



Finance Committee Meeting Minutes  
September 1, 2022, 4-6 pm  
Zoom

Council Attendees: Julie Pignataro, Kelly Ohlson, Emily Francis, Shirley Peel

Staff: Kelly DiMartino, Travis Storin, Tyler Marr, Rupa Venkatesh, Carrie Daggett, Caryn Champine, Monica Martinez, Teresa Roche, Drew Brooks, Blaine Dunn, Ginny Sawyer, Megan Valliere, Jen Poznanovic, Nina Bodenhamer, Randy Bailey, Trevor Nash, Renee Reeves, Jo Cech, Molly Reeves, Lindsay Ex, Honore Depew, Gerry Paul, Josh Birks, Seve Ghose, Mike Calhoon, Victoria Shaw, LeAnn Williams, Sylvia Tatman-Burruss, Erik Martin, Lawrence Pollack, Lance Smith, John Phelan, Javier Echeverria, Dave Lenz, Sheena Freve, Zack Mozer, Carolyn Koontz

Others: Kevin Jones, Chamber  
Molly Bohannon, Coloradoan  
Daniel Guimond, Emily Gallichotte, Rachel Selby  
Jason Miller, Fehr & Peers Transportation

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Meeting called to order at 4:00 pm

Approval of minutes from the August 1, 2022, Council Finance Committee Meeting. Kelly Ohlson moved for approval of the minutes as presented. Emily Francis seconded the motion. Minutes were approved unanimously via roll call by; Julie Pignataro, Kelly Ohlson and Emily Francis

## **A. Sustainable Funding Update**

Ginny Sawyer, Sr. Project Manager  
Jennifer Poznanovic, Sr. Revenue Manager

## **EXECUTIVE SUMMARY**

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The purpose of this item is to further refine possible new revenue models and to seek direction on best use of the upcoming December Work Session on revenue.

## **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

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1. Does CFC want to recommend or eliminate any of the models presented?
2. Does CFC agree with proposed Work Session direction and questions?
3. What additional information should be included at the Work Session in December?

## BACKGROUND/DISCUSSION

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Over the past several years, masterplan developments and updates have identified clear funding needs in the areas of parks and recreation, transit, and housing. Along with these needs and the criticality of the City climate action goals, Council Finance Committee has asked for climate funding needs to be included in funding conversations. Annual shortfalls range from six to twelve million per area.

Funding needs identified and discussed previously include:

- Parks & Recreation - \$8 to \$12M annual shortfall (Parks & Recreation Master Plan)
- Transit - \$8M to \$10M annual shortfall (Transit Master Plan)
- Housing - \$8M to \$9.5M annual shortfall (Housing Strategic Plan)
- Climate - \$6M+ annual shortfall (Our Climate Future Plan)

Staff continues to work with CFC to further refine both the needs and the potential funding mechanisms to close the gaps. This work includes on-going Council Finance meetings, Work Sessions with the full Council, developing an engagement plan, and ultimate implementation.

Discussions and feedback to date have highlighted a desire to:

- Clearly define and articulate revenue needs and level of service considerations.
- Thoroughly research funding options including impacts and the context of existing and potential new tax measures (local and regionally.)
- Work to keep overall resident impact and tax burden as low as possible.
- Consider existing dedicated tax renewals and associated election timelines in a strategic manner.

### **Timeline:**

#### To date:

- *December 2021:*
  - Begin discussions on identified funding gaps.
- *January 2022:*
  - Deeper dive with CFC on the projected gaps in each area.
- *March 2022:*
  - Meet with CFC to review all possible revenue mechanisms.
- *April 2022:*
  - Full Council work session to review work to date.
- *June 2022:*
  - CFC to discuss most feasible funding mechanisms and targeted funding amounts.
- *September 2022:*
  - CFC to refine various funding models and considerations for addressing gaps and seek direction on the best use of the December Council Work Session.

#### Future:

- Refine acceptable funding mechanisms and how to direct funding.
- Determine election cycle for which, if any, any voter approved mechanisms.
- Engagement efforts.

### **Potential Funding Mechanisms**

Numerous potential funding mechanisms have been discussed with CFC. Of those discussed previously, sales tax, property tax and excise taxes have emerged as the most feasible. The table below demonstrates the potential revenue gain along with any annual impact to residents.

Category	Funding Mechanism	Annual Revenue Estimate	Resident Impact
Sales Tax	¼ Cent Sales Tax (dedicated, ongoing or repurpose)	\$9M+	<ul style="list-style-type: none"><li>• \$30.67 average per/year for a resident</li><li>• Sales tax on food would remain at 2.25%</li><li>• Visitors also impacted</li></ul>
Property Tax	1 Mill Property Tax	\$3.5M	<ul style="list-style-type: none"><li>• Residential annual increase of \$21.45</li><li>• Commercial annual increase of \$87.00</li></ul>
	2 Mill Property Tax	\$7M	<ul style="list-style-type: none"><li>• Residential annual increase of \$42.90</li><li>• Commercial annual increase of \$174.00</li></ul>
	3 Mill Property Tax	\$11M+	<ul style="list-style-type: none"><li>• Residential annual increase of \$64.35</li><li>• Commercial annual increase of \$261.00</li></ul>
Excise Tax	5% Tax on Specific Goods	\$5M	<ul style="list-style-type: none"><li>• \$5 per \$100 purchase in Fort Collins</li><li>• Visitors also impacted</li></ul>
User Fee	\$5 Monthly User Fee	\$4M	<ul style="list-style-type: none"><li>• \$60 annually/resident</li></ul>
	\$10 Monthly User Fee	\$8M	<ul style="list-style-type: none"><li>• \$120 annually/resident</li></ul>
	Commercial User Fee	TBD	<ul style="list-style-type: none"><li>• TBD for commercial properties in Fort Collins</li></ul>
Capital Expansion Fee	Reconfigure/ Broaden Application	\$2M	<ul style="list-style-type: none"><li>• Net neutral for residential and commercial permit fees</li></ul>

The mechanisms above include both taxes and fees. Taxes require voter approval and can be used for any public purpose authorized by City Council. Fees do not require voter approval and they can only be imposed on those likely to benefit from the service funded with the fee.

### **Targeted Funding Option Considerations**

In June, staff drafted five scenarios which targeted a diversity of funding sources totaling amounts between \$10M and \$40M. These scenarios were not intended to be final or recommended options. They were intended to demonstrate the flexibility and variable means and ways to add additional revenue to cover the identified gaps. CFC supported potential revenue ranges of \$25 to \$35M.

From those five models, three are included in these materials. Total revenue amounts vary from \$25M to \$34M with anticipated impacts to residents ranging from \$95 annually to \$215 annually. The models focus on property tax, sales tax, excise tax, and a possible user fee.

The potential of an emitter tax/fee has not been included but will be added as a policy question to a future CFC meeting.

Staff has also included information for consideration on which funding mechanisms may be best targeted to particular funding needs.

## PROPOSED NEXT STEPS

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- Council Work Session December 13, 2022.
- February CFC meeting to review and discuss election cycles.
- Schedule additional conversation on carbon incentives/penalties?

## DISCUSSION / NEXT STEPS

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Julie Pignataro; when will the carbon tax be discussed?

Travis Storin; I don't have it on a Council Finance Committee agenda; however, we have time in December. Staff would like to consider the large emitter fee as a separate project. We previously reviewed with the committee, the 4 large emitters that meet the EPA standard of 25,000 metric tons or more. We only have decent and measurable emissions data on those 4 entities. Our analysis to date seems to indicate that this is not a robust revenue opportunity.

Julie Pignataro; originally we estimated it could be \$2M which is the lowest threshold for this exercise. Do you think it is less?

Travis Storin; it is very difficult for us to estimate. I don't know how sharp the \$2M number is. Also, there is the legal requirement to consider that fees benefit the rate payer.

Honore Depew; I agree with Travis' assessment. I would add in that one of the four entities (the landfill) is located outside city limits so they would not be eligible for the fee. Some of the considerations that came forward in discussion were around diminishing rate of returns, as they reduce their emissions, the funding source goes away. Mitigation strategies, there is no clear way to impose the fee on anyone who is under that annual 25,000 metric ton threshold.

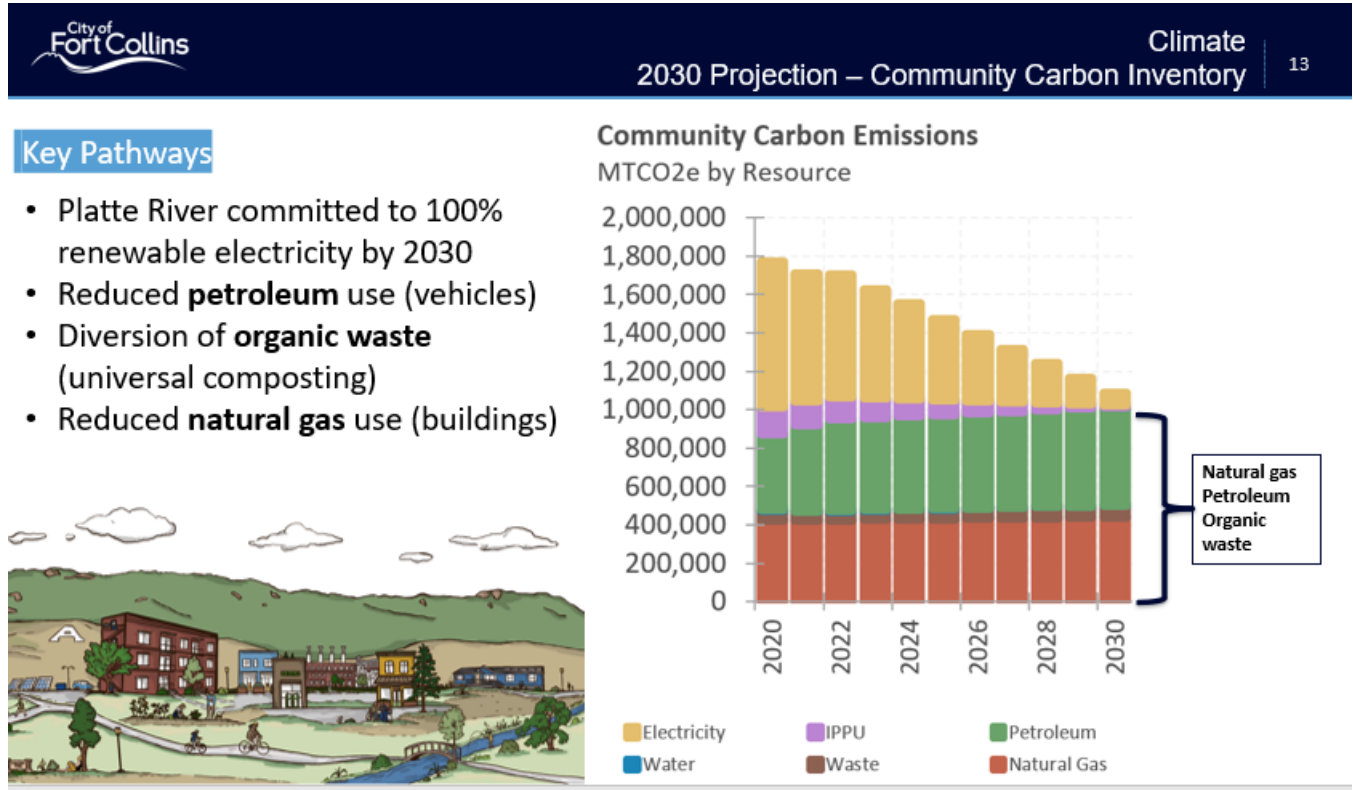
Emily Francis; I think this committee gave clear direction that we wanted this to be included. I don't agree with staff's decision to not include it in the discussion today. My preference would be that this comes back to Council Finance Committee before it goes to Council in December.

Travis Storin; I apologize if that is a miss - I see some flexibility in the agenda for the November meeting and could bring this back as a dedicated topic and bring it back into the overall portfolio-based discussion. I apologize for making it a separate work stream.

Julie Pignataro; I would say yes, I want to learn more about it, and I think Emily and Kelly want to learn more as well.

Kelly Ohlson; I am lacking enthusiasm for any new revenue sources beyond the renewal of the expiring taxes. We gave clear direction, but we don't have the large emitter fee or carbon tax included in these materials. (was showing in materials as \$11M not \$2M). We should look at an emitter fee instead of just a large emitter fee which would include only 2-3 entities. I am not buying the staff line that we have no way of doing that if they are less than 25,000 metric tons. We can measure what natural gas, electricity, etc. are being used. We can figure that out and staff or a consultant can come up with a formula for an emitter's fee or tax. I believe there are ways we can broaden it to an emitter fee that will have real impact on air quality and climate with the money generated going to programs, including some that could help some of those companies do better.

We want to see more information on this We can measure accurately enough to come up with people owe.



Community Carbon Inventory - slide #13 (see above)

Kelly Ohlson; I have a question on the PRPA – it says PRPA is committed to 100% renewable electricity by 2030. I thought they were going to have natural gas generators, etc. I just want to make sure that is accurate. I thought there were some asterisks on that statement that they are committed by 2030.  
 ACTION ITEM: Could someone confirm and clarify the above?

It is surprising to me that the things we eliminated as options off the table were mostly dealing with business and the things we kept deal with residents. After I thought through it, I am not for switching a tax over to a fee for street maintenance freeing up another ¼ cent sales tax, but that fee would be the same no matter what the value of the house so that actually seems more regressive than a sales tax. I think the Council might want to try to zoom in closer to the \$20-30M range.

Mechanism	Revenue	Use	Variables
Sales Tax	\$9M+	Parks & Recreation	Broad support. Clear narrative.
		Affordable Housing	Support. More than triple historical funding. Advances climate action.
		Transit	Support. Initial years fund capital. Later years fund operations. Advances climate action.
Property Tax	\$11M to \$14M	Parks & Recreation	Broad support. Can tie housing valuation directly to proximity to parks.
		Affordable Housing	Support. More than triple historical funding. Advances climate action. Can tie housing need to existing housing supply.
		Transit	Support. Initial years fund capital. Later years fund operations. Advances climate action. Direct linkage to property tax not required and harder to connect to transit.
Excise Tax	\$5M	Parks & Recreation Affordable Housing Transit Climate	Can select a product directly related to one of the focus areas to advance goal (i.e. sporting equipment/P&R; Plastics/Climate; Auto related/Transit) or can select any product and state where funding will go (i.e. cannabis)
User Fee	\$9M	Street Maintenance	Fee must benefit fee payer. This would be used to off-set current dedicated street maintenance tax and allowing "re-purposing" of the dedicated tax.

Considerations - slide #9 (see above)

Kelly Ohlson; Property tax \$11-14M - the chart showed 3 mils as the highest and that was \$11M  
So, is the \$14M because that was including both residential and commercial?

Ginny Sawyer; I think the other charts state 3 mils. If we did more than 3 mils, I can't remember if it is 4 or 5 mils that would take it to \$14M.

Kelly Ohlson; did we codify that more people are going to be able to qualify for the sales tax rebate?  
There was agreement on this committee that income levels would be broadened, and we took steps to make it easier and to track.

Travis Storin; that code change is scheduled to come to Council on October 18<sup>th</sup>

## Accelerate Implementation of the Housing Strategic Plan

**Expand the City's competitive process** to better support projects seeking to: Acquire land, develop housing, preserve existing housing, support residents.

*Examples:*

- Housing acquisition (redevelopment/preservation)
- Land acquisition
- New construction costs
- Affordable homeownership renovation
- Renovation of affordable rental housing
- Homeownership assistance

**Expand or initiate City-led efforts** as identified in adopted policies including the Housing Strategic Plan, City Strategic Plan, and HUD Consolidated Plan.

*Examples:*

- Land Bank acquisition (expand)
- Extend affordability restrictions
- Fee credits for qualifying projects (expand)
- Develop incentive programs (energy efficiency, voluntary affordability restrictions, etc.)
- Explore redevelopment partnerships
- Other innovative approaches (middle income, mixed income, etc.)

What Could Dedicated Housing Revenue Fund? Affordable Housing - slide #12 (see above)

Kelly Ohlson; What does 'New construction costs' under examples above mean?

ACTION ITEM:

Travis Storin; we may need to follow up on that later in writing as far as specific interventions as we don't have staff on hand from Social Sustainability to address the specific techniques they proposed.

Kelly Ohlson; I am interested in and am open to renewing taxes that expire in 2025. I am not big on excise taxes but will remain open.

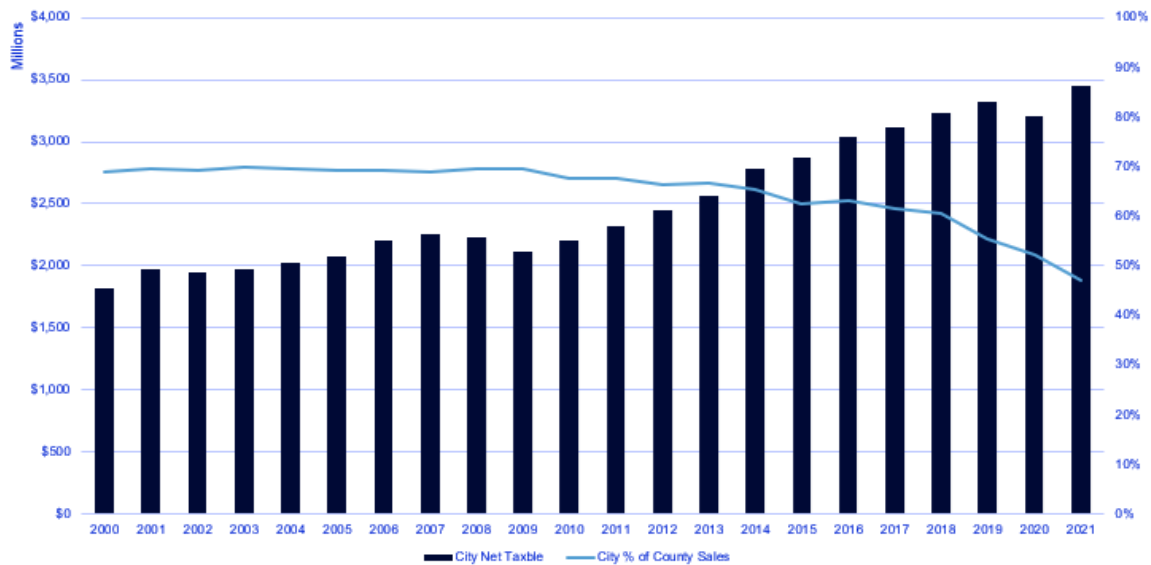
Funding Option	Mechanics	Considerations
<b>Property Tax</b>	<ul style="list-style-type: none"> <li>A mill is 1/10<sup>th</sup> of a penny</li> <li>\$1.00 revenue for each \$1,000 of assessed value</li> <li>Residential assessment rate = 7.15%</li> <li>Commercial assessment rate = 29.0%</li> </ul>	<ul style="list-style-type: none"> <li><b>Voter approval required</b></li> <li>Less Volatile than Sales Tax</li> <li>Current City mill levy of 9.797 not increased since 1992</li> <li>Property values have increased; not the City's mill levy</li> </ul>
<b>Sales Tax</b>	<ul style="list-style-type: none"> <li>Increase sales tax by ¼ cent</li> <li>Captures revenue from residents &amp; visitors</li> </ul>	<ul style="list-style-type: none"> <li><b>Voter approval required</b></li> <li>Funded by both residents &amp; visitors</li> <li>Volatile during a recession</li> </ul>
<b>Excise Tax</b>	<ul style="list-style-type: none"> <li>An excise tax is a legislated tax on specific goods or services at purchase such as fuel, tobacco, and alcohol</li> <li>City of Boulder implemented a sugar sweetened beverage tax of \$0.02 per fluid ounce in 2016; Fort Collins estimate of \$4M+</li> <li>Other potential products: Beverages in plastic containers, marijuana</li> </ul>	<ul style="list-style-type: none"> <li><b>Voter approval required</b></li> <li>Revenue impacted by sales/recession</li> </ul>
<b>User Fee</b>	<ul style="list-style-type: none"> <li>Monthly fee applied to residential &amp; commercial utility bill</li> <li>Fees must be reasonably related to the actual cost of the program or service funded by the fee</li> </ul>	<ul style="list-style-type: none"> <li><b>Voter approval NOT required</b></li> <li>Flat fee would have disparate impact on residents with lower income levels</li> </ul>
<b>Capital Expansion Fee</b>	<ul style="list-style-type: none"> <li>Fees are collected for the purpose of funding additional improvements required to address the impact of growth within the city as population increases</li> </ul>	<ul style="list-style-type: none"> <li><b>Voter approval NOT required</b></li> <li>Reconfigured fees do not fall within the current standard models for capital expansion fees</li> </ul>

Mechanics & Considerations - slide #22 (see above)

Kelly Ohlson; Capital Expansion Fees are very fair, proven and court defended at every level. On the right side above 'Reconfigured fees do not fall within the current standard models for capital expansion fees.'

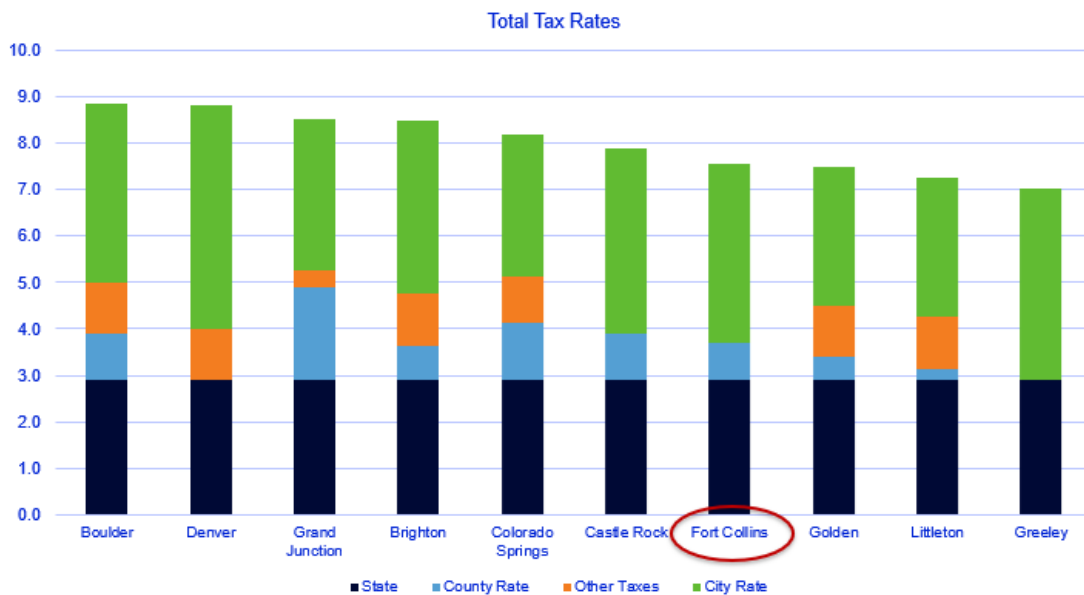
Travis Storin; in an overview, when we go to develop what the fees are, our fee schedules – it is all based on costs, and we have a fairly wide latitude on what we define for the cost recovery that we are seeking when we price out a fee. Council has quite a bit of flexibility and when we come back in the Spring of 2024 with a fee update, we would have the latitude to price in infrastructure replacement into a fee, essentially reconfiguring the Capital Expansion fee program which right now exists to build new assets and my understanding from Legal has been that if we are defining the costs to be recovered quantitatively within our pricing models, then we can set the fee to incorporate, for example, parks asset management.





Fort Collins Net Taxable Sales - (slide #26) see above

Kelly Ohlson; reiterates what we predicted years ago, in the year 2000 we had approximately 65% share. This shows why the over reliance on sales tax not a good idea



Colorado City Full Stack – Sales Tax Rates - (slide #25) see above

Kelly Ohlson; our rates would have to get really high – as other communities dropped from 65 to 48 which is a 17% decline from 2000-2021 because as shopping increased in Loveland and Windsor – we weren't the only show in town.

Travis Storin; that is consistent with our interpretation as a staff. As you see developments such as Centerra and Costco go up in other communities, which we refer to as leakage which has been a fairly consistent trend, particularly within the last 10 years. While it is probably true that Fort Collins is the employment center of northern Colorado, it is decreasingly the economic and commerce center. We watch this very closely for the very diversification reasons you mentioned.

Kelly Ohlson; by our next discussion, I would like to see data for Aurora and Loveland – two relevant date points.

ACTION ITEM

County	Population	Total County Mill Levy	State Rate	County Rate	Other Sales Taxes	City Rate	Seat	*Total Seat Rate
El Paso County	730,395	7.692	2.90	1.23	1.00	3.07	Colorado Springs	8.20
Denver County	715,522	--	2.90	0.00	1.10	4.81	Denver	8.81
Arapahoe County	655,070	13.013	2.90	0.25	1.10	3.00	Littleton	7.25
Jefferson County	582,910	24.578	2.90	0.50	1.10	3.00	Golden	7.50
Adams County	519,572	26.897	2.90	0.75	1.10	3.75	Brighton	8.50
Larimer County	359,066	22.458	2.90	0.80	0.00	3.85	Fort Collins	7.55
Douglas County	357,978	19.274	2.90	1.00	0.00	4.00	Castle Rock	7.90
Boulder County	330,758	24.771	2.90	0.99	1.10	3.86	Boulder	8.85
Weld County	328,981	15.038	2.90	0.00	0.00	4.11	Greeley	7.01
Mesa County	155,703	11.703	2.90	2.00	0.37	3.25	Grand Junction	8.52

\*All counties except Douglas and Larimer have other taxes that include transportation, culture and public safety

Colorado City & County Tax Rates by Population (slide 24) see above

Kelly Ohlson; why that order?

Ginny Sawyer; it is by population

Travis Storin; this is a way to benchmark against what other communities of similar size are doing and is there tolerance among the population for additional taxation.

Emily Francis; in the models that we did with excise tax. What is that based on?

Jen Poznanovic; based on Marijuana – Front Range 3-5% range for an additional excise tax  
Across the Front Range, it is typically more in the 5% range for an additional excise tax.

Emily Francis; have we seen any impact on the gray market?

Travis Storin; Jim Lenderts from Police Services, our Marijuana Enforcement Officer, it has been his assessment that it has not made a substantial impact on gray or black-market activities. I know that Jim would be more than happy to join any future Council or committee discussion to provide more insight into the judgements and criteria used in making that assessment. He has found that to be a common misconception.

Emily Francis; think it would be helpful for Council to have more information about that and the impacts it has had at the December Work Session

ACTION ITEM:

Emily Francis; we talked about the redoing of Capital Improvement won't take place until later, but we also talked about housing size being related. There was supposed to be a follow up - when could we expect to hear more on that?

Travis Storin; I need to revisit the timeline and will do so during this meeting. Can be challenging with the two-year schedule that we have for fee updates, and we lost our way a bit in 2020 due to Covid. Currently, we do index our fees to square footage to an extent and that would be something that would be scoped into the Council Finance discussion – what is that spread across the different square footage in the residential space.

ACTION ITEM:

Emily Francis; I believe John Duval attended that meeting and we discussed our ability to increase that spread so we had a higher percentage going to larger homes – I think Legal was looking into that.

Carrie Daggett; we will work with Travis and follow up – and get information back to Council.

ACTION ITEM:

Emily Francis; How much work are we doing with impact for different income levels – one model is \$95 per resident - is that blanket or what is you fall within certain AMI ranges

Jen Poznanovic; that is the average, and it has not yet vetted for the different income level

Emily Francis; can we have that for the December Work Session?

Travis Storin; yes we can do that- strategize across income bands – what does it mean on an income basis – is it a flat dollar amount?

Emily Francis; my feedback on the models is that I don't like user fees.

It feels kind of like a bait and switch and has an unfair impact. Street maintenance – everyone uses streets in a different way. I don't agree with how we are doing that. If there is a way where if you use this more you pay a fee. I wouldn't support a user fee-unless there is some way we can tie it to actual use.

Julie Pignataro; Can we recommend or eliminate any of these models? Are the pieces interchangeable?

Travis Storin; they are highly interchangeable

Julie Pignataro; I feel like that first question is a bit limiting – what we land on - these are the three models that Finance Committee recommends knowing that the seven Councilmembers will all have very different opinions. This is going to be a huge educational item – explaining what the different fees and taxes are.

Ginny Sawyer; do we adjust these models before December especially because you plan to talk about carbon emission in November – we could explain what a user fee is, but we could also present options without user fees since we are not hearing a lot of support for that now. We could broaden the discussion ... more of if you have questions

Julie Pignataro; my suggestions is that we come to Council with three models and say this is what the Council Finance Committee recommends. The model that did not include user fees could be one potential option. Almost like we rate the models and give the rest of council the ability to discuss and pick and choose as they want.

Julie Pignataro; why did you end of bringing these three models? I didn't feel like it reflected our conversations.

Ginny Sawyer; at the last meeting, we had a total of five models, so we eliminated two and those were in the lower category of \$0-10M. My recollection is that you indicated you wanted to seek more revenue than that, so we brought models that were in the \$25-34M revenue range.

Julie Pignataro; I didn't associate the components of one model with that lower bracket. There may have been components in the lower models that I liked more but they were not carried over into the new models

The old models are included in the back up starting at slide 20

Julie Pignataro; what are we hoping to come out of the December work session with?  
An answer or a feeling?

Ginny Sawyer; an answer would be great, but a feeling is a good goal.

Travis Storin; staff is very grateful for the volume of agenda time this committee has dedicated to this topic. You are right, this is inherently gooey – the intersection of municipal finance and policy making is a difficult iterative thing. Even directional guidance in December is immensely helpful for us. I would anticipate us seeking a similar tone and tenor with the full council as we have had at these committee meetings with these topics.

Julie Pignataro; what is missing to give us more concrete decisions?

Ginny Sawyer: maybe what we try to get at is....

Does everyone agree user fees are off the table?

Do people think a property tax is a possibility some time in the next three -five years?

Do we think a dedicated tax may be a good mechanism and acceptable?

If we can find some things to really focus on as a mechanism because the amounts can change.

Maybe new revenue isn't something we are that interested in so we can adjust those numbers too.

We still have a lot of those different levers and decisions to make as we go through this.

Julie Pignataro; I like that a lot – it would be very worthwhile to be candid as we are talking about each option – for example - If we do this then we won't be able to get more than \$10M.

I agree with what Kelly said that a lot of the business stuff came off and it went heavy on the individual community member – that could just be perception. I am against user fees as well. Excise tax I do see similarly to the carbon and large emitter fee - kind of like a tax on cigarettes- you want someone to change their behaviors

Would an excise tax on marijuana exclude medical marijuana?

Travis Storin; would be at Council's discretion as to what goes on the ballot

Jen Poznanovic; right now, we do tax medical marijuana

Julie Pignataro; Might be good to know the percentage that goes to medical versus recreational

Jen Poznanovic; medical marijuana is a very small percentage – recreational is by far the vast majority of our revenue.

Kelly Ohlson; in our follow ups in Police Services

I would like to see legitimate sources regarding the impact on the gray and black markets in a summary. I also would like to see what our current taxes are on liquor, beer, and wine for comparison.

On the user fees I am ok if we get the porridge just right but not sure how we do that.

Street maintenance or parks is per household not resident.

Travis Storin; it is done by household and is billed via utility bills

Kelly Ohlson; point of clarification; Community Capital Improvement Plan (CCIP) expires in 2025

I am open to rethinking and redoing that- ¼ cent for these priorities. It served its purpose in one and two.

those aren't continuing things they are primarily capital – if that is a ¼ cent that can be repurposed for these things - count me in

2030 – ¼ cent – used to be .85 KFCG then 60% was rolled on to forever

Then there is another ¼ cent that is a floater and that is money that we can't dismiss even if it is currently funding some things we could redirect to these priorities

Repurposing BOB2 and rethinking in 2030 the .25 KFCG

What we take to the full Council – as much of the refined stuff

Emily Francis; if this is going to come back to us in November – I would request the follow-ups then.

Travis Storin;

### **Summary**

- Clarity that we do want the large emitter fee incorporated into this discussion. Challenge for creativity around - if we can't measure those under 25K emissions then we need to think about other units of measure
- Request for clarification around PRPA's 100% renewable energy goal
- Utility Rates adjustments are coming to Council Finance in November
- Concern over shift from business to residents
- Aversion to user fees due to their regressive nature
- Seeking clarity of the definition of household versus resident as it pertains to fees
- Incorporate Aurora and Loveland
- Additional source citation on grey and black-market activity in marijuana market as well as data on taxes from liquor, beer, and wine.
- Delineate more quantitative between medical and recreational marijuana
- From CAO - fees more dispersed by square footage
- Stratify the tax impact across different resident income levels
- As we move forward to Council in December – we will be clear that the presentation does not necessarily mean endorsement by the Council Finance Committee rather this is the current state of our iterations – not perfect – but ready for discussion.

- Rank ordering the models

Kelly Ohlson; re: Clarity that we do want the large emitter fee incorporated into this discussion – other units of measure

3 potential options;

1. Large emitters
2. Emitter fee in general – broadening the emitter fee - focusing on top 100-150 (who are the top 100?)
3. A wiser policy for Carbon Tax

Travis Storin; referring to Denver's ¼ cent with use restricted to climate initiatives.

## **B. Annual Adjustment Ordinance**

Lawrence Pollack, Budget Director

Travis Storin, Chief Financial Officer

First Reading of Ordinance No. , 2022,

Making Supplemental Appropriations and Authorizing Transfers of Appropriations in Various City Funds.

First Reading of Ordinance No. , 2022,

Appropriating Prior Year Reserves in Various City Funds.

### **EXECUTIVE SUMMARY**

The purpose of these Annual Adjustment Ordinances 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 2022 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 2022 Annual Adjustment Ordinance?
- Does the Council Finance Committee support moving forward with bringing the 2022 Annual Adjustment Ordinance to the full City Council?

### **BACKGROUND/DISCUSSION**

These Ordinances appropriate 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	Additional Revenue	Prior Year Reserves	Transfers	TOTAL
General Fund	\$648,888	\$692,164	\$0	\$1,341,052
Data & Communications Fund	0	12,500	0	12,500
Equipment Fund	625,793	48,064	0	673,857
Sales & Use Tax Fund	0	0	48,076	48,076
Natural Areas Fund	48,076	0	0	48,076
Golf Fund	0	368,348	0	368,348
CCIP Fund	0	0	25,000	25,000
Cultural Services Fund	25,000	0	0	25,000
Water Fund	80,000	0	0	80,000
Light & Power Fund	4,500,000	0	0	4,500,000
Transportation Services Fund	442,094	0	0	442,094
<b>GRAND TOTAL</b>	<b>\$6,369,851</b>	<b>\$1,121,076</b>	<b>\$73,076</b>	<b>\$7,564,003</b>

## A. GENERAL FUND

### 1. Security Classes provided by Emergency Preparedness and Security (EPS)

Revenue collected from security class participants is intended to help offset the cost of providing security training from FRCC for a 3-day Crime Prevention Through Environmental Design (CPTED) class in April and a 5-Day CPTED training in August 2022. This request includes revenue collected between December 2021 - July 2022 and helps offset all class incurred expenses for 2022. This model uses initial investment to prime the pump, using collected fees to supplement ongoing training.

FROM:	Prior Year Reserves (2021 class revenue)	\$13,621
FROM:	Unanticipated Revenue	\$14,290
FOR:	Security Classes	\$27,911

### 2. Land Bank Operational Expenses

This request is intended to cover expenses related to the land bank property maintenance needs for 2022. Since expenses vary from year to year, funding is requested annually mid-year to cover these costs. Expenses in 2022 include general maintenance of properties, raw water and sewer expenses, electricity, repairs, and other as applicable.

FROM:	Prior Year Reserves (Land Bank reserve)	\$2,750
FOR:	Land Bank Expenses	\$2,750

**3. Fort Collins Police Services (FCPS)** has received revenue from various sources. A listing of these items follows:

- a. \$36,516 – 2022/2023 BATTLE Grant (Beat Auto Theft Through Law Enforcement) Grant: Police Services was awarded a grant from the Colorado State Patrol to help prevent auto theft in Colorado.
- b. \$44,805 – 2022/2023 Black Market Marijuana Grant: Police Services was awarded the Marijuana grant to support the investigation and prosecution of black market or illegal marijuana cultivation and distribution in the city.
- c. \$75,152 – 2022 Body Worn Camera Grant: In December of 2021, Police Services was awarded a grant to help fund the upgrade of body worn cameras because of the passing of HB 21-1250. This item is to appropriate the money that was received in 2022.
- d. \$11,400 - 2022 Click it or Ticket Grant: In 2021 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.
- e. \$7,868 - 'Contribution to Northern Colorado Drug Taskforce: As a part of the City of Fort Collins contribution to the Northern Colorado Drug Taskforce, any Drug Offender Surcharge, or Court Ordered Restitution that is remitted from Larimer County Court to Fort Collins Police, is then passed along to the NCDTF. Any additional restitution that is collected by FCPS is additionally passed along to the NCDTF.
- f. \$11,400 - 2021/2022 High Visibility Enforcement (HVE) Grant: Police Services was awarded a grant from the Law Enforcement Assistance Fund to pay for overtime for DUI enforcement.
- g. \$15,000 – 2022/2023 HVE Grant: Police Services was awarded a grant from the Law Enforcement Assistance Fund to pay for overtime for DUI enforcement
- h. \$7,682 – 2021 ICAC Grant (Internet Crimes Against Children): In June of 2021 Police Services was awarded the ICAC grant, but the corresponding appropriation was inadvertently excluded from last year's Annual Adjustment Ordinance.
- i. \$300,000 - Northern Colorado Regional Communication Network (NCRCN) Police Radios Upgrades and Repairs: Police Radios have been failing on an increasing level due to aging infrastructure for the Radio Towers in the surrounding area. Information Services is currently working with Motorola and Bearcom to assess the current need, which is still in process. This request is utilizing the dedicated reserves within the General Fund for NCRCN.
- j. \$208,465 - Police Reimbursable Overtime: Police Services help 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 organization who requested officer presence is then billed for the costs of the officers' overtime. Fort Collins Police Services (FCPS) partners with Larimer County to staff events at The Ranch. Police receives reimbursement from Larimer County for officers' hours worked at Ranch events.
- k. \$42,022 - School Resource Officers: Police Services have a contract with Poudre School District to provide officers on location at a majority of the schools for safety and support. The school district pays Police Services based on a predetermined contract amount and also partially reimbursing for overtime incurred. This request is for the previously billed overtime and anticipated overtime for the remaining year.

- l. \$8,962 - DUI Enforcement: Proceeds that have been received for DUI enforcement from Larimer County.
- m. \$96,243 - Police Miscellaneous Revenue: Police Services receives revenue from the sale of Police reports along with other miscellaneous revenue, like restitution payments, evidence revenue and SWAT training.

**TOTAL APPROPRIATION**

FROM: Unanticipated Revenue (2022/2023 BATTLE Grant)	\$36,516
FROM: Unanticipated Revenue (2022/2023 Black Market Marijuana Grant)	\$44,805
FROM: Unanticipated Revenue (2022 Body Worn Camera Grant)	\$75,152
FROM: Unanticipated Revenue (2022 Click it or Ticket Grant)	\$11,400
FROM: Unanticipated Revenue (Northern Colorado Drug Taskforce)	\$7,868
FROM: Unanticipated Revenue (2021/2022 HVE Grant)	\$11,400
FROM: Unanticipated Revenue (2022/2023 HVE Grant)	\$15,000
FROM: Unanticipated Revenue (2021 ICAC Grant)	\$7,682
FROM: Prior Year Reserves (NCRCN Police Radios Upgrades & Repairs)	\$300,000
FROM: Unanticipated Revenue (Police Reimbursable Overtime)	\$208,465
FROM: Unanticipated Revenue (School Resource Officers)	\$42,022
FROM: Unanticipated Revenue (DUI Enforcement)	\$8,962
FROM: Unanticipated Revenue (Police Miscellaneous Revenue)	<u>\$96,243</u>
	<b>\$865,515</b>

FOR: Help prevent auto theft	\$36,516
FOR: Support the investigation of illegal marijuana cultivation	\$44,805
FOR: Upgrade body worn cameras	\$75,152
FOR: Overtime for Seat Belt enforcement	\$11,400
FOR: Contribution to Northern Colorado Drug Task Force	\$7,868
FOR: Overtime for DUI enforcement	\$26,400
FOR: Help prevent Internet Crimes Against Children	\$7,682
FOR: Police Radios Upgrades & Repairs	\$300,000
FOR: Police Reimbursable Overtime for events	\$208,465
FOR: Overtime for School Resource Officers	\$42,022
FOR: DUI enforcement	\$8,962
FOR: Police Miscellaneous Revenue	<u>\$96,243</u>
	<b>\$865,515</b>

**4. Radon Kits**

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 recover kit sales for the purpose of restocking radon test kits.

FROM: Unanticipated Revenue (radon kit sales)	\$1,471
FOR: Radon test kit purchase	\$1,471

**5. Manufacturing Equipment Use Tax Rebate**

Finance requests the appropriation of \$109,010 to cover the amount due for the 2020 Manufacturing Equipment Use Tax Rebate program as established in Chapter 25, Article II, Division 5, of the Municipal Code. 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 Assignment)	\$109,010
FOR:	Manufacturing Use Tax Rebates	\$109,010

#### **6. Restorative Justice Grant**

A grant in the amount of \$67,612 has been awarded and received from the Colorado Division of Criminal Justice (DCJ) Juvenile Diversion fund for the continued operation of Restorative Justice Services, which includes the RESTORE program for shoplifting offenses, the Restorative Justice Conferencing Program (RJCP) and Reflect Program for all other offenses. No match is required for this grant. The grant period is July 1, 2022, to June 30, 2023. Restorative Justice Services and its three programs has been partially grant-funded since its inception in 2000. The Council yearly accepts grant funds from Colorado Division of Criminal Justice to support Restorative Justice Services. This grant helps fund youth referred to the program from the 8th Judicial District Attorney's Office or in lieu of a summons. Since it began, Restorative Justice Services has provided a restorative justice alternative to more than 3,300 young people who committed chargeable offenses in our community.

FROM:	Unanticipated Revenue (Restorative Justice Grant)	\$67,612
FOR:	Restorative Justice Services	\$67,612

#### **7. Administrative transfer of IRS alternative fuel vehicles refund from General Fund to Equipment Fund (refer to item C4)**

Operation Services applied for, and received, a refund from the IRS for alternative fuel vehicles. These funds were not identified correctly when received in 2021 and were deposited in the General Fund. This will move the money from the General Fund to the Operation Services Fund.

FROM:	Transfer from Prior Year General Fund reserves (IRS refund)	\$266,783
FOR:	Equipment Fund - Alternative fuel vehicles	\$266,783

### **B. DATA & COMMUNICATIONS FUND**

#### **1. Accela Permitting System Upgrade**

The Information Technology (IT) Department is requesting funds from the Development Tracking Systems (DTS) restricted reserves to fund this unanticipated expense request to upgrade the City's permitting platform system. The City's IT department recently received notice that the Accela permitting platform will no longer be supported based on the current version the City is utilizing. This is requiring the City to upgrade to the latest version to avoid losing software support and any potential security risks associated with being out-of-date. Upon initiating the upgrade process, staff identified the need for consultant support to assist the City in upgrading its Development, Test, and Production Accela Civic Platform environments. The City intends to contract with TruePoint Solutions, a vendor that has provided Accela support in the past, to provide services as needed, including software installation, pre-installation/upgrade preparation assistance and post-upgrade support. Once completed, the City's permitting platform will be up to date. It will include a new user interface that offers additional features and functionality not currently available, as well as improve the overall performance of the platform.

FROM:	Prior Year Reserves (DTS assignment)	\$12,500
FOR:	Accela Permitting System Upgrade	\$12,500

### **C. EQUIPMENT FUND**

### 1. Unanticipated Fuel Revenue from Price increase

The price of wholesale fuel has been higher than budgeted. This has in turn also increase the price at which the various city departments have Operation Services for the fuel. With the anticipated elevated fuel prices for the remainder of the year.

FROM:	Unanticipated Revenue	\$50,000
FOR:	Fuel price increase	\$50,000

### 2. Charge Ahead Grant 2022

This is a State of Colorado Charge Ahead grant to install multiple electric vehicle chargers at multiple locations. This grant requires a 20% local match which will come from the Operations Services 2022 operating budget.

FROM:	Unanticipated Revenue (Charge Ahead Grant)	\$54,000
FOR:	Electric vehicle chargers	\$54,000

### 3. Unanticipated Revenue and Expense associated with Purchase of Civic Center Condos

In January of 2022 the City of Fort Collins purchased the Civic Center Condos on Mason Street. These condos are leased out with rental payments coming into the City. The management of the condos have come with costs for operations and maintenance (O&M), and additional appropriation is being requested to cover the O&M costs.

FROM:	Unanticipated Revenue	\$255,010
FOR:	Operations and Maintenance costs	\$255,010

### 4. Administrative transfer IRS alternative fuel vehicles refund from General Fund to Equipment Fund (refer to item A7)

Operation Services applied for, and received, a refund from the IRS for alternative fuel vehicles. These funds were not identified correctly when received in 2021 and were deposited in the General Fund. This will move the money from the General Fund to the Operation Services Fund.

FROM:	Unanticipated Revenue (IRS refund)	\$266,783
FOR:	Alternative fuel vehicles	\$266,783

### 5. Equipment Fund Debt Service Payment

The original appropriation of this Certificate of Participants was done through Ordinance No. 73, 2022. This request is for the first interest payment on the loan, which is due in December 2022. This amount is a one-time payment and will come out of Equipment Fund reserves. This amount was not included in the original Ordinance because it was not anticipated that the first interest payment would be due in 2022.

FROM:	Prior Year Reserves	\$48,064
FOR:	2022 interest payment on loan	\$48,064

## D. SALES & USE TAX FUND

### 1. Sales Tax transfer to Natural Areas (refer to item E1)

Sales tax collections were higher than expected in 2021, this is to transfer remaining amount due to Natural Areas Fund.

FROM:	Unanticipated Revenue (Sales tax collections)	\$48,076
FOR:	Transfer to the Natural Areas Fund	\$48,076

## **E. NATURAL AREAS FUND**

### **1. Sales Tax transfer to Natural Areas (refer to item D1)**

Sales tax collections were higher than expected in 2021, this is to transfer remaining amount due to Natural Areas Fund.

FROM:	Unanticipated Revenue via transfer	\$48,076
FOR:	Natural Areas land purchase and operations	\$48,076

## **F. GOLF FUND**

### **1. Golf Fund Debt Service Payment**

The original appropriation of this Certificate of Participations was done through Ordinance No. 72, 2022. This request is for the first interest payment on the loan, which is due in December 2022. This amount is a one-time payment and will come out of Golf Fund reserves. This amount was not included in the original Ordinance because it was not anticipated that the first interest payment would be due in 2022.

FROM:	Prior Year Reserves	\$80,022
FOR:	2022 interest payment on loan	\$80,022

### **2. Golf Player Assistant Pay**

This is the cost associated with contractual labor payment increases to Golf Professionals for fees associated with the required payment of Player Assistants. The Golf Fund is an enterprise fund and receives no tax dollar support. In 2022, the Golf Division required the contracted golf professionals at all three of the City's golf courses to pay for Player Assistants on the golf course. In the past these positions were filled by volunteers that were reimbursed only with playing privileges. Recent changes in labor laws have required these individuals be paid for the work.

FROM:	Prior Year Reserves	\$288,326
FOR:	Contractual Labor payment increases	\$288,326

## **G. COMMUNITY CAPITAL IMPROVEMENT PROGRAM (CCIP) FUND**

### **1. Carnegie Library renovation operations & maintenance support (refer to item H1)**

This is the 2022 amount for the operations and maintenance support for the Carnegie Library renovation as part of the Community Capital Improvements Program.

FROM:	Unanticipated Revenue	\$25,000
FOR:	Transfer to Cultural Services (Carnegie Library)	\$25,000

## **H. CULTURAL SERVICES FUND**

### **1. Carnegie Library renovation operations & maintenance support (refer to item G1)**

This is the 2022 amount for the operations and maintenance support for the Carnegie Library renovation as part of the Community Capital Improvements Program.

FROM:	Unanticipated Revenue via transfer	\$25,000
FOR	Carnegie Library Operations & Maintenance	\$25,000

## **I. WATER FUND**

### **1. Bureau of Reclamation 2019 additional amount - Grant Xeriscape Incentive Program**

This is a Bureau of Reclamation grant R19A00169 was awarded to Water Conservation for the Xeriscape Incentive Program. Reclamation has increased that award by \$5,000. The Bureau of Reclamation released the additional funds after having retained the amount for administrative costs. This money goes toward Xeriscape Incentive Program reimbursements for customers.

FROM:	Unanticipated Revenue (Bureau of Reclamation grant)	\$5,000
FOR	Xeriscape Incentive Program	\$5,000

### **2. Bureau of Reclamation 2022 - Grant Xeriscape Incentive Program**

A Bureau of Reclamation grant was awarded to Water Conservation for the Xeriscape Incentive Program. The full grant award of \$75,000 will be used as customer reimbursements for the program. The match funding requirement will be met by the program participants' required match.

FROM:	Unanticipated Revenue (Bureau of Reclamation grant)	\$75,000
FOR	Xeriscape Incentive Program	\$75,000

## **J. LIGHT & POWER FUND**

### **1. Wholesale Purchased Power**

Through July 2022 the amount of wholesale purchased power needed for Residential, Commercial & Industrial sales has exceeded the budgeted amount of \$1,833,680. One of the factors for this increase in cost, besides increased demand, is the amount of intermittent energy sold to Fort Collins Utilities as opposed to dispatchable energy. Intermittent energy costs just over twice the amount of dispatchable energy costs. While our costs for wholesale purchased power have exceeded budget, so has our revenue generated by sales of that energy to the rate payers. Through July 2022 revenues are in excess of budget by \$4,469,729.

FROM:	Unanticipated Revenue (sales of purchased power)	\$2,000,000
FOR	Wholesale purchased power	\$2,000,000

### **2. Systems Additions & Replacement**

Through July 2022 the system additions & replacement budget, which is comprised of several business units, is over budget by \$1,297,000. The related revenues generated from development and upgrades to the electric system are over budget by \$3,894,735 through July 2022.

FROM:	Unanticipated Revenue (electric capacity charge)	\$2,500,000
FOR	Electric systems additions & replacements	\$2,500,000

## **K. TRANSPORTATION SERVICES FUND**

### **1. South Timberline Corridor - Fort Collins-Loveland Water District - Reimbursement for Water Line Improvements**

Fort Collins-Loveland Water District (FCLWD) agreed to reimburse the City for water line improvements within the footprint of the City's South Timberline Corridor project. FCLWD asked that the City perform the water line improvements as part of the transportation capital improvement project to minimize traffic disruptions. The

water line improvements were not required as part of the City's transportation project. The total amount of the reimbursement is \$132,094 and will be credited to the South Timberline Corridor project.

FROM:	Unanticipated Revenue (reimbursement)	\$132,094
FOR	South Timberline Corridor project	\$132,094

## 2. Shift Your Ride Transportation Demand Management (TDM) Program: Electric Micromobility Pass and Education Series Pilot

The contract with SPIN requires them to pay \$10,000 to the City annually for transportation programs deemed appropriate by City staff. These funds will be used to cover printing costs, payroll taxes on the employee SPIN passes, and other expenses associated with the program.

FROM:	Unanticipated Revenue (Vendor payment (SPIN))	\$10,000
FOR	Shift Your Ride TDM Program	\$10,000

## 3. Streets: Work for Others

The Planning, Development and Transportation Work for Others program is a self-supported program for all "Work for Others" activities within Streets. Expenses are tracked and billed out to other city departments, Poudre School District, CSU, CDOT, Larimer County, developers, and other public agencies. The original budget of \$3.0M was an estimate based on scheduled projects and anticipated rates. Due to increased cost of asphalt, fuel, parts, and other materials, an additional \$300,000 is requested to cover costs through the end of 2022. Revenue for performing the work will offset the expense (note: expense will not be incurred without offsetting revenue).

FROM:	Unanticipated Revenue (reimbursement for work done)	\$300,000
FOR	Work for Others program	\$300,000

## FINANCIAL / ECONOMIC IMPACTS

This Ordinance increases total City 2022 appropriations by \$7,564,003. Of that amount, this Ordinance increases General Fund 2022 appropriations by \$1,341,052, including use of \$692,164 in prior year reserves. Funding for the total increase to City appropriations is \$6,369,851 from unanticipated revenue, \$1,121,076 from prior year reserves, and \$73,076 from transfers between Funds.

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

Item #	Fund	Use	Amount
A1	General Fund	Emergency Preparedness and Security (EPS) Security Classes	\$13,621
A2	General Fund	Land Bank Operational Expenses	2,750
A3i	General Fund	NCRCN Police Radios Upgrades and Repairs	300,000
A5	General Fund	Manufacturing Equipment Use Tax Rebate	109,010
A7	General Fund	Administrative transfer IRS alternative fuel vehicles refund from General Fund to Equipment Fund	266,783
B1	Data & Comm. Fund	Accela Permitting System Upgrade	12,500
C5	Equipment Fund	Equipment Fund Debt Service Payment	48,064
F1	Golf Fund	Golf Fund Debt Service Payment	80,022
F2	Golf Fund	Golf Player Assistant Pay	288,326
<b>Total Use of Prior Year Reserves:</b>			<b>\$1,121,076</b>



## DISCUSSION / NEXT STEPS

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### Guidance Requested

- What questions or feedback does the Council Finance Committee have on the 2022 Annual Adjustment Ordinance?
- Does the Council Finance Committee support moving forward with bringing the 2022 Annual Adjustment Ordinance to the full City Council?

Kelly Ohlson; Police Services - how did we not anticipate and plan for \$300K for new radios?

Travis Storin; NCRCN is the Northern Colorado Regional Communication Network and there are multiple agencies who participate in a consortium like fashion – this is actually for the equipment that is on the two towers in Fort Collins that we are responsible for and is not for handheld or car radios. The reason that it is not in the original budget is because these things were going forward in synch across the other agencies, sometimes it is a hospital system or a fire department. The ability to synch with other first responders. These tend not to have an economic impact, or they are from a highly restricted source. We have a General Fund restricted reserve on the books for \$300K which is set aside for this NCRCN expense which you see this in the next agenda item. These funds were set aside for when the NCRNC is ready to move forward with upgrades.

Zack Mozer; we have been anticipating this – fees that we charge PSD, PFA, UCHealth have been in excess of the actual NCRNC expenses. We are actually cashing in the excess of those fees to upgrade that infrastructure.

Kelly Ohlson; I was just responding to the lead summary which said this expense was unanticipated. Thank you

Kelly Ohlson; question regarding Police reimbursable overtime – when this work isn't on behalf of the City of Fort Collins. Why aren't the different organizations who hire police officers responsible to pick up the overtime?

Zack Mozer; the bulk of this request is forward looking and is primarily for overtime at football games.

Kelly Ohlson; maybe there should be a rate between regular time and overtime that the organization would pay. Also, why wouldn't we be getting reimbursed 100% for overtime work done serving PSD?

### ACTION ITEM:

Kelly DiMartino; I will take this as a follow up item and work with Zack.

Simple answer – we aren't as a city doing any subsidizing for those external organizations when they hire officers. The officers are doing their full-time base job and when they take these jobs, they really are overtime at that point. These jobs are not built into their ongoing schedules, so they are additional.

Kelly Ohlson; this is voluntary overtime on the officer's part not like overtime required by the City of Fort Collins. They are not required to go to the football games or to direct church traffic. Wouldn't have to be overtime.

Kelly DiMartino; we can discuss this offline – there may be a disconnects as we still have a legal obligation to pay them when they are working over 40 hours.

Kelly Ohlson; regarding police resource officers on PSD duty - why are we not fully reimbursed for that overtime? If PSD asks for overtime, the expense should be theirs.

Lawrence Pollack; the resource officers are a 50/50 split between PSD and the city. If we owe them overtime based on labor laws, then we split that cost with PSD.

Kelly Ohlson; the 50/50 split is not logical or rational to me.

**ACTION ITEM:**

Kelly Ohlson; I would like to see a breakdown for the purchase of the Civic Center condos. I know there is some income coming in.

Travis Storin; we will incorporate information about the purchase of the condos and the issues that arose into the Council materials when we bring this forward.

Emily Francis; I had the same questions about police overtime and cost sharing levels. I am curious about the IGA we have with CSU regarding football games. Please include me in the follow-up.

Lawrence Pollack;

**Summary**

- Police overtime cost sharing and whether that is a volunteer event such as CSU football games.
- School Resource Officers (SROs) for PSD – existing agreements and overtime sharing
- As part of the materials when we bring this forward to the full Council, we will provide additional information regarding the purchase of the Civic Center condos and the unexpected expenses that arose

Emily Francis; we don't charge organizations for police officers to for example, to direct traffic (church, football games)

Lawrence Pollack; ultimately that is what they are paying for, police time, they use a police vehicle and are wearing their uniforms as a sworn officer. So, they are representing the city – with materials and supplies that we have purchased. The entity is just paying for the incremental cost incurred by that activity that is not city sponsored. Some of this is arrears, but we know there is a lot coming up with CSU football games.

**C. 2021 Fund Balance Review**

Blaine Dunn, Accounting Director

**EXECUTIVE SUMMARY:**

The attached presentation gives a status of fund balances and working capital. Fund balances are primarily considered for funding one-time offers during the Budgeting for Outcomes process. To a lesser extent, available monies are also used to fund supplemental appropriations between BFO cycles.

**GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

General update to Council Finance Committee

**BACKGROUND/DISCUSSION**

To aid in answering the question of what funding is available to support emerging issues and initiatives in the next budget cycle. In each fund the balances are shown vertically by the accounting classifications. The amounts are then additionally categorized into Appropriated, Available with Constraints, and Available for Nearly Any Purpose.


*Appropriated, Minimum Policy or Scheduled* is comprised of minimum fund balances established by policy, funds from the 2021 balance that have been appropriated in 2022 and amounts for projects specifically identified by voters. An example of the latter is Community Capital Improvements Plan.

*Available with Constraints* are those balances available for appropriation but within defined constraints. An example are donations received through City Give. They are restricted for the purpose of the donation, but still available for appropriation.

*Available for Nearly Any Purpose* are balances that are available for appropriation at the discretion of the City Council.

## DISCUSSION / NEXT STEPS

Travis Storin; we would normally bring this forward in May or June but the Council Finance Committee agenda has been full. This timing might be even better.



Community Capital Improvement Plan - Year End 2021 - \$20.5M					
	2020	2021	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
<b>Restricted</b>					
Available for ballot projects	7.5	11.0	-	11.0	-
City Park Train	0.1	0.1	0.1	-	-
Gardens Visitor Center Expansion	-	0.1	0.1	-	-
Nature in the City	0.2	0.3	0.3	-	-
Affordable Housing Fund	0.4	0.6	0.6	-	-
Arterial Intersection Imprvmnt	1.2	1.2	1.2	-	-
Bicycle Infrastructure Imprvmnt	0.2	0.2	0.2	-	-
Bike/Ped Grade Separated Cross	1.9	2.0	2.0	-	-
Lincoln Avenue Bridge	0.3	0.3	0.3	-	-
Pedestrian Sidewalk - ADA	0.2	0.1	0.1	-	-
Willow Street Improvements	0.1	0.1	0.1	-	-
Linden Street Renovation	3.2	2.3	2.3	-	-
Carnegie Bldg Renovation	-	2.2	2.2	-	-
<b>Year End Total</b>	<b>\$ 15.3</b>	<b>\$ 20.5</b>	<b>\$ 9.5</b>	<b>\$ 11.0</b>	<b>\$ -</b>

Planned use of \$9.2M in reserves for SE Community Center in 2023

Community Capital Improvement Plan slide (see above)

Kelly Ohlson; at the bottom, is says \$9.2M in reserves for SE Community Center in 2023. I am assuming that is in addition to the money that was set aside.

Blaine Dunn; the reason we wanted to call that out specifically is that the \$9.2M will come from the \$11M showing on the first line of the slide above (\$11M Available for ballot projects). The way we built out the revenue model and the projections for CCIP is that we started to build a plan so that when we needed that money for the SE Community Center, we could pull from that fund balance.

Kelly Ohlson; thank you - confirming that is money set aside for this particular purpose, correct?

Blaine Dunn; yes, that is correct.

Kelly Ohlson; your explanation was helpful – confirming that is the money we planned on spending and we may spend more



## General Fund Balances

- \$2.5M Land-bank program inventory, held at lower of cost or market
- \$7.7M is an emergency reserve required by TABOR, equal to 3% of qualified governmental revenue; City also has policy setting an additional \$34.2M aside
- Traditionally fund balances are assigned for camera radar and photo red-light, public safety dispatch system, affordable housing and waste innovation
- \$13.2M is set aside for prior year purchase orders, reappropriation, and budgeted use of reserves

General Fund Balances (see above)

Kelly Ohlson; What does the word 'traditionally' mean on the 3<sup>rd</sup> bullet of the slide above? I never heard of this.

Blaine Dunn; in the past, we have received direction from Council Finance and from previous Councils to continue to set these items aside as assigned balances. If Council would like to give us different direction, we will certainly change that.

General Fund - Year End 2021 - \$86.5M						
	2020	2021	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose	
<b>Assigned - Minimum 60 day Policy</b>	\$ 31.0	\$ 34.2	\$ 34.2	\$ -	\$ -	
<b>Non-spendable</b>						
Landbank inventory	2.8	2.5	2.5	-	-	
Udall Endowment	0.1	0.1	0.1			
<b>Restricted</b>						
TABOR Emergency	6.7	7.7	7.7	-	-	
Police Radio Network	0.2	0.3	0.1	0.2	-	
Donations & Misc	0.6	1.0	0.4	0.6	-	
<b>Committed</b>						
Traffic Calming	0.1	-	-	-	-	
Culture & Recreation	0.3	0.3	-	0.3	-	
Affordable Housing Land Bank	0.1	0.1	-	0.1	-	
Police Regional Training Facility	0.1	0.1	-	0.1	-	
<b>Assigned</b>						
Prior Year Purchase Orders	4.0	6.9	6.9	-	-	
Manufacturing Use Tax Rebate	0.4	0.2	0.2	-	-	
Digital Equity	-	0.1	-	-	0.1	
Golf Irrigation System	0.4	0.4	0.4	-	-	
Camera Radar	1.4	1.2	-	-	1.2	
Waste Innovation	0.2	0.2	-	-	0.2	
Cultural Services	0.4	0.5	-	-	0.5	
Reappropriation	0.9	0.8	0.8	-	-	
Budgeted use of reserves	7.9	5.5	5.5	-	-	
Child Care Needs	0.3	0.3	-	-	0.3	
Police Programming	0.6	0.6	0.6	-	-	
Hughes Land Purchase	-	2.0	-	-	2.0	
ERP Replacement	-	2.5	-	-	2.5	
Municipal Court Renovation	-	3.0	0.7	-	2.3	
Inflation Contingency	-	4.0	-	-	4.0	
<b>Unassigned</b>	4.3	12.0	6.3	-	5.7	
<b>Year End Total</b>	<b>\$ 62.8</b>	<b>\$ 86.5</b>	<b>\$ 66.4</b>	<b>\$ 1.3</b>	<b>\$ 18.8</b>	

Kelly Ohlson; not all fund balances go to the four categories listed above?

Blaine Dunn; correct, for example under assigned above, we have \$200K set aside for Waste Innovation. If Council wanted to bring something forward in the waste innovation space, we could pull from that amount.

Kelly Ohlson; so, with budgets coming up, seems like every city does it this way, the manager presents a recommended budget and we are supposed to make it the Councils and residents budget. So, when cuts are brought up and panic sets in, there always seems to be money that is automatically available for what Council wants to add into the budget instead versus cutting. I would like to know going into budget, how much money Council has available for the things they want to put above the line. Is it the \$5.7M or?

Travis Storin; everything you see here is money in the bank. Using last year as an example, where we actually generated those dollars through a more regressive revenue forecast. It was something of a calculated risk saying we could increase the revenue forecast which generated some additional funding. I don't have at my fingertips the amount of the \$188.M reserves that are put to use in the budget but I do know that it is spelled out in the budget document that is being published tomorrow. I do predict that BFO this year will be more of a tradeoff conversation because we went pretty deep on use of reserves. We will be clear in our work session materials on what amount is being used and what the untapped reserves are that Council can tap into.

Kelly Ohlson; it will be very helpful to know how much money we have before we just have to start moving things in the recommended budget. There are two ways we can go, we can move things below the line and then

move things above the line for priorities or it can be just new money or my preference would be a combination of those things but we do need to know how much money we have to work with.

Travis Storin; a friend just messaged with some information, the recommended budget uses \$11.5M of General Fund Reserves and the reason that we characterized the \$18.8M as available for any purpose versus the \$5.7M that is unassigned - you see the balances above the \$5.7M that make up the total of \$18.8M in the slide above – there is either a management assignment or informal Council guidance (i.e.: not an adopted ordinance) that we are going to need to set that money aside.

Kelly Ohlson; I see the \$5.7M in the slide above as ‘unassigned’ but you say you have intent there. What am I missing?

Travis Storin; we are in the rear-view mirror as this is year-end 2021, we account for what is in the 2022 budget but we have not yet adjusted these balance for what is proposed in the City Managers’ Recommended 2023 - 2024 budget.

## **Other Business:**

Topic 1 of 2

### **Parklane Mobile Home Park / New Life Mobile Homes**

Requesting an Appropriation Ordinance authorizing a grant of \$125K to bring forward at the September 20<sup>th</sup> City Council Meeting.

Requesting \$125K from the General Fund reserves to be used for forestry, landscaping (tree trimming, underground infrastructure, curb and gutter and pavement) at what was known as Parklane Mobile Home Park but has a new name of New Life Mobile Home Park. The residents purchased the property and changed the name. The city has previously made some verbal commitments around this when the mobile home park residents first indicated they were going to buy the park for themselves.

Kelly Ohlson; is this in the city limits?

Caryn Champine; it is in the county but is part of our Growth Management Area (GMA) and is part of the Mulberry enclave as well.

Kelly Ohlson; that is a stretch for me because it is not in the city limits, but I will go along for the ride. If this were located inside the city limits this would be a no brainer. What did the county contribute?

Caryn Champine; Larimer County contributed \$1M toward the purchase.  
The City of Fort Collins didn’t contribute anything toward the purchase.

Emily Francis; do we fund other things outside the city limits but within the GMA? This would be good information to have for our future discussion. I know they have a range of needs so also how we decide what we are going to fund.

Travis Storin; we will take that back for discussion as I don’t think I can respond now regarding expenditures within the GMA but outside the city limits.

Caryn Champine; We don't necessarily have a formula to use in these types of circumstances. This is a unique dynamic and a new space for us. The approach we took was first to gain an understanding of what the Infrastructure assessment was and as Travis described it includes; tree trimming, underground infrastructure improvements that are needed as well as curb and gutter and pavement. All of that is upwards of \$900K in total costs which would be absorbed by the residents over time. The approach we took was to look at the total cost of what they are getting as an assessment. There are approximately 60 units in this community, so we thought through a methodology of \$1,500 - \$2K per unit to give us some measure of how to help those residents offset their costs. The way we write this contract which will be a grant to them that will either be treated as a reimbursement approach or money coming forward. We are working with the City Attorney's office to finalize the details on what that contract will look like if this is supported by Council. The contract would reference the infrastructure assessment.

Emily Francis; I think that makes sense – thank you

## **Other Business**

Topic 2 of 2

### **9/11 Memorial at Spring Park**

PFA has contributed \$80K – We have raised to date \$150K in charitable donations - Staff is proposing a \$200K appropriation from the Neighborhood Parkland Fund which has \$6.7M in reserves on hand that are available. We anticipate this will bring additional donor activity. This is a dedicated funding source for a dedicated purpose type of proposition.

Kelly Ohlson; we should be seeing the top ten priorities of staff and then together, we could work out what the priorities are and have some context of how we are spending money. As it stands now, we do not have any idea what the other options are (trade-offs, opportunity costs), We are planning to do something new when we are dealing with shortfalls for existing parks refresh.

Travis Storin; just to clarify the Neighborhood Parkland Fund - any reserve balance we have accumulated can only be used for new facilities so unfortunately we are not able to use these funds for refresh / asset management needs.

Nina Bodenhamer; I have been interfacing with this project since we started City Give. It had been in process for 3 years at that time. The partnership that was created between PFA and the city – this piece of the park is adjacent to Fire Station #3 and this work will create brighten and add new purpose and amenities – looking at how we increase bike access and visibility. We have raised almost \$200K in donations and have spent some of that on design and taking the design documents to construction documents. This is in a way creating a refreshed purpose in a dated neighborhood park, giving it a new sense of purpose, and leveraging the phenomenal community asset we have which is the steel beam from the Twin Towers.

Kelly Ohlson; what is the total cost? We don't want this coming back requesting additional funds to complete

Nina Bodenhamer:       \$200K appropriation from the Neighborhood Parkland fund  
                                  \$80K from PFA  
                                  \$100K in cash on hand

The total parks budget was \$650K - we have an outstanding construction total of \$500K We are hearing from donors, 'come see us when you are building the park'. This appropriation would allow us to move toward a groundbreaking. The direction I have received is that we will either scale the park based on the funds we have available, and we will continue fund raising to close that gap.

Kelly Ohlson; I will support this if other Council Finance Committee members and Council support

Julie Pignataro; you said depending on donations, it could be scaled but would that increase the scale of operations and maintenance – how would we cover that?

Nina Bodenhamer; maintenance will be absorbed into the current maintenance of Spring Park. There is one piece that warrants set aside money which is the water element, reflecting pool to be located under the beam. We recently had a donation from our local VFW toward the maintenance of the veterans' memorial in Edora Park which was put that money into a separate non-lapsing business unit to hold it until needed. A similar reserve for future maintenance here.

Julie Pignataro; this is so relevant to the discussions we have been having where we have completely overshot our current maintenance for parks. In the grand scheme of things, this seems little, but ten more of these and then what? Do you have a response to that statement?

Nina Bodenhamer; When it was conceptualized, it was going to be fully supported by fund raising. In the absence of City Give, there was no toggle to say what is the community feasibility? Everyone wants to believe that donors will come in and fund our dreams – there has been enormous donor support and a valuable partnership with PFA. It has also been sitting there for 5 years with these questions. I believe that we now have a process in place to ask these hard questions before we go out and do any community engagement, design, or fundraising. I believe we now have an improved process, so we don't go down this path again. A case in point would be our charitable project at Eastside Park – the process at that time was we do not move forward until we have alignment with strategic priorities and the money is fully raised. This is kind of us making the best of a situation we inherited. Donors have given, do we return gifts, or do we invest? PFA believes this is a worthwhile cause and they have invested \$80K.

Julie Pignataro; everyone on this committee thinks this is a worthwhile cause. I am interrupting what I am hearing as this is our lessons learned project and we learned new things about how the process should work going forward. How did we land on \$200K?

Nina Bodenhamer; this was Kurt Friesen, Victoria Shaw and I looking at what is available in that fund. What is an investment that can deliver the park to a reasonable standard without impacting future investments of that fund. This \$200K will take us to groundbreaking then we can scale but still deliver on our commitments, our promise, and our partnerships.

Julie Pignataro; is the water element definitely part of it?

Nina Bodenhamer; it is a reflecting pool to be located under the beam. It was a piece that was presented in the design document that \$180K of donation were given to this piece. A range of donors, residents, first responders. The reflecting pool requires minimal maintenance costs compared to splash pads, etc. as it's not flowing water.



Emily Francis; what are the other priorities we have with this funding and how does this fall within that? So, this gets us to groundbreaking, how much more will this cost?

Nina Bodenhamer; I have asked the parks planning team for construction costs including the general contractor. Based on that we have a gap of \$120K and we can chip away at that with donor gifts and / or scale the project. At groundbreaking, the money we have in hand will be the park that we deliver.

Kelly Ohlson; when this comes to us for a vote, could you please include in the AIS, what the next two neighborhood parks are as well as timing and anticipated costs. I am fine if Julie and Emily want to do this. I don't want to see this brought back requesting additional funding out of General Fund to finish this.

Julie Pignataro; is it worth making sure this doesn't end up on consent. We need to have a discussion and be transparent about the trade-offs and what we have learned in the process.

Emily Francis; if the questions we asked are addressed in the AIS, it could be on consent, and we could always pull it.

Meeting Adjourned at 6:20 pm