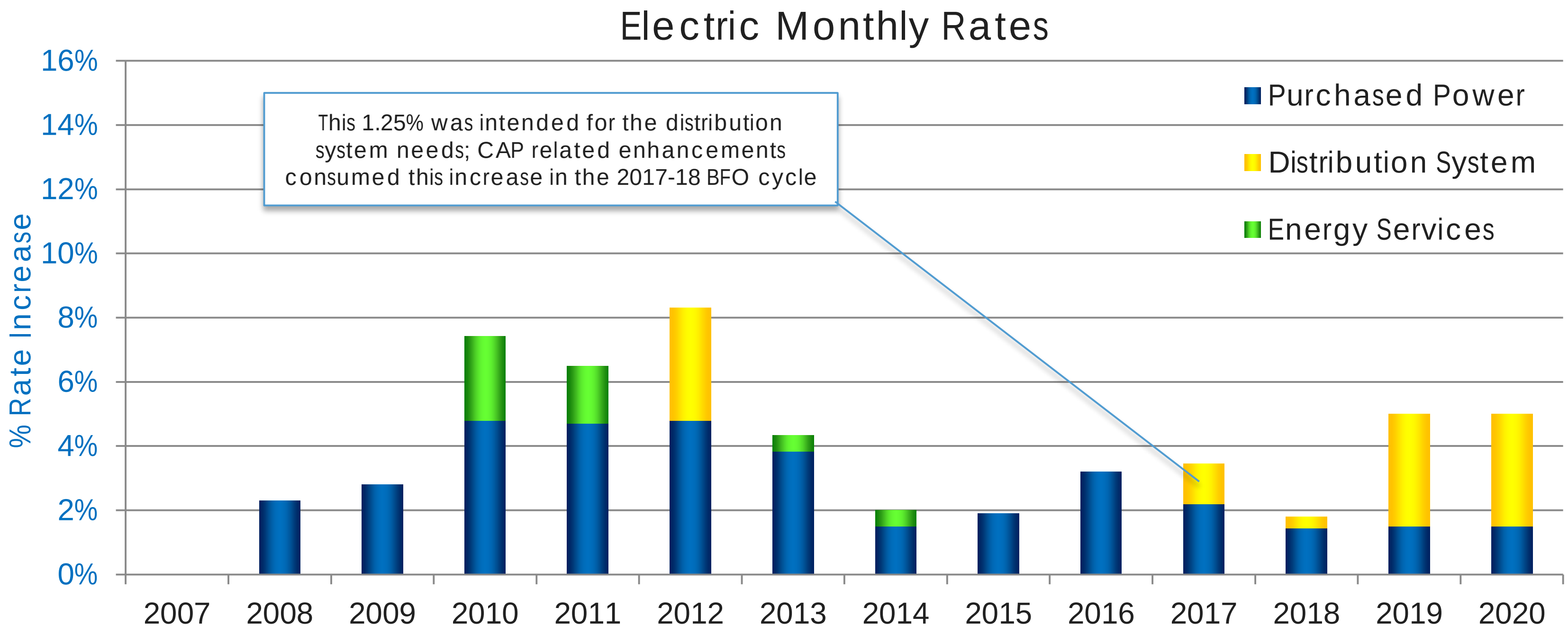
- Does the Council Finance Committee support bringing the rate increases being proposed forward for consideration by the Mayor and City Council?

2019 Rate Summary

UTILITY	2018 PROPOSED INCREASE	NOTES
ELECTRIC	5%	Varies by rate class
WATER	0%	
WASTEWATER	0%	
STORMWATER	2%	Same for all rate classes

Electric Rates

Electric Rate History



Utility Strategic Financial Plans

Purpose: To maintain the financial health and resiliency of the utility Enterprise Funds as determined by the bond rating agencies criteria for assessing new debt issuances.

Strategic Objectives:

Economic Health 3.5 – Maintain utility systems, services, infrastructure and predictable rates

Economic Health 3.6 – Invest in utility infrastructure aligned with community development

Rate Strategy & Criteria

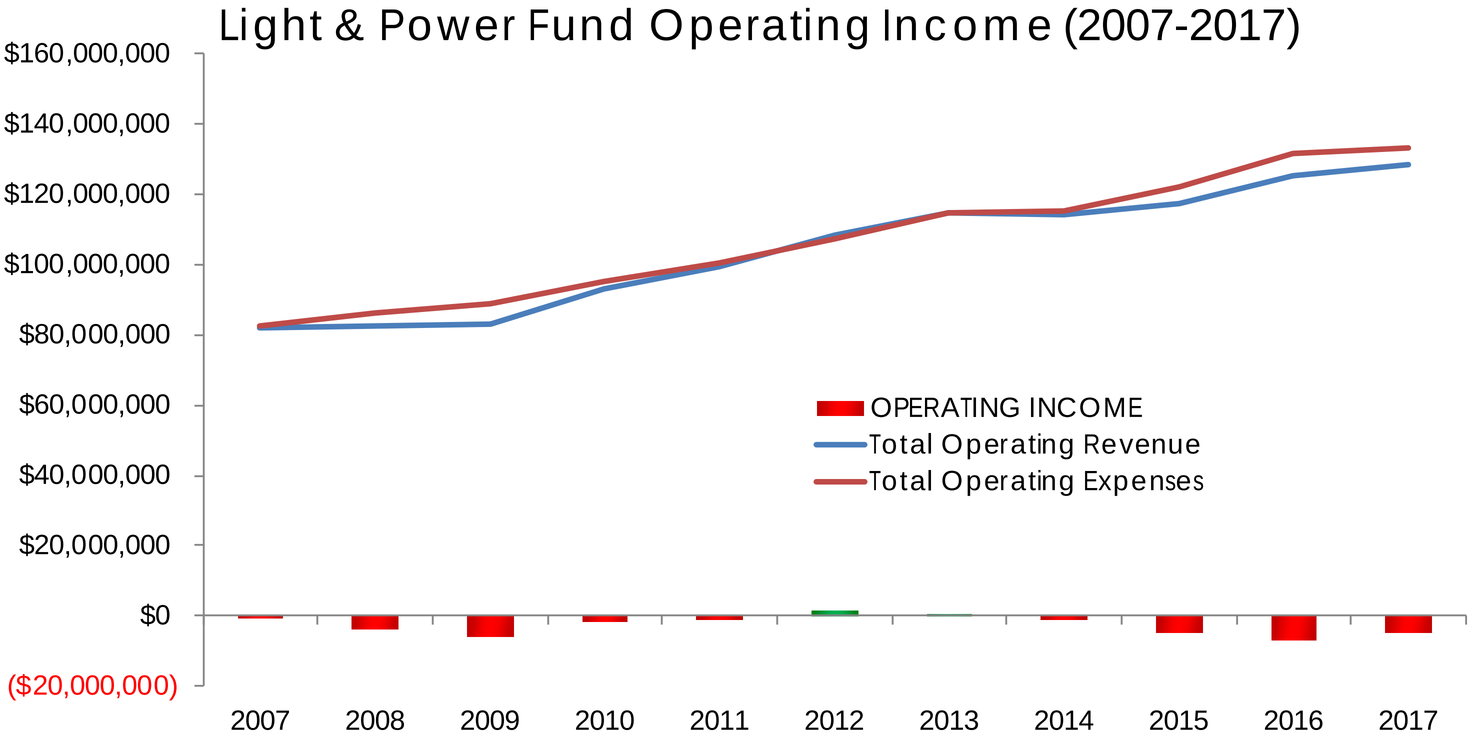
Rate Strategy:

- Meet revenue requirements through gradual, modest rate adjustments
- Smooth rates by limiting annual increases to 5.0% - considering the entire bill for all 4 utility services

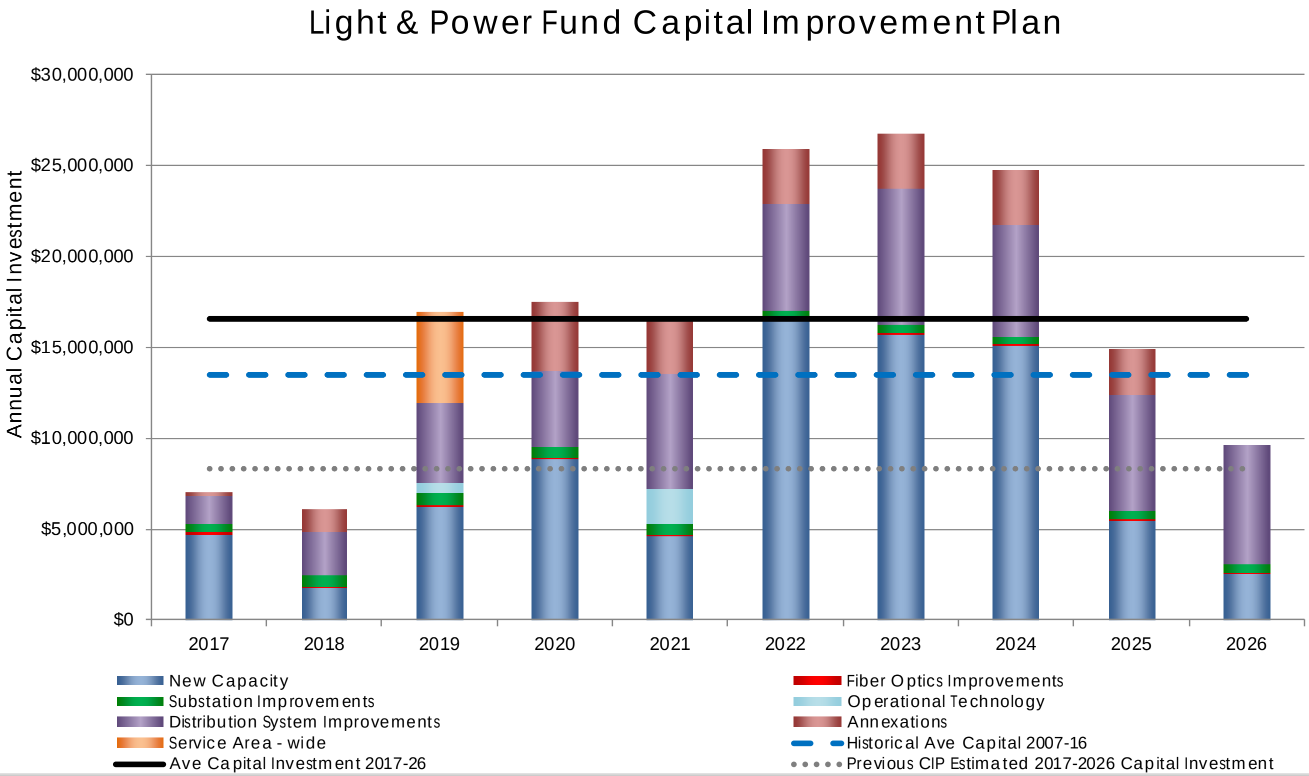
Criteria:

- Adjust electric rates sufficient to meet Platte River Power Authority wholesale rate adjustments
- If the previous 3 years have averaged negative operating income, raise rates next year to the lessor of 5% or the level sufficient to have offset the average operating loss
- If debt coverage is less than 2.0, increase rates the lessor of 5% and a level sufficient to raise the debt coverage ratio to 2.1 the next year
- If the Available Reserve fund balance is projected to be negative at the end of any year, increase rates the lessor of 5% and an amount sufficient to increase reserves to the minimum required reserve
- Add up all of the previous criteria driven rate adjustments and take the lessor of 5% and the sum as the recommended rate adjustment

Light & Power Fund Operating Income



Light & Power Fund CIP

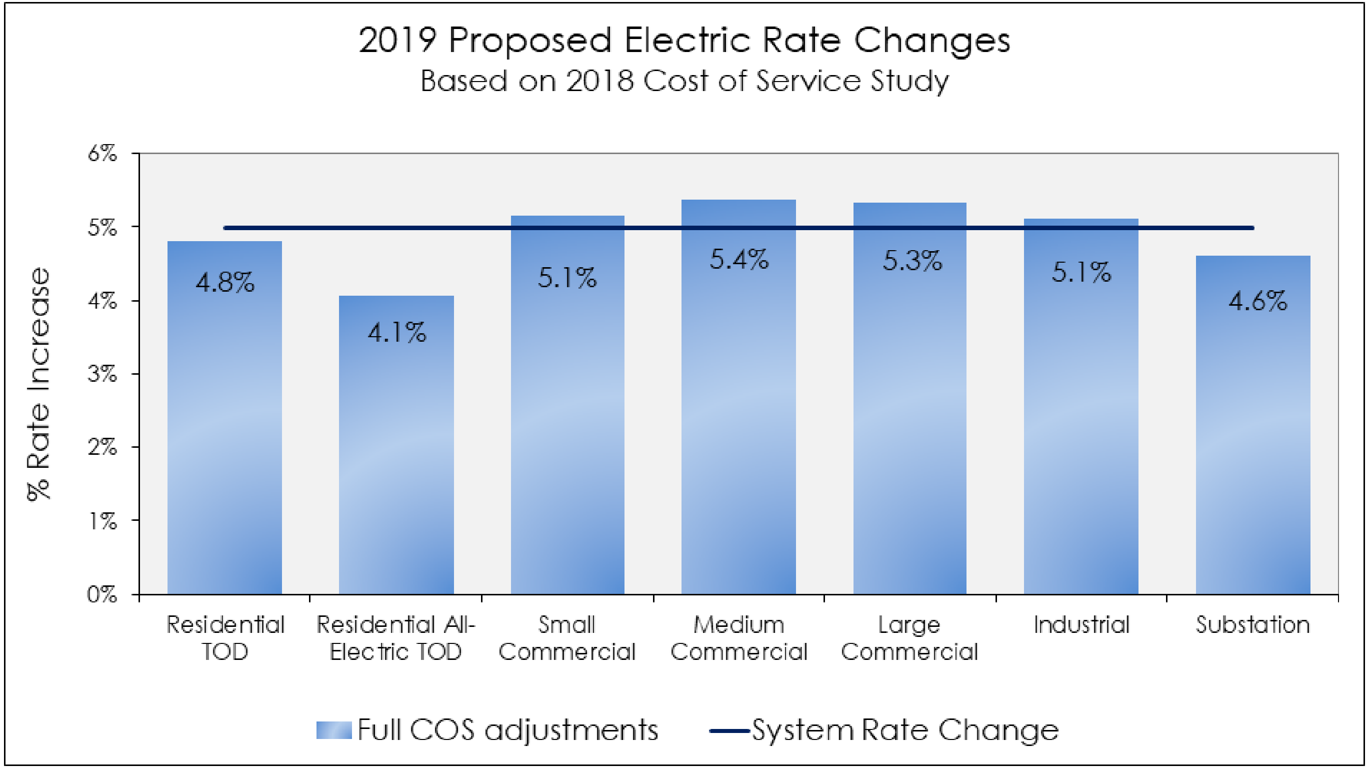


Financial Criteria for Rate Adjustments

Criteria	2019	2020
1. PRPA wholesale energy costs	1.4%	1.4%
2. 3 yr ave. Operating Income < $0	5.0%	3.0%
3. Debt Coverage Ratio < 2.0	-	-
4. Available Reserves less Capital Need < 0	-	-
Sum of Above	6.4%	4.4%
5. Lesser of 5.0% or the sum of above *	**5.0%**	**5.0%**

* Because of the limit in 2019 being met the 2020 increase is higher than it otherwise would have been.

2019 Cost of Service

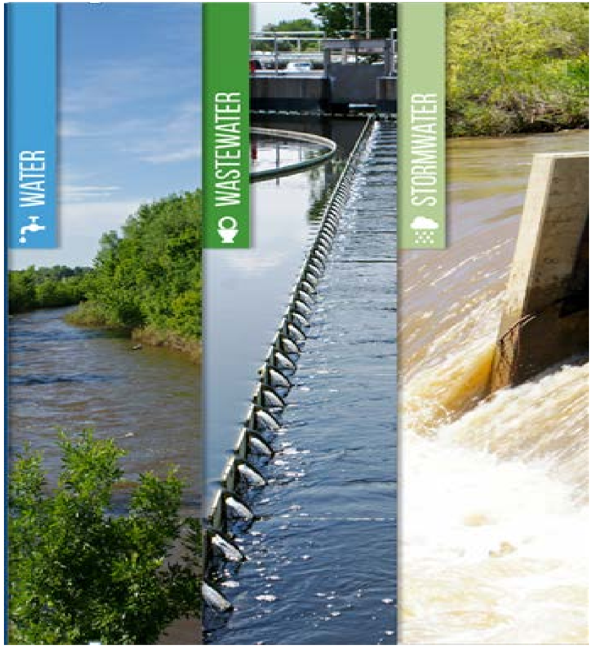


Light & Power 10 Year Rate Forecast

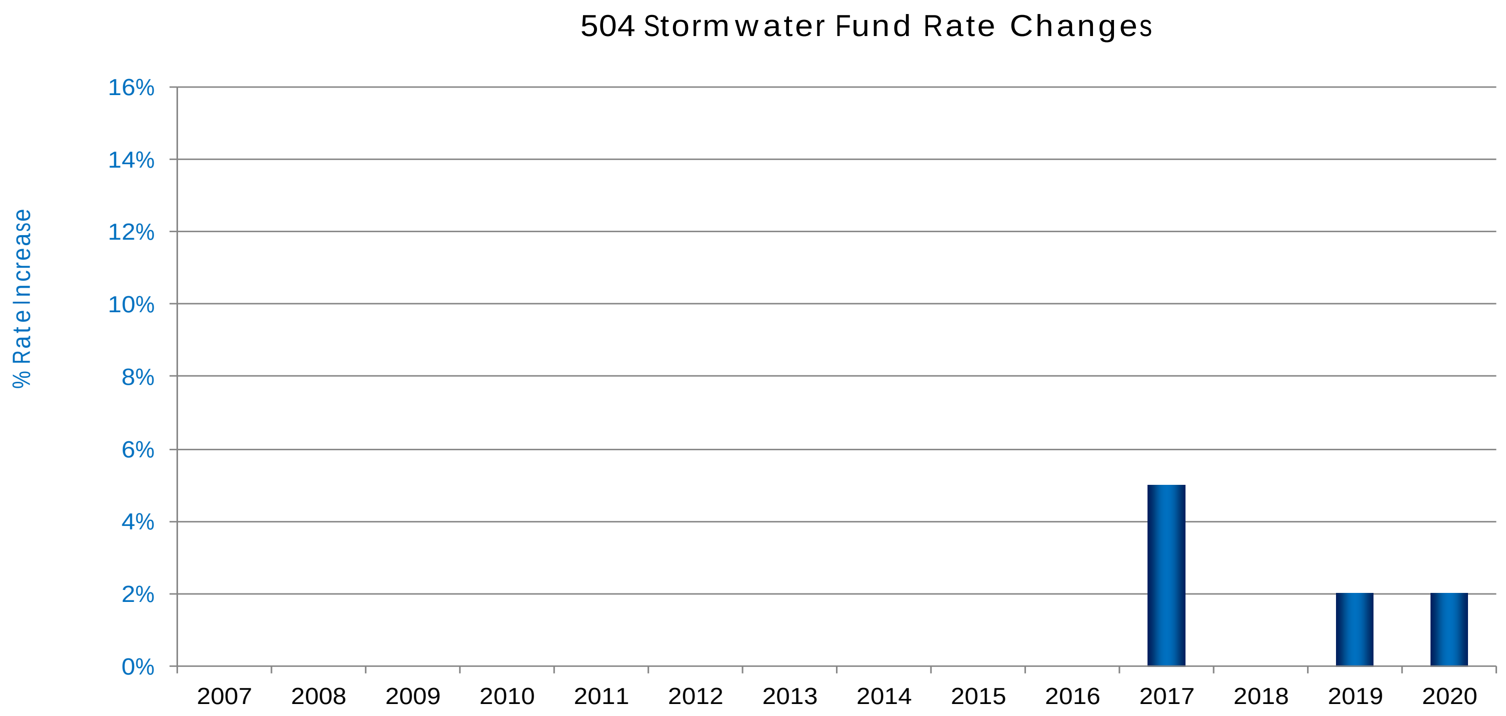
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase	3.45%	1.8%	5.0%	5.0%	2-3%	1-3%	1-3%	1-3%	1-3%	1-3%	1-3%	1-3%
Debt Issuance $M							**$20.0**					

$165M of capital work is expected to be needed between 2017 and 2026 in addition to the current capital appropriations.

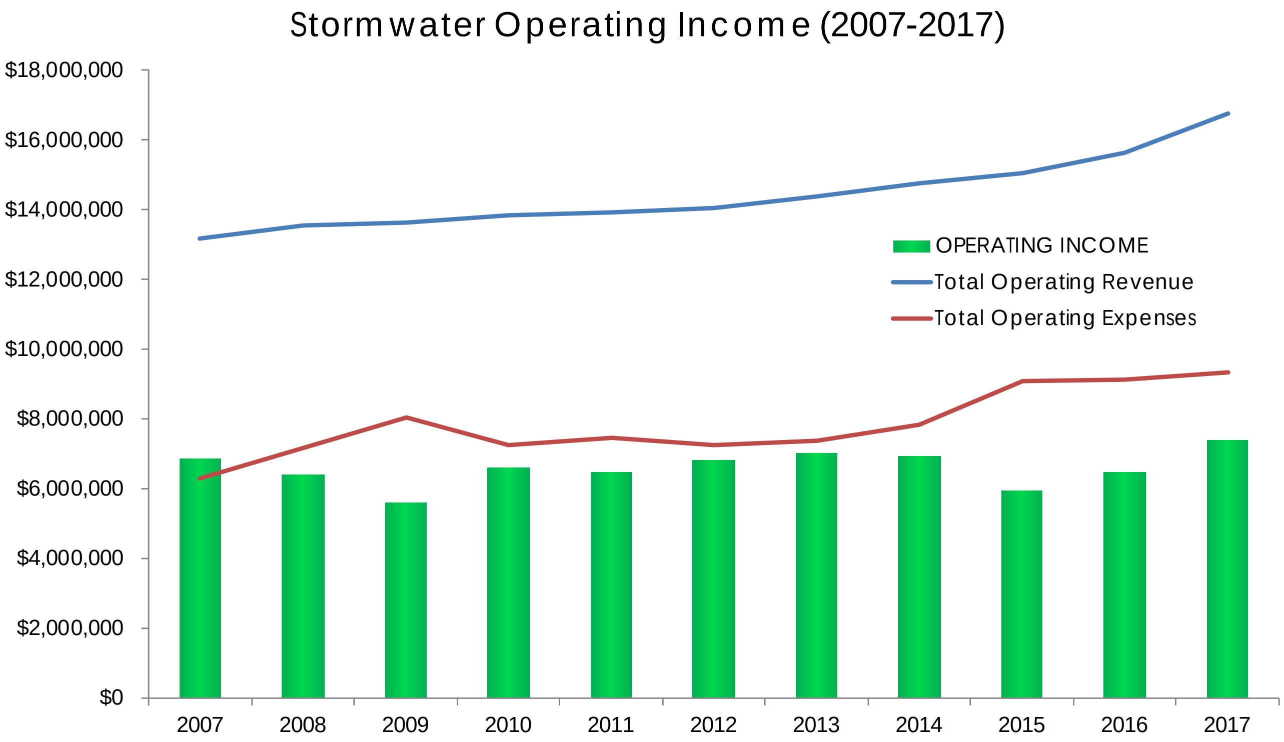
Stormwater Rates



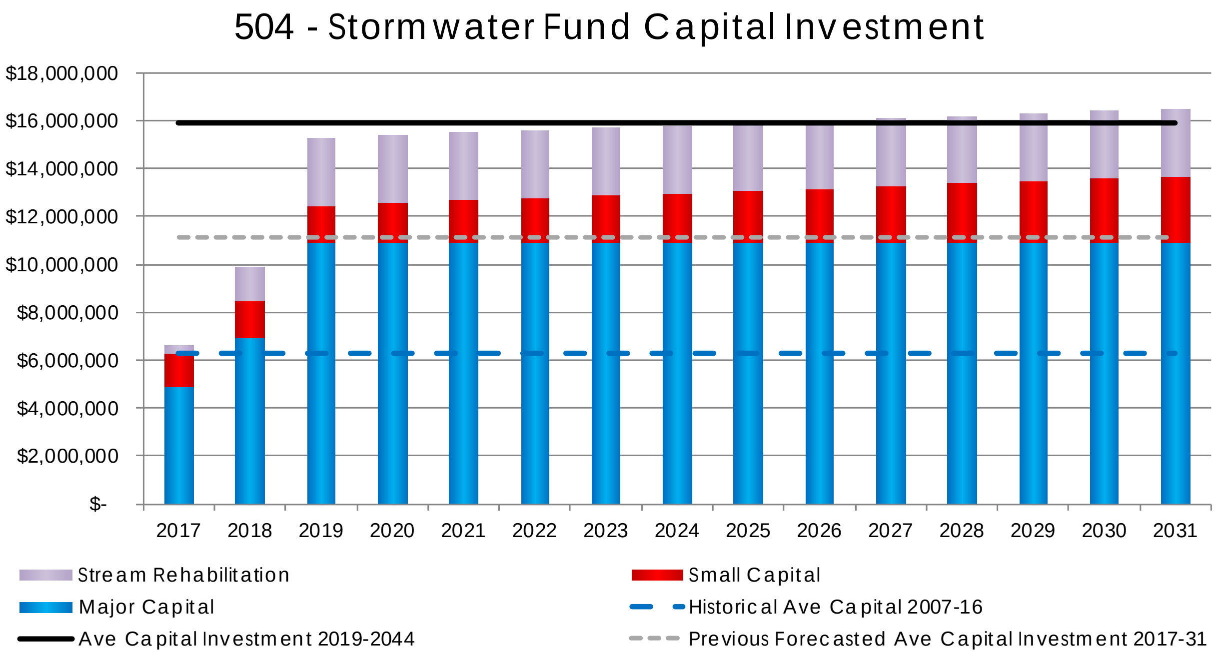
Stormwater Rate History



Stormwater Fund Operating Income



Stormwater Fund CIP



2017 Operating Revenue was $16.8M

Financial Criteria for Rate Adjustments

Criteria	2019	2020
1. 3 yr ave. Operating Income < $0	-	-
3. Debt Coverage Ratio < 2.0	-	-
4. Available Reserves less Capital Need < 0 *	2.0%	2.0%
Sum of Above	2.0%	2.0%
5. Lesser of 5.0% or the sum of above	**2.0%**	**2.0%**

* This is an estimate in lieu of the capital improvement plan being prioritized. It will be necessary to increase revenues to support the significant capital needs for this utility

Stormwater 10 Year Rate Forecast

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase	5%	0%	2.0%	2.0%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%
Debt Issuance			$30-35M				$25-30M				$25-30M	

*$272M of capital work is expected to be needed between 2019 and **2044**.
$70M of stream restoration work has also been identified here.

Residential Bill Impact

Proposed 2019 Residential Average Bill

Fort Collins Utilities Average Residential Monthly Bill				
Utility	2018	2019	$ Change	% Change
Electric	$ 71.96	$ 75.41	$ 3.45	4.8%
Water	$ 47.88	$ 47.88	$ -	0.0%
Wastewater	$ 34.45	$ 34.45	$ -	0.0%
Stormwater	$ 15.42	$ 15.73	$ 0.31	2.0%
Total Average Bill	$ 169.71	$ 173.47	$ 3.76	2.2%

Purpose and Direction Sought

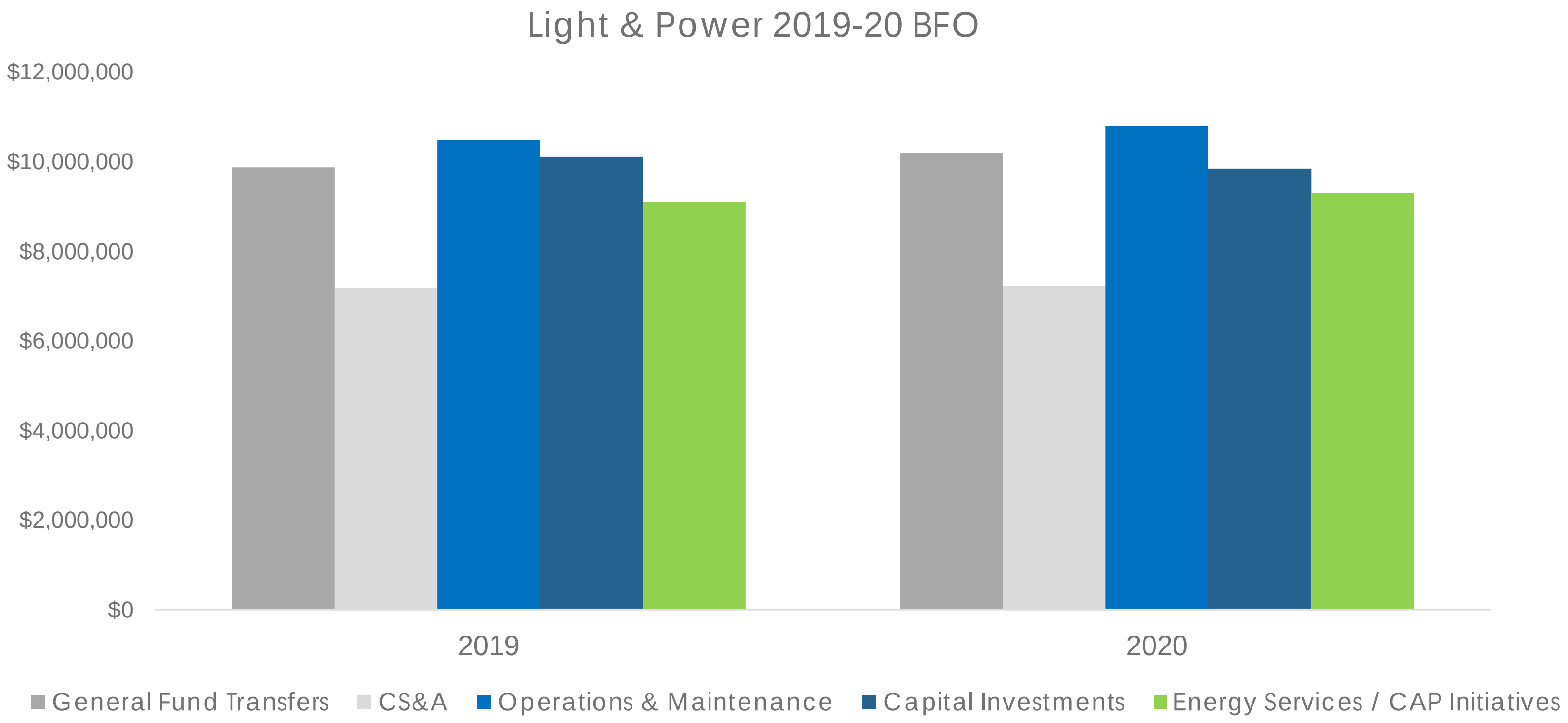
Objective:

- Provide an explanation for the 2019 rate increases being proposed for Electric and Stormwater monthly services in the 2019-20 Budget For Outcomes process

Direction Sought:

- Does the Council Finance Committee support bringing the rate increases being proposed forward for consideration by the Mayor and City Council?

City of Fort Collins


Light & Power 2019-20 BFO
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2019
2020
General Fund Transfers
CS&A
Operations & Maintenance
Capital Investments
Energy Services / CAP Initiatives

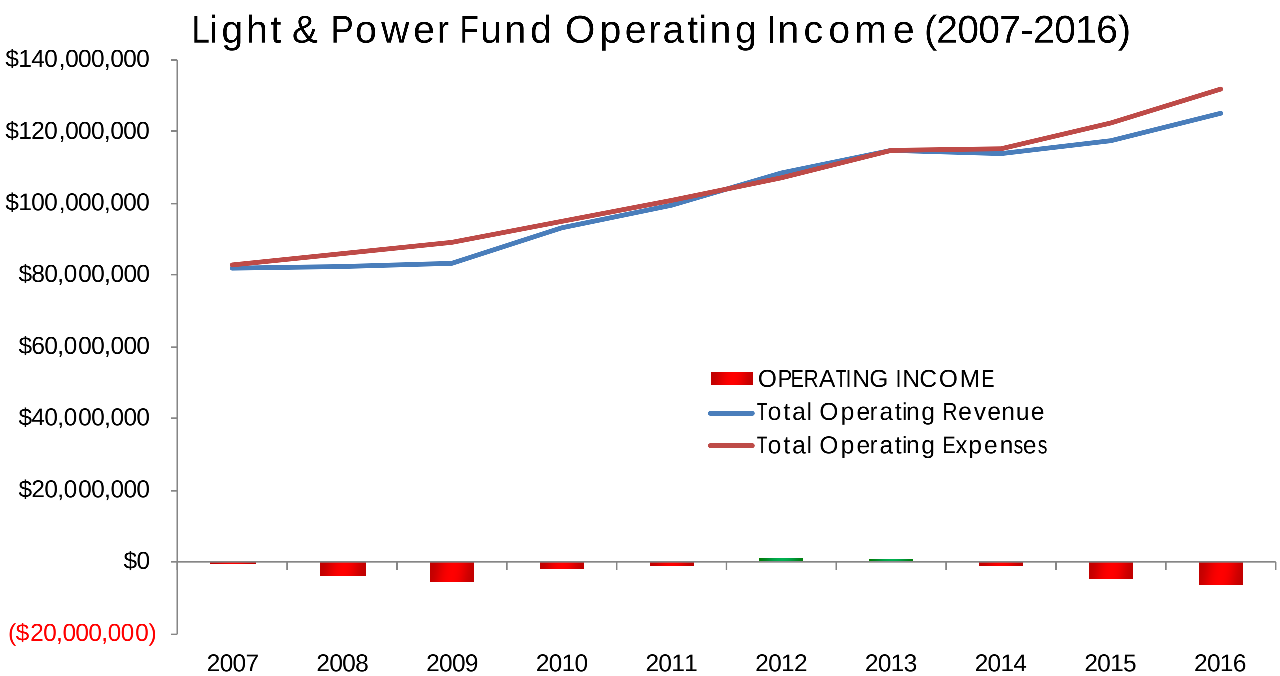
2017 10-Year Strategic Financial Plan
City of Fort Collins Utilities

Table of Contents

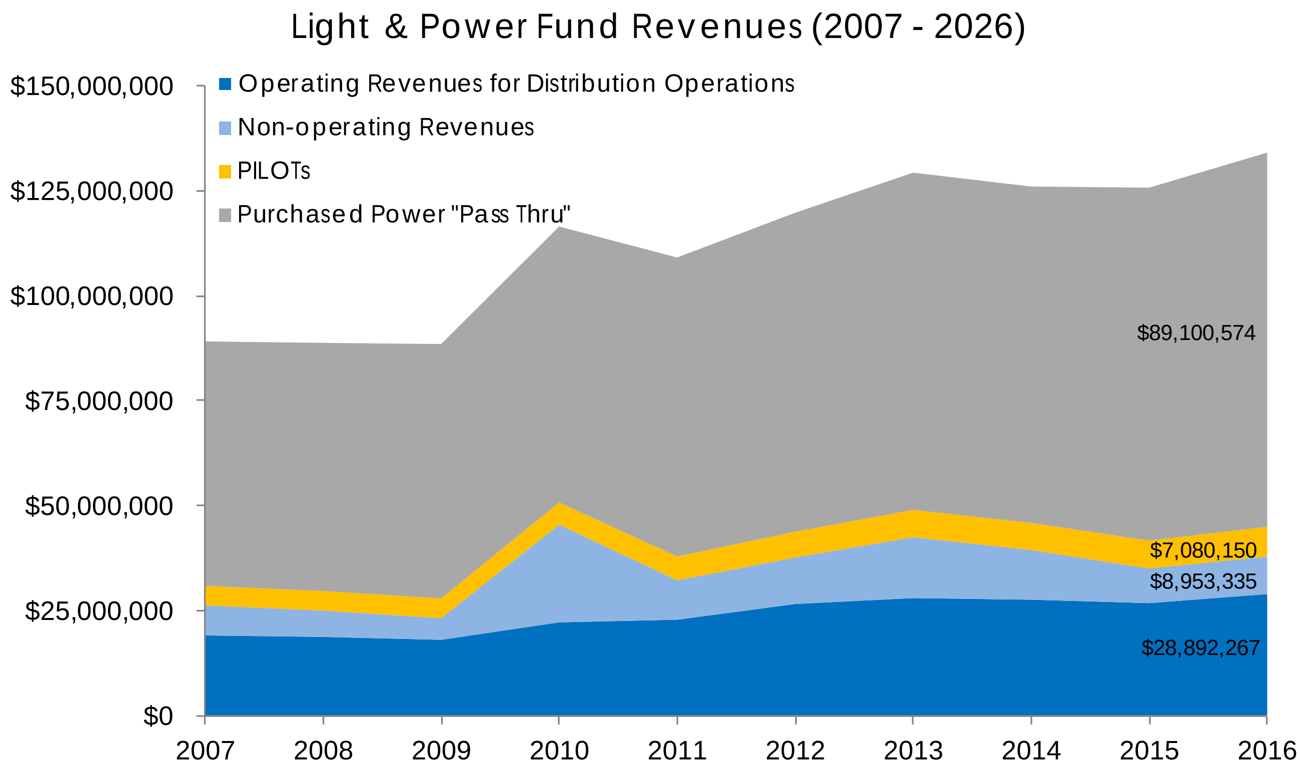
501 - Light & Power Enterprise Fund

Executive Summary – Light & Power

The operating income for this Fund has been negative for 8 of the last 10 years. This was initially an intentional effort to draw down Reserves but because of continued negative operating income a rate increase was approved by City Council for 2017 as part of the solution to address this ongoing shortfall. Given the limited growth available in operating income through modest rate adjustments it will be necessary to tightly manage operating expenses so as to limit their growth significantly over the next decade. Together these will allow for the operational income to become positive in the near future and allow all **currently identified** capital improvements to be made without issuing more debt before 2022. Incremental capital investment is anticipated to be necessary for system renewal which is expected to require issuance of $20M debt in 2023.

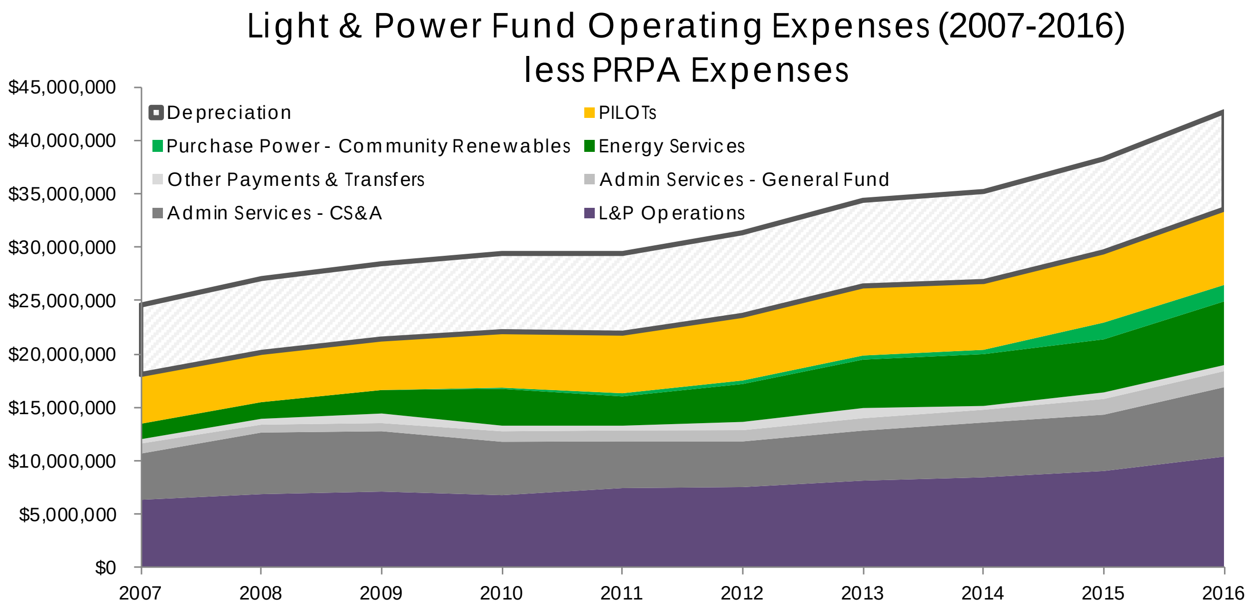


Light & Power revenues consist of monthly charges for services, development fees and other minor fees (dark fiber leases, warehouse fees, etc.) and miscellaneous revenues (interest, asset auctions, etc.). Approximately 65% of these revenues are passed directly through to Platte River for generation and transmission charges and another 6% is transferred to the General Fund as a payment in lieu of taxes. The remaining 29% of revenues consists of operating revenue (22%) and non-operating revenue (7%) which is available to the Light & Power Enterprise Fund for operational and capital expenses although, as a standing practice, non-operating revenue should not be relied upon for operational expenses. Energy conservation and renewable energy program expenses also need to be covered in the remaining 29%.

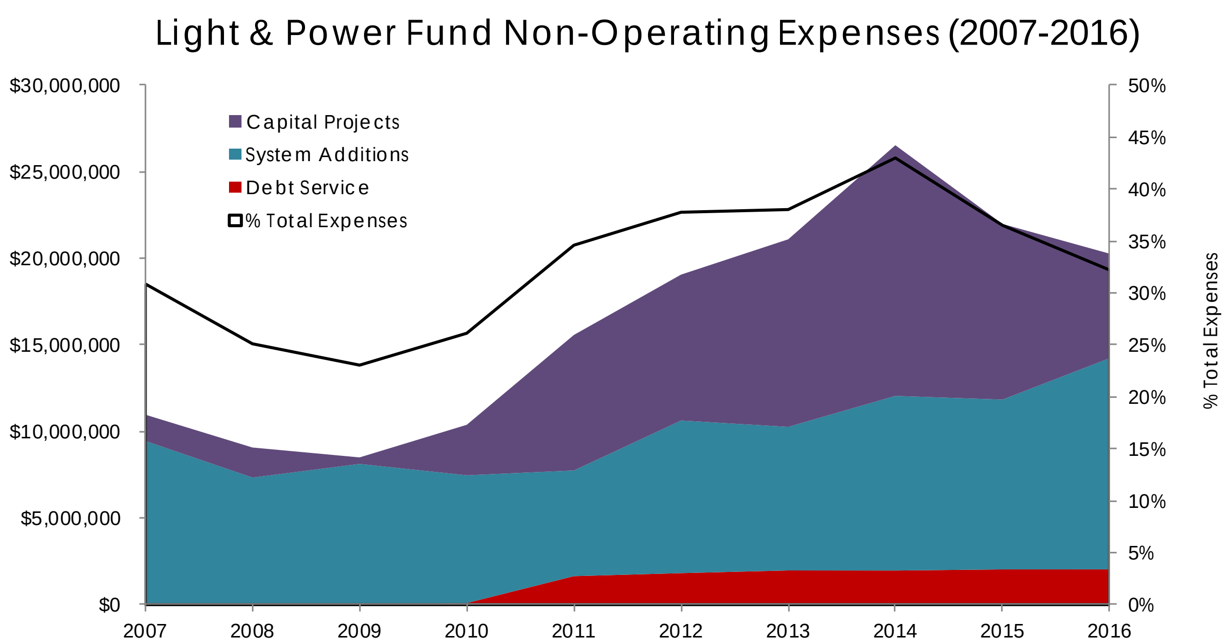


Because the portion of revenues and expenses associated with the generation and transmission of the electricity through the PRPA system is not within the control of Fort Collins Utilities these revenues and costs are considered to be offset without impacting the financial health and resiliency of the distribution electric utility except in limiting the potential annual rate adjustments.

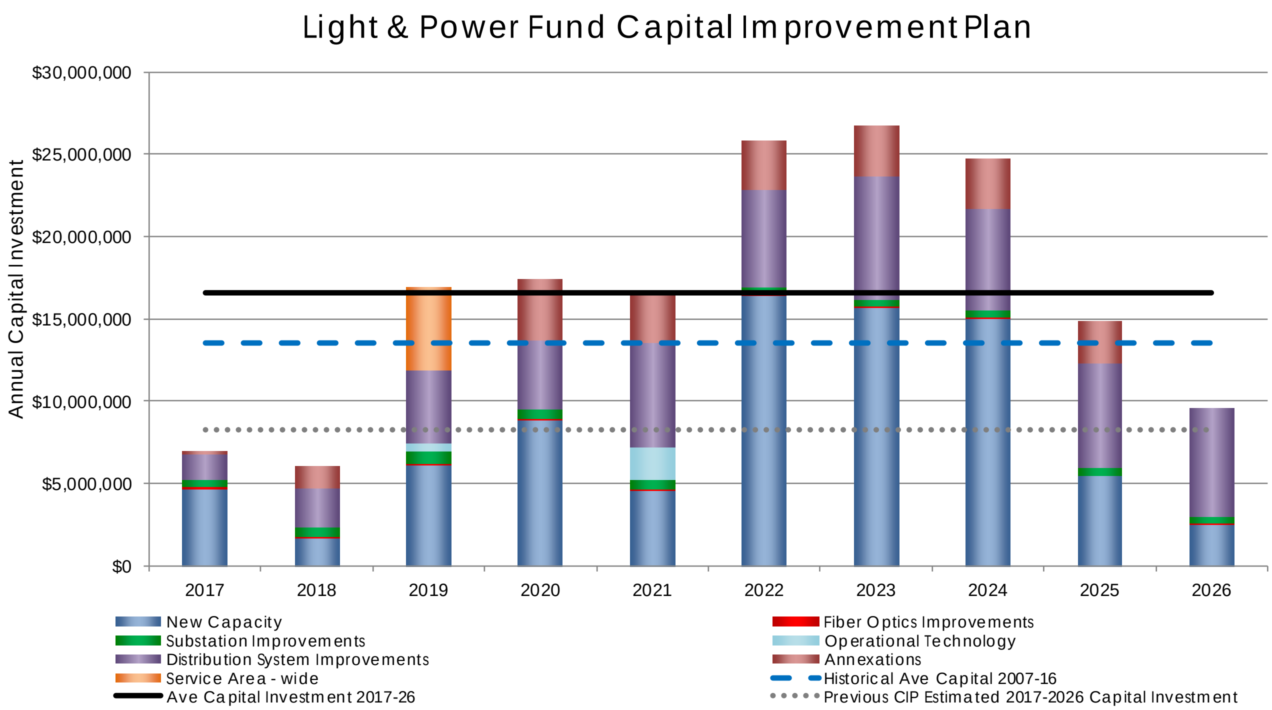
Light & Power operating expenses are shown below in the categories consistent with the monthly financial operating report. The two expense categories which are made to Platte River Power Authority (PRPA) are not included so as to provide some relative scale for the expenses that remain within the municipality. These categories are each discussed in the operating expense section below. The direct operational costs are shown in purple, community renewable and energy efficiency expenses in shades of green and the administrative expenses in shades of grey. The payment in lieu of taxes is shown in yellow. Depreciation is a non-budgetary expense. Total operating expenses have grown at an annual rate of 5.3% over the past decade. Without depreciation and PRPA expenses considered, operating expenses have grown at an annual rate of 7.7% over the past decade. This rate of annual growth is unsustainable and is assumed to be tightly managed in the analysis and forecasts below.



Light & Power non-operating expenses are shown below. Non-operating expenses represent a significant portion of the total expenses once PRPA's expense is removed. Capital projects represent specifically budgeted capital investments. System additions represent general capital investments. It will be necessary to diligently plan for the growth on capital expenses as well over the coming decade particularly in the first 5 years.

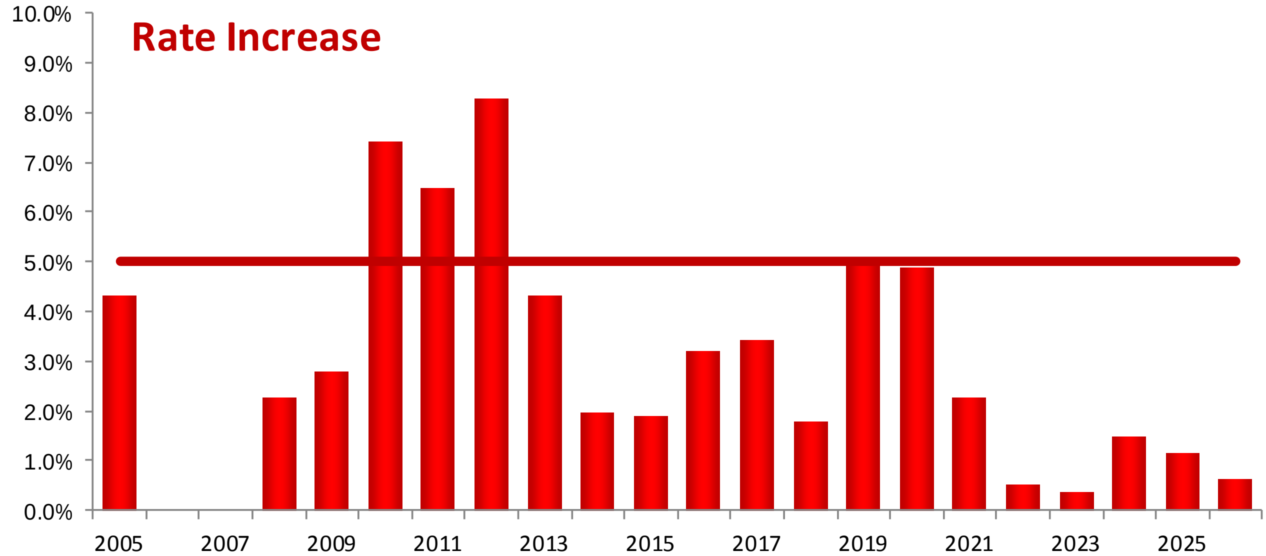


The current 10 Year CIP anticipates significantly more capital investment over the coming decade than was seen in the previous decade. This increase is largely driven by new capacity needs and the higher costs associated with directional boring to install such capacity and anticipated annexations which require significant capital investment with no associated development fee revenue.

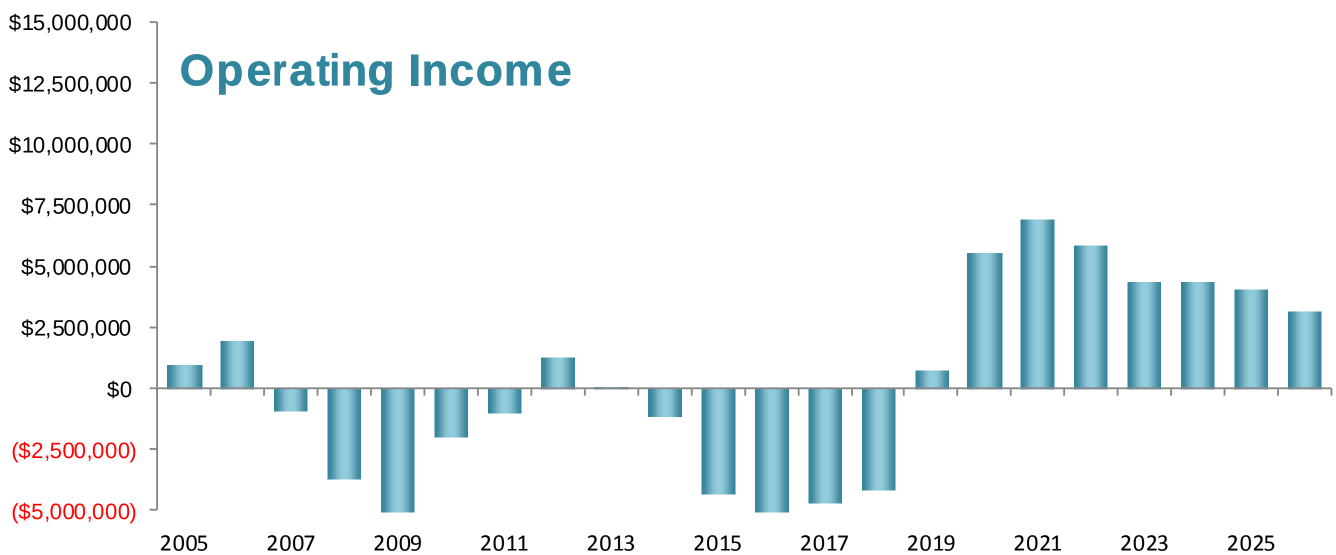


The results of the financial modeling which applies the same objective strategies for raising rates and issuing debt as the other utilities are presented below and discussed in more depth in the relevant sections below.

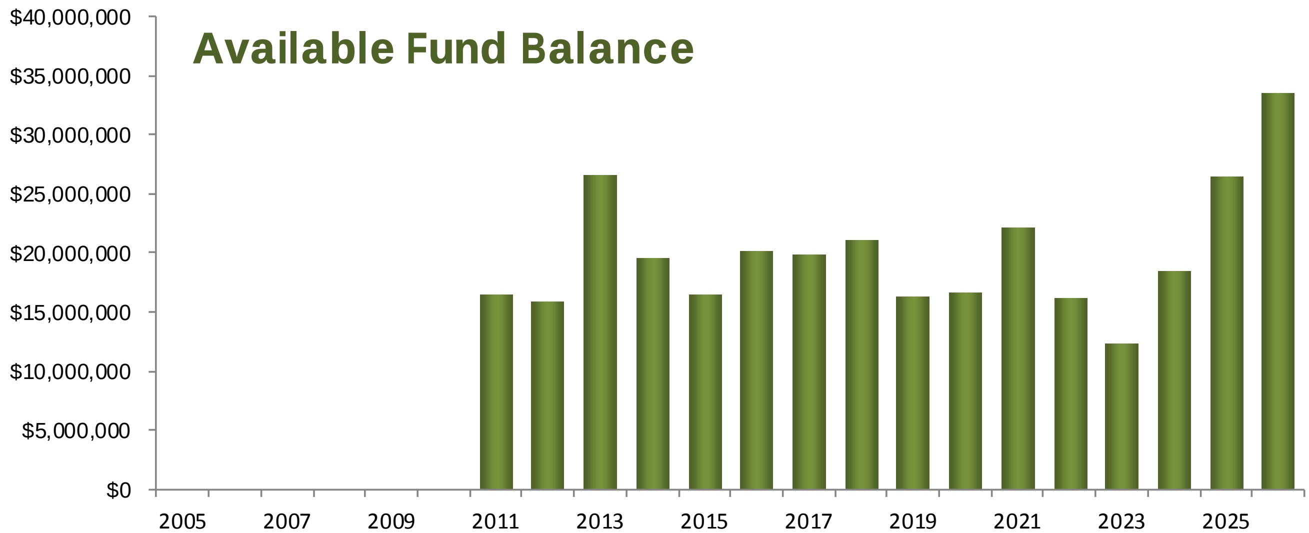
Two consecutive 5.0% rate increases will be necessary in the 2019-20 budget cycle with more modest rate increases being requested in the following years. It is not possible to smooth out these two rate increase though as the capital spend needed in 2019-24 to meet capacity constraints, service area wide projects and distribution system improvements will require adequate revenues to be done and there will not be adequate reserves available to offset the revenue shortfall otherwise.



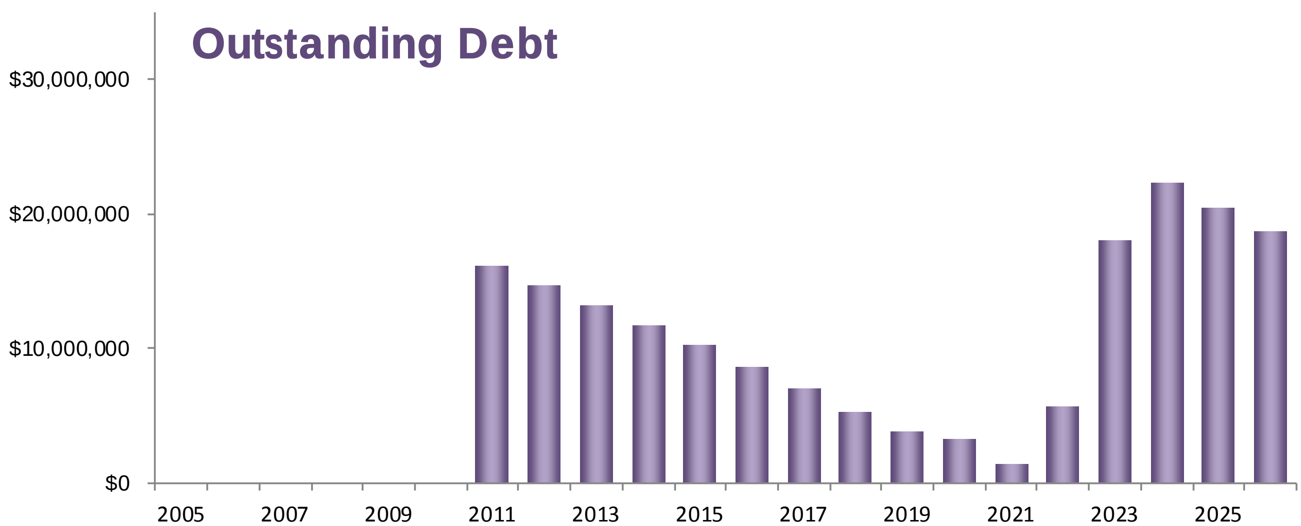
Operating income is expected to turn positive beginning in 2019 with the proposed rate increases before drifting down slightly after 2021 as ongoing wholesale energy increases will be partially absorbed in the following years.



The available fund balance is expected to increase modestly as operating income becomes positive through the necessary rate adjustments and operating expenses are limited in their year over year growth. This increased Available Reserve balance will allow for more system renewal investments to be made without significant rate increases in the future.



Below is a graph showing the increase in outstanding debt with new debt issuances being required in 2022 or 2023. By not issuing debt for electric infrastructure until 2023, the Net Pledged Revenues of this Enterprise Fund will be adequate as revenues will be realized from the broadband initiative before then.



The table below summarizes the expected rate increases and debt issuances over the coming decade.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rate Increase	3.5%	1.8%	5.0%	4.9%	2-3%	0-2%	0-2%	1-3%	1-3%	0-2%
Debt Issuance $M							**$20.0**			

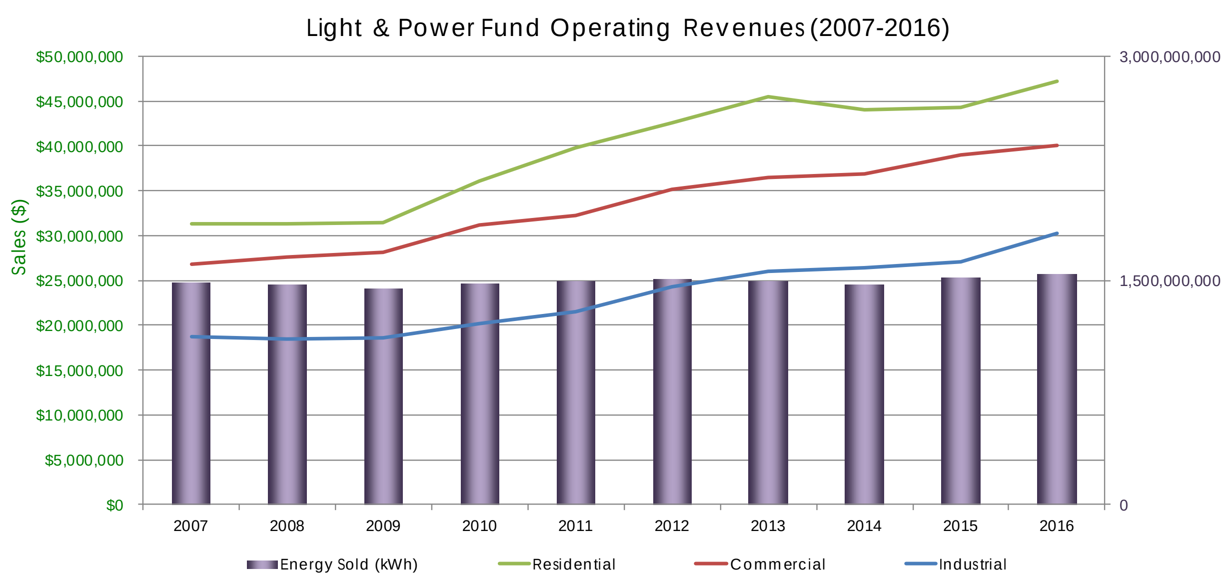
$165M of capital work is expected to be needed between 2017 and 2026 in addition to the current capital appropriations.

In order to achieve the operational objectives of this utility while standing up the broadband line of business it will be necessary to generate positive operating income beginning in the 2019-20 budget cycle which will require 5.0% rate increases in both years along with aggressive management of operating expenses. Through subsequent modest rate adjustments and debt issuances, it is expected that the capital investments in the infrastructure that have been identified can be made with the utility remaining in a financially healthy position throughout the coming decade. Mitigation strategies should be developed for the most significant financial risks identified in the risk assessment below.

Financial Analysis

Revenue Analysis – Light & Power

Operating revenues for this fund have grown substantially over the previous decade from $82M in 2007 to $125M in 2016 while the amount of energy consumed by the community has remained essentially flat over the same period. Overall growth has just outpaced energy conservation efforts resulting in reduced energy use per customer but an overall 0.7% annual increase in total energy consumed. Thus, the significant growth in operating revenues is attributable primarily to rate increases that have occurred since 2006 and not growth in consumption. This is consistent with industry trends as conservation, energy efficiency and distributed generation have offset population and demand growth.



The table below shows the annual revenues by major categories for the past 5 years. Residential revenues have been growing more slowly than commercial and industrial revenues over the last 5 years although 2016 showed a larger growth in residential revenues than commercial revenues. (The data here is not adjusted for weather so as to accurately represent the revenues received.)

The table also shows that the non-lapsing revenues over this same period have come mostly from development fees but do include revenue from the SmartGrid Investment Grant associated with the deployment of the advanced metering infrastructure beginning in 2012. A debt issuance of $16.5M was completed in 2010 as part of that infrastructure project, as well. No more grant revenues are expected in the foreseeable future. Electric development fees peaked in 2014 although strong growth returned in 2016. The volatility of development fees is much greater than that of operating revenues requiring caution before relying on development fee revenues for necessary capital improvements or forecasting revenues.

FUND:
501 - L&P Enterprise Fund

Year	2007	2012	2013	2014	2015	2016
Annual Demand (KWH in Millions)	1,484,986,657	1,508,734,757	1,500,215,061	1,475,103,134	1,519,377,396	1,547,458,755
Annual Rate Increase	0.00%	8.30%	4.33%	2.00%	1.90%	3.20%
Residential Elec Services	$ 31,327,135	$ 42,568,738	$ 45,438,245	$ 44,005,676	$ 44,318,116	$ 47,200,924
Commercial Elec Services	$ 26,849,951	$ 35,122,990	$ 36,512,545	$ 36,939,501	$ 39,063,732	$ 40,124,454
Industrial Charges for Services	$ 18,746,178	$ 24,319,329	$ 25,953,824	$ 26,393,821	$ 27,041,360	$ 30,273,435
Green Energy Program	$ 352,182	$ 474,671	$ 354,883	$ 314,025	$ 381,995	$ 394,028
PILOTs	$ 4,636,733	$ 6,148,751	$ 6,498,191	$ 6,462,310	$ 6,644,988	$ 7,080,150
Operating Revenue	$ 81,912,180	$108,634,479	$114,757,689	$114,115,333	$117,450,191	$125,072,991
Development Fees/PIFs/Contributions	$ 2,677,647	$ 2,699,057	$ 5,063,377	$ 7,557,046	$ 4,435,452	$ 6,363,132
Other Misc	$ 4,483,993	$ 2,341,982	$ 867,748	$ 2,306,476	$ 2,512,467	$ 2,538,337
Debt Issuances and Grant Revenues	$ -	$ 6,034,436	$ 8,575,083	$ 1,975,031	$ 1,296,471	$ 51,866
Non-Operating Revenue	$ 7,161,640	$ 11,075,474	$ 14,506,208	$ 11,838,553	$ 8,244,390	$ 8,953,334
Total Revenues	$ 89,073,820	$119,709,954	$129,263,897	$125,953,885	$125,694,581	$134,026,325

Looking at revenues on an annual percent change basis shows a longer term trend of 3-5% annual growth since 2007 (without the grant revenue in 2010) with 2016 showing 6.63% growth in revenues (see table below). Development fees accounted for $2M of the $8.5M increase in revenues in 2016 while the 3.2% retail rate increase accounted for most of the rest. Again, revenue growth is being driven by rate increases and those rates for monthly charges have increased well above the rate of inflation (0-2%) over each time horizon. This trend is not sustainable suggesting a more modest revenue growth should be planned for over the next decade than the 4.28% annual growth seen over the last decade.

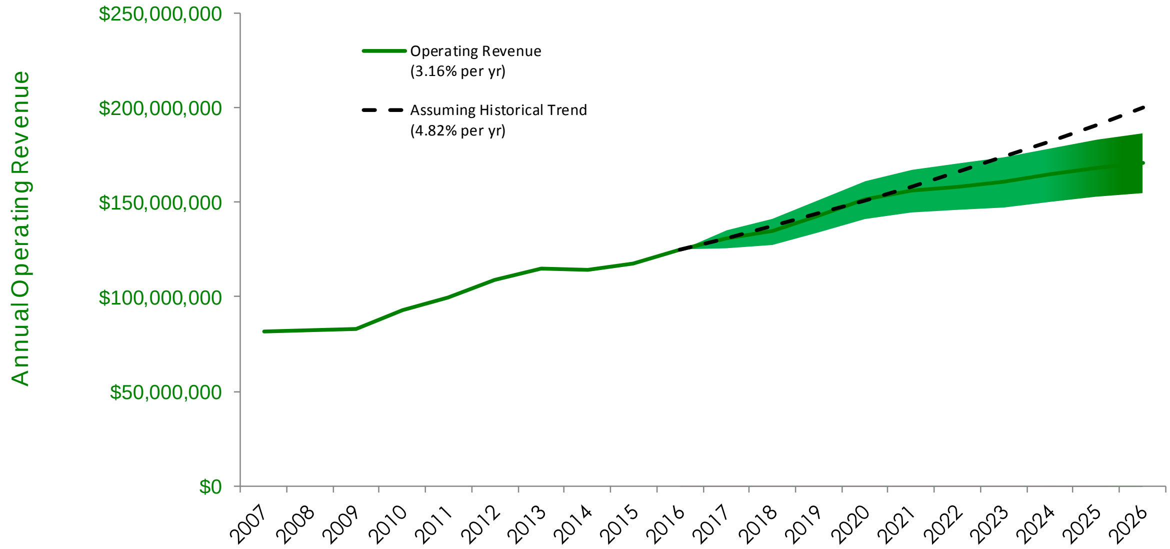
FUND:
501 - L&P Enterprise Fund

Year	10 Yr Annualized Trend	5 Yr Annualized Trend	3 Yr Annualized Trend	1 Yr Annualized Trend
Annual Demand (KWH in Millions)	0.70%	0.71%	1.04%	1.85%
Annual Rate Increase	3.84%	5.24%	3.82%	3.20%
Residential Elec Services	4.44%	3.48%	1.28%	6.50%
Commercial Elec Services	4.23%	4.48%	3.19%	2.72%
Industrial Charges for Services	5.15%	7.06%	5.27%	11.95%
Green Energy Program	3.42%	-3.82%	3.55%	3.15%
PILOTs	4.54%	4.64%	2.90%	6.55%
Operating Revenue	4.54%	4.65%	2.91%	**6.49%**
Development Fees/PIFs/Contributions	3.67%	25.31%	7.91%	43.46%
Other Misc	-3.00%	-0.72%	43.02%	1.03%
Debt Issuances and Grant Revenues				
Non-Operating Revenue		-0.98%	-14.86%	8.60%
Total Revenues	4.28%	4.21%	1.21%	**6.63%**

The reasons this trend is not sustainable include some evidence of rate fatigue due to annual rate increases, the City approaching build out particularly for commercial development, and the community's environmental objectives of reducing greenhouse gas emissions and energy consumption. In particular, the City's Climate Action Plan will put downward pressure on operating revenue over the next decade by decreasing the amount of energy being consumed by the community and upward pressure on operating expenses, and hence rates, as more renewable energy is added to the wholesale portfolio. Additionally, the adoption of a time of use rate structure for residential customers is expected to add to this downward pressure on operating revenues at least as a one-time reduction of about 1%. Distributed renewable generation resources will put downward pressure on operating income over the next decade and upward pressure on operating expenses by increasing the amount of energy being purchased from within the community at retail rates, as well.

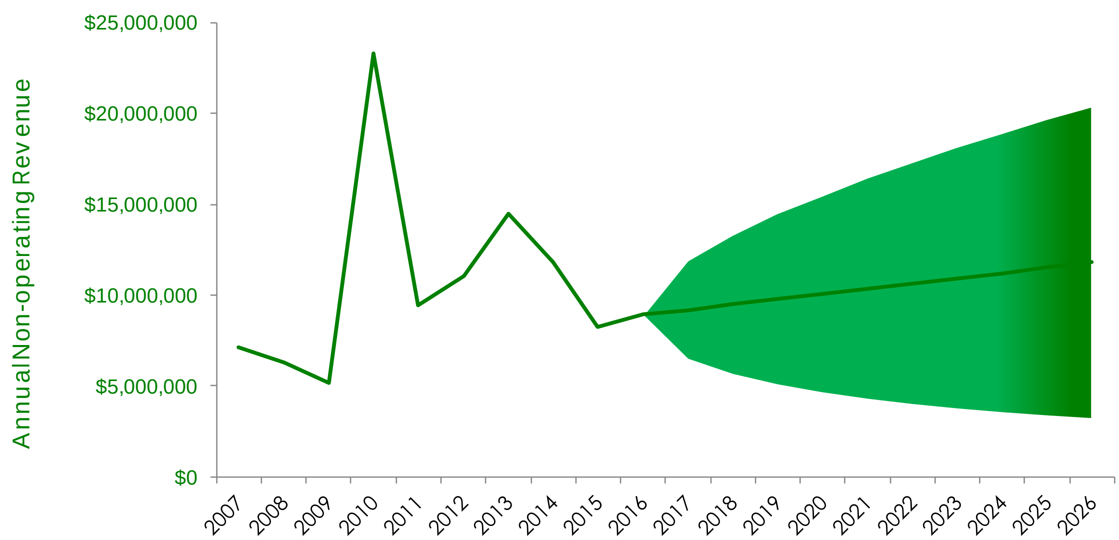
Looking out over the next ten years through the long term financial model, revenues are expected to continue trending upward though as residential development continues and modest rate adjustments are necessary for Platte River to meet the Clean Power Plan objectives and the distribution system is renewed. This is shown in the graph below which forecasts an annual growth of 3.16% in future operating revenue (solid green line) rather than the 4.82% seen since 2007 (dotted line). The green area shows the range of revenues considered in the stochastic analysis for the long term financial model.

Light & Power Fund Operating Revenues (2007 - 2026)



Non-operating revenues are expected to remain within the range seen over the past decade with modest inflation offsetting the impacts of redevelopment becoming more common requiring less development fees than “green field” development and investment policies remain conservative. The uncertainty over the next decade appears large due to the volatility of the development fees. Any unanticipated grant revenue would positively impact the financial health of the utility and as such is not modelled here. Again, the green area shows the range of revenues considered in the long term financial model.

Light & Power Fund Non-operating Revenues (2007 - 2026)



Expenditure Analysis – Light & Power

Operating expenses in the Light & Power Fund have grown well above the rate of inflation over the past decade. The most critical factor in the financial health of this Fund is to manage operational expenses to grow no more than 2.5% annually. The additional system renewal investments should help with this but significant attention will need to be given to operational expenses within each Business Unit.

The table below shows operating and non-operating expenses by the major categories shown on the Monthly Financial Operating Report (MOR).

FUND:
501 - L&P Enterprise Fund

Year	2007	2012	2013	2014	2015	2016
Annual Demand (KWH in Millions)	1,484,986,657	1,508,734,757	1,500,215,061	1,475,103,134	1,519,377,396	1,547,458,755
OPERATING EXPENSES						
Purchase Power -Tariff 1	$ 57,116,913	$ 74,508,389	$ 78,495,175	$ 78,272,066	$ 82,164,556	$ 87,276,576
Renewables PRPA	$ 1,116,001	$ 1,444,835	$ 1,823,999	$ 1,824,904	$ 1,893,255	$ 1,823,998
Community Renewables	$ -	$ 330,034	$ 380,861	$ 401,315	$ 1,568,142	$ 1,539,429
L&P Operations	$ 6,350,380	$ 7,537,528	$ 8,138,067	$ 8,449,628	$ 9,042,578	$ 10,385,756
Energy Services	$ 1,444,376	$ 3,546,448	$ 4,533,038	$ 4,849,559	$ 4,968,461	$ 5,960,263
PILOTs	$ 4,636,733	$ 6,148,751	$ 6,498,191	$ 6,462,310	$ 6,645,012	$ 7,080,150
Administrative Services						
Admin Services - CS&A	$ 4,324,672	$ 4,272,291	$ 4,683,584	$ 5,126,811	$ 5,268,453	$ 6,500,603
Admin Services - General Fund	$ 942,198	$ 1,054,862	$ 1,162,454	$ 1,197,328	$ 1,473,975	$ 1,503,455
Other Payments & Transfers	$ 403,540	$ 773,734	$ 952,770	$ 357,670	$ 612,833	$ 567,587
Subtotal Admin Services	$ 5,670,410	$ 6,100,887	$ 6,798,808	$ 6,681,809	$ 7,355,261	$ 8,571,645
Depreciation	$ 6,462,805	$ 7,739,320	$ 8,032,824	$ 8,332,877	$ 8,646,806	$ 9,126,391
Total Operating Expenses	$ 82,797,617	$ 107,356,193	$114,700,963	$115,274,466	$ 122,284,072	$ 131,764,208
Operating Expenses less Purchased Pow€	$ 24,564,703	$ 31,402,969	$ 34,381,789	$ 35,177,496	$ 38,226,261	$ 42,663,634
Operating Expenses less Purchased Power & Depreciation	$ 18,101,898	$ 23,663,649	$ 26,348,965	$ 26,844,620	$ 29,579,455	$ 33,537,243
Debt Service	$ -	$ 1,818,215	$ 1,973,529	$ 1,967,728	$ 1,966,728	$ 1,981,334
System Addition/Replacement	$ 9,454,024	$ 8,814,033	$ 8,292,788	$ 10,086,577	$ 9,809,337	$ 12,200,187
Major Capital Expenses	$ 376,895	$ 14,478,288	$ 10,141,499	$ 6,034,069	$ 5,111,226	$ 10,840,436
Total Non-operating Expenses	$ 9,830,918	$ 25,110,536	$ 20,407,817	$ 18,088,374	$ 16,887,291	$ 25,021,957
Total Expenses	$ 92,628,535	$ 132,466,729	$135,108,779	$133,362,841	$ 139,171,363	$ 156,786,166

Purchased Power – Tariff 1 - Increased purchase power costs are offset directly by increased operating revenues through rate increases each year. The upward trend is driven mainly by year over year wholesale rate increases by Platte River.

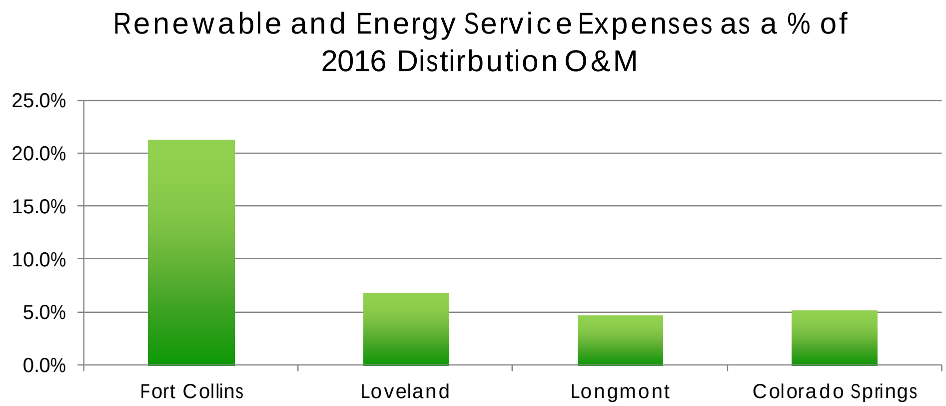
Renewables PRPA - A set amount of renewable energy (76,000 MWh is purchased each year from Platte River) so any increase in this expense is due to a rate increase from Platte River. The slight increase in 2015 was an inconsistency in how community renewables were expensed. These costs increased 4.2% for 2017.

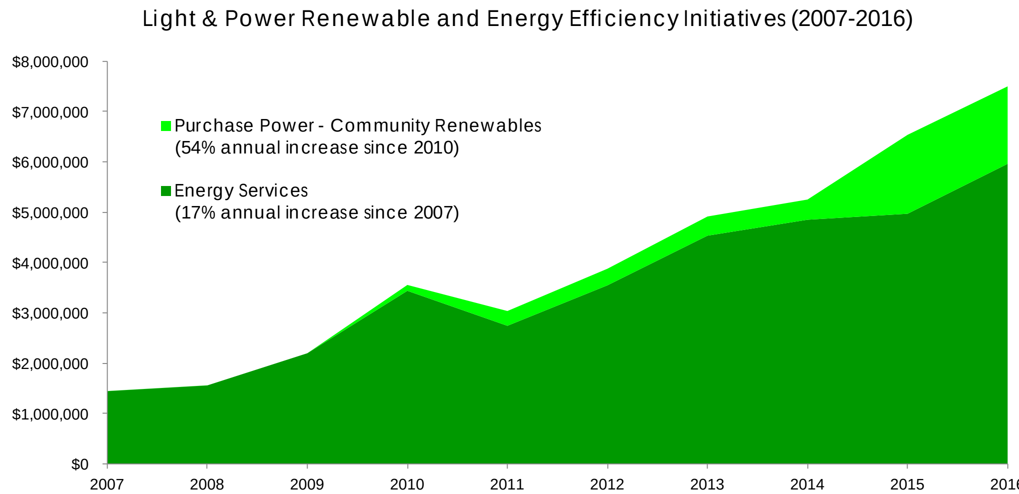
Community Renewables – This increase was driven primarily by the Solar Purchased Power Program (SP3) which took advantage of a State program allowing for any renewable energy purchased under certain conditions to count triple toward the Renewable Energy Standard. This was accomplished through 20 year purchased power agreements at a fixed rate. Ongoing adoption of distributed generation will continue to increase this expense through customer rebates and similar purchased power agreements into the foreseeable future. Community Renewables show an increased budget in 2017 which includes $0.8M in Enhancements. These Enhancements are also in the 2018 budget although they are not anticipated to be ongoing expenses after 2018.

L&P Operations – This is the only expense line that exceeded its budget in 2016. This exceedance was driven by unbudgeted pay increases which are budgeted in 2017. While other expense line items have grown at a faster rate than L&P Operations (see chart below), this line item represents the largest and most direct expense that can be managed going forward by Fort Collins Utilities.

Energy Services – As the chart below shows, this expense has grown considerably based on Council direction. Further growth may be necessary to meet the CAP goals. An audit is being done of the various programs encompassed in this line item in 2017 to assess the realized results of each which may allow for more optimized investment. The 2017 Budget included a 1.25% rate increase for distribution operations to generate operating income. This 1.25% increase is expected to generate $1.5M of additional operating revenue annually. However, the 2017 budget also includes $1.6M of enhancements for Energy Services. Thus, it will not increase operating income as intended. These enhancements are not expected to be extended beyond the 2018 budget at this point. If they are extended, it will be necessary to request an additional rate increase of at least 1.25% to increase operational revenues as intended in 2017without being immediately offset by an additional operating expense.

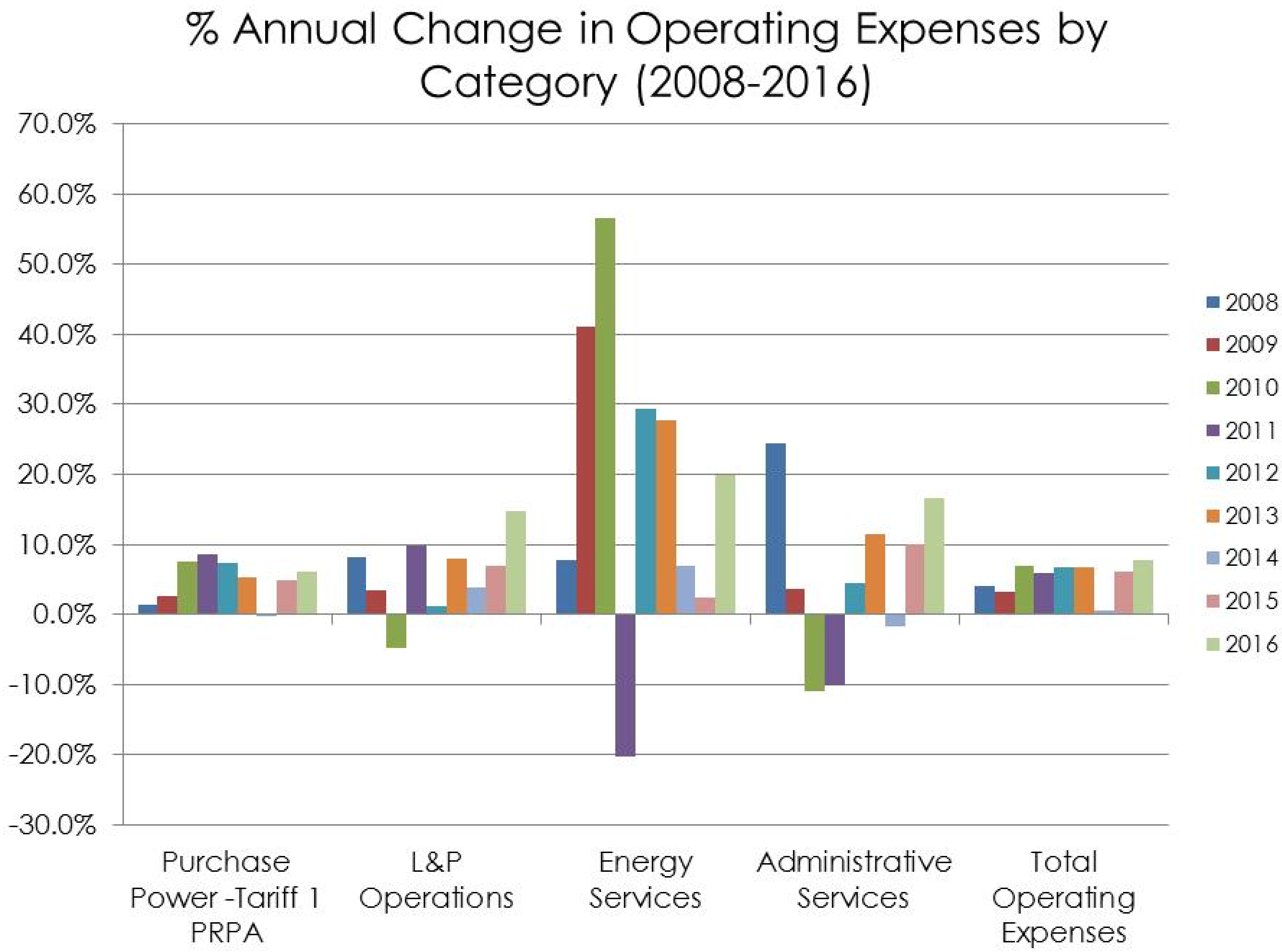
The annual growth in these efforts has had an impact on retail rates. The annualized rate of growth has resulted in a significant imbalance between the amount Fort Collins is spending on these efforts compared to neighboring communities which is not consistent with a competitive rates strategy.





Payments in Lieu of Taxes (PILOTs) – This is a transfer to the General Fund set at 6% of operating revenues. As such, any increase in this expense is directly offset by higher operating revenues.

Administrative Services – Administrative Services from the Customer Service and Administration areas increased significantly in 2017 in part due to the need to address a reserve shortfall from a non-budgeted benefits adjustments. This expense line (Admin Services – CS&A) is another area that provides opportunity to limit expense growth over the coming decade. Administrative Services from the General Fund increased 23% from 2014 to 2015 and then 2% from 2015 to 2016. These are budgeted transfers so when actual expenses for the General Fund are below the budgeted transfers there is no adjustment to the charge to the Utility Funds - this is a practice that may be difficult to argue is defensible as not being a transfer of Enterprise Funds to the General Fund. For 2017 a new Administrative Services model was developed by the Budget Office which resulted in a significant reduction (23%) in these charges for the L&P Fund in 2017 primarily due to no longer including the transfer itself in the calculation of the transfer amount. Other payments and transfers increased due to the centralization of Risk Management.



In addition to the large annual increases in operating expense categories, the table above also shows the significant increase in system additions and capital expenses (both are non-operating expenses) in 2016 over 2015. This was due to increased infrastructure investment being made in conduits and duct banks to serve anticipated load growth and to the construction of 222 LaPorte and remodel of 700 Wood Street in 2016. The advanced metering infrastructure project that began in 2012 is still listed as Work In Progress (WIP). As such, the $34M investment is not being fully depreciated yet. Closing this project will allow more of this investment to be depreciated. This will result in increased operating expense from depreciation for the book life of that infrastructure.

Looking at the 2017 Budget compared to the 2016 actual spend provides some direction for the near term challenge of managing operating expenses in this utility. Light & Power Operations is highlighted due to the overspend in 2016 and the 5 year trend on these expenses, making it a critical area of focus on cost management along with Admin Services – CS&A. Investments continue in Community Renewables and Energy Services making the combined 2017 budget of $8.5M almost comparable to the direct operating expense of the Fund.

FUND:
501 - L&P Enterprise Fund

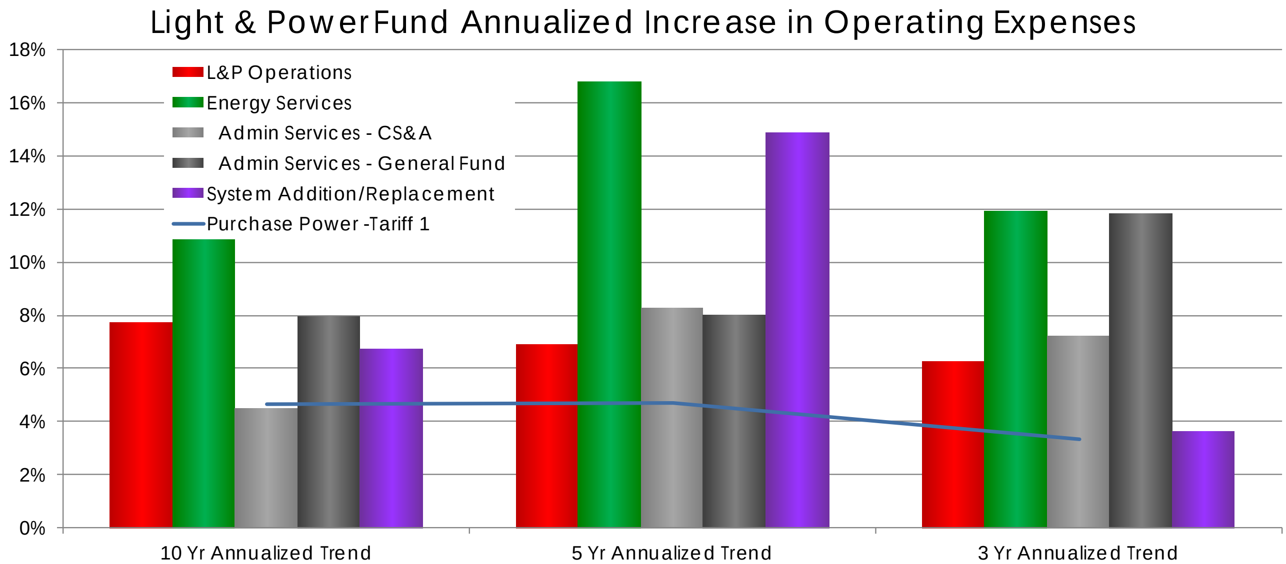
Year	2016	2016 Budget	% of Budget Spent	2017 Budget	2017 Budget as % of 2016 Actuals
Annual Demand (KWH in Millions)	1,547,458,755				
OPERATING EXPENSES					
Purchase Power -Tariff 1	$ 87,276,576	$ 88,792,000	98%	$ 87,300,000	100%
Renewables PRPA	$ 1,823,998	$ 1,824,000	100%	$ 1,900,000	104%
Community Renewables	$ 1,539,429	$ 1,896,520	81%	$ 2,382,500	155%
L&P Operations	$ 10,385,756	$ 9,740,407	107%	$ 10,187,223	98%
Energy Services	$ 5,960,263	$ 7,103,451	84%	$ 6,080,264	102%
PILOTs	$ 7,080,150	$ 7,254,000	98%	$ 7,170,000	101%
Administrative Services					
Admin Services - CS&A	$ 6,500,603	$ 6,500,603	100%	$ 6,705,767	103%
Admin Services - General Fund	$ 1,503,455	$ 1,503,455	100%	$ 1,163,489	77%
Other Payments & Transfers	$ 567,587	$ 642,068	88%	$ 598,759	105%
Subtotal Admin Services	$ 8,571,645	$ 8,646,126	99%	$ 8,468,015	99%
Depreciation	$ 9,126,391				
Total Operating Expenses	$ 131,764,208	$ 125,256,504	105%	$ 123,488,002	94%
Operating Expenses less Purchased Powe	$ 42,663,634	$ 34,640,504	123%	$ 34,288,002	80%
Operating Expenses less Purchased Power & Depreciation	$ 33,537,243	$ 34,640,504	97%	$ 21,718,279	65%
Debt Service	$ 1,981,334	$ 2,034,602		$ 2,059,113	
System Addition/Replacement	$ 12,200,187	$ 15,604,986		$ 5,666,141	
Major Capital Expenses	$ 10,840,436	$ 70,476		$ 14,415,407	
Total Non-operating Expenses	$ 25,021,957	$ 17,710,064		$ 22,140,661	
Total Expenses	$ 156,786,166	$ 142,966,568		$ 145,628,663	

Looking at annual growth rates for expense categories over the near and long term shows some significant annual increases for most expenses. Again, it will be crucial to the financial health of this Fund to limit growth in every line to less than 2.5% annually in the future.

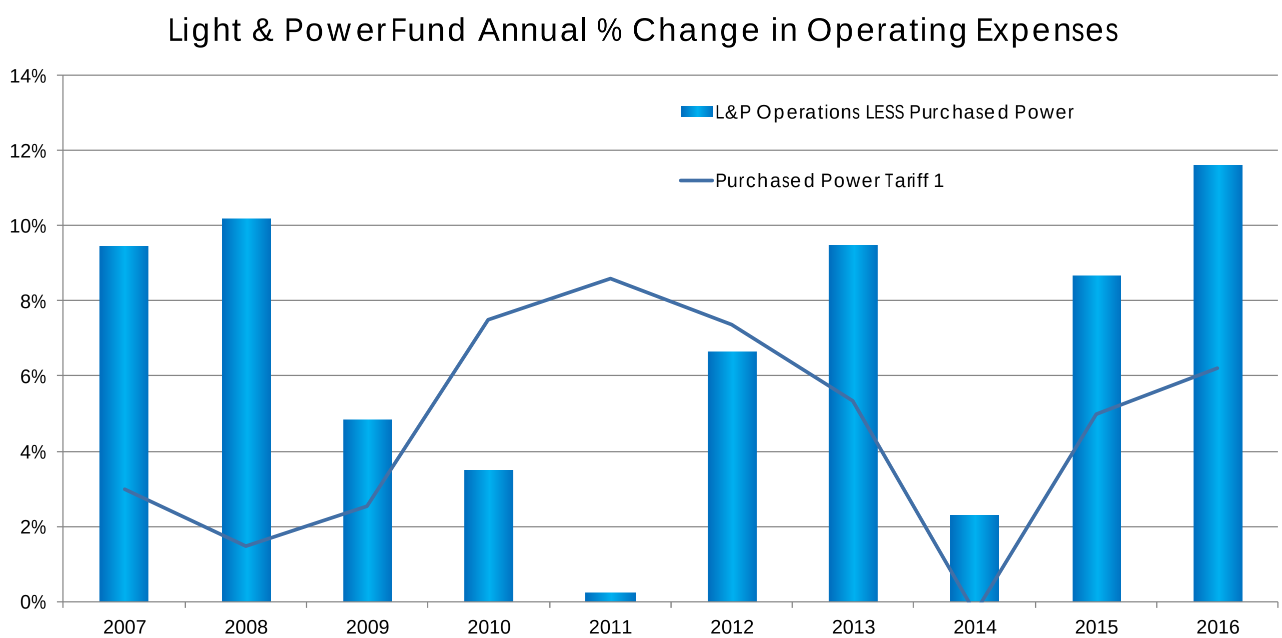
FUND:
501 - L&P Enterprise Fund

Year	10 Yr Annualized Trend	5 Yr Annualized Trend	3 Yr Annualized Trend	1 Yr Annualized Trend
Annual Demand (KWH in Millions)	0.70%	0.71%	0.23%	1.85%
OPERATING EXPENSES				
Purchase Power -Tariff 1	4.64%	4.69%	3.31%	6.22%
Renewables PRPA	16.89%	-0.05%	9.43%	-3.66%
Community Renewables		39.28%	68.12%	-1.83%
L&P Operations	7.73%	6.89%	6.26%	14.85%
Energy Services	16.32%	16.80%	11.89%	19.96%
PILOTs	4.61%	4.64%	2.62%	6.55%
Administrative Services				
Admin Services - CS&A	4.50%	8.26%	7.24%	23.39%
Admin Services - General Fund	7.94%	7.98%	11.80%	2.00%
Other Payments & Transfers	4.03%	4.97%	-7.48%	-7.38%
Subtotal Admin Services	4.99%	7.97%	6.43%	16.54%
Depreciation	3.59%	4.05%	3.77%	5.55%
Total Operating Expenses	5.34%	5.53%	4.44%	**7.75%**
Operating Expenses less Purchased Powe	6.64%	7.70%	6.77%	**11.61%**
Operating Expenses less Purchased Power & Depreciation	7.66%	8.84%	7.72%	**13.38%**
Debt Service		3.81%	2.65%	0.74%
System Addition/Replacement	6.70%	14.85%	3.63%	24.37%
Major Capital Expenses	20.11%	0.02%	-29.32%	**112.09%**
Total Non-operating Expenses	11.92%	6.13%	-12.39%	48.17%
Total Expenses	6.14%	5.63%	1.66%	**12.66%**

The chart below shows the growth rates for the major operating expense categories and system additions and replacements. The line graph shows that the purchased power costs while still above the inflation rate have increased at a slower rate than any category of the distribution utility expenses.

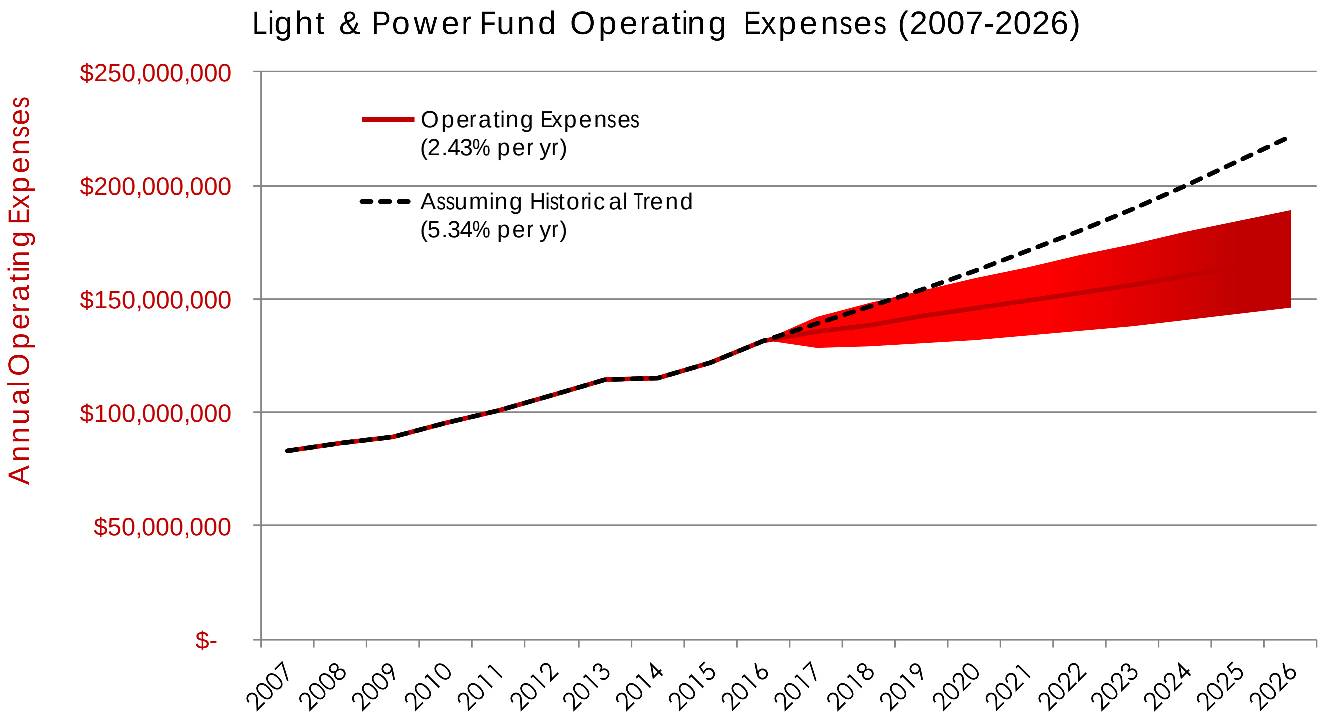


The chart below shows the untenable trend in operating expenses. Inflation has been less than 2% over the past decade for comparison.



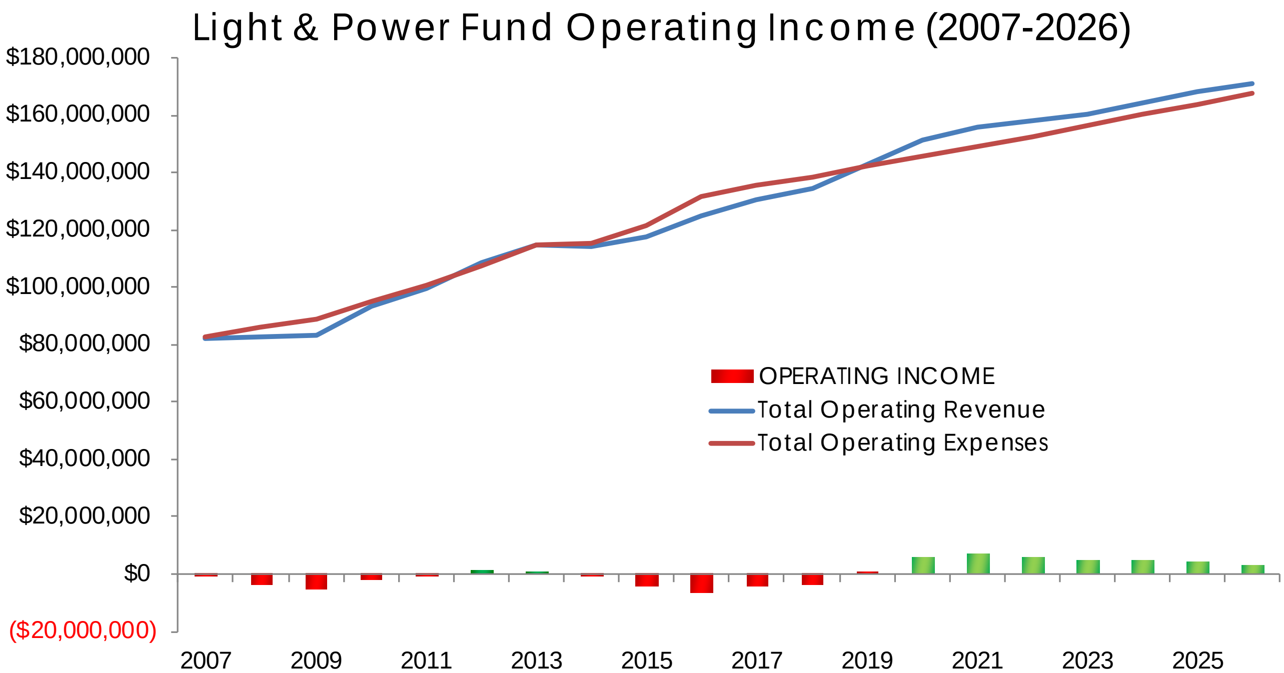
<u>Looking out over the next ten years through the long term financial model, expenses will need to be tightly managed so as not to exceed the rate of inflation in total.</u> This will be particularly challenging as most of the operating revenue goes to purchased power expenses which are

expected to grow above the rate of inflation – purchased power costs are assumed to increase at 2.25% annually which is 0.5-1.5% above the anticipated rate of inflation of 1-2%. The dotted black line in the chart shows the current trend on operating expenses. The solid red line into the future assumes operating expenses other than purchased power and PILOTs also grow at a rate of only 2.43% annually.

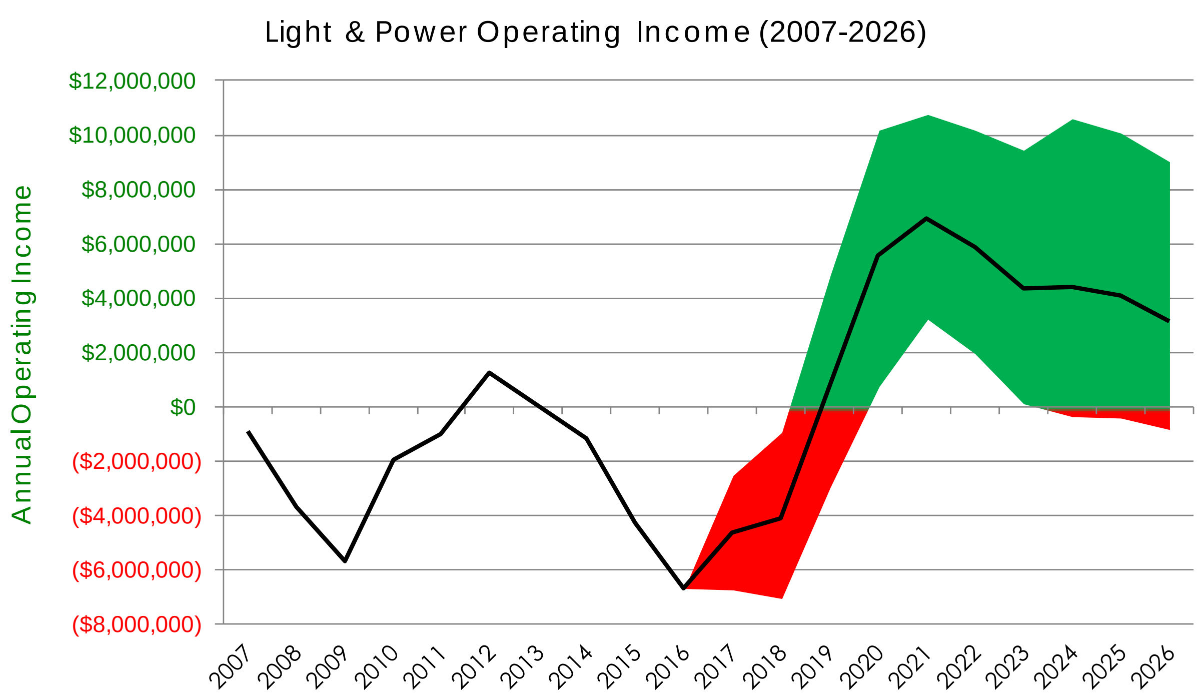


Operating Income Analysis – Light & Power

While operating revenues increased from $82M in 2007 to $125M in 2016, operating expenses increased from $83M to $132M over the same period. This difference between the increases in operating revenues and operating expenses has resulted in this utility having negative operating income 8 of the last 10 years with 2016 being the largest operating loss over that period at $6.0M. Only 2012 which saw an 8.3% rate increase and 2013 which saw an additional 4.3% rate increase generated positive operating income. The graph below shows the growing divergence between operating revenues and expenses. Given the limited growth available in operating income it will be necessary to tightly manage operating expenses so as to limit their growth significantly over the next decade. Constraining operating expenses along with modest growth in operating revenues will allow this utility to generate positive operating income which will provide the necessary capital for anticipated infrastructure build out and renewal in the future. Again, it will be necessary to have 5.0% rate increases in both 2019 and 2020 to realize this operating income.



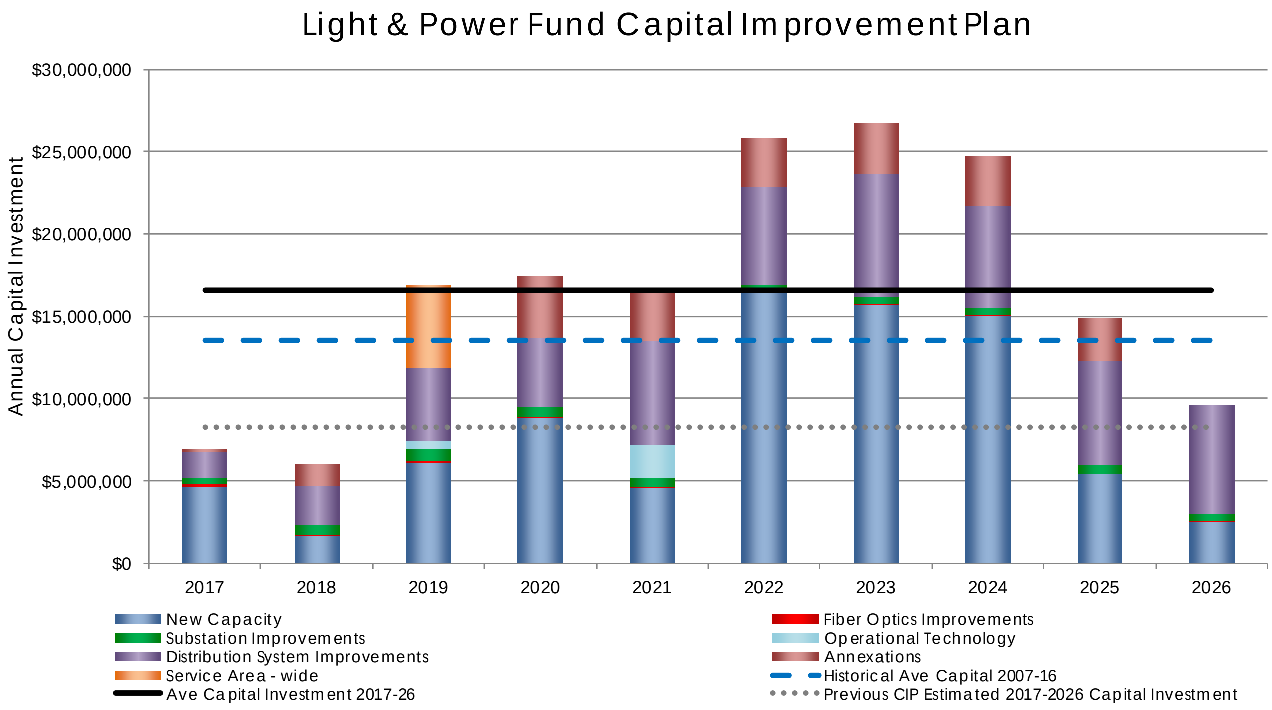
By realizing a historically modest operating revenue growth of 3.2% over the coming decade and most importantly limiting increases in operating expenses to no more than 2.4% in total annually, it is expected that adequate operating income will be generated and the identified capital work in the CIP can be fully funded without the need for additional debt to be issued **before 2023** when the broadband effort is expected to generate adequate revenue to service that debt.



Capital Expenditure Analysis – Light & Power

The electric system is largely an underground distribution system that has been built over the last 30-50 years. These underground assets have performed well over their useful life, allowing the community to benefit from a very reliable electric system, but it is expected that significant capital investment will need to be made in the coming decades to renew this aging infrastructure. The need for asset lifecycle management strategies (from installation to replacement) for all major electric assets will be an area of focus for Asset Management and L&P Operations in the next few years so that the necessary investments are quantified and adequate funding is available as needed in the future.

The current 10 Year CIP consists of $166M of identified capital investments which consists of $103M of new capital needs for the anticipated growth in system demands over the decade as well as $58M for system renewal investments and $5M for service area wide software projects. Excluding the long term capital investment in the new administrative building of $14M and the portion of the advanced metering infrastructure investment funded by grant revenue of $16M the average annual historical capital investment has been $13.5M per year from 2007 through 2016, or $5.3M more per year than is identified for the coming decade.

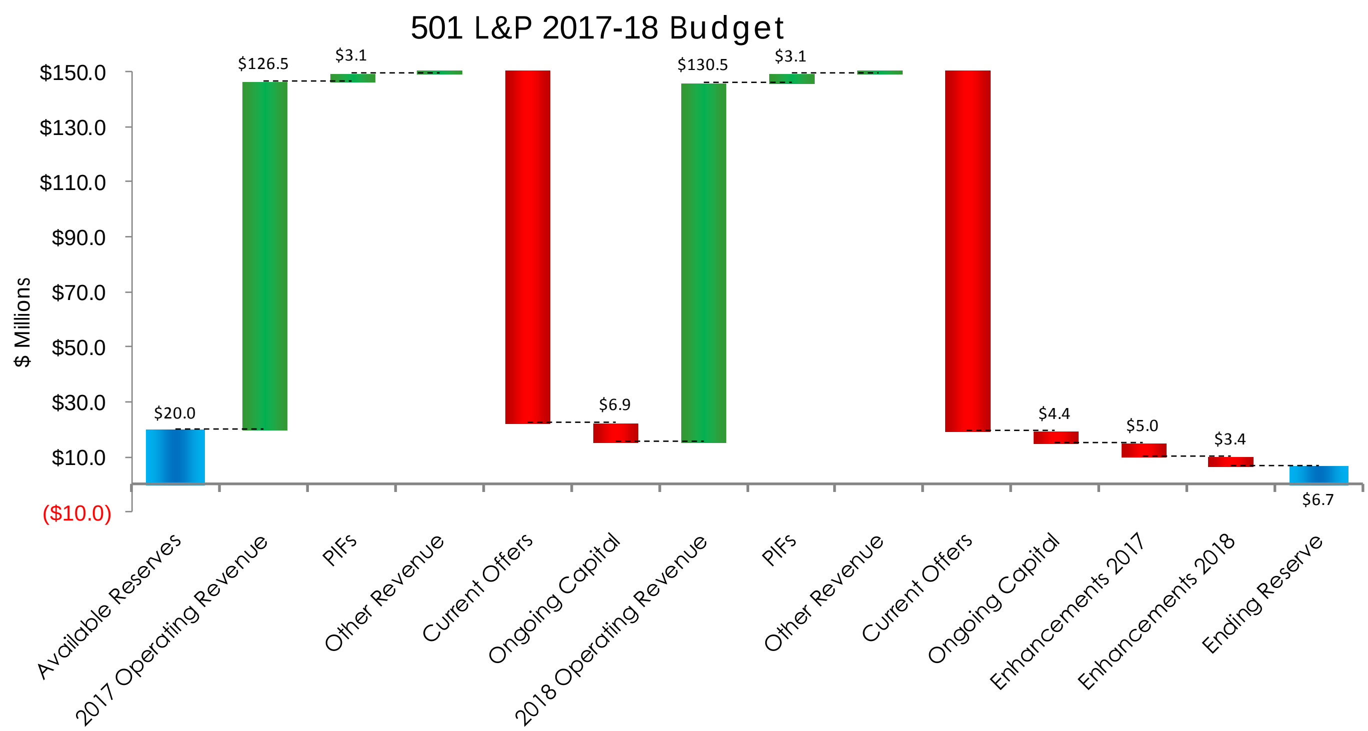


Annexations into the City limits typically result in this utility taking over service from a neighboring utility. This requires compensating the neighboring utility for stranded assets and sometimes for lost future revenue. Additionally, it involves reconfiguring and rebuilding the existing infrastructure without any development fee to offset the capital investment. Thus, annexations can be a significant expense for this utility. The Mulberry Annexation is the most significant contributor to the Annexations category as this annexation is estimated to cost Light & Power at least $15M to acquire and rebuild the infrastructure to meet standards. A deferment of this annexation by a few years would relieve some of the potential constraints on this fund.

2017-18 Budget – Light & Power

The 2017-18 biennial budget included a 3.45% rate increase in 2017 and a 1.8% increase in 2018 as well as a drawdown of Available Reserves from $20.0M to $6.7M for the funding of several capital improvements. This assumes that revenues and operating expenses will be at the budgeted level. Based on historical trend analysis it is likely that revenues will exceed budget and operating expenses other than purchased power expenses will be under budget. Through October 2017, revenues are $3.7M over budget and operating expenses are $0.2M under budget. The 2017-18 budgets reflects an annualized 0.2% decrease in Current Offers over the 2016 budget which is less than the modeled 2.0% annual growth in operating expenses to recognize the historical underspend. Hence the relatively low underspend year to date in 2017 compared to the budget. The 2019-20 Budget will begin at this lower level and assume no more than a 2.4% increase in operating expenses before consideration is given to Enhancements.

The waterfall chart below summarizes the Council adopted 2017-18 budget for this utility.



A Budget Offer / Business Unit level history is provided below for additional consideration of where opportunities and challenges may exist going forward.

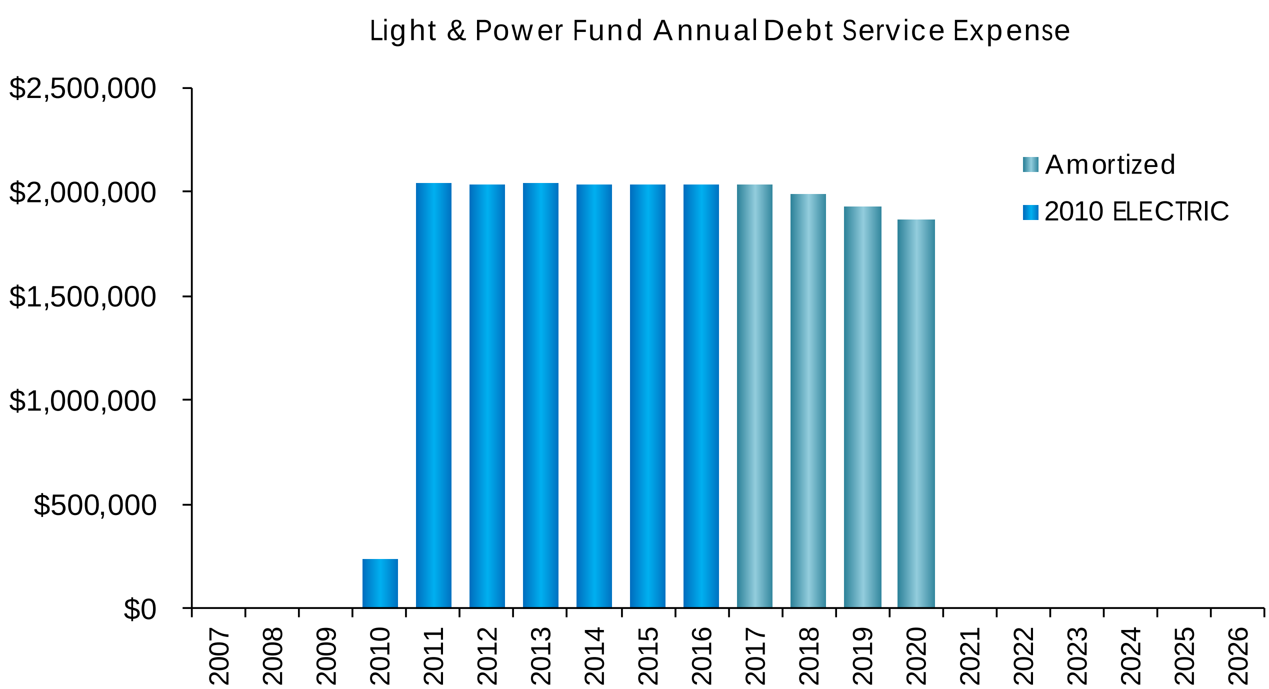
Light & Power Ongoing Offers

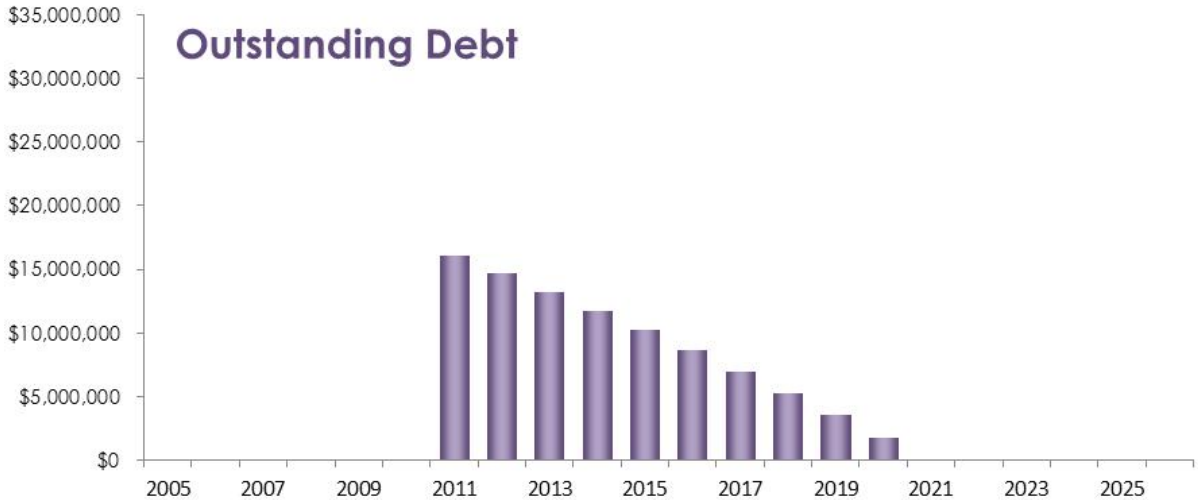
BU	2013 Actual	2014 Actual	2015 Amended Budget	2015 Actual	2016 Amended Budget	2016 Actual	2017 Approved	2018 Approved
Offer: 5.1 Utilities: Light & Power - Payments and Transfers								
10000000 - Payments & Transfers	15,248,470	15,090,964	17,556,273	16,188,056	17,934,728	17,660,398	17,907,664	18,493,708
Total Expenses for Offer 5.1	15,248,470	15,090,964	17,556,273	16,188,056	17,934,728	17,660,398	17,907,664	18,493,708
Offer: 5.2 Utilities: Light & Power - Operations								
10100000 - Knowledge Transfer - L&P	22,059	20,882	50,000	0	50,000	49,941	10,000	10,000
12300000 - Admin & General Operations	893,624	903,406	825,225	718,989	920,196	9,949,918	896,071	915,815
12310000 - Telecommunications O&M	0	4,805	107,963	226,749	110,199	221,494	254,896	261,124
14000000 - Electric Field Services O&M	5,069,760	5,190,942	5,133,135	5,569,573	5,518,295	6,440,752	5,764,388	5,888,646
14100000 - Electric Systems Engr O&M	129,149	141,750	260,560	111,844	266,368	97,258	239,115	223,091
14200000 - Electric Standards Engr O&M	285,749	302,218	381,561	383,172	389,767	372,232	373,516	380,193
14210000 - Material Control - Standards	300,824	347,423	319,041	349,430	326,382	334,047	339,430	349,187
14230000 - Electric Meter O&M	391,212	434,042	377,057	445,442	385,657	459,427	433,449	435,701
14300000 - Elec. Systems Design Engr O&M	195,776	275,166	388,563	281,600	396,619	399,998	378,756	388,776
14310000 - Elec. Substations O&M	391,960	443,745	591,192	434,321	570,133	585,785	600,323	611,550
14320000 - Supervsiory Control Operations	480,013	406,130	598,477	467,547	610,704	363,190	557,279	567,683
Total Expenses for Offer 5.2	8,160,125	8,470,510	9,032,774	8,988,666	9,544,319	19,274,044	9,847,223	10,031,766
Offer: 5.5 Utilities: Light & Power - System Additions								
15100000 - Replacement of Cable	860,908	297,538	507,247	556,108	496,500	970,929	0	0
15200000 - UG Equipment Upgrades	1,144,841	837,956	902,300	596,463	920,350	573,472	0	0
16080000 - Automated Dist & Load Control	31,087	42,318	100,000	30,439	100,000	10,630	0	0
16200000 - Streetlight Improvements	111,202	52,201	104,040	301,861	106,120	286,836	0	0
16300000 - Major Duct Banks & Circuits	578,775	1,421,514	1,310,265	2,066,024	6,168,807	4,944,662	0	0
16400000 - Meters & Related Devices	244,535	268,903	217,160	372,434	221,500	728,790	300,000	300,000
16410000 - Advanced Metering Infrastruct	57,071	106,092	0	14,126	0	4,093	100,000	100,000
16500000 - Telecommunications	69,664	29,221	60,000	8,248	60,000	2,964	60,000	60,000
16600000 - Services	214,516	360,510	67,100	296,070	68,420	311,643	0	0
16700000 - Elec System Purchases	814,446	564,237	777,750	429,775	793,300	443,889	425,000	430,000
16800000 - Subdivision Construction	2,008,826	3,229,573	1,938,140	2,528,424	1,927,580	1,354,160	1,859,000	1,859,000
16900000 - Distribution - Other L&P	15,296	93,951	518,110	38,712	518,720	47,934	500,000	500,000
17000000 - Transformer Purchases	769,096	1,133,683	1,495,575	852,403	1,255,534	860,802	0	0
19300000 - General Plant Purchases	544	64,432	135,000	10,995	123,856	289	0	0
19700000 - Capital Labor Elec Field Srv	417,797	496,001	2,442,920	521,024	2,505,800	225,652	725,292	745,298
19710000 - Capital Labor Elec System Engr	587,545	612,119	730,136	680,204	746,117	755,856	646,225	664,427
19720000 - Capital Labor Elec Standards	77,414	95,239	323,638	99,120	330,751	98,098	335,697	345,052
Total Expenses for Offer 5.5	8,003,564	9,705,488	11,629,381	9,402,428	16,343,356	11,620,699	4,951,214	5,003,777
Offer: 5.6 Utilities: Light & Power - Purchase Power								
11000000 - Purchase Power	78,495,175	78,272,066	84,569,000	82,164,556	88,792,000	87,276,576	87,300,000	89,500,000
Total Expenses for Offer 5.6	78,495,175	78,272,066	84,569,000	82,164,556	88,792,000	87,276,576	87,300,000	89,500,000
Offer: 5.7 Equipment Replacement - Utilities: Light & Power - Vehicles and Equipment								
19400000 - Power Equipment & Vehicles	245,681	380,585	570,121	394,262	491,630	465,138	625,000	480,000
19410000 - Equip & Vehicle Elec System Engr	0	0	45,000	0	45,000	45,000	0	0
Total Expenses for Offer 5.7	245,681	380,585	615,121	394,262	536,630	510,138	625,000	480,000
Offer: 6.65 Utilities: Light & Power - Energy Services								
13000000 - Energy Services	3,990,019	4,285,157	4,429,403	4,282,694	4,475,203	4,917,517	4,234,054	4,263,877
Total Expenses for Offer 6.65	3,990,019	4,285,157	4,429,403	4,282,694	4,475,203	4,917,517	4,234,054	4,263,877
Offer: 6.67 Utilities: Light & Power - Residential & Commercial Solar Rebates								
11110000 - Community Renewables	372,977	283,315	1,414,156	1,211,801	896,520	799,190	500,000	500,000
Total Expenses for Offer 6.67	372,977	283,315	1,414,156	1,211,801	896,520	799,190	500,000	500,000
Offer: 6.68 Utilities: Light & Power - Renewable Energy								
11100000 - Purchase Power Renewables	1,823,999	1,824,904	1,824,000	1,893,255	1,824,000	1,823,998	1,900,000	1,992,000
11110000 - Community Renewables	372,977	283,315	1,414,156	1,211,801	896,520	799,190	210,000	210,000
11120000 - Ft Collins Solar Program(FIT)	7,884	118,000	1,028,928	356,341	1,000,000	740,239	850,000	850,000
Total Expenses for Offer 6.68	2,204,860	2,226,219	4,267,084	3,461,397	3,720,520	3,363,427	2,960,000	3,052,000
Offer: 6.69 Utilities: Light & Power - Demand Response								
13500000 - Demand Response	102,180	129,639	1,307,062	567,069	1,526,471	1,000,549	794,950	620,400
Total Expenses for Offer 6.69	102,180	129,639	1,307,062	567,069	1,526,471	1,000,549	794,950	620,400

Debt Analysis – Light & Power

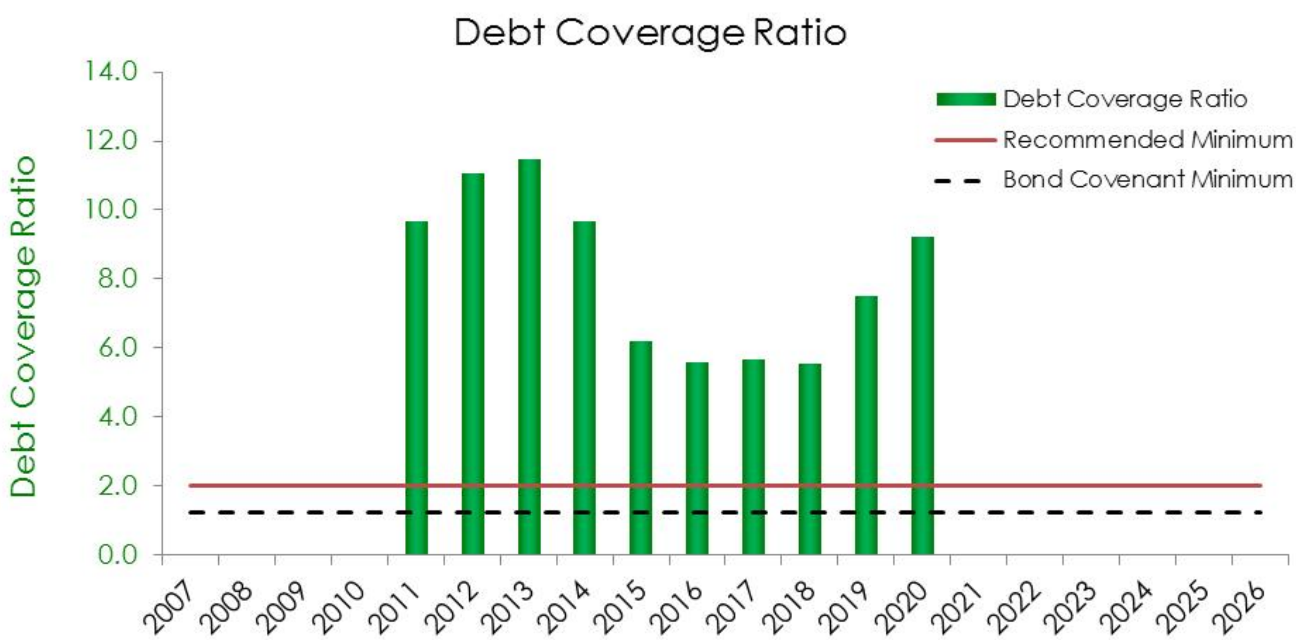
The electric utility has historically operated without any debt. While this is a very strong financial policy, it is one that results in cross generational subsidies as assets are bought by one generation of the community and then effectively used by subsequent generations of the community. This should be revisited particularly when interest rates are extremely low. It is much more prudent to take a longer term perspective on capital improvements so as to minimize the financing costs associated with such projects than to be subject to the financing costs associated with immediate financing regardless of the economic climate. In 2010 the utility issued two revenue bonds to receive a matching grant from the Department of Energy for the AMFC program. Based on the cyclical nature of the economy, the current favorable financing conditions may not last more than a few years before interest rates increase. Currently the 2010 Bonds issued to finance the AMFC project are the only debts being serviced by this utility. Given the continued favorable cost of borrowing consideration should be given to issuing debt over raising rates for capital investments in the near future. However, the community interest in expanding this fund to include a broadband internet service is likely to take up all of the existing debt capacity of this fund at least until 2023.

The existing debt was reviewed by Standard and Poor's in 2016 which affirmed its AA- bond rating despite there being little debt history in this fund. The output from the long term financial model was provided to the analysts for their revised bond rating.





The debt coverage ratio for this Fund has been well above the bond covenant minimum requirements of 1.15-1.2 as well as above the internally recommended ratio of 2.0 necessary to be viewed as favorably as possible by the rating agencies.



The actual debt capacity for this utility Enterprise Fund is very large due to the large amount of revenue collected which is essentially passed through to PRPA. While a simple interpretation of Pledged Revenues could include this revenue, because it is needed to continue to meet generation cost obligations, it is not available for debt service for any debt that may be issued within the distribution utility. Moreover, the debt capacity of the Enterprise Fund is limited by the outstanding debt held by PRPA as the rating agencies recognize the proportional ownership of that debt by Fort Collins Utilities. Thus, **while there is in some sense existing debt**

capacity of about $100-150M, not all of which may be available to the Light & Power Fund. Moreover, the effect of issuing such debt would be to severely limit any capital investment for this Fund beyond that debt issuance for the next 3-5 years, at least.

Fund 501 L&P - Debt Capacity Table

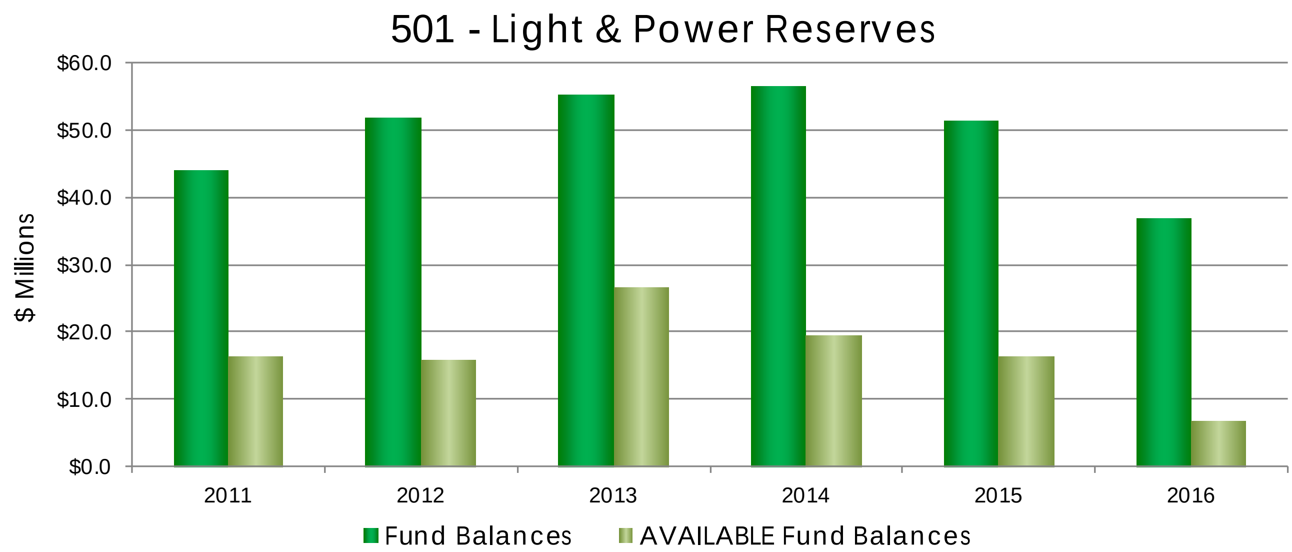
Interest Rate:	3.0%			Interest Rate:	5.0%		
Debt Coverage Ratio	Debt Capacity (10 Yr Debt)	Debt Capacity (15 Yr Debt)	Debt Capacity (20 Yr Debt)	Debt Coverage Ratio	Debt Capacity (10 Yr Debt)	Debt Capacity (15 Yr Debt)	Debt Capacity (20 Yr Debt)
1.2	$98.20	$137.30	$171.30	1.2	$88.90	$119.50	$143.50
1.4	$84.20	$117.70	$146.80	1.4	$76.20	$102.40	$123.00
1.6	$73.70	$103.00	$128.50	1.6	$66.70	$89.60	$107.60
1.8	$65.50	$91.60	$114.20	1.8	$59.30	$79.70	$95.70
2.0	$58.90	$82.40	$102.80	2.0	$53.30	$71.70	$86.10
2.2	$53.60	$74.90	$93.40	2.2	$48.50	$65.20	$78.30
2.4	$49.10	$68.70	$85.60	2.4	$44.40	$59.80	$71.80

Outstanding Debt $7.0 M

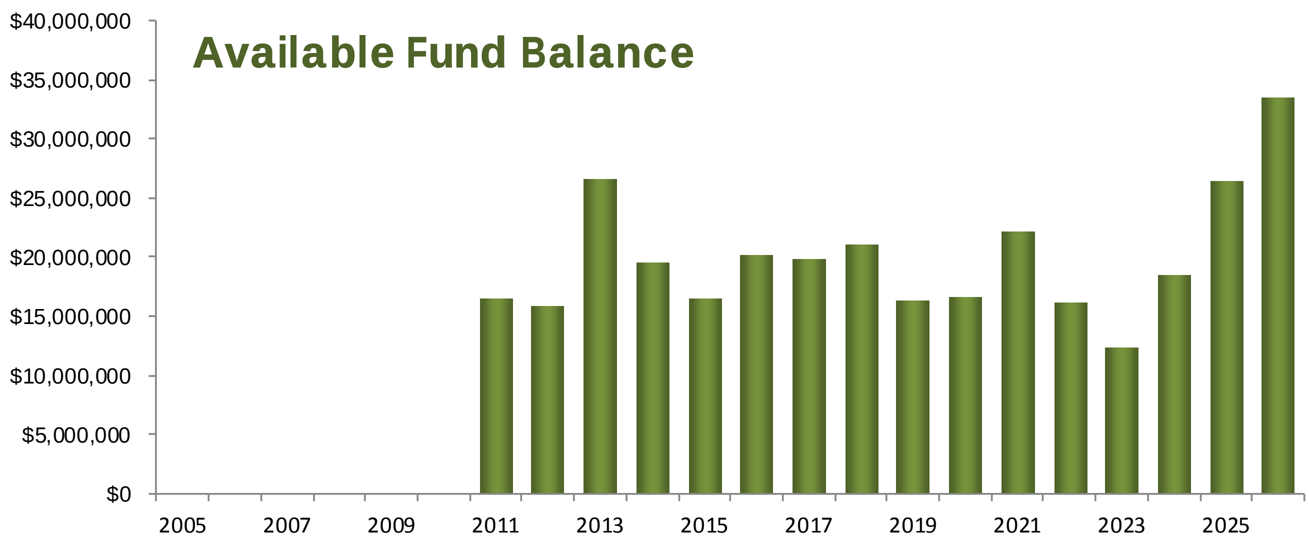
Reserve Analysis – Light & Power

Financial Management Policy 5, last issued by Council July 15, 2014, specifies Fund Balance Minimums for Enterprise Reserves. It also states that additional reserves should be set aside for anticipated capital investments. This Plan does this in the long term financial modeling to determine when additional capital investment should come from Available Reserves and when it should come through rates or most directly debt issuances. While not all future capital investments have been identified, particularly for the renewal of the aging existing infrastructure, the amount of revenue available for the anticipated capital needs should be sufficient in the near term to avoid setting aside additional reserves above what has already been appropriated for anticipated capital work in 2017 and 2018. This will be reviewed ahead of the 2019-20 Budget For Outcomes cycle which begins in March of 2018.

While the Light & Power Enterprise Fund ended 2016 with a fund balance of $36.8M after accounting for minimum reserve requirements and prior appropriations only $6.7M was available for new appropriations. This is less than 20% of the fund balance. The graph below shows the trend since 2011. Available reserves should be built back up to be available for future capital needs which will require limiting the growth of operating expenses considerably into the future and the proposed 5.0% rate increases in 2019 and 2020.

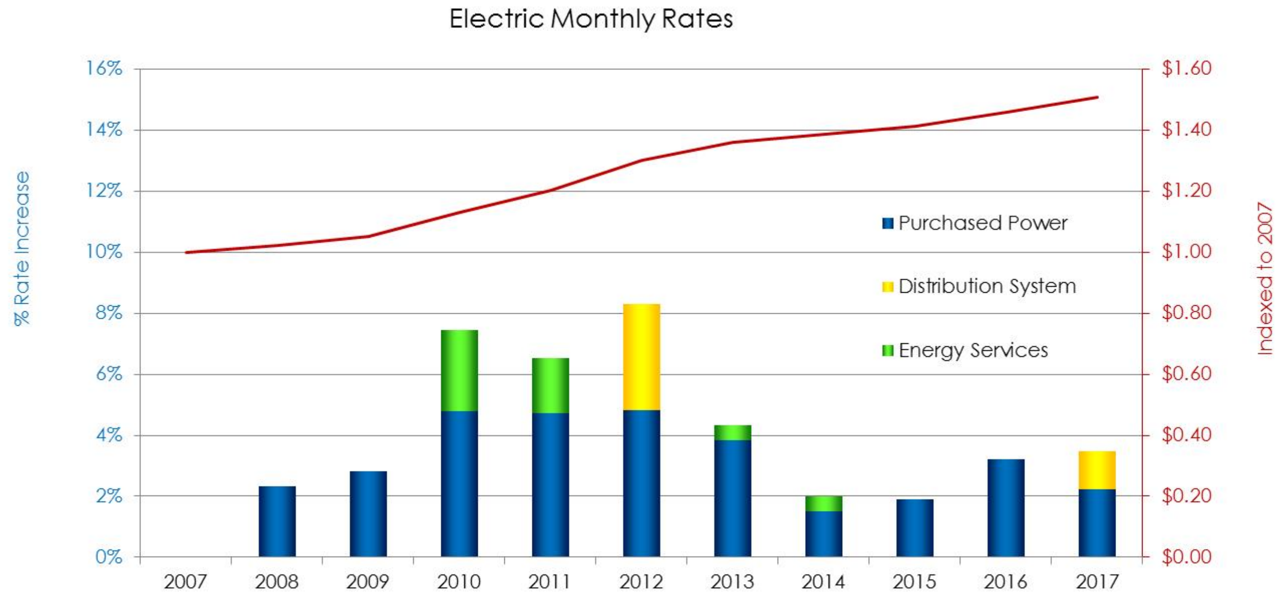


In the near term operating income and projected development fees are expected to increase the Available Reserve balance. As the larger capital investments are made in the front years of the next decade and the outstanding debt is retired, Available Reserves will increase. The increasing Available Reserves will be impacted by the development of more robust system renewal strategies through the Asset Management efforts of the utility.



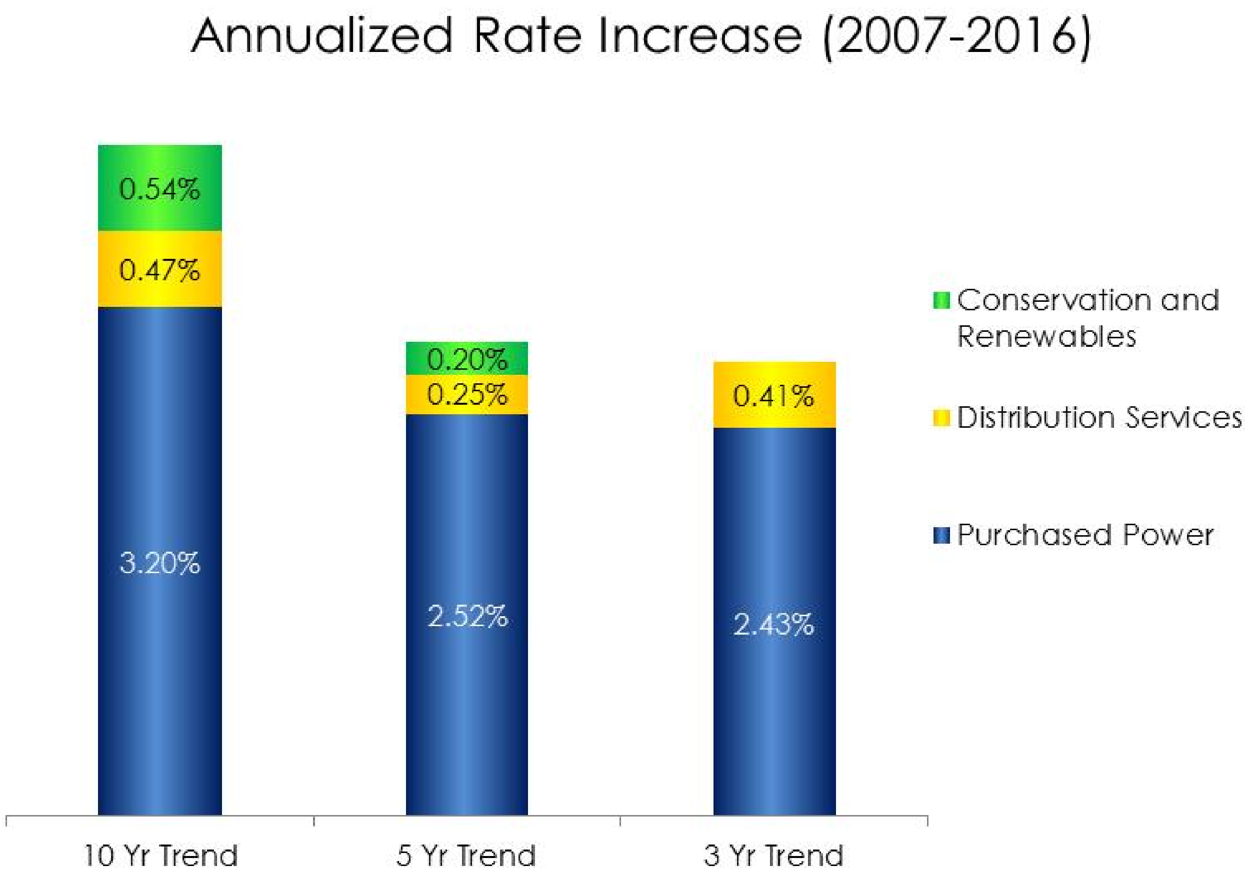
Rate Analysis – Light & Power

As discussed above, operating revenues have increased significantly over the past decade driven mainly by rate increases. In 2017 a customer will pay $1.51 for the same amount of energy that would have cost them $1.00 in 2007.



That cost increase reflects an average annual rate increase of 4.2% over the decade. The last year there was no rate increase in electric monthly charges was 2007. Since then the rate increases have been primarily due to increased generation and transmission costs from PRPA (see blue bars above). Increased focus on energy conservation programs and renewable energy sources (see green bars above) has also driven rate increases. Lastly, there have been two rate increases due to increased costs associated with maintaining and replacing the distribution system (see yellow bars above).

The portion of the rate increase in 2017 that was not a pass through from PRPA was 1.25% of the overall 3.45% rate increase. Increasing operating revenues by 1.25% based on 2016 operating revenues is expected to add $1.5M in 2017 operating revenues that are available for expenses other than purchased power expenses. This represents a 3.6% increase in revenues available for operating expenses other than purchased power compared to the 7.7% annual growth seen on those expenses over the previous decade. Because of additional Enhancements to the base 2017-18 Budget, all of this additional revenue will be used above the ongoing budget and thus will not immediately impact operating income as intended. If these enhancements are not continued forward into 2019 then this rate increase along with managed costs will be close to providing positive operating income in 2019 and beyond. However, in order to assure that positive operating income is generated consistently additional rate increases for distribution operating expenses will be necessary over the coming decade as indicated by this analysis.



Based on the 10 year wholesale rate projections from PRPA, purchased power costs are expected to increase at a slower retail rate of 1.9% over the next 10 years under the Clean Power Plan (CPP). If the CPP is delayed or not put into effect, then purchased power costs should increase at an even slower rate over that period. The long term financial model assumes the CPP continues as originally planned and that capital improvements are made as outlined in Scenario 3 above. This results in the following ten year rate forecast:

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rate Increase *	3.45%	1.8%	5.0%	4.9%	2-3%	0-2%	0-2%	1-3%	1-3%	0-2%

* Rate increases may change depending on what PRPA needs each year.

In 2012 there were significant changes made to the wholesale purchased power rate structure. A seasonal rate structure was adopted by PRPA and through a cost of service analysis certain operational costs were re-allocated between the energy and demand components of the wholesale rates. This utility has historically at City Council's direction passed any increase in purchased power costs immediately into the retail rate and 2012 was no exception. In addition to the shift of wholesale purchased power costs from the demand to energy component of the wholesale rates, City Council adopted a three tiered residential rate that year.

The intent of the three tiered residential rate structure was to promote energy conservation. Based on analysis done in 2013 comparing weather normalized residential use in 2011 and 2012 there was no measurable change in energy consumption. In 2014 a pilot study was approved by the City Council to consider a 12 month time of use (TOU) rate structure. That rate structure showed a 2.5% reduction in energy consumption compared to the tiered rate structure suggesting that there is some energy savings that could be expected from adopting a residential time of use rate structure potentially as soon as 2018. The 12 month pilot study allowed staff to have confidence that adequate revenues will be generated through a time of use rate structure. Based on Council feedback it is expected that a time of use rate structure that may also include a tier will be adopted for all residential customers in late 2018. The adoption of a TOU rate structure is expected to decrease long term operating revenues by 1.0%.

Financial Risk Assessment – Light & Power

Below is a list of identified financial risks for this utility. Each risk is categorized as high, medium or low according to both the likelihood and consequence of it being realized. Those risks above the solid line are significant enough that risk mitigation strategies should be developed. Further assessment of these financial risks, particularly with operational input, may change the likelihood and consequence of each and may identify other significant financial risks. This additional assessment will be done ahead of the 2019-20 budget cycle.

FUND:
501 - L&P Enterprise Fund

Risk ID	Description	Likelihood	Consequence	Mitigation Recommended
LPFR1	Operating Expense Increases	Medium	High	X
LPFR2	Asset Lifecycle Management Plans	High	Medium	X
LPFR3	PRPA Rate Increases	High	Medium	X
LPFR4	Municipal Broadband	High	High	X
LPFR5	Distributed Energy Resources	Medium	Medium	
LPFR6	Rate Fatigue	Medium	Medium	
LPFR7	System Reliability	Medium	Low	
LPFR8	CAP Initiatives	Low	Medium	
LPFR9	AMFC Cost Savings	Medium	Low	
LPFR10	Clean Power Plan	Low	Medium	
LPFR11	Unidentified Capital Projects	Medium	Medium	
LPFR12	Mulberry Annexation	Medium	Medium	

1. Continuing escalation of operating expenses at a rate well above inflation would limit capital investment and require larger rate increases than planned. ***Likelihood = Medium; Consequence = High***
2. Asset Lifecycle Management Plans may identify significant capital investment is needed in aging infrastructure to maintain current levels of service. ***Likelihood = High; Consequence = Medium***
3. PRPA rate increases may limit the amount of any rate increase available to finance capital improvements to the distribution system. ***Likelihood = High; Consequence = Medium***
4. A new broadband utility service would require issuing significant debt from this utility – effectively consuming almost all of the debt capacity thereby limiting the amount of debt that may be available for L&P capital needs. ***Likelihood = High; Consequence = High***
5. Distributed Energy Resources may significantly reduce operating income available for system maintenance and renewal. ***Likelihood = Medium; Consequence = Medium***
6. Rate fatigue, even at more modest annual adjustments, could result in less capital investment than necessary to meet growth and maintain the current levels of service. ***Likelihood = Medium; Consequence = Medium***
7. A real or perceived decline in distribution system reliability could accelerate system renewal capital requirement expectations. ***Likelihood = Medium; Consequence = Low***
8. CAP objectives and tactics may limit capital available for capital needs. ***Likelihood = Low; Consequence = Medium***
9. AMFC projected cost savings may not be fully realized. ***Likelihood = Medium; Consequence = Low***
10. State decision on how to meet Clean Power Plan may require larger than anticipated rate increases from PRPA. ***Likelihood = Low; Consequence = Medium***
11. Unidentified capital investment may be necessary either due to additional capacity or unexpected asset failures. ***Likelihood = Medium; Consequence = Medium***
12. The Mulberry Annexation could proceed sooner than expected (2019 or 2020) resulting in $10-20M capital expenditure sooner than anticipated which may require issuing debt to finance. ***Likelihood = Medium; Consequence = Medium***

Appendix A: Capital Improvement Plan – Light & Power

Below is a list of identified capital projects expected to be completed over the next decade. These projects are grouped into the following categories:

New Circuits – circuits that will be necessary to serve new growth areas

New Duct Banks – duct banks that will be necessary to serve new growth areas

New Substations – the 2 new substations that will be necessary to serve new growth areas

Annexations – anticipated annexation areas will require acquisition of infrastructure from neighboring utility providers

Substation Improvements – system renewal costs for substation infrastructure

Distribution System Improvements – system renewal costs for distribution infrastructure

Fiber Optics Improvements – system renewal costs for fiber infrastructure

Operational Technology Projects – capital projects associated with updating / adopting new technologies

Light & Power Enterprise Fund Project Prioritization

These colored cells were updated Sept 27, 2017.

Project or Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Total for New Circuits	$3,331,017	$1,322,018	$2,852,019	$2,892,020	$4,572,021	$2,752,022	$342,023	$5,882,024	$1,322,025	$2,515,203	$22,636,823
Total for New Duct Banks	$1,325,000	$430,000	$3,330,000	$5,970,000	$0	$4,970,000	$6,320,000	$9,160,000	$4,140,000	$0	$0
Total for New Substations	$0	$0	$0	$0	$0	$8,750,000	$9,020,000	$0	$0	$0	$0
Total for New Capacity	$4,656,017	$1,752,018	$6,182,019	$8,862,020	$4,572,021	$16,472,022	$15,682,023	$15,042,024	$5,462,025	$2,515,203	$22,636,823
Total for Annexations	$140,000	$1,275,000	$0	$3,714,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$2,500,000	$0	$0
Total for Substation Improvements	$445,000	$590,000	$750,000	$620,000	$605,000	$440,000	$440,000	$440,000	$455,000	$440,000	$0
Total for Distribution System Improvements	$1,555,000	$2,389,000	$4,450,000	$4,164,500	$6,310,000	$5,890,000	$7,530,000	$6,180,000	$6,370,000	$6,560,000	$6,757,000
Total for Fiber Optics Improvements	$160,000	$67,000	$69,000	$71,000	$73,000	$75,000	$77,000	$79,000	$81,000	$83,000	$85,000
Total for Replacement Projects	$2,160,000	$3,046,000	$5,269,000	$4,855,500	$6,988,000	$6,405,000	$8,047,000	$6,699,000	$6,906,000	$7,083,000	$6,842,000
Total for Operational Technology Projects	$0	$0	$5,500,000	$0	$2,000,000	$0	$0	$0	$0	$0	$0
Grand total for all LPO Capital Projects	$6,956,017	$6,073,018	$16,951,019	$17,431,520	$16,560,021	$25,877,022	$26,729,023	$24,741,024	$14,868,025	$9,598,203	$29,478,823

Light & Power Enterprise Fund Project Prioritization

Project or Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
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										
| ID# 21 | Circuit: 572 | Install circuit 572 to serve Avago to unload 502 and 522		$490,000									
| ID# 74 | Circuit: 558 | Install circuit 558 to serve HP to unload 516 and 532		$490,000									
| ID# 85 | Circuit: 216 | Re-route circuit 216 to unload circuit 824		$340,000									
| ID# 4 | Circuit: 936 | Install circuit 936 to unload circuits 804, 834, and 906			$1,280,000								
| ID# 13 | Circuit: 724 | Install circuit 724 to unload circuits 714, 726, and 722			$980,000								
| ID# 76 | Circuit: 734 | Install circuit 734 to unload circuit 738 and 722			$590,000								
| ID# 9 | Circuit: 576 | Install circuit off existing breaker 576 to unload circuit 576				$500,000							
| ID# 11 | Circuit: 322 | Install circuit 322 to unload circuits 308 and 332 and serve Mulberry				$1,450,000							
| ID# 12 | Circuit: 314 | Install circuit 314 to unload circuit 308				$700,000							
| ID# 75 | Circuit: 836 | Install circuit 836 to serve Hughes Stadium				$240,000							
| ID# 8 | Circuit: 554 | Install circuit off existing breaker 554 to unload circuit 554					$780,000						
| ID# 10 | Circuit: 518 | Install circuit off existing breaker 518 to unload circuit 518					$1,080,000						
| ID# 19 | Circuit: 616 | Install circuit 616 to unload circuit 622					$260,000						
| ID# 26 | Circuit: 716 | Re-route circuit 716 due to cable ampacity					$70,000						
| ID# 27 | Circuit: 736 | Re-route circuit 736 due to cable ampacity					$70,000						
| ID# 33 | Circuit: 336 | Install new circuit 336 to serve Woodard					$1,150,000						
| ID# 77 | Circuit: 602 | Install new circuit 602 to Serve ABB					$580,000						
| ID# 78 | Circuit: 634 | Install new circuit 634 to Serve ABB					$580,000						
| ID# 1 | Circuit: 904 | Install circuit 904 to unload circuit 504						$620,000					
| ID# 34 | Circuit: 832 | Install circuit 832 to serve system expansion in west						$640,000					
| ID# 35 | Circuit: 502 | Install circuit off existing breaker 502 to unload ckts 502, 518 & 534						$880,000					
| ID# 36 | Circuit: 566 | Install circuit off existing breaker 566 to unload circuit 522						$610,000					
| ID# 37 | Circuit: 548 | Install circuit off existing breaker 548 to unload circuits 326 and 568							$340,000				
| ID# 42 | Circuit: 402 | Install circuit 402 to unload circuit 832								$290,000			
| ID# 43 | Circuit: 404 | Install circuit 404 to unload circuit 832								$840,000			
| ID# 44 | Circuit: 406 | Install circuit 406 to unload circuits 732 and 822								$290,000			
| ID# 45 | Circuit: 408 | Install circuit 408 to unload circuits 822 and 832								$840,000			
| ID# 46 | Circuit: 422 | Install circuit 422 to serve system expansion in the northwest								$1,410,000			
| ID# 47 | Circuit: 424 | Install circuit 424 to unload circuit 812								$290,000			

Project or Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
| ID# 48 | Circuit: 426 | Install circuit 426 to backup Linden Tech serving downtown								$960,000			
| ID# 49 | Circuit: 428 | Install circuit 428 to backup Linden Tech serving downtown								$960,000			
| ID# 82 | Circuit: 614 | Install new circuit 614 to Serve ABB									$660,000		
| ID# 83 | Circuit: 624 | Install new circuit 624 to Serve ABB									$660,000		
| ID# 50 | Circuit: 324 | Install circuit 324 to serve Woodward										$1,330,000	
| ID# 51 | Circuit: 304 | Install circuit 304 to serve Woodward										$1,330,000	
| ID# 52 | Circuit: 924 | Install circuit 924 to serve system expansion in the southwest										$1,100,000	
| ID# 53 | Circuit: 926 | Install circuit 926 to serve system expansion in the southeast										$1,900,000	
| ID# 54 | Circuit: 938 | Install circuit 938 to unload circuits 518, 526, 548, 552, 566 and 908										$1,110,000	
| ID# 55 | Circuit: 624 | Install circuit 624 to unload circuits 622 and 638										$270,000	
| ID# 56 | Circuit: 504 | Install circuit off existing breaker 504 to serve Intel										$820,000	
| ID# 57 | Circuit: 508 | Install circuit off existing breaker 508 to serve Intel and Avago										$800,000	
| ID# 58 | Circuit: 526 | Install circuit off existing breaker 526 to unload circuits 516, 534, and 562										$860,000	
| ID# 59 | Circuit: 718 | Install circuit 718 to unload circuits 714, 722, and 732										$1,400,000	
| ID# 60 | Circuit: 614 | Install circuit 614 to unload circuits 608 and 622										$790,000	
| ID# 61 | Circuit: 222 | Install circuit off existing breaker 222 to unload circuit 824										$550,000	
| ID# 62 | Circuit: 824 | Extend circuit 824 to serve CSU Veterans Hospital										$260,000	
| ID# 63 | Circuit: 102 | Install circuit 102 to serve load south of Northeast Substation										$690,000	
| ID# 64 | Circuit: 104 | Install circuit 104 to serve load south of Northeast Substation										$690,000	
| ID# 65 | Circuit: 106 | Install circuit 106 to serve load south of Northeast Substation										$690,000	
| ID# 66 | Circuit: 108 | Install circuit 108 to serve load east of Northeast Substation										$1,480,000	
| ID# 67 | Circuit: 122 | Install circuit 122 to serve load east of Northeast Substation										$1,430,000	
| ID# 68 | Circuit: 124 | Install circuit 124 to serve load east of Northeast Substation										$1,290,000	
| ID# 69 | Circuit: 126 | Install circuit 126 to serve load east of Northeast Substation										$1,410,000	
| ID# 70 | Circuit: 128 | Install circuit 128 to serve load south of Northeast Substation										$1,120,000	
| ID# 71 | Circuit: 118 | Install circuit 118 to unload circuit 704										$1,630,000	
| ID# 72 | Circuit: 612 | Install circuit 612 to unload circuits 622 and 638										$300,000	
| ID# 73 | Circuit: 916 | Install circuit 916 to serve system expansion in the southeast										$1,900,000	
Total for New Circuits	$3,331,017	$1,322,018	$2,852,019	$2,892,020	$4,572,021	$2,752,022	$342,023	$5,882,024	$1,322,025	$2,515,203	$22,636,823
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										
| ID# 79 | Install Duct bank to serve HP and Broad Com		$430,000									
| ID# 28 | County Rd 5 - Prospect to Mulberry			$1,380,000								
| ID# 78 | Overland Trail Duct Bank Drake To Prospect			$1,950,000								
| ID# 81 | Install Duct Bank to serve ABB Area Phase I				$2,200,000							
| ID# 24 | Carpenter Duct Bank Timberline to I-25				$3,770,000							
| ID# 29 | Mulberry Duct Bank - I-25 to County Rd 5						$2,140,000					
| ID# 31 | Woodward Phase II (Lincoln Ave. Timberline to Lemay)						$2,830,000					
| ID# 30 | Shields Duct Bank - Harmony to Fossil Creek							$1,670,000				
| ID# 86 | Northwest Substation Ductbank system							$4,650,000				
| ID# 84 | Install Duct Bank to serve ABB Area Phase II								$2,510,000			
| ID# 40 | Northeast Substation Duct Bank System								$6,650,000			
| ID# 32 | Straus Cabin Rd Harmony to Horsetooth									$2,370,000		
| ID# 41 | Portner along Trilby Lemay toward Timberline Road									$1,770,000		
Total for New Duct Banks	$1,325,000	$430,000	$3,330,000	$5,970,000	$0	$4,970,000	$6,320,000	$9,160,000	$4,140,000	$0	$0
New Substations	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Northwest New Substation with (2) 30/40/50 MVA Transformers						$8,750,000					
Northeast New Substation with (2) 30/40/50 MVA Transformers							$9,020,000				
Total for New Substations	$0	$0	$0	$0	$0	$8,750,000	$9,020,000	$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	$4,656,017	$1,752,018	$6,182,019	$8,862,020	$4,572,021	$16,472,022	$15,682,023	$15,042,024	$5,462,025	$2,515,203	$22,636,823

Project or Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Annexations											
Riverwalk Annexation	$50,000										
Arapahoe Bend 2nd Annexation	$75,000										
Leistikow Annexation	$15,000										
Fossil Creek Open Space Annexation		$15,000									
Mulberry Annexation				$500,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$2,500,000		
| ID# 87 | Circuit: 818 | WTF Annexation: 3 ph 1/0 and Duct from Overland sub to Laporte WTF		$1,260,000									
| ID# 88 | Circuit: 818 | West GMA Annexation: Hughes & Foothills, 750 & Duct from Sumac to Laporte WTF				$3,214,000							
Total for Annexations	$140,000	$1,275,000	$0	$3,714,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$2,500,000	$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	$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	$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	$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	$455,000	$440,000	$0
Distribution System Improvements	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Future Years
Cable & Transformer Replacement	$1,025,000	$1,589,000	$2,000,000	$2,060,000	$4,000,000	$4,120,000	$6,000,000	$6,180,000	$6,370,000	$6,560,000	$6,757,000
1/O to electric heated homes - Lemay/Brookwood	$30,000										
Streetlight System Replacement	$500,000		$650,000	$1,104,500	$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.		$800,000	$900,000	$1,000,000	$1,100,000						
Total for Distribution System Improvements	$1,555,000	$2,389,000	$4,450,000	$4,164,500	$6,310,000	$5,890,000	$7,530,000	$6,180,000	$6,370,000	$6,560,000	$6,757,000
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										
Total for Fiber Optics Improvements	$160,000	$67,000	$69,000	$71,000	$73,000	$75,000	$77,000	$79,000	$81,000	$83,000	$85,000
Total for Replacement Projects	$2,160,000	$3,046,000	$5,269,000	$4,855,500	$6,988,000	$6,405,000	$8,047,000	$6,699,000	$6,906,000	$7,083,000	$6,757,000
Operational Technology Projects											
Mapping System Conversion & SCO Technology Remodel			$500,000								
Advanced Distribution Management System					$2,000,000						
Customer Information System (L&P Share)			$3,000,000								
Maximo CMMS Implementation (L&P Share)			$2,000,000								
Total for Operational Technology Projects	$0	$0	$5,500,000	$0	$2,000,000	$0	$0	$0	$0	$0	$0
Grand total for all LPO Capital Projects	$6,956,017	$6,073,018	$16,951,019	$17,431,520	$16,560,021	$25,877,022	$26,729,023	$24,741,024	$14,868,025	$9,598,203	$29,393,823
Average 10-Year Capital Spend	$16,578,489	$16,578,489	$16,578,489	$16,578,489	$16,578,489	$16,578,489	$16,578,489	$16,578,489	$16,578,489	$16,578,489	

LIGHT & POWER FUND
10/11/2018

Offer	Result	Title	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Budget 2019	Budget 2020	Notes		2019	2020
REVENUE PROJECTION												
		Operating Revenue	$117,450,191	$125,072,991	$128,730,192	$130,530,000	$135,573,000	$140,395,000				
		% Change		6.5%	2.9%	1.4%	3.9%	3.6%				
		PIF / Contributions	$4,435,202	$6,363,132	$5,490,709	$3,130,000	$3,230,000	$3,230,000	Reduced this from $4.63M each year			
		% Change		43.5%	-13.7%	-43.0%	3.2%	0.0%				
		All Other Revenues	$2,691,707	$2,586,182	$2,785,561	$2,202,456	$2,069,686	$1,844,020				
		% Change		-3.9%	7.7%	-20.9%	-6.0%	-10.9%				
		Total Revenues	**$124,577,100**	**$134,022,305**	**$137,006,462**	**$135,862,456**	**$140,872,686**	**$145,469,020**		Revenues	**$140,872,686**	**$145,469,020**
		% Change		7.6%	2.2%	-0.8%	3.7%	3.3%		**Reserves**	**$338,918**	
											$141,211,604	
			Actual 2015	**Actual 2016**	**Actual 2017**	**Budget 2018**	**Budget 2019**	**Budget 2020**				
CURRENT OFFERS												
Offer	**Result**	**Title**										
90.1		Utilities: Light & Power - Payments and Transfers	$15,967,002	$17,660,398	$17,180,271	$18,493,708	$16,963,228	$17,315,588				
		% Change		10.6%	-2.7%	7.6%	-8.3%	2.1%				
8.2	ECON	Utilities: Light & Power - Core Operations	$9,042,578	$10,435,697	$10,053,255	$10,131,766	$10,490,292	$10,783,807				
		% Change		15.4%	-3.7%	0.8%	3.5%	2.8%				
8.3	ECON	Utilities: Light & Power - Ongoing Capital System Additions	$9,394,986	$11,689,760	$5,817,270	$5,096,234	$5,355,077	$5,427,972				
		% Change		24.4%	-50.2%	-12.4%	5.1%	1.4%				
8.4	ECON	Utilities - Light and Power Purchase Power	$82,164,556	$87,276,576	$89,413,232	$89,500,000	$94,441,000	$97,817,000				
		% Change		6.2%	2.4%	0.1%	5.5%	3.6%				
8.5	ECON	Equipment Replacement - Utilities: Light & Power - Vehicles and Equipment	$414,351	$510,427	$392,577	$480,000	$372,000	$522,000				
		% Change		23.2%	-23.1%	22.3%	-22.5%	40.3%				
9.80	ENVIR	Utilities: Light & Power - Energy Services	$4,401,391	$4,959,714	$4,539,648	$5,317,950	$4,394,748	$4,439,633				
		% Change		12.7%	-8.5%	17.1%	-17.4%	1.0%				
9.81	ENVIR	Utilities: Light & Power - Residential & Commercial Solar Rebates	$1,211,801	$799,190	$825,680	$710,000	$500,000	$500,000				
		% Change		-34.0%	3.3%	-14.0%	-29.6%	0.0%				
9.82	ENVIR	Utilities: Light & Power - Core Renewable Energy	$2,249,596	$2,564,237	$2,654,070	$3,874,500	$3,568,300	$3,671,500				
		% Change		14.0%	3.5%	46.0%	-7.9%	2.9%				
9.83	ENVIR	Utilities: Light & Power - Demand Response	$567,069	$1,000,549	$586,908	$620,400	$629,460	$638,663				
		% Change		76.4%	-41.3%	5.7%	1.5%	1.5%				
39.2	HPG	City Manager's Office					$108,145	$111,390				
		% Change						3.0%				
63.1	HPG	General Legal Services					$86,407	$89,000				
		% Change						3.0%				
87.1	SAFE	City Managers Office: Office of Emergency Management					$12,000	$13,000				
		% Change						8.3%				
		Subtotal Current Offers	**$125,413,331**	**$136,896,548**	**$131,462,912**	**$134,224,558**	**$136,920,657**	**$141,329,553**			**$136,920,657**	**$141,329,553**
		% Change		9.2%	-4.0%	2.1%	2.0%	3.2%		Less Current	**$4,290,947**	**$4,139,467**
CAPITAL PROJECTS												
Offer	**Result**	**Title**										
8.6	ECON	Capital Replacement - Utilities: Light & Power - Substation Capital Upgrades					$649,000	$624,000	reduced by $1.0M in total			
		% Change										
8.7	ECON	Capital Replacement - Utilities: Light & Power - Electric Distribution Transformer Replacement					$800,000	$827,500				
		% Change										
8.8	ECON	Capital Replacement - Utilities: Light & Power - Attrition Based LED Streetlight Conversion					$341,360	$351,600				
		% Change										
8.9	ECON	Capital Replacement - Utilities: Light & Power - System Cable Replacement					$500,000	$500,000	reduced to $500K each yr			
		% Change										
12.1	CULTU	Utilities Capital Project: Art in Public Places					$14,800	$14,076				
		% Change										
		Subtotal Capital Projects		**$0**	**$0**	**$4,370,564**	**$2,305,160**	**$2,317,176**			**$2,305,160**	**$2,317,176**
		% Change					-47.3%	0.5%				
TOTAL WITH CAPITAL PROJECTS			**$125,413,331**	**$136,896,548**	**$131,462,912**	**$138,595,122**	**$139,225,817**	**$143,646,729**		Less Capital	**$1,985,787**	**$1,822,291**
		% Change		9.2%	-4.0%	5.4%	0.5%	3.2%				
ENHANCEMENTS												
Offer	**Result**	**Title**										
8.12	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 724 to Serve North College Area					$980,000					
8.15	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 236 to Serve Drake & Lemay Area					$500,000					
8.16	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 576B to Serve West Harmony Area						$457,600				
8.25	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - Supervisory Control Operations Center Remodel						$950,000	Shifting to 2020 due to revenue risk			
10.15	HPG	ENHANCEMENT: 1.0 FTE Utilities (Repurpose): Customer Service & Administration - Data Enhancement					($109,213)	($113,019)				
10.19	HPG	ENHANCEMENT CAPITAL - Utilities: Asset Register and Work Order Management System					$435,000		Pushing out 2020 funds to 2021			
10.23	HPG	ENHANCEMENT: CAPITAL - Utilities: 700 Wood Street Building/Facilities					$160,000	$170,000				
43.12	ENVIR	ENHANCEMENT: 2030 Climate Action and Energy Policy Update –Optimizing Policy, Targets and Strategies (50%)					$20,000	$40,000				
8.13	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 734 to Serve Downtown Area					$590,000					
8.14	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 322 to Serve East Prospect & Mulberry Area						$820,000				
8.17	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 314 to Serve East Prospect Area						$700,000				
8.18	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Duct Bank - County Road 5, Prospect to Mulberry					$1,800,000					
8.22	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - Arterial & Collector Street LED Streetlight Conversion					$773,640	$220,400				
8.23	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - Cable Waste Reduction					$1,447,983					
8.24	ECON	ENHANCEMENT - Utilities: Light & Power - Mobile Contact Voltage Survey					$59,470	$190,960				
8.26	ECON	ENHANCEMENT - Utilities: Light & Power - Automated Vehicle/Crew Location Operational Tech Upgrade					$55,000	$20,000				
8.27	ECON	ENHANCEMENT CAPITAL - Utilities: Light & Power - Electric Distribution Training Field					$200,000					
8.29	ECON	ENHANCEMENT CAPITAL- Utilities: Light & Power - Overhead to Underground Conversions					$516,000	$500,000				
9.90	ENVIR	ENHANCEMENT: Utilities: Light & Power - Energy Efficiency					$950,000	$950,000				
9.91	ENVIR	ENHANCEMENT: Utilities: Light & Power - Cold Weather Pump Demonstration					$150,000	$150,000				
9.92	ENVIR	ENHANCEMENT: Utilities: Light & Power - Non-Residential Solar Rebates					$500,000	$500,000				
9.94	ENVIR	ENHANCEMENT: Utilities: Light & Power - Bring Your Own Thermostat (BYOT)					$30,000	$30,000				
9.95	ENVIR	ENHANCEMENT: Utilities: Light & Power - Battery Storage Demonstration					$100,000	$100,000				
9.93	ENVIR	ENHANCEMENT: Utilities: Light & Power - Solar Power Purchase Program (SP3)						$200,000				
9.96	ENVIR	ENHANCEMENT: 1.0 FTE Conversion to Classified - Energy Code Compliance Specialist - Utilities: Light & Power (50%)					$2,135	$2,198				
87.2	SAFE	ENHANCEMENT: OEM					$2,300	$2,350				
		Subtotal Enhancements				**$3,354,870**	**$9,162,315**	**$5,890,489**			**$1,985,787**	**$1,504,581**
TOTAL WITH ENHANCEMENTS			**$125,413,331**	**$136,896,548**	**$131,462,912**	**$141,949,992**	**$148,388,132**	**$149,537,218**		Less Enhancements	**$0**	**$317,710**
		% Change		9.2%	-4.0%	8.0%	4.5%	0.8%				
									Available Reserves			
REVENUE PROJECTION LESS ALL OFFERS			**($836,231)**	**($2,874,243)**	**$5,543,550**	**($6,087,536)**	**($7,515,446)**	**($4,068,198)**		**$338,918**	**$0**	**$317,710**
WITHDRAWN OFFERS												
Offer	**Result**	**Title**										
8.11	Econ	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Feeder Capacity - Circuit 936 to Serve South Shields Area (Withdraw					$1,280,000					
8.19	Econ	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Duct Bank - Overland Trail, Drake to Prospect (Hughes Stadium) (W					$1,950,000					
8.20	Econ	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Duct Bank - Mountain Vista Drive - (Montava) (Withdrawn)						$2,200,000				
8.21	Econ	ENHANCEMENT CAPITAL - Utilities: Light & Power - New Duct Bank - Timberline to I-25 (Withdrawn)						$3,770,000				
8.28	Econ	ENHANCEMENT 1.0 FTE - Utilities: Light & Power - Substation Specialist (Withdrawn)					$87,788	$90,943				
							$3,317,788	**$6,060,943**				

LIGHT & POWER FUND
10/11/2018

	2019	2020
REVENUES	$141,211,604	$145,469,020

CURRENT	2019	2020
ECON	$110,658,369	$114,550,779
ENVIR	$9,092,508	$9,249,796
HPG	$194,552	$200,390
SAFE	$12,000	$13,000
CULTURE	$0	$0
OTHER	$16,963,228	$17,315,588
CURRENT	$136,920,657	$141,329,553

LESS CURRENT	$4,290,947	$4,139,467

CAPITAL	2019	2020
ECON	$2,290,360	$2,303,100
ENVIR	$0	$0
HPG	$0	$0
SAFE	$0	$0
CULTURE	$14,800	$14,076
OTHER	$0	$0
CAPITAL	$2,305,160	$2,317,176

LESS CAPITAL	$1,985,787	$1,822,291

ENHANCEMENTS	2019	2020
ECON	$1,480,000	$1,407,600
ENVIR	$20,000	$40,000
HPG	$485,787	$56,981
SAFE	$0	$0
CULTURE		
OTHER		
ENHANCEMENTS	$1,985,787	$1,504,581

LESS ENHANCEMENTS	$0	$317,710

TOTALS	2019	2020
ECON	$114,428,729	$118,261,479
ENVIR	$9,112,508	$9,289,796
HPG	$680,339	$257,371
SAFE	$12,000	$13,000
CULTURE	$14,800	$14,076
OTHER	$16,963,228	$17,315,588
TOTALS	$141,211,604	$145,151,310

REVENUES	$141,211,604	$145,469,020

CHECK - ARE THE CELLS TO THE RIGHT GREEN?	

STORMWATER FUND
#######

Offer	Result	Title	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Budget 2019	Budget 2020			2019	2020
REVENUE PROJECTION												
		Operating Revenue	$15,035,237	$15,620,342	$16,755,272	$16,210,000	$17,170,000	$17,510,000				
		% Change		3.9%	7.3%	-3.3%	5.9%	2.0%				
		PIF / Contributions	$1,276,385	$1,301,236	$1,078,414	$800,000	$680,000	$570,000				
		% Change		1.9%	-17.1%	-25.8%	-15.0%	-16.2%				
		All Other Revenues	$342,365	$216,332	$567,149	$415,305	$438,325	$457,383				
		% Change		-36.8%	162.2%	-26.8%	5.5%	4.3%				
		Total Revenues	**$16,653,987**	**$17,137,910**	**$18,400,835**	**$17,425,305**	**$18,288,325**	**$18,537,383**		**Revenues**	**$18,288,325**	**$18,537,383**
		% Change		2.9%	7.4%	-5.3%	5.0%	1.4%				
		Less Contribution to Reserves					**($1,000,000)**	**($1,000,000)**		**Available for BFO**	**$17,288,325**	**$17,537,383**

Offer	Result	Title	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Budget 2019	Budget 2020			2019	2020
CURRENT OFFERS										**+ $500K from NECCO closeout**	**$500,000**	
Offer	**Result**	**Title**										
9.100	ENVIR	Utilities: Stormwater - Household Hazardous Waste & Spill Response Services	$118,286	$110,587	$122,192	$139,060	$157,000	$157,000			**$17,788,325**	
		% Change		-6.5%	10.5%	13.8%	12.9%	0.0%				
11.2	SAFE	Utilities: Stormwater - Core Operations	$2,809,365	$3,118,677	$3,358,585	$3,461,280	$3,763,198	$3,887,830				
		% Change		11.0%	7.7%	3.1%	8.7%	3.3%				
11.3	SAFE	Capital Replacement - Utilities: Stormwater - Minor Capital	$278,352	$266,843	$280,916	$101,767	$383,232	$533,232				
		% Change		-4.1%	5.3%	-63.8%	276.6%	39.1%				
90.4		Utilities: Stormwater - Payments and Transfers	$9,623,198	$10,234,652	$10,012,425	$7,590,227	$7,511,987	$6,072,936				
		% Change		6.4%	-2.2%	-24.2%	-1.0%	-19.2%				
9.101	ENVIR	REDUCTION - Utilities: Stormwater - Household Hazardous Waste Events					($27,400)	($27,400)		**NOT ACCEPTED**		
		% Change						0.0%				
9.102	ENVIR	REDUCTION - Utilities: Community Spill Response					($32,400)	($32,400)				
		% Change						0.0%				
63.1	HPG	General Legal Services (Stormwater portion)					$13,543	$13,950				
		% Change						3.0%				
87.1	SAFE	City Managers Office: Office of Emergency Management (Stormwater portion)					$38,000	$39,000				
		% Change						2.6%				
		Subtotal Current Offers	**$12,829,201**	**$13,730,759**	**$13,774,118**	**$11,292,334**	**$11,834,563**	**$10,671,548**			**11,834,563**	**10,671,548**
		% Change		7.0%	0.3%	-18.0%	4.8%	-9.8%		**Less Current**	**$5,953,762**	**$6,865,835**

Offer	Result	Title	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Budget 2019	Budget 2020			2019	2020
CAPITAL PROJECTS												
Offer	**Result**	**Title**										
11.4	SAFE	Ongoing Capital - Utilities: Stormwater - Stream Rehabilitation Program				$1,400,000	$801,000	$1,408,900	7			
11.5	SAFE	Capital Replacement - Utilities: Stormwater - Collection System Replacement - Small Capital Projects				$1,500,000	$1,400,000	$1,500,000	1			
		Subtotal				*$2,900,000*	*$2,201,000*	*$2,908,900*				
		% Change					-24.1%	32.2%				
11.6	SAFE	Capital Replacement - Utilities: Stormwater - Basin Master Plan Updates					$450,000	$450,000	11	**See funding memo**		
		% Change						0.0%				
11.7	SAFE	Capital Replacement - Utilities: Stormwater - Developer Repayments					$300,000	$100,000	12	**See funding memo**		
		% Change						-66.7%				
12.1	CULTU	Utilities Capital Project: Art in Public Places					$7,611	$25,462				
		% Change						234.5%				
		Other Capital Work Completed in 2017										
		% Change										
		Subtotal Capital Projects				**$2,900,000**	**$2,958,611**	**$3,484,362**			**$2,958,611**	**$3,484,362**
		% Change					2.0%	17.8%				
TOTAL WITH CAPITAL PROJECTS			**12,829,201**	**13,730,759**	**13,774,118**	**14,192,334**	**14,793,174**	**14,155,910**		**Less Capital**	**$2,995,151**	**$3,381,473**
		% Change		7.0%	0.3%	3.0%	4.2%	-4.3%				

Offer	Result	Title	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Budget 2019	Budget 2020			2019	2020
ENHANCEMENTS												
Offer	**Result**	**Title**										
9.66	ENVIR	ENHANCEMENT - 1.0 FTE Utilities: Wastewater/Water/Stormwater Water - Field Operations Manager					$58,621	$54,696				
9.69	ENVIR	ENHANCEMENT - Utilities: Wastewater/Stormwater - Regulatory Water Quality Monitoring Study (bacteriological)					$37,500	$37,500				
9.72	ENVIR	ENHANCEMENT - Utilities: Wastewater/Water/Stormwater - Engineering Support to Maintain Levels of Service					$95,550	$95,550				
10.19	HPG	ENHANCEMENT: CAPITAL - Utilities: Asset Register and Work Order Management System					$11,000	$152,000				
10.20	HPG	ENHANCEMENT: Utilities: Water/Wastewater/Stormwater Scanning As-built Plans					$15,000	$0				
10.23	HPG	ENHANCEMENT: CAPITAL - Utilities: 700 Wood Street Building/Facilities					$40,000	$17,500				
11.20	SAFE	ENHANCEMENT: Utilities: Stormwater - Drainage and Detention Maintaining Existing Levels of Service					$40,500	$40,500				
11.11	SAFE	ENHANCEMENT: CAPITAL REPLACEMENT - Utilities: Stormwater - Castlerock Storm Sewer Evaluation and Rep					$300,000	$0				
11.12	SAFE	ENHANCEMENT: CAPITAL - Utilities: Stormwater - Poudre River at Oxbow Levee					$412,000	$0				
11.13	SAFE	ENHANCEMENT: CAPITAL - Utilities: Stormwater - North College Drainage Improvement District, Phase 1					$267,800	$0				
11.14	SAFE	ENHANCEMENT: CAPITAL - Utilities: Remington Street Water, Wastewater and Stormwater Improvements					$412,000	$2,546,200				
11.15	SAFE	ENHANCEMENT: CAPITAL - Utilities: Stormwater - Timberline Levee (Design Only)					$103,000	$0				
11.16	SAFE	ENHANCEMENT: CAPITAL - Utilities: Stormwater - Drake Levee (Design Only)					$51,500	$0				
11.17	SAFE	ENHANCEMENT: CAPITAL - Utilities: Stormwater - Flood Warning System					$100,000	$100,000				
86.10	ENVIR	ENHANCEMENT: Encampment Cleaning Services					$80,000	$80,000				
9.67	ENVIR	ENHANCEMENT - 1.0 FTE Utilities: Wastewater/Water/Stormwater Utilities Project Coordinator					$48,857	$42,529				
9.68	ENVIR	ENHANCEMENT - 1.0 FTE Utilities: Wastewater/Water/Stormwater Over hire for Engineering Director					$15,616	$0				
11.19	SAFE	ENHANCEMENT: Utilities: Stormwater Outreach and Engagement Enhanced Effort					$20,000	$20,000				
11.21	SAFE	ENHANCEMENT CAPITAL - Utilities: Wastewater/Water/Stormwater - Geographic Information System Program					$66,600	$66,600				
87.2	SAFE	ENHANCEMENT: OEM					$7,000	$7,150				
		Subtotal Enhancements				**$4,299,501**	**$2,182,544**	**$3,260,225**			**$2,024,471**	**$3,123,946**
TOTAL WITH ENHANCEMENTS			**12,829,201**	**13,730,759**	**13,774,118**	**18,491,835**	**16,975,718**	**17,416,135.12**		**Less Enhancements**	**$970,680**	**$257,527**
		% Change		7.0%	0.3%	34.3%	-8.2%	2.6%				**from reserves**
										Available Reserves		
REVENUE PROJECTION LESS ALL OFFERS			**$3,824,786**	**$3,407,151**	**$4,626,717**	**($1,066,530)**	**$312,607**	**$121,248**			**$1,970,680**	**$3,228,207**

Withdrawn Offers

Offer	Result	Title	Budget 2019	Budget 2020
9.35	ENVIR	ENHANCEMENT: 1.0 FTE Utilities: Water/Wastewater/Stormwater Utilities Planner/Scheduler - WITHDRAWN	$29,585	$34,248
9.103	ENVIR	ENHANCEMENT CAPITAL - Utilities: Pollution Prevention/Good Housekeeping Training Facility - WITHDRAWN	$100,000	$0
11.18	Safe	ENHANCEMENT: 1.0 FTE Utilities: Stormwater - Civil Engineer II (Stormwater Master Planning) -WITHDRAWN	$129,854	$128,697
			$259,439	**$162,945**

STORMWATER FUND
5/1/2018

	2019	2020
REVENUES	$17,788,325	$17,537,383

CURRENT	**2019**	**2020**
ECON	$0	$0
ENVIR	$97,200	$97,200
HPG	$13,543	$13,950
SAFE	$4,184,430	$4,460,062
CULTURE	$0	$0
OTHER	$7,511,987	$6,072,936
CURRENT	$11,807,160	$10,644,148
LESS CURRENT	$5,981,165	$6,893,235

CAPITAL	**2019**	**2020**
ECON	$0	$0
ENVIR	$0	$0
HPG	$0	$0
SAFE	$2,951,000	$3,458,900
CULTURE	$7,611	$25,462
OTHER		
CAPITAL	$2,958,611	$3,484,362
LESS CAPITAL	$3,022,554	$3,408,873

ENHANCEMENTS	**2019**	**2020**
ENVIR	$271,671	$267,746
HPG	$66,000	$169,500
SAFE	$1,686,800	$2,686,700
CULTURE		
OTHER		
ENHANCEMENTS	$2,024,471	$3,123,946
LESS ENHANCEMENTS	$998,083	$284,927

TOTALS	**2019**	**2020**
ECON	$0	$0
ENVIR	$368,871	$364,946
HPG	$79,543	$183,450
SAFE	$8,822,230	$10,605,662
CULTURE	$7,611	$25,462
OTHER	$7,511,987	$6,072,936
TOTALS	$16,790,242	$17,252,456
REVENUES	$17,788,325	$17,537,383
CHECK - ARE THE CELLS TO THE RIGHT GREEN?		