



Finance Administration
215 N. Mason
2nd Floor
PO Box 580
Fort Collins, CO 80522
970.221.6788
970.221.6782 - fax
fcgov.com

AGENDA
Council Finance & Audit Committee
January 25, 2021
10:00 am - noon
Zoom Meeting <https://zoom.us/j/8140111859>

Approval of Minutes from the November 16, 2020 Council Finance Committee meeting.

- | | | |
|----------------------------------|----------|----------------------------|
| 1. Recreation Budget Review | 30 mins. | A. Harris
J. Stokes |
| 2. Additional Locate Resources | 25 mins. | T. McCollough
L. Smith |
| 3. 2021 Land Use Code Assessment | 40 mins. | C. Champine
P. Sizemore |

Council Finance Committee
Agenda Planning Calendar 2021
RVSD 01/20/21 ck

Jan. 25th	2021		
	Recreation Budget Review	30 min	J. Stokes A. Harris
	Additional Locate Resources	25 min	T. McCollough L. Smith
	2021 Land Use Code Assessment	40 min	C. Champine P. Sizemore

Feb. 22nd	2021		
	2020 Sales Tax Rebate results	20 min	J. Poznanovic
	Cameron Peak Fire Appropriation	20 min	L. Smith M. Zoccali
	2022 Budget Process Review	30 min	L. Pollack
	South Timberline Widening Project Appropriation	20 min	N. Currell

Mar. 15th	2021		
	EPIC program review	30 min	J. Phelan
	Boxelder basin B-dams update – TBD	20 min	K. Sampley
	Marketplace and Economic Nexus Update		J. Poznanovic
	Front Range Financial Comparison	20 min	B. Dunn

Apr. 19th	2021		
	Park/Median Design Standards & Maintenance Costs	30 min	K. Friesen M. Calhoon

May 17th	2021		
	Future capital projects and debt financing	30 min	T. Storin
	GERP Review	30 min	B. Dunn

Jun. 21 st	2021		
	2020 Fund Balance, Revenue, and Expenditure Review	30 min	B. Dunn

Future Council Finance Committee Topics:

- Metro District Policy Update – TBD
- Revenue Diversification – TBD
- 2020 Audit Results – July 2021
- 2022 Development Review and Capital Expansion Fee Updates – August 2021
 - Consideration of new fees
- 2021 Annual Adjustment Ordinance – September 2021
- Financial Policy Updates – October 2021
- Utility Long-term Financial Plan and Capital Improvement Plan – November 2021



Finance Administration
215 N. Mason
2nd Floor
PO Box 580
Fort Collins, CO 80522
970.221.6788
970.221.6782 - fax
fcgov.com

Finance Committee Meeting Minutes
November 16, 2020
10:00 am - noon
Zoom Meeting

Council Attendees: Mayor Wade Troxell, Ross Cunniff, Ken Summers, Emily Gorgol

Staff: Darin Atteberry, Kelly DiMartino, Travis Storin, Carrie Daggett, John Duval, Tyler Marr, Blaine Dunn, Dave Lenz, Jo Cech, Claire Goodwin, Zack Mozer, Lawrence Pollack, Cody Forst, Lance Smith, Renee Callas, Jordan Granath, Erik Martin

Others: Gavin Kaszynski
Kevin Jones, Chamber of Commerce

Meeting called to order at 10:04 am by Ross Cunniff.

Mayor Troxell; I'd like to note for the record that I've conferred with the City Manager and the City Attorney and have determined that the Committee should conduct this meeting remotely because meeting in person would not be prudent for some or all persons due to a public health emergency.

Approval of Minutes from the October 19, 2020 Council Finance Committee Meeting. Ken Summers moved for approval of the minutes as presented. Mayor Troxell seconded the motion. Minutes were approved unanimously.

Travis reviewed Fund Review schedule table below which was also included on the agenda.

Fund	Timing
Parking	August 2020
Recreation	December 2020
Self-Insurance	November 2020
Cultural Services	TBD, if applicable

A. 2020 Financial Policy Review

Blaine Dunn, Interim Accounting Director

EXECUTIVE SUMMARY:

Once a year a portion of Financial Policies are reviewed and updated as needed. Staff is committed to reviewing each policy no less than every 3 years. Policies up for review this year are:

Financial Management Policy 1 – Budget
Financial Management Policy 2 – Revenue
Financial Management Policy 3 – General
Financial Management Policy 5 – Fund Balance Minimums

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council Finance Committee support the changes as recommended?

BACKGROUND/DISCUSSION

Financial Management Policy 1 – Budget: Throughout the policy staff recommends updating the word “citizen” with the word “resident”. There are additional language clean ups throughout the policy. The only sections with major changes are:

- Section 1.1 *Overview*
 - Call out for the exception of a one-year budget in 2021 and 2022
- Section 1.5(A) *Budgeting Control Systems, Budget Transfers*

Financial Management Policy 2 – Revenue: This policy has three sections with recommended changes:

- Section 2.3(C) *Fee Policy, Establishment and Modification of Fees and Charges*
 - Updates to this policy reflect the current process used for fees. This includes making changes to reflect the cadence fees are updated, and how often a fee study analysis is performed
- Section 2.4 *Sales and Use Tax Distribution*
 - Update tax tables to reflect new taxes effective January 1, 2021
- Section 2.5 *Philanthropic Contributions*
 - Currently named 2.5 *Private Contributions*, staff recommends changing the name of this section to better align across all policies. Staff also recommends expanding this section to discuss accountability and transparency associated with philanthropic gifts. The changes to this policy align with Financial Policy 52 – *City Give Financial Governance Policy*

Financial Management Policy 3 – General: This policy covers numerous topics that do not warrant their own standalone policy. This policy has four sections with recommended changes:

- Section 3.2 *Medical Insurance and Retirement Plans*
 - Updates include cleaning up language and updating contribution and vesting terms for the 401(a) and 457 plans.
- Section 3.3 *Fund Organization*
 - Adding language City Code also establishes rules for funds
 - Updating list of funds
- Section 3.4 *Cost Recovery and Fee Setting*
 - Recommend updating the section regarding charitable giving to be consistent with the City Give policies

Financial Management Policy 5 – Fund Balance Minimums: This policy has two very minor changes:

- Section 5.1 *Governmental Funds and Fund Balance*
 - Correct wording under fund types for the type of funds able to carry an unassigned balance
- Section 5.2 *Proprietary Fund and Working Capital*
 - Correct a section reference
- Section 5.3 *Minimum Balances*

- Clarify the 60-day Liquidity Goal is not a restricted balance but an emergency reserve

DISCUSSION / NEXT STEPS:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support the changes as recommended?

Ken Summers; would there be some criteria applied to a departmental overspend?

What are the checks and balances?

Travis Storin; the judgement and criteria that I apply when those requests come forward;

- 1) if the department wishes to spend something on a budget offer that was not purchased by the Council that is not something that I would support. This would need to go back to Council for consideration.
- 2) I apply a soft threshold of \$30K – if the proposed expenditure is within the department's budget and from a fund that has underspend, typically the department is allowed the autonomy for such decisions. If over \$30K then it is brought to mine and Darin's attention. We evaluate whether it is appropriate to use underspend to make the purchase vs. create a budget offer. In the case of the former, we then determine whether the item merits informing our Committee members. An example would be if Police Services had the opportunity to purchase ammunition at a favorable cost. That is something where we can be opportunistic in utilizing underspend but that probably does not merit Committee attention. A combination of quantitative and governance based.

Ken Summers; good to know that there are guidelines and metrics there – example of Police – would be prudent in terms of timing. Are we still going to have a KFCG fund?

Blaine Dunn; we do still have some reserve balance in that fund. We have requested that all departments involved to spend all of their reserve balance by the end of 2021. Not going to move the KFCG reserve balance into the General Fund. We want to keep that separate from an accounting standpoint to make sure it is all being accounted for correctly.

Ken Summers; do you know what the balance is?

Lawrence Pollack; city wide there is about \$3M of fund balance that was completely utilized in the 2021 budget. Since we generally do have underspend – we think there will some residual that will go into 2022 budget before the balance is completely utilized.

Ken Summers; remaining fund balance in KFCG has been allocated according to the budget for 2021.

Blaine Dunn; that is correct - we have worked closely with Lawrence and his budget team – they have reached out to the departments to make sure that is getting spent in the next budget year.

Travis Storin; for this residual balance from the initial 10 year renewal period - we still split it according to the prorated distribution across the 6 budget categories because those funds were generated during the initial period and now that .6% has rolled over on a permanent basis and .25% on a renewable basis we are not beholden to those 6 categories. Council has the legal flexibility as the most recent ballot allows but as a starting point staff is going to allocate the spend the same way.

Ken Summers; I thought the greater flexibility was the intent – instead of feeling constrained to spending money where it was allocated under the previous KFCG – this is something a future Council should take under consideration.

Lawrence Pollack; of the .25% that now in the General Fund and is renewable in 10 years – it was my understanding that Council intent it would be used generally for other transportation and other community priorities – both of which has tremendous flexibility.

Travis Storin; we have interpreted Council intention that was intended for the .25% - full legal flexibility so spend it as Council sees fit.

Mayor Troxell; re: philanthropic contributions - there is a parallel Policy 52 that outlines City Give - this calls out that other policy which talks about strong oversight – Can you explain strong oversight versus oversight?

Blaine Dunn; I would be happy to send a copy of Financial Policy 52 to this committee. Financial Policy 52 specifically calls out some of the ways we set up the accounting system and appropriations. All philanthropic will come in via the City Give business unit and then be double checked with staff and then with Council to be appropriated – Council will have visibility to all contributions - we wanted that stronger oversight – we are basically doing a double check on each donation that comes in. After the appropriation occurs - Nina Bodenhamer, City Give Director will work closely with those departments and will create and generate reports to Council and donors to make sure funds are being spent to their intended purpose by Council and by donors.

Mayor Troxell; what about undesignated gifts?

Blaine Dunn; that is really a discussion with City Give Director - usually they still go to a department – reporting back out to donor what it was used for.

Travis Storin; very seldom do we get a truly undesignated gift. Would be good to take this opportunity to review the bright line escalating thresholds - all in the name of alignment with donor intent. If a gift is above \$100K it requires a gift agreement that is adopted by Council with a resolution. Gift agreements for gifts between \$5K - \$100K can be facilitated by the City Manager directly. We have a standing committee quarterly portfolio review which includes; Darin, Kelly, Travis, probably our future DCM and Nina where we review the portfolio and the strategy around what kinds of campaigns, we are looking to solicit donations for. This is where we would have that conversation around undesignated gifts.

ACTION ITEM:

Include a copy of Financial Policy 52 in a Thursday packet

Mayor Troxell; What about other types of gifts; property, planned giving, endowments, capital equipment?

Blaine Dunn; they all fall in the same thresholds as cash donations.

Travis Storin; Financial Policy 52 Section 7 identifies multiyear pledge payments. We can accept pledges up to 5 consecutive years - then we would enter into a new 5-year agreement increment - does not function as a traditional endowment but is more of the multi-year pledge.

Result:

Committee supports changes as recommended and going forward to Council for adoption.

B. Supplemental Appropriation Request for the Risk Fund for Increased Insurance Premiums

Claire Goodwin, Sr. Manager of Safety and Risk Management
Zack Mozer, Financial Analyst

EXECUTIVE SUMMARY

The Risk Fund is currently over budget through October and is expected to remain over budget through year-end. The primary driver of this increase is the higher insurance premiums that have been realized in 2020. These increases are due to two factors; an industry wide adjustment in coverage due to increased risk exposure in the state of Colorado and more hailstorm damage realized at the City of Fort Collins in prior years, most notably in 2018.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff seeks the approval of a supplemental appropriation of \$660K to compensate for the increased premiums realized during the 2019/2020 coverage period.

BACKGROUND/DISCUSSION

From 2017 through 2019 there has been an increase in hail activity that has been experienced in the Western and Midwestern regions of the US causing an increase in property insurance premiums. According to a recent report from the National Insurance Crime Bureau (NICB), the top 10 states in the US contributed 72% of the total number of hail claim losses for this period. Colorado ranks 2nd highest in the nation, trailing only Texas. In May of 2017, a powerful hailstorm caused widespread damage across Colorado, resulting in \$3.6B of damages, according to the National Oceanic and Atmospheric Administration (NOAA).

Based on the data provided by NICB, Colorado's hail losses saw a significant increase in 2018. Most specific to Fort Collins was a June 2018 event, in which the City sustained significant damages to buildings and vehicles that are still in the process of being repaired. The total claim amount to date for this one incident is \$4.1M. Further, the information provided in this report shows that 4 of the top cities in the US that have the highest hail claims for this period are in Colorado.

These increased damage events have resulted in higher premiums which have negatively impacted the Safety and Risk Management (SRM) budget. In March 2018, the two-year budget (for 2019 and 2020) was established so that other service areas could incorporate SRM's internal service charges into their budgets. At the time the outside vendor insurance quotes were provided, they had not yet incorporated the industry-wide impacts that are noted above. Compounding this situation is the renewal period of the City's policies in May, which leads to more uncertainty in the budget process. During the 2019 budget year, the SRM budget was short by \$200K – this amount was addressed in the annual clean up exercise last fall.

Because of upward pressure on insurance industry corrections, compounded by severe hailstorms in June of 2018, premiums increased from just over \$1M realized in 2018 to \$1.9M in 2020; a 90% increase. This, in addition to the cadence of the two-year budget cycle that solidified the SRM's budget before the insurance premium adjustments, significantly underfunded what was needed for this expense.

There is some potential for higher inherent variances in estimated vs. actual premiums due to the long lead time between when estimates are quoted vs. when the coverages take effect. When the budget is made, insurance quotes are being given 17 months in advance, causing a lower confidence that those premiums will hold steady

until the first budgeted renewal period. SRM is currently working to move the renewal period from May to January so that it can be better synchronized with the City fiscal year.

SRM is requesting a supplemental appropriation of \$660K because of industry premium corrections and realized losses in 2018 which are detailed in the table below:

Premium Item	2020 Budget	2020 Actual	Variance
Work Comp	165	179	(14)
Liability	696	468	228
Property	346	1220	(874)
Total	1207	1866	(660)

Discussion / Next Steps:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff seeks the approval of a supplemental appropriation of \$660K to compensate for the increased premiums realized during the 2019/2020 coverage period

Ross Cunniff; we saved \$228K on liability insurance but had to pay more for Worker's Comp and Property

Zack Mozer; not necessarily saving on liability - it was an allocation of that budget the way it was accepted.

Ken Summers; where is the additional \$660K coming from?

Travis Storin; this would be from fund balance for purposes of 2020 and the way we make that up in the self-insurance program is the premium that we charge out to departments will increase – for example, Claire Goodwin is running the insurance company - we are allocating all of the premium out to departments – in future cycles our allocations would be adjusted to repay.

Ken Summers; there is an allocation to the various departments for those premiums?

Travis Storin; we are self-insured up to a deductible \$500K property

Claire Goodwin; hail tends to be a percentage of the value of the building and can vary quite a bit.

Travis Storin; then stop loss kicks in – we charge out to the department for claims under \$500K - ultimately will be made up by departments by what they pay into the program.

Ken Summers; is \$660K an insurance premium for the stop loss?

Travis Storin; the \$660K is specific to the stop loss premium.

Mayor Troxell; what is the alternative?

Travis Storin; in the near term there are not a lot of alternatives - we could appropriate these monies directly out of General Fund instead of the Self-insurance Fund. We have to have some level of appropriation in order to maintain the stop loss coverage. On a go forward basis, we work closely with our insurance broker to determine the appropriate level of the deductible as a means to manage the premium and how much risk the city is willing to take on. One of our key objectives today was to shine a light on this fund for benefit of this committee. The 2018 hail event had a substantial cost on the spot and will impact ongoing costs.

Ross Cuniff; what our risk tolerance should be more cars under roofs or higher hail rating on our other roofs that can reduce the 30% part and of course continue to shop around for insurance providers.

Zack Mozer; we are pursuing a number of possibilities - Brown and Brown goes out to a number of providers to get the best rate for us – we have also looked at doing an insurance coop possibly with other cities - make sure we are exploring the best option - self-insurance is really the most affordable option. We are moving the current May 1st renewal date to January to be more in line with our fiscal budget. It was a 17-month window and that is when unforeseen hailstorm happened in 2018.

Claire Goodwin; how do we improve materials we use when we replace roofs (longer life span and weather tolerance) and alternative places to store vehicle – this is more the proactive side of risk management. We are working with some of the other departments in the city - what is the long-term forecast for exposure. We are definitely looking at how we can reduce that 30%.

Mayor Troxell; Do Denver, Colorado Springs, Greeley, Lakewood self-fund?

Claire Goodwin; collective group of cities within Colorado who group together and self- insure CIRSA Colorado Intergovernmental Risk Sharing Agency. There are pros and cons to this - less city control but collectively sharing the risk.

ACTION ITEM:

Mayor Troxell; more information awareness on CIRSA - their rates which are going up as well - through Colorado Municipal League.

Travis Storin; cities like Denver, Colorado Springs, Aurora even PSD and CSU do maintain self-insurance programs. When it gets to a certain level of asset management and you are measuring a vehicle fleet in the 100s and you have your own inhouse fleet shop it often does make sense to move to self-insurance up to a certain threshold so that you are covered for catastrophics but you are able to handle your own costs for more minor type claims – we continue to test this as an assumption.

Mayor Troxell, Ross Cuniff and Ken Summers approved this to go forward. Will be going to Council soon on the consent calendar.

Meeting adjourned at 10:57 am

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

STAFF: Aaron Harris, Interim Recreation Director

DATE: January 25, 2020

SUBJECT FOR DISCUSSION: Update on Recreation Department Financial Situation

EXECUTIVE SUMMARY: The Recreation Department has been highly impacted by the COVID Pandemic. Staff is providing an update for the 2020 financial situation, budget cuts, and plan for 2021.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions does the Council Finance Committee have?
2. Does Council support the direction staff is taking?

BACKGROUND/DISCUSSION

1. Staff will provide an update on how the Recreation Budget operates and the impacts COVID has had on the budget.
 - a. 74% of Recreation revenue is generated from participation fees. This is significantly higher than the industry average of between 30%-40%. This has significantly impacted the Recreation Department and provides limited options for increasing revenue to offset deficits.
 - b. The Recreation Department has been relying on reserves to meet monthly expenses.
2. Staff will share the community impact of the Recreation Department during the COVID Pandemic.
 - a. Community outreach efforts during the pandemic
 - i. Northside Aztlan Center shelter.
 - ii. Mask factory at the Senior Center.
 - iii. In-person licensed childcare for 34 weeks.
 - b. Staffing level changes
 - i. Significant hourly staff furloughs.
 - ii. Over 10% of classified positions are vacant and frozen until the financial picture changes.
3. Staff will provide an update on the 2021 budget forecast.
 - a. Multiple projections will be shared.
 - b. Additional funding options will be shared.

ATTACHMENTS

- Presentation Slides



Recreation Update for Council Finance Committee
Aaron Harris

Recreation Mission:

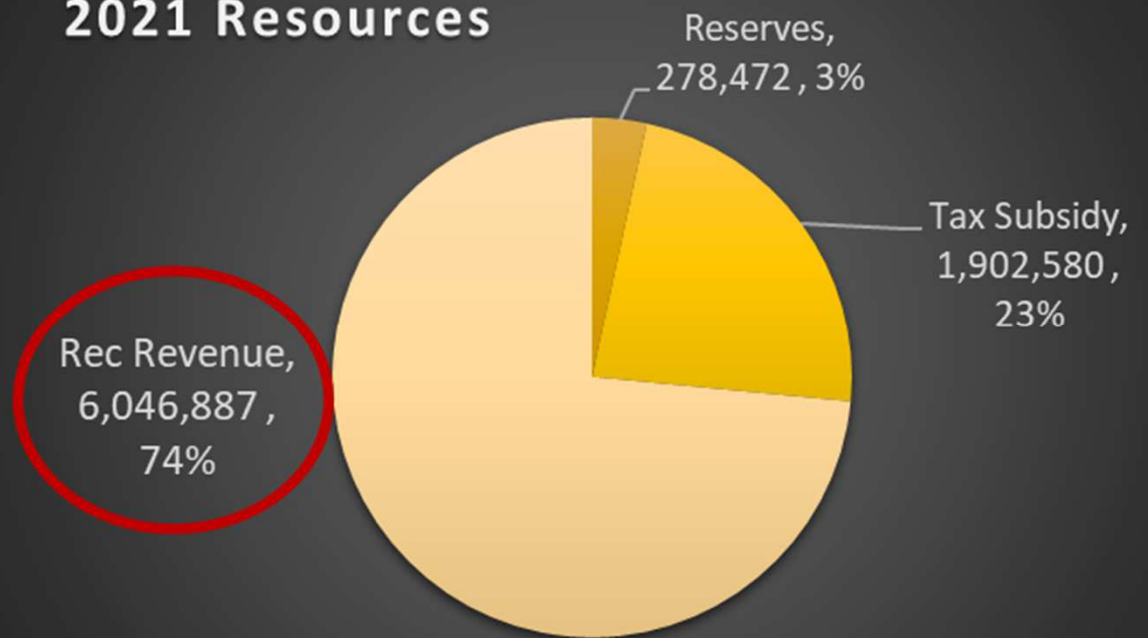


Fostering health and well-being through diverse and inclusive recreation opportunities, sustainable planning, and community partnerships.

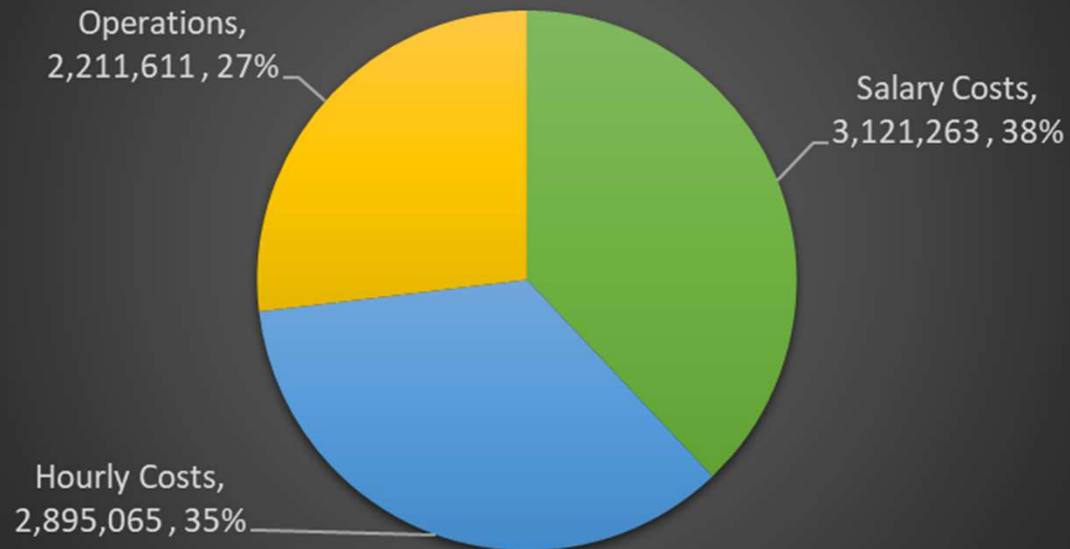
2021 FUNDING RESOURCES

- **Balanced Budget** – must have matching resources to cover all expenses
- Recreation Revenue + General Fund Tax Revenue + Reserves = Total Department Budget
- Fort Collins has a typical cost recovery of **74%** of revenue.
- The Parks and Recreation Master Plan shows that a typical Recreation Department recovers between **30-40%** of revenue.

2021 Resources

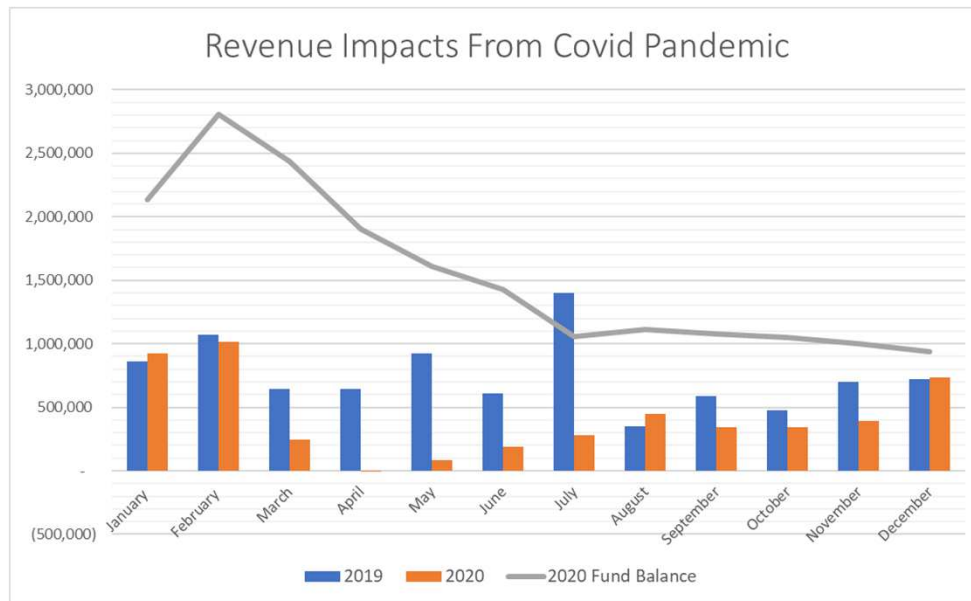


2021 Expense Buckets



- Programs can only be offered if enrollments cover direct cost
- Tight control of all expenses needs to continue until enrollment demand increases and revenue levels normalize
- Continuous monitoring of revenue generation and expenses for all areas
- Monthly rolling forecasts in 2021 based on percent of recovery models and financial sustainability

COVID PANDEMIC IMPACTS



Recreation Fund Balance in 2020 significantly impacted by drain from facility closures and revenue loss.

- Usage of reserves is expected to continue until pandemic is controlled and services normalize.
- Loss in Reserves impacts ability to “take care of what we have” now and in the future.
- Average monthly utilization of reserves during closure months \$343,783 March – July and \$86,460 from August – December
- 2020 Total usage of reserves = \$1.2 million

Recreation's Response to COVID

- Northside Aztlan Community Center used as a shelter.
- Senior Center used as a facility to make masks and face coverings for front line workers.
- Licensed childcare provided for 34 weeks.
- Non-traditional Fourth of July activities.
- Enhanced safety protocols.



2020 Expense Reductions

Operations:

- Most expenses in this area are programmatic expenses and tied to program revenue.
- CARES Funding has been obtained for eligible expenses.

Hourly Staff:

- Over 300 hourly staff furloughed in April 2020.
- 106 hourly staff members still furloughed as of 1/11.

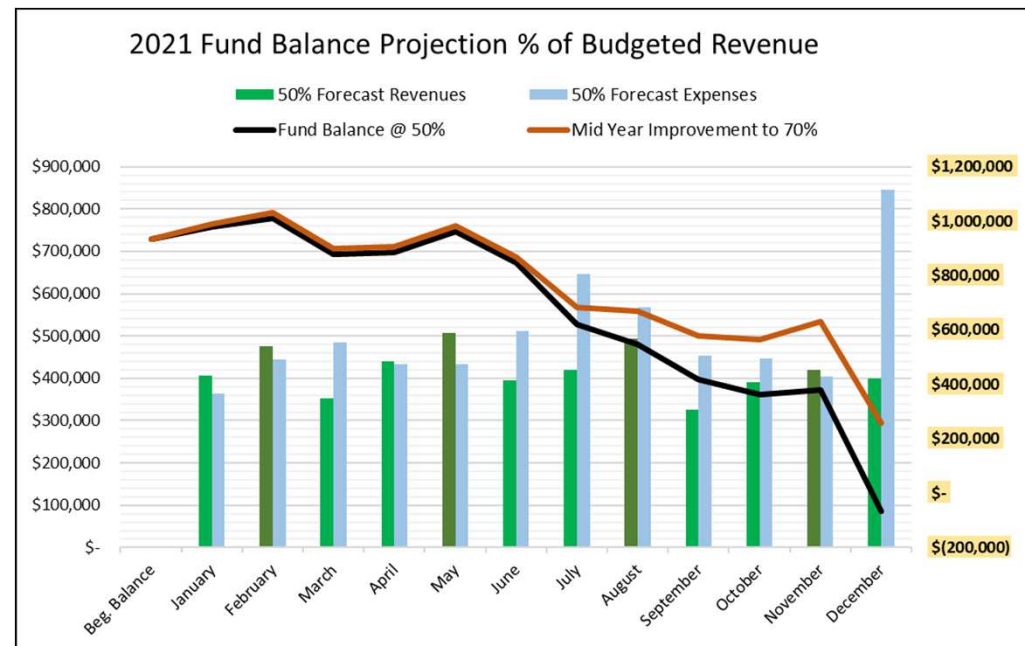
Classified Staff:

- 10% of classified staff positions vacant and frozen for 2021.



Recreation Department Conservative Financial Picture –

- Forecast monthly fund balance for 2021 based on 50% revenue levels (right side key is fund balance level)
- At 50% revenue levels, usage of reserves will average \$83,406 per month



The following additional steps may need to be taken to help the Recreation Department reduce its usage of the reserves.





Current Plan

- When feasible all major expenses delayed until 2022.
- Existing program cancellations and facility closures continue.
 - For example, Senior Center Pool
- New partnership with PSD Wellness.

Options to further reduce monthly utilization of Recreation Reserves

- Obtain additional funding from General Fund
- Service level cuts



- What questions does the Council Finance Committee have?
- Does Council support the direction staff is taking?

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Lance Smith, Director Financial Planning and Analysis
Tim McCollough, Deputy Director, Utilities Light & Power

Date: 25 January 2021

SUBJECT FOR DISCUSSION

2021 Utilities Locating Supplemental Resources

EXECUTIVE SUMMARY

Staff recommends bringing forward an off-cycle appropriation to City Council in early 2021 in the amount of \$500,000 funded from reserves to address resource limitations in the Utility Locates department. The current demands on the department exceed the available resources. Excavators and engineering firms are starting to see delays in the department's ability to provide timely locates in the Fort Collins jurisdiction.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does Council Finance support this off-cycle appropriation proposal going to Council for consideration in March 2021?

BACKGROUND/DISCUSSION

In Colorado, and most states, it is the law to call before you dig. Damage prevention laws have two primary goals, to protect life and to protect infrastructure. Fort Collins Utilities is defined as a facility owner under the law and nearly all the utility infrastructure in Fort Collins is underground. Therefore, Fort Collins Utilities is obligated by law to mark all facilities in any proposed excavation area within 48 hours so excavators can avoid hitting and damaging the infrastructure.

This level of service Fort Collins Utilities must provide to the community is **defined by law** and is **set by the amount of construction happening in our community**.

Fort Collins Utilities has historically provided this service with an internal department called Utility Locates. In 2020, the department marked or cleared 117,773 facilities from locate requests with a 99.995% accuracy rate. The department locates all the utility infrastructure for Fort Collins Utilities and Fort Collins Connexion and provides services to some areas of the general fund that have underground infrastructure.

The staffing levels of the department have increased over the last two budget cycles. Prior to the start of Connexion construction, staff projected an increase in locate volume and a need to add resources to the department.

- In 2018, the staffing levels were 8 full time employees.
- In FY2019/20 two (2) contractual FTEs were added to the department
- In FY2021 two (2) additional contractual FTEs were added to the department

In 2020, Fort Collins Connexion hit full stride in construction activities and for some of the year the resources in the department were adequate to keep up with the regulatory obligations. As the summer construction season progressed the additional contractual staff anticipated in the 2021 budget were added early to keep up with increasing locate request volumes.

Figure 1 depicts three years of locate volumes for Fort Collins Utilities. There was a 50% increase in overall locate volume from 2019 to 2020. In the second half of 2020 locate volumes exceed the resource capacity.

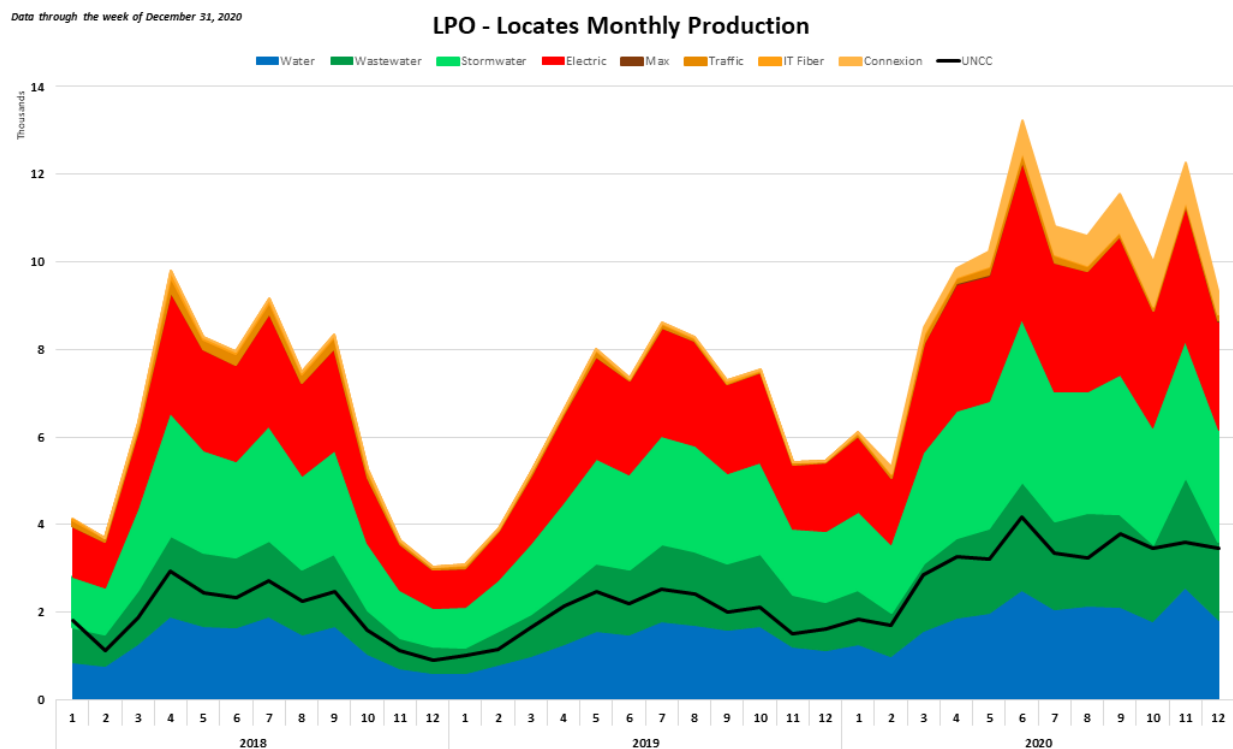


Figure 1: Utility Locates Monthly Production, 2018 through 2020

In 2021, it is anticipated that locate request volumes and resource demands on the department will exceed those experienced in 2020 due to several factors, including:

- Similar levels of Connexion construction
- A growing fiber system that needs located
- A significant increase in small cell installations in Fort Collins, each of which will generate one or more locate requests
- Economic recovery that will bring forward other types of development work. Early indications show there is a full slate of development related projects in the pipeline for 2021.

The current lack of resources to meet the needed level of service is a risk to our community and municipal organization for several reasons.

- A missing or late locate ticket can lead to dig-ins that put lives and essential services at risk.
- It is also an ongoing risk to the Fort Collins Connexion build out. A locate request is one of the early enablers to allow the start of construction for vault and conduit installation and every single service drop once service is available and requested.
- It is a key enabler for nearly every City service that involves infrastructure or excavation.

There are several strategies currently in place to help mitigate the impacts of the resource constraints. These strategies have worked to a degree but are not adequate for the volume of locates expected in 2021 and are not sustainable in the long term. These strategies include staff coordinating closely with all excavators to prioritize locate request tickets that are past due and bringing in staff from other departments who have previous locating experience to assist with locate request volumes.

Staff recommends adding a supplemental locates contract with an external locating firm to resolve the resources constraints through the remainder of the Fort Collins Connexion construction. This external contract would allow for some flexibility in staffing levels to handle peak volumes. To expedite contracting if funded, staff intends to leverage another community's procurement process.

Based on the current projections, \$500,000 is needed in 2021 for a supplemental locates contract. The ongoing needs for this supplemental resource will be evaluated throughout the year. Funding for 2022 would be requested through the upcoming budget process.

Funding is proposed to be split equitably across the utility enterprise funds using the same allocation method as the ongoing funding. Fund allocations are determined based on the ratio of facility types located by the department. The electric and stormwater service territories are larger and therefore the allocation is larger for those funds. Broadband's contribution will continue to grow as the fiber system grows.

The funding source for this appropriation is proposed to be reserves from each enterprise fund.

Table 1: Proposed funding and allocation by utility fund.

FUND	ALLOCATION	FROM RESERVES
Electric	26%	\$131,000
Water	20%	\$99,000
Wastewater	20%	\$99,000
Stormwater	26%	\$131,000
Broadband	8%	\$40,000
	100%	\$500,000

ATTACHMENTS

None

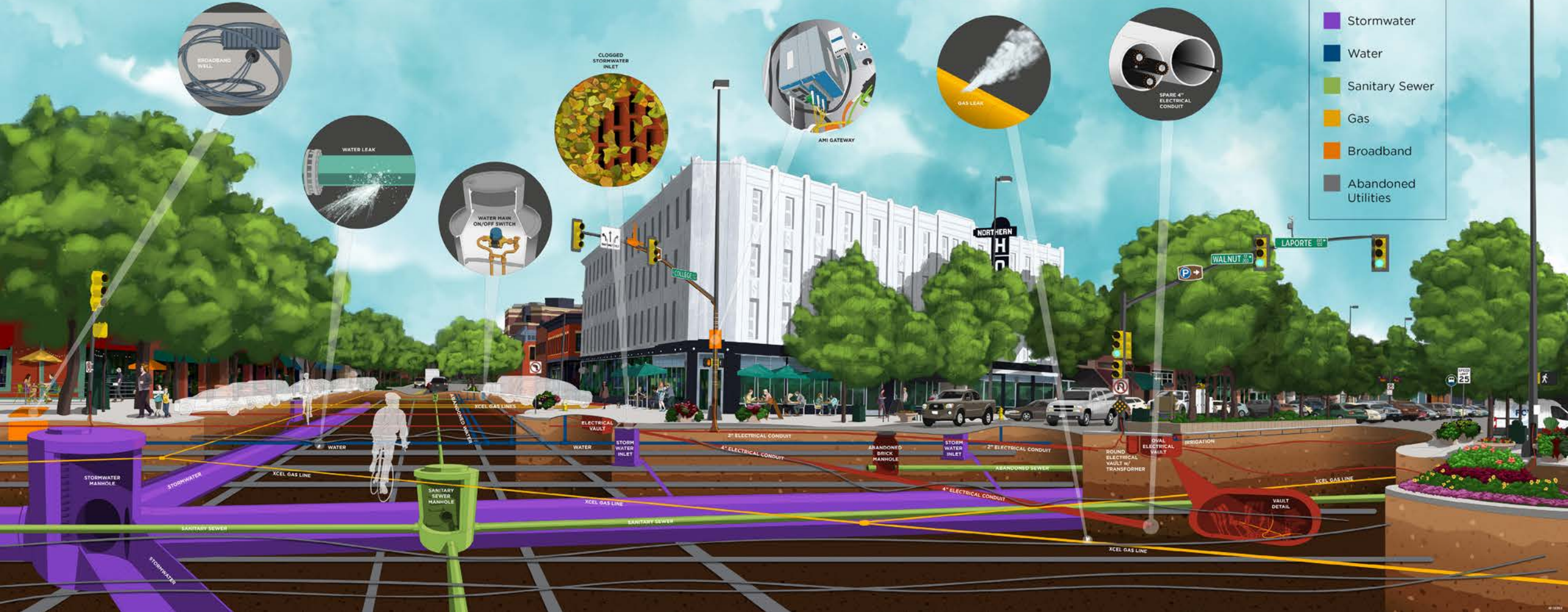


OLD TOWN-WHAT LIES BENEATH?

What we see on the surface is a beautiful, vibrant, busy downtown . . . but underneath is a labyrinth of pipes of all sizes, wires and structures that are part of the city's utilities systems.

UNDERGROUND UTILITIES LEGEND

- Electric
- Stormwater
- Water
- Sanitary Sewer
- Gas
- Broadband
- Abandoned Utilities



- **Economic Health**
 - 3.6 Deploy and deliver reliable, high speed internet services throughout the community
- **High Performing Government**
 - 7.8 Maintain and protect assets and infrastructure to drive reliability, cost effectiveness, efficiency and improve the customer experience

- Does Council Finance support this off-cycle appropriation proposal going to Council for consideration in March 2021?

WHY CONTACT 811?

Hitting a buried line while digging can disrupt utility service, cost money to repair, or cause serious injury or death.



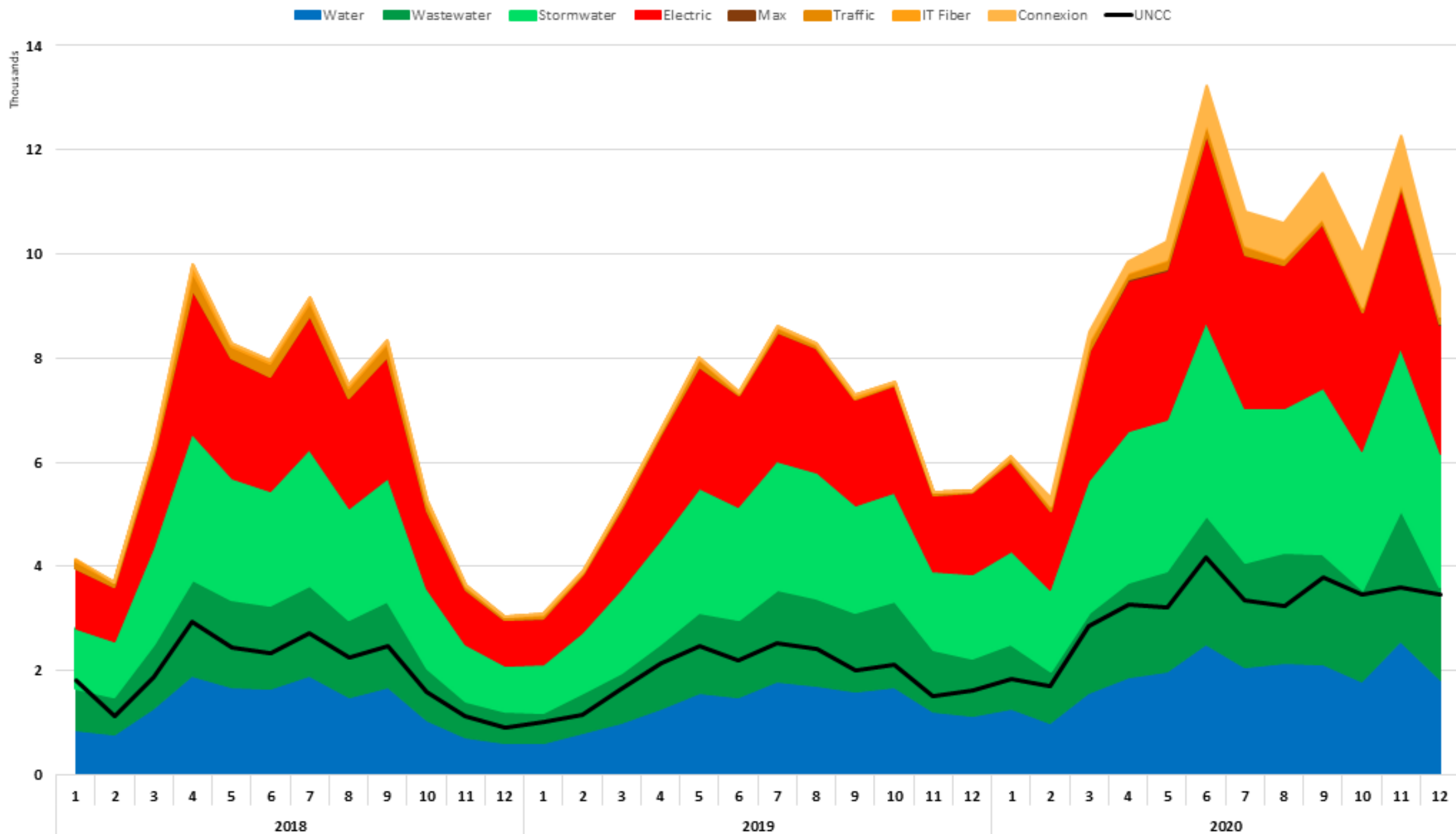
Outcome Area	High Performing Govt.
13.6 Ongoing	\$1,000,903 (10 FTE)
13.16 Enhancement	\$170,828 (+2 FTE)

- Utilities Facility Locates group
 - 8 Classified employees
 - 4 Contractual positions
- The budget for the Locates group exists in the Customer Service & Administration fund, as they do work for all Utilities.
- They also bill other City departments for locates.
 - Traffic, Transfort, Information Technology



Data through the week of December 31, 2020

LPO - Locates Monthly Production



- Current Mitigation
 - Close coordination with excavators to prioritize daily tickets
 - Staff from other departments assisting with locate volume
- Supplemental Locates Contract
 - External contract with a locating firm
 - Supplement our internal resources to handle peak volumes
 - Anticipated at \$500k in 2021
 - Will evaluate a BFO offer for 2022
 - Leverage procurement process from neighboring community

- Funding is split across utility enterprise funds.
- Contributions are based on annual ticket volume.
- Broadband's contribution will continue to grow as the fiber system grows.

Fund	Allocation	From Reserves
Electric	26%	\$131k
Water	20%	\$99k
Wastewater	20%	\$99k
Stormwater	26%	\$131k
Broadband	8%	\$40k
	100%	\$500k

- Does Council Finance support this off-cycle appropriation proposal going to Council for consideration in March 2021?

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Caryn Champine, Planning, Development, and Transportation Director
Paul Sizemore, Interim Director of Community Development and Neighborhood Services

Date: January 25, 2021

SUBJECT FOR DISCUSSION

Housing-Related Land Use Code Amendment Appropriation

EXECUTIVE SUMMARY

This item presents a proposed scope and budget for an off-cycle general fund appropriation in the amount of \$200,000-\$300,000 for Phase 1 of the Land Use Code (LUC) update. This appropriation will enable staff to draft critical LUC changes that will implement City Plan, implement the Housing Strategic Plan, and improve housing in Fort Collins. Project funding will be supplemented by \$50,000-\$60,000 of grant funds received for the Home2Health program.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Is Council Finance Committee supportive of a supplemental appropriation to complete Phase 1 of the Land Use Code Update?

BACKGROUND/DISCUSSION

Project Background

As recommended by the Ad Hoc Housing Committee at the November 2020 meeting and supported by Council at a December 8, 2020 work session, staff is seeking an off-cycle appropriation to initiate “Phase 1” of a proposed Land Use Code (LUC) rewrite to address the housing-related LUC changes outlined in the [Land Use Code Audit](#) (2020) and prioritized in the draft [Housing Strategic Plan](#) (adoption scheduled for February 2021). In concert with other efforts, changes to the LUC have been identified as a high priority action to support the creation of new affordable and attainable homes and increase housing variety.

A critical implementation strategy from the adopted 2019 City Plan is a full LUC rewrite. The current code is cumbersome after years of isolated amendments. It also has barriers to outcomes of great importance to the community. The outcome of a complete code update will be a modernized document offering the community:

- Clear and predictable regulations and procedures
- Improved alignment with City Plan’s vision of livability, sustainability, and community

In response to the urgency of addressing housing related outcomes, this overall project is divided into two phases. This AIS provides a summary of the scope, budget and timeline for Phase 1. The first phase addresses housing-related topics and reorganization of the code, while Phase 2 will address all remaining topics outlined in the Land Use Code Audit.

The appropriation being sought for Phase 1 is \$200,000-\$300,000 from the general fund. Existing grant funds for the Home2Health program in the amount of \$50,000-\$60,000 will supplement the Phase 1 appropriation. At this time staff's preliminary estimate of the cost of a future Phase 2 ranges an additional \$200,000-\$300,000.

Phase 1 Scope

Phase 1 of the LUC update will prioritize *Housing-Related Outcomes* and a *Reorganization of the Code*. Specific examples are outlined below, and a detailed scope will be prepared as part of the RFP process.

Housing-Related Outcomes:

- Update definitions for an inclusive list of housing types. *Example:* co-housing, ADU, cottage development, triplex
- Increase housing types permitted in certain zone districts. *Example:* allow duplexes in more/all zones
- Simplify level of review for housing, as appropriate. *Example:* Basic Development Review (BDR) for small multifamily
- Create/recalibrate meaningful Affordable Housing incentives. *Example:* density/height bonus, parking reductions
- Remove barriers to accessory dwelling units (ADUs). *Example:* allow attached ADUs
- Remove barriers to permitted densities. *Example:* remove limits on number of units per building

Code reorganization:

- Consolidate similar standards. *Example:* All design requirements for multifamily in one place
- Remove repetition, increase user-friendliness. *Example:* Uses in a table instead of a list
- Simplify language to improve clarity and consistency.

Phase 1 Budget

This off-cycle appropriation of \$200,000-\$300,000 plus \$50,000-\$60,000 in grants received by the Home2Health program will be used to fund four required tasks to successfully complete Phase 1 of the LUC update:

Task	Est. Amount	Description
Community engagement	\$10,000 - \$20,000	Meetings, translation/interpretation, community partner funding, data analysis
Analysis, modeling, best practices	\$40,000 - \$70,000	Pro forma analysis, visualization, testing, economic analysis, graphics and renderings,

		etc.
Legal Review	\$60,000 - \$90,000	Review of relevant case law and legal context for proposed code changes
Code Drafting	\$140,000 - \$175,000	Concept development and evaluation of alternatives, writing and revising new LUC language; collaborating across departments for consistency with other regulations
Total estimated cost	\$250,000 - \$350,000	

City staff across multiple work groups and departments will lead this effort, supported by outside consultants to help balance daily work assignments with the demands of this complex update to the LUC regulations.

Phase 1 Timeline

Phase 1 is expected to be completed by the end of 2022. Phase 2 of the LUC update is anticipated to be completed by the end of 2025.



Next Steps

First Reading of the appropriation has been scheduled for February 16, 2021 in conjunction with consideration of adoption for the Housing Strategic Plan. If the appropriation is approved by Council, Staff anticipates releasing an RFP for consultant support and beginning work in the second quarter of 2021.

To initiate Phase 2 of the Land Use Code update, staff will prepare a BFO offer for the 2023 budget.

ATTACHMENTS

Attachment 1: PowerPoint Presentation

An aerial photograph of Fort Collins, Colorado, showing a dense urban area with various buildings, streets, and green spaces. The city is surrounded by mountains in the background under a clear sky.

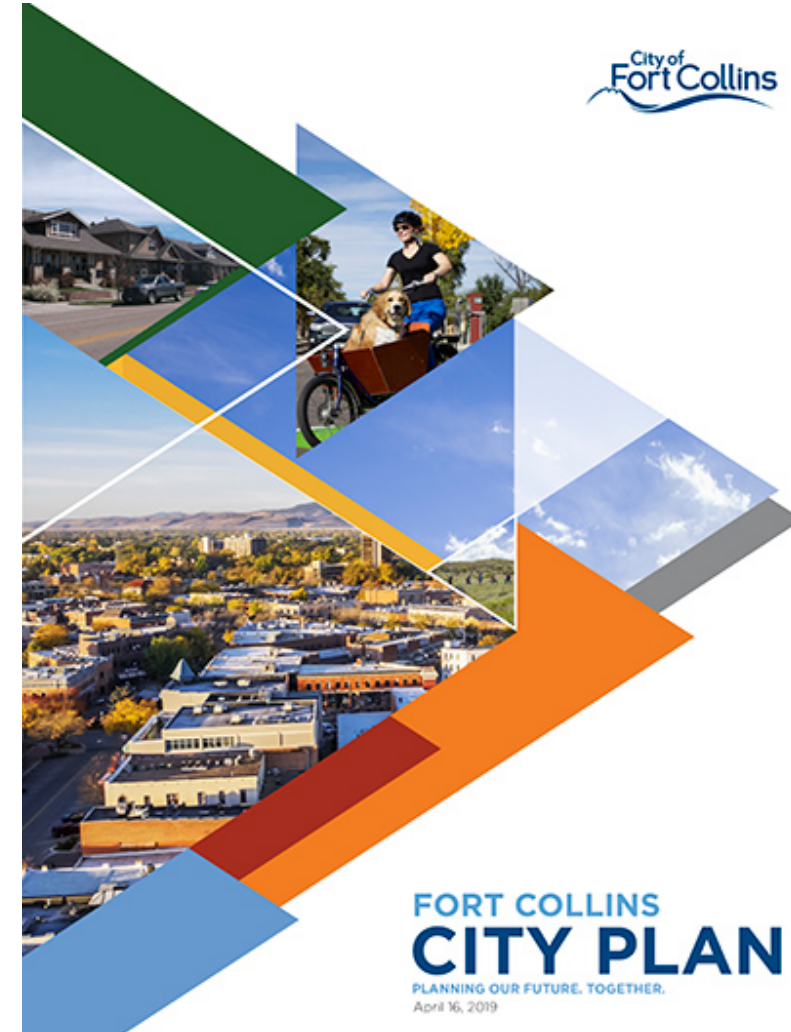
Council Finance Committee LUC Appropriation Overview

Caryn Champine, PDT Director
Paul Sizemore, Interim CDNS Director

Council Finance Committee Direction Sought

Is Council Finance Committee supportive of a supplemental appropriation to complete Phase 1 of the Land Use Code Update?

- City Plan adopted in 2019
- Sets a vision for “Livability, Community, and Sustainability”
- Action items include a high priority recommended rewrite of the Land Use Code
- Outcomes will include:
 - Clear and predictable regulations and procedures
 - Improved alignment with City Plan values and goals
- The overall rewrite is anticipated to take around 4 years
 - Phase 1 estimate: \$250,000-\$350,000
 - Phase 2 estimate: \$200,000-\$300,000



Phase 1 Background

- **What:** Housing specific LUC Changes (2021-2022)
- **Why:** One of highest priorities in draft Housing Strategic Plan
- **When:** Appropriation Q1 2021, begin work Q2 2021
- **Resources Required for Phase One:** \$200-300K
General Fund appropriation for housing-specific changes and code reorganization, \$50-\$60k matching funds from Home2Health (analysis & engagement)





- Housing-related outcomes:
 - Define new housing types
 - Increase housing types permitted in each zone district
 - Simplify level of review for housing
 - Create/Recalibrate AH incentives
 - Remove barriers to accessory dwelling units (ADUs)
 - Remove barriers to permitted densities
- Code reorganization outcomes:
 - Consolidate similar standards
 - Remove repetition, increase user-friendliness
 - Simplify language to improve clarity and consistency

Phase 1 Cost Range & Scope

- Total Range \$250,000-\$350,000

Task	Est. Amount	Lead	Description
Community engagement	\$10,000-\$20,000	City	Meetings, translation/interpretation, community partner funding, data analysis
Analysis, modeling, best practices	\$40,000-\$70,000	Consultant	Pro forma analysis, visualization, testing, economic analysis, graphics and renderings, etc.
Legal review	\$60,000-\$90,000	City (consultant support)	Review of relevant case law and legal context for proposed code changes
Code drafting	\$140,000-\$175,000	City (consultant support)	Concept development and evaluation of alternatives, writing and revising new LUC language; collaborating across departments for consistency with other regulations

City Staff

- Project management
- Code writing
- Legal review
- Community engagement
- We “own” the code

Consultants

- Draft code language
- Supplemental legal review
- Best practices
- Analysis and modeling
- Support engagement

Q1 2021 – Appropriation, Scoping, RFP



Q2 2021 – Draft code language, Analysis and modeling, Community engagement

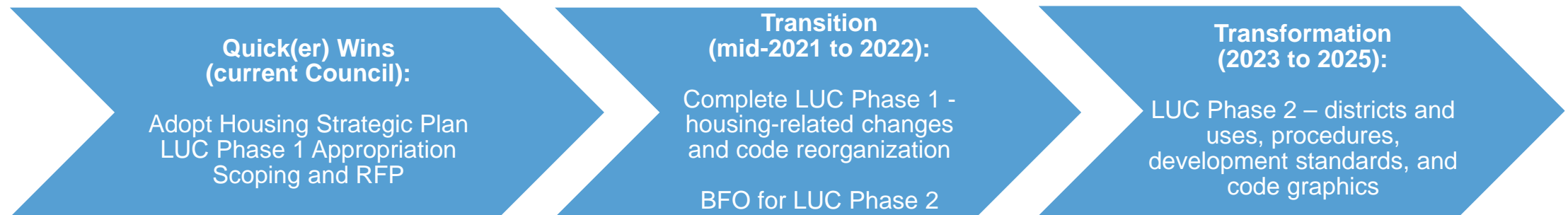


Q3 2021 – Revise code language, Further analysis and modeling, Community engagement



Q4 2021 – Final Draft, Adoption

- City Council – First reading Feb 16, second reading March 2
 - Aligns with Housing Strategic Plan adoption
- Overall phasing of LUC updates:



Council Finance Committee Direction Sought

Is Council Finance Committee supportive of a supplemental appropriation to complete Phase 1 of the Land Use Code Update?