



**Finance Administration**  
215 N. Mason  
2<sup>nd</sup> Floor  
PO Box 580  
Fort Collins, CO 80522  
**970.221.6788**  
970.221.6782 - fax  
[fcgov.com](http://fcgov.com)

**AGENDA**  
**Council Finance & Audit Committee**  
**March 15, 2021**  
**10:00 am - noon**  
Zoom Meeting <https://zoom.us/j/8140111859>

Mayor Troxell 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 the current public health emergency.

Approval of Minutes from the February 22, 2021 Council Finance Committee meeting.

- |  |          |                            |
|--|----------|----------------------------|
| 1. Marketplace & Economic Nexus Update | 20 mins. | J. Poznanovic              |
| 2. Land Bank Sale                      | 30 mins. | V. Shaw<br>S. Beck-Ferkiss |

**Council Finance Committee**  
**Agenda Planning Calendar 2021**  
**RVSD 03/11/21 ck**

<b>Mar. 15<sup>th</sup></b>	<b>2021</b>		
	Marketplace and Economic Nexus Update	20 min	J. Poznanovic
	Land Bank Sale	30 min	V. Shaw S. Beck-Ferkiss

<b>Apr. 19<sup>th</sup></b>	<b>2021</b>		
	Park/Median Design Standards & Maintenance Costs	30 min	K. Friesen M. Calhoon
	Affordable Housing Fee Credits	20 min	V. Shaw S. Beck-Ferkiss

<b>May 17<sup>th</sup></b>	<b>2021</b>		
	Future capital projects and debt financing	30 min	T. Storin
	GERP Review	30 min	B. Dunn
	Assumptions for the 2022 Budget	30 min	L. Pollack

<b>Jun. 21<sup>st</sup></b>	<b>2021</b>		
	2020 Fund Balance, Revenue, and Expenditure Review	30 min	B. Dunn

**Future Council Finance Committee Topics:**

- Golf debt issuance
- 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  
2<sup>nd</sup> Floor  
PO Box 580  
Fort Collins, CO 80522  
**970.221.6788**  
970.221.6782 - fax  
fcgov.com

Finance Committee Meeting Minutes  
February 22, 2021  
9:30 am - noon  
Zoom Meeting

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

Staff: Darin Atteberry, Kelly DiMartino, Teresa Roche, Kyle Stannert, Travis Storin, Carrie Daggett, John Duval, Tyler Marr, Ken Mannon, Honore Depew, Chris Martinez, Lawrence Pollack, Claire Turney, Cody Forst, Noelle Currell, Brad Buckman, Dean Klingner, Kyle Lambrecht, Dan Woodward, Caleb Feaver, Matt Parker, Rich Anderson, Jackie Thiel, Beth Rosen, Victoria Shaw, Molly Saylor, Lucinda Smith, Caroline Mitchell, Brad Buckman, Adam Molzer, Dave Lenz, Jo Cech, Zack Mozer, Jim McDonald, Jaime Jones, Theresa Connor, Mark Kempton, Lance Smith, David Clabaugh, Liesel Hans, Jill Oropeza, Matt Zoccali, Blaine Dunn, Jordan Granath, Renee Callas, Matt Parker, Carolyn Koontz

Others: Joe Rowan, Gavin Kaszynski

---

Meeting called to order at 9:30 am

Mayor Troxell; I would like to note for the record that I have 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 current public health agency recommendation.

Approval of Minutes from the January 25, 2021 Council Finance Committee Meeting. Ross Cunniff moved for approval of the minutes as presented. Ken Summers seconded the motion. Minutes were approved unanimously via roll call by Ken Summers, Ross Cunniff and Mayor Troxell.

## **A. 2022 Budget Process Review**

Lawrence Pollack, Budget Director

### **SUBJECT FOR DISCUSSION**

Equity and Other Improvements to Budgeting for Outcomes (BFO)

### **EXECUTIVE SUMMARY**

Based on feedback from our community, the City has been working to address the accessibility of our budget related information. Through inquiry and research to better understand the feedback the City received, improvements around equity in budgeting are being implemented for the 2021 process to draft the 2022

Budget. Additionally, other software and process improvements are being implemented for the creation of the 2022 Recommended Budget.

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

What questions or feedback does the Council Finance Committee have about these overall improvements and, specifically, the initial recommendations to improve equity in the City's budget?

### **BACKGROUND/DISCUSSION**

After each budget cycle, it is standard process to evaluate improvement opportunities. Based on feedback from users of our budgeting software, productivity enhancements are being implemented. Additionally, the BFO Teams will be reinstated in 2021 for this second of back-to-back one-year budgets.

The City of Fort Collins places importance on listening to the community and making improvements based on feedback. When the 2021 Recommended Budget was released last fall, the City heard clearly that the budget information available is not accessible to many community members. A perfect example of this is the City's traditional budget document, which is several hundred pages long and filled with confusing words and jargon. Further, the overall budget information is provided only in English and requires internet access to view it. That, along with other valuable feedback, was the catalyst for these improvements.

The following topical areas will be discussed in more detail during this agenda item:

- More accessible budget information
  - o 1<sup>st</sup> publication of Budget in Brief document
  - o Video library
  - o All in Spanish and English
- Enhanced collaboration with community partners for budget engagement
- Return to early summer public engagement on budget requests competing for funding
  - o Shifting toward breadth over depth
- Enhanced engagement for the Recommended Budget in the fall
- Embedding equity in budget requests and new Budget Equity Team

### **DISCUSSION / NEXT STEPS**

Ken Summers: a great deal of thought and work went into this. What is the cost? Who are the community partners? Does it include HOAs? Equity - in a practical way the average resident of Fort Collins who is trying to keep a roof over their head and food on the table and is not conversant in English – I wonder how much time that person would be willing to spend looking into the city budget. The key point of contact would be the partner organizations - I want us to be wise in terms of how we support our underrepresented residents in community - I do not want us to put time, effort and a lot of expense into something that is not being fully utilized. Be sensitive – spend money on a revamped equity budget and no more people are involved or feel connected. There are many intricacies and complexities in governmental finance -There are some things we need to be sensitive to as far as the bottom line and a global perspective. Let's make sure we are really answering the questions people are asking.

Lawrence Pollack; list of 25-30 different organizations that we are working with – this is meant to be a broad umbrella. Total net out of pocket expenses other than staff time is under \$500.

Travis Storin; soft dollar costs include time, talent, and energy of staff. Printing and translation are the real costs.

**ACTION ITEM:**

Darin Atteberry; let's share a list of the community partner organizations in separate cover for the Thursday packet to give everyone visibility into who we are leaning on.

Lawrence will take the action item described above.

Ross Cunniff: this is a great start - people may be busy but I think we cannot decide for them whether we are making their budget assessable to them. This is a continuation of our open budget process - the Open Book initiative that was started some time ago – I think it is great to try to get our information out in a way that is more intelligible and gives people more of a handle on how we are proposing to spend their money. I understand the sensitivity to expense and as long as we are rational it is ok to spend some money to be transparent. We should initiate a Plan, Do, Check, Act cycle (PDCA) cycle on how well did we do? Did the changes we made to the budget process make it easier to understand? What questions do they still have? What were they looking for that we were not able to provide? What incorrect conclusions did they draw? Is there a way we can present that? Governmental budgeting is complicated, and it is helpful if we can provide some context and hooks at minimal expense - I think this is good.

Mayor Troxell; very comprehensive in approach and improving the process - our processes hold up well and we are looking at improving and fine tuning them. I am good to go.

Lawrence Pollack; I wanted to acknowledge the great work of a lot of staff members - their time and energy that goes behind this.

Ken Summers; did you mention a future budget offer related to equity in the BFO process?

Lawrence Pollack; we are planning to put in an enhancement to compete with other offers for funding for translations, other outreach. The expense is the printing and translation of these materials. If we are going to do it more broadly – what materials do we need to translate - that is the purpose of this offer and why it would compete with other potential priorities.

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

What questions or feedback does the Council Finance Committee have about these overall improvements and, specifically, the initial recommendations to improve equity in the City's budget?

**RESULT:** Committee appreciates the dialog.

**B. Reappropriation**

Lawrence Pollack, Budget Director

**SUBJECT FOR DISCUSSION**

Review of the 2021 Reappropriation Ordinance to appropriate prior year reserves.

**EXECUTIVE SUMMARY**

The purpose of this item is to reappropriate monies in 2021 that were previously authorized by City Council for expenditures in 2020 for various purposes. The authorized expenditures were not spent or could not be encumbered in 2020 because:

- there was not sufficient time to complete bidding in 2020 and therefore, there was no known vendor or binding contract as required to expend or encumber the monies
- the project for which the dollars were originally appropriated by Council could not be completed during 2020 and reappropriation of those dollars is necessary for completion of the project in 2021
- to carry on programs, services, and facility improvements in 2021 with unspent dollars previously appropriated in 2020 for those specific purposes

In the above circumstances, the unexpended and/or unencumbered monies lapsed into individual fund balances at the end of 2020 and reflect no change in Council policies.

Monies reappropriated for each City fund by this Ordinance are as follows:

General Fund	\$912,543
Keep Fort Collins Great Fund	226,690
General Improvement District #1 Fund	12,000
Cultural Services Fund	55,000
Wastewater Fund	35,000
Total	<u>\$1,241,233</u>

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

Does the Council Finance Committee support moving forward with the 2021 Reappropriation Ordinance on the Consent Agenda at the March 2, 2021 Council meeting?

#### **BACKGROUND/DISCUSSION**

The Executive Team has reviewed the Reappropriation requests to ensure alignment with organization priorities and the Budget staff reviewed the requests to verify that all met qualification requirements. The 2021 Reappropriation requests are as follows, by Fund:

#### **GENERAL FUND**

##### **City Attorney's Office**

##### **1) Litigation Expenses - \$6,626**

Purpose for funds: Funds in the amount of \$20,000 were transferred to the City Attorney's Office budget in September 2020 from the City Manager's Contingency Fund to cover unanticipated legal expenses for a litigation matter the City Council in August 2020 directed the City Attorney to file. Of the original funds transferred, only \$13,373 were expended in calendar year 2020.

Reason funds not expensed in 2020: The original cost of litigation was estimated based on the nature of this case. This litigation matter is ongoing and the request for \$6,626 is for the remainder of the funds not fully expensed in 2020. It is anticipated that the remainder of funds should be sufficient to cover the fees and costs to bring this matter to a close.

#### **Economic Health**

##### **2) PRPA Funds for Main Street Lending Program - \$36,226**

Purpose for funds: These funds are received from Poudre River Power Authority (PRPA) and intended to support economic development activities within the City of Fort Collins. The Economic Health Office has earmarked these funds for use to initiate a Main Street Lending Program targeting underserved businesses owners in our community. Each year, PRPA distributes the funds based on direction by the City. The City with approval from the Mayor has earmarked these funds for a lending program until 2022.

Reason funds not expensed in 2020: In 2019, the City selected Colorado Lending Source as our partner to develop a Main Street Lending program. Unfortunately, the COVID-19 pandemic resulted in the termination of that program. The funds were returned by CLS and used to support a Larimer County Loan Fund targeting business recovery. Each year, PRPA provides funds to the City and the funds from 2020 were originally intended to be added to the 2019 CLS Main Street Lending Program. Near the end of 2020, conversations with CLS regarding re-opening the fund began. These conversations have not resulted in a new fund at this time. However, it is the intent of the Economic Health Office to initiate a new Main Street Lending Program either with CLS or another partner in 2021 or 2022 depending on the availability of funds and interest from the market. These funds will be part of the re-launch.

#### **City Manager's Office (formerly Human Resources)**

##### **3) Effective, Innovative, and High Performing Board - \$30,000**

Purpose for funds: This work would set the foundation for a leadership curriculum beyond the onboarding process and equipping City Council with the resources, training, and tools to be a highly effective and innovative governing body. Funding for this request would provide assistance from a consultant to work with the Chief Human Resources Officer, City Manager, City Council, and key staff members as well as pay for development sessions already requested by Council members, such as navigating complex conversations where there are diverse opinions in Council listening sessions. Phase 1 of this project would be to work with the Mayor and Council on the model of leadership and required capabilities they would like to aspire to as a governing body. External research on high performing councils as well as insights from other sector boards will be considered to guide the dialogue.

Reason funds not expensed in 2020: As a result of COVID-19, interviews with each City Councilmember occurred later than planned in 2020. At the same time, the City faced the decision to reduce funding across the City due to declining revenues resulting in the reduction of funding this offer for 2020 and deferred this work to 2021.

#### **Natural Areas**

##### **4) Northern Integrated Supply Project (NISP)- \$24,683**

Purpose for funds: The purpose of these funds is to provide consulting services for the City's efforts in engaging in the permitting and mitigation planning for the Northern Integrated Supply Project (NISP). Consulting services may be needed for any number of technical and discipline specific subjects to assist the City in efforts to protect City assets within the context of NISP being permitted and constructed. Technical support may be solicited for water quality, stream restoration, water resource engineering, and for development of effective and collaborative adaptive management programs.

Reason funds not expensed in 2020: These funds were not fully expended in 2020 because the progress of the NISP permitting was greatly slowed last year. Consulting support is needed for NISP when the applicant is developing operational details of its mitigation program, which all but halted mid-year in 2020. When these talks stopped the need to have technical support also slowed significantly. Given the broad array of impacts to the City and anticipated related activities in 2021 these funds will be used for consulting support in 2021.

## **Operation Services**

### **5) Required Building Modifications - \$91,344**

Purpose for funds: This offer funded City facility modifications that are necessary to increase the City's compliance with legal requirements. In 2016, the City went through a comprehensive process to identify those facilities that require accessibility modifications or improvements. Through this process, the City determined that various modifications at 46 existing facilities are necessary. These modifications were prioritized in the plan and the first two years have been completed. The remaining cost of these modifications is \$5.7 million. This offer was funded at \$600,000 per year to address the required building modifications.

Reason funds not expensed in 2020: Ops Services offered \$300,000 as a reduction in 2020 as an option to help offset the sales tax revenue shortfall. Our department was then notified in late September that the reduction was not accepted, and the funds were still available for use. We proceeded with getting design consultants on board to complete documents to allow for contractors to bid the work. Due to the short timeframe, we did not get a design completed for the required building modifications at the Downtown Transit Center. We are requesting the remaining funds be re-appropriated to allow us to bid this work and move this project forward without using the 2021 funds which are already earmarked for other compliance related building modification projects.

### **6) EPIC Dehumidification System - \$100,000**

Purpose for funds: Each year, the humidity in the EPIC ice rink(s) causes condensation that is detrimental to the facility and becomes a skating safety hazard. In mid-2020, a dehumidification study/design was done to address this on-going issue.

Reason funds not expensed in 2020: The design work was not completed until late in the year. Operation Services was able to order the HVAC units but did not have time to bid the installation.

### **7) City Hall Data Center Redundant Cooling - \$80,000**

Purpose for funds: The redundant cooling at the City's main data center is well past its useful life and major components are starting to fail. It is imperative that this cooling system is reliable. It is currently scheduled for replacement.

Reason funds not expensed in 2020: Operation Services was able to procure the construction costs but did not have time to competitively bid out the equipment package.

## **Park Planning & Development**

### **8) Park Improvement Project Support - \$33,160**

Purpose for funds: This offer provided financial support for Park Planning staff to work on feasibility, design, and community outreach for new features in existing parks. Requests come from the Parks Department, general public and private donors. Currently Park Planning staff is funded through park impact fees. These fees are used to build new parks and cannot legally be used for improvements to existing parks. Requests for new features in existing parks need to be analyzed, vetted and initial designs may be requested by donors before fundraising begins. Park Planning staff needs a funding source to charge staff time and other ancillary costs associated with these requests.

Reason funds not expensed in 2020: Park Planning staff is currently working on several projects including the Sugar Beet Art Donation, Oak Street Plaza renovation, Eastside Park Improvement donation project,



Spring Canyon water quality pond improvements, Rossborough Cyclo-Cross improvements, and Spring Canyon Community Park Veterans Plaza donation project. This funding is needed to complete the work on these projects, as well as future projects that may develop during 2021.

## **Social Sustainability**

### **9) Childcare Workforce Development Funding - \$20,000**

Purpose for funds: This reappropriation supports the City's efforts to respond to systems-level work emerging in the community around the issue of childcare affordability and accessibility. The lack of affordable childcare is one of the main barriers impacting workforce recruitment and retention in Fort Collins. The City's role is to assist with reducing barriers, increasing capacity, and responding to childcare needs.

Specific funding opportunities for these funds will focus on childcare teacher workforce development. Two projects that are being spearheaded by the Early Childhood Council of Larimer County (ECCLC) will be considered for support with these funds, including:

- Development of a new substitute teacher training and placement program that would benefit childcare providers community-wide.
  - The City's support of this 'sub pool' model will catalyze the launch of a new program where childcare providers will be able to access certified substitutes as real-time needs emerge.
  - The program will be an attractive 'gig' work platform for teachers and retirees seeking flexible employment options.
  - Start-up costs supported with these funds may include program and policy development, background checks and fingerprinting, infant/child CPR and other pre-classroom training, and staff management web tool development.
  - ECCLC anticipates recruiting 50-100 substitute childcare teachers in the first year.
- Scholarships for early childhood education (ECE) teachers to advance their training, certifications, and career pathways.
  - Supporting these tuition scholarships increases the capacity, quality, and sustainability of early childhood care provision in the Fort Collins community.
  - The cost for online ECE courses is 46% more expensive than in-person courses, and COVID is now necessitating online participation.

Reason funds not expensed in 2020: These opportunity funds were partially intended to support the creation and launch of the 'Larimer Thrive By Five' public information campaign led by the Early Childhood Council of Larimer County (<https://larimerthrivebyfive.org/>). Due to budget pressures caused by the COVID-19 pandemic, the City decided to withhold the funding support for the project. The Larimer County Commissioners and other funders did support the project and it successfully launched in early 2021.

### **10) Principles of Community - \$25,000**

Purpose for funds: The purpose of this Offer is to support engagement with and dissemination of Principles of Community. A key deliverable identified by Council to advance the Equity and Inclusion priority, was to develop Principles of Community for the organization to foster and enhance a sense of belonging for coworkers and the community we serve. Adopting Principles of Community can serve as a model across Fort Collins (as CSU's principles do), and these principles will specifically provide an internal focus for the City organization and how it serves the community.

- While external input is being gathered in their development, the principles will not be imposed on any in the community. Upholding the Principles of Community will be a public commitment to the City's strategic goals for equity and inclusion.
- The funds will be used for printing and promotion costs as well as for training and engagement efforts as the Principles of Community are shared throughout the organization, as part of talent development and equity and inclusion work.

Reason funds not expensed in 2020: With other priorities at the top of the list for 2020, the development of Principles of Community was delayed and is now moving forward toward completion by early in Q2 2021. A working group of over 20 staff from across the organization is meeting bi-weekly to develop the Principles, with additional internal and external input. The funds associated with this offer will be utilized throughout the year to help embed them in the organizational culture and broadcast them to the community.

#### **11) Seasonal Overflow Shelter Funds - \$48,000**

Purpose for funds: Seasonal Overflow Shelter (SOS) funds are used for additional overnight shelter space during the cold winter months (November through April) with funding going to the local shelter providers in Fort Collins to cover the costs of additional staff, security, food, and other needs.

Reason funds not expensed in 2020: Funds were held back in 2020 knowing that increased needs and funding assistance would occur in 2021. The funds budgeted for SOS will be used for overnight shelter needs in 2021 which is expected to be higher than past years due to higher needs. Overnight shelter continues to be a high priority need with many people and families needing to utilize overnight shelter until they are able to successfully find housing.

#### **12) Affordable Housing Programs (AHF) - \$417,504 (plus an additional \$200,000 in Keep Fort Collins Great Fund (KFCG) totals \$617,504 for request)**

Purpose for funds: The Affordable Housing Funds are allocated annually through the Competitive Process to support critical affordable housing needs in the City of Fort Collins. Because of the cyclical nature of housing development, funding may be either unallocated or unexpended during a program year. Pursuant to Ordinance No. 28, 1994, any amounts appropriated by Council and not expensed during the fiscal year should lapse into the Affordable Housing Reserve.

Reason funds not expensed in 2020: \$300,000 of the fiscal year 2020 budget was frozen and unallocated in case it was needed to meet the City's budget reduction needs due to COVID-19. \$100,777 remained unallocated in the Spring Competitive Process, \$100,000 of which was subsequently frozen. \$158,751 represents funding commitments to affordable housing projects that are not yet ready to contract, \$55,338 represents the balance of funding that was previously committed to the Homebuyer Assistance Program, \$2,638 and represents unexpended program funds. The balance of funds will be added to the Spring 2021 Competitive Process to be allocated to an eligible affordable housing project.

### **KEEP FORT COLLINS GREAT FUND**

#### **Natural Areas**

#### **13) West Nile Virus Management Program - \$26,690**

Purpose for funds: The purpose of this offer is to reduce the public health risks of West Nile virus (WNV). This offer funds proactive measures to reduce the frequency and geographic extent of adulticide fogging applications recommended by the Larimer County Department of Health and Environment. Elements of the program include a comprehensive municipal monitoring network; mosquito larvae control; site mapping;

comprehensive public engagement and communication program; and quality control and virus testing services provided by Colorado State University.

Reason funds not expensed in 2020: Expenditures for WNV public engagement and communications are timed to coincide with elevating mosquito production and human health risk. As COVID-19 impacted the City's 2020 budget, all outreach expenditures were paused to ensure direct mosquito management actions were funded. As the year progressed it became apparent funds would be available, yet the effective time for outreach had passed. Reappropriating these funds is critical to the 2021 WNV Program as Reduction 63.2 was purchased eliminating all outreach and reducing trapping and testing by approximately 3 weeks. Truncating the early season trapping and testing will deprive the program of early data comparisons helpful in assessing the relative risk of WNV compared to previous years. Additionally, key outreach needs persist, such as distribution of notification door hangers, and translating of WNV web pages; currently, only the main page is translated.

#### **Social Sustainability**

##### **14) Neighborhood Affordable Housing Programs (AHF) - \$200,000 (plus an additional \$417,504 in General Fund totals \$617,504 for request)**

Please see description in #12 under General Fund.

#### **GENERAL IMPROVEMENT DISTRICT #1 FUND**

##### **Economic Health/General Improvement District #1**

##### **15) GID #1 Flagpole Project - \$12,000**

Purpose for funds: Purpose of the funds is to replace existing flag poles at the Oak Street median for safety precautions. The poles have noticeable deterioration at the base of each pole and were originally installed in the 1980's.

Reason funds not expensed in 2020: Unforeseen delays did not allow the original contractor to schedule a site visit and provide a quote as originally scheduled in 2020. For these reasons, two additional contractors were contacted late in the year with work to begin in 2021. The current request is for the lowest quote plus contingency for unanticipated costs.

#### **CULTURAL SERVICES FUND**

##### **Cultural Services**

##### **16) Exterior Lighting at Lincoln Center - \$55,000**

Purpose for funds: The original offer request was one-time funding to address the exterior and street lighting at and around the Lincoln Center (LC). This offer would allow LC to support the City's commitment in upholding a culture of safety. In addition to City employees, this enhancement would increase the safety of guests as they enter and exit the facility. Staff routinely receive complaints from patrons about the lighting between LC and parking areas. New lights would offer optimal efficiency while adhering to the guidelines surrounding the Climate Action Plan and complying with the Night Sky Initiative.

Reason funds not expensed in 2020: We had a work order in place to complete this exterior lighting project. It was discovered during the punch-list walkthrough in December, that the festoon lighting system which is fastened to two existing light poles needs to have additional structural support (in the form of guy wires) to ensure they could handle the additional structural load. We need these remaining funds to complete the design and installation of the support solution.

## **WASTEWATER FUND**

### **Utility Environmental Services Division**

#### **17) Microplastics Study - \$35,000**

Purpose for funds: This offer supports the efforts to sustain and improve the health of the Cache la Poudre River and its watershed by building knowledge related to the impact that microplastics have on our watershed and the environment and lays the foundation for the development of effective strategies to reduce microplastics in the wastestream and/or mitigate their impacts. This offer was a response to the Council Priority of reducing plastic pollution and was aimed at tracking advances in treatment technologies for reducing or eliminating microplastics from water supplies. Funds will be used to hire a consultant to review and synthesize the state of the science on this topic.

Reason funds not expensed in 2020: This work did not occur in 2020 due to a lack of staff capacity which was further exacerbated by Cameron Peak Wildfire response and budget uncertainties.

### **FINANCIAL/ECONOMIC IMPACTS**

This Ordinance increases 2021 appropriations by \$1,241,233. A total of \$912,543 is requested for reappropriation in the General Fund, \$226,690 from the Keep Fort Collins Great Fund, and \$102,000 is requested from various other City funds. Reappropriation requests represent amounts budgeted in 2020 that could not be encumbered at year-end. The appropriations are from prior year reserves.

### **DISCUSSION / NEXT STEPS:**

Ken Summers; I am good

Emily Gorgol; no questions - thank you Lawrence

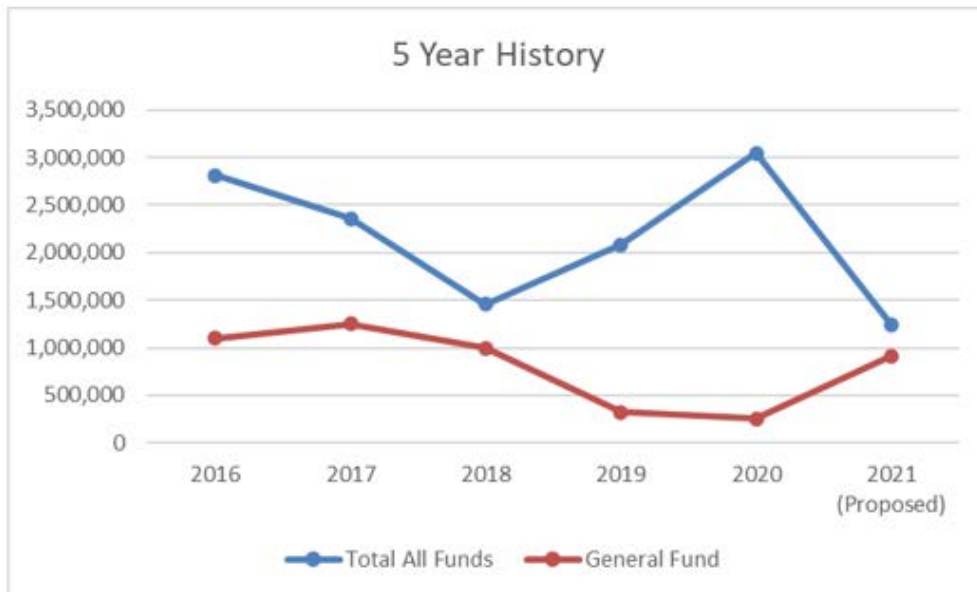
Ross Cuniff; thank you to the staff for including why money was not spent – this is a process improvement we put in place several years ago to help Council understand that sometimes unforeseen things happen. There were a couple not expended due to staff not having the time. Can we include more information on why they did not have time whether conflicting priorities or Covid office closure issues or whatever. I am good with this going forward on consent.

Darin Atteberry; I support Ross' clarification - there is always either a bandwidth or timing issue with Council or a higher priority.

Darin requested that the committee look at the slide from the presentation below which shows trends

Point out for the Finance Committee at a macro level point - the trends are by design and by influence from the Finance Committee - continue to try to minimize the mid-year reappropriations. I think this committee has been trying to be more and more intentional -

## Historic Reappropriation Ordinances



Travis Storin; certainly, the influence of this committee weighs on the results we are seeing here as well as staff watching it closely – to reference some of the other systems Council has approved or adopted themselves for example Strategy Maps – data driven to make sure if there is a bandwidth barrier that we are aware of that as it unfolds in real time. As you have said in the past, we view the budget as a promise.

Darin Atteberry; for the benefit of Emily, Ken and Ross and the community members listening in - Can you give a short definition of what you mean by strategy maps?

Travis Storin; Strategy Maps is a process that was rolled out in 2017 - we have 7 strategy maps - one for each outcome area within BFO - this is our primary tracking tool as an executive team and an extended team of department heads. We meet monthly to review these and the contents are dashboard style metrics and initiatives. The metrics are one layer beneath the community dashboard which is online, and the initiatives are comprised of all of our BFO enhancement offers so red / yellow / green style format and with benchmark data where appropriate, so we know what our targets are for a given metric. This has become our primary internal management tool for monitoring how we are doing on BFO offers.

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

Does the Council Finance Committee support moving forward with the 2021 Reappropriation Ordinance on the Consent Agenda at the March 2, 2021 Council meeting?

### RESULT:

The Committee approves of the 2021 Reappropriation Ordinance going forward on Consent at the March 2, 2021 Council meeting.

## **C. CAMERON PEAK FIRE APPROPRIATION**

Jill Oropeza, Director of Water Quality Services

Matt Zoccali, Senior Manager of Environmental Regulatory Affairs

Lance Smith, Utilities Strategic Finance Director

**SUBJECT FOR DISCUSSION** Post Cameron Peak Fire Watershed Recovery

### **EXECUTIVE SUMMARY**

The purpose of this item is to discuss the need to appropriate funds for the unanticipated needs of watershed restoration treatments and operational costs associated with treating fire-impacted water supplies with the Council Finance Committee. The risks to the Poudre watershed from the Cameron Peak Fire are significant and require mitigation to ensure the adequacy of the City's water supply. In October 2020, Fort Collins City Council approved a 2 percent water rate increase one year earlier than previously planned, which provides approximately \$600,000 specifically intended to address post fire needs. In addition, the Horsetooth Outlet Project was completed under budget leaving \$1,800,000 in unused funds. Operating revenues in the Water Fund exceeded the projected 2020 revenues by over \$2.6M. In total, there are approximately \$5,000,000 of Water funds that could potentially be used toward fire recovery needs. Staff proposes that this requested appropriation for 2021 be funded with these identified resources. Use of these funds would not require an additional rate increases at this time, nor would it impact the current timeline or funding for planned capital investments. It is anticipated, however, that additional appropriations and/ or rate increases may be needed in future years.

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

1. Does the Council Finance Committee support bringing forth an appropriation ordinance for \$5.0M to support the mitigation efforts necessary to ensure effective treatment of water from the Poudre River after the Cameron Peak Fire?
2. Does the Council Finance Committee support entering into an Intergovernmental Agreement with Larimer County and the City of Greeley to collaborate on post-wildfire watershed recovery work?

### **BACKGROUND/DISCUSSION**

The unprecedented summer and fall wildfire season of 2020 resulted in nearly 400,000 acres of burned landscape in critical watersheds that source water supplies to communities in Larimer and Weld counties, including municipalities like Fort Collins and Greeley. These communities receive water supplies from the Cache La Poudre River, Colorado-Big Thompson (CB-T) system and associated high mountain reservoirs, which were impacted by the Cameron Peak and East Troublesome wildfires. Northern Water is managing the response and recovery to the East Troublesome Fire. The work proposed herein pertains specifically to impacts from the Cameron Peak Fire. The after-effects of widespread forest fires typically include more frequent and flash flooding following rain and snowmelt runoff events, leading to increased ash and sediment in the river, increased likelihood of debris flows, and an overall degradation of water quality, particularly after thunderstorms. The water quality impacts of post-fire debris and sediment flows following rain events are often sudden and severe and can render the Poudre River water supply temporarily untreatable. In these cases, as happened frequently following the High Park Fire of 2012, the ability to rely on Horsetooth Reservoir water is critical for the continuity of water treatment operations. Real-time water quality sensors on the Poudre River ensure that changes in water quality are detected early enough to allow operations to effectively bypass the river water until conditions improve. The primary purpose of post-fire treatments like the application of mulch

or other groundcover, is to decrease erosion and hold the soil in place, thereby giving the chance for vegetation to reestablish and minimizing the downstream impacts to property, infrastructure, water quality and aquatic life. In cases where stabilization is not feasible or ineffective, downstream treatments like wattles or sediment catchment basins are designed to spread out, capture or relocate sediment and debris, keeping it off roadways and away from homes and water supply infrastructure, and out of the main river channel.

A group of regional stakeholders, referred to as Water Providers, worked with a consultant (JW Associates) to develop an initial watershed assessment of post-fire conditions to identify priority areas for mitigation treatments (Attachment C). This assessment incorporated various public data sets including slope, soil burn severity, debris flow probabilities, and hillslope sediment delivery estimates. Other factors considered included the location of key water supplies, land ownership and management designations (e.g. Federal Wilderness Areas). This approach has initially identified approximately 10,000-18,000 acres of moderate to severely burned areas meet criteria suitable for treatments, at an estimated cost of \$19 - \$38 million dollars, depending on the type and extent of treatments.

Many uncertainties remain around the extent and timing of the start of post-fire recovery work including the ultimate number of cost-sharing partners, the amount of available State grant funds, the outcome of efforts with Federal and State delegates to appropriate additional funding assistance, and the possible eligibility of use of said funds on USFS lands, including in federally designated Wilderness Areas. Fort Collins staff are engaged in funding discussions with various State and Federal agencies as well as Congressional representatives and State leaders to convey the need for additional funding resources for fire recovery. Ultimately, the availability of additional State and Federal assistance funds could significantly increase in the extent of treatments and in turn, would greatly assist in minimizing post-fire impacts to water supplies. However, the timing on any of these decisions is unknown and the urgency of the work requires moving forward with currently available resources.

This appropriation request for \$5.0M from Available Reserves consists of the following anticipated work:

- Proposed Post-Fire Emergency Watershed Treatments & Associated Costs (\$4,000,000)
  - Aerial Wood Mulching of highest priority areas = \$1,000 - \$3,000 / acre → Addresses 2,500 - 7,500 acres out of the 10,000 acres identified as highest priority
  - Wattles, stream grade control, sediment catchments = \$265,000
  - Project Management Support = \$35,000
- Unanticipated Water Treatment O&M and associated plant capital cost estimates (\$1,000,000)
  - Poudre Intake sediment removal = \$500,000
  - Additional water treatment chemicals = \$300,000
  - Solids handling/drying temporary improvements = \$50,000
  - Water treatment and watershed studies/monitoring = \$50,000
  - Joe Wright Reservoir Mitigation = \$50,000
  - Potential water restrictions outreach and staffing = \$50,000

### **Intergovernmental Agreement**

The City of Fort Collins, City of Greeley and Larimer County propose to enter into an IGA regarding cost-sharing and reimbursements for post-fire treatments approved under the federal Natural Resources Conservation Service (NRCS) Emergency Watershed Protection (EWP) assistance program. This IGA will be presented with the appropriation ordinance on March 16<sup>th</sup> for First Reading.

The purpose of the NRCS EWP Program is to fund emergency hillslope stabilization measures on private and State lands, designed for the protection of life and property, including community water supplies. Larimer

County and City of Greeley were approved as fiscal sponsors for this program and as such, are contracted with the NRCS for the use of and reimbursement of recovery expenses up to 80% for construction and 100% for technical assistance. The 20% cost share for construction projects (treatments) will be shared between participants of this agreement. Under the City of Greeley's sponsor agreement, they will be responsible for addressing necessary watershed and water supply protection treatments and Larimer County will address private resident needs and critical road, bridge, and other infrastructure outside of the public right of way. The City of Fort Collins does not anticipate cost-sharing for projects under the County's scope of EWP work, except for where a particular project provides mutual benefit for water supplies as well as private property infrastructure.

#### **DISCUSSION / NEXT STEPS:**

Ken Summers; Can we cover most of this with the sources you identified?  
What does the reserve status of the utility fund look like?

Lance Smith: \$75M in cash in reserves - \$35M of which is available and unappropriated at this point.

Ken Summers: thank you – encouraging – I want to commend staff for their efforts.

Darin Atteberry; \$1.8M surplus with HOP (Horsetooth Outlet Project) What was the total project budget? Was the savings recognized by us exclusively or by all partners?

Mark Kempton; The total budget was \$3.3M with 40-60% city cost share - the savings was realized by all – the project happened a lot quicker than anticipated - we have invoiced the partners for their percentage - the \$1.8M is city money and not partner money.

Emily Gorgol; how will Council be updated on the Information and any changing costs?

Jill Oropeza; we have our initial timeline - start developing the treatment plan for 2021 and start implementation in May and by mid-late summer we should be starting to understand how our watershed is responding and our ability to utilize certain funding sources – we are hoping to come back and provide an update in a few months as we move forward with the implementation plan – in the fall we will do a second round of assessment to capture what we have learned over the summer and identify needs for the coming year and additional needs are necessary at that time Give Council a quarterly update –

Darin to Jill; ACTION ITEM – It would be great to provide a quick one-page quarterly update to Council through the summer Q3. It would be helpful if we anticipate any additional expenditures and make sure that I get that information to share with the Finance Committee and with Council.

Ross Cunniff; do we have a sense of when we will get an estimate of the magnitude of the Troublesome Fire?

Jill Oropeza; we are working closely with Northern and they are leading similar work in parallel on the Big Thompson system - they have just completed their post fire assessment and they are also facing a similar situation with funding sources – we are starting to work together on bringing additional funds for that We have also talked about an initial monitoring plan – partnering the CBT system and Horsetooth – we have looked into utilizing a model to simulate some potential impacts, but we do not know the feasibility or how helpful that will be. We have started some initial conversations on how we will respond. From a funding standpoint we do not have enough information yet on where some of the work will actually happen or the



downstream water quality impacts will be – conversations will continue to evolve – we do not currently have a lot of information on what is needed from a restoration standpoint.

Ross Cunniff; Do we have confidence that Horsetooth water quality will be sufficient to be a backup in the event of Poudre sedimentation events?

Jill Oropeza; they are doing a lot of work to ensure the east slope reservoirs are as full as possible - that we would not see those impacts for some time – perhaps some of that material might have an opportunity to settle out – anytime you have sediment and ash there will be some water quality issues - reduce amount of sediment that gets transferred over – fairly consistent – a lot of monitoring in place throughout the system if that was to change

Ross Cunniff; hoping this does not happen but if both of our water supplies are compromised – are we starting to think about what our response would be, options, communications, etc.?

Jill Oropeza; we are starting those conversations – mitigate impacts through the water treatment process –

Mark Kempton; We anticipate Poudre impact, but we are looking for Horsetooth being our high quality. We do anticipate the Poudre River cleaning up – we could switch sources reliably – we are doing a lot of planning around outreach messaging on odor, taste if we get to that stage

Ross Cunniff; urgency of remediation on the Poudre in place as soon as we can. I am in support of moving this forward – other question regarding possibility of moving the 2% rate increase up to 2021 to give us more reserves – what the tradeoffs are -

Lance Smith; no specific projects – long term financial plan was assuming operating revenues were going to come in at budget - we have been able to complete the Horsetooth Outlet Project under budget, so we do not anticipate that this is going to impact in the near term any capital work we had planned otherwise – that is approximately \$600K

Ross Cunniff; I would support that, and I absolutely support being a partner with Greeley and potentially others and sharing costs based on our perspective impacts. I do not see a downside to being a partner in this space – We will be talking with Northern. Looking across utility boundaries for this kind of mitigation effort makes a lot of sense.

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

1. Does the Council Finance Committee support bringing forth an appropriation ordinance for \$5.0M to support the mitigation efforts necessary to ensure effective treatment of water from the Poudre River after the Cameron Peak Fire?
2. Does the Council Finance Committee support entering into an Intergovernmental Agreement with Larimer County and the City of Greeley to collaborate on post-wildfire watershed recovery work?

#### **RESULT:**

**Committee supports both** bringing forth an appropriation ordinance for \$5.0M to support the mitigation efforts necessary to ensure effective treatment of water from the Poudre River after the Cameron Peak Fire and entering into an Intergovernmental Agreement with Larimer County and the City of Greeley to collaborate on post-wildfire watershed recovery work

## **D. SOUTH TIMBERLINE WIDENING PROJECT APPROPRIATION**

Noelle Currell, PDT Finance

Brad Buckman, Interim City Engineer

Dan Woodward, Interim Capital Projects Manager, Engineering

Kyle Lambrecht, Civil Engineer III, Engineering

Caleb Feaver, Civil Engineer II, Engineering

### **SUBJECT FOR DISCUSSION**

Supplemental appropriations for the South Timberline Improvement Project – Stetson Creek to Trilby Project

### **EXECUTIVE SUMMARY**

This project will add 2.5 lane miles of road, almost 5,000 feet of sidewalks and a pedestrian underpass to South Timberline between Stetson Creek and Trilby roads. This roadway expansion is needed at this time due to the volume of traffic and development occurring in/around the area. This will be the final buildout of this section of South Timberline and will bring it up to current standards and the adopted Master Street Plan.

The total appropriation being requested with this action is \$4,538,107; of which \$2,694,602 is a Federal Surface Transportation Block Grant.

Timing of the project design and construction requires supplemental mid-cycle appropriations for both the grant funding and Transportation Capital Expansion Fee (TCEF) funds to meet design, right-of-way acquisition, and construction schedules.

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

Is Council Finance Committee supportive of bringing forward a supplemental appropriation to Council to fully fund the South Timberline Improvement Project – Stetson Creek to Trilby?

### **BACKGROUND/DISCUSSION**

South Timberline Road is a major road within the City of Fort Collins city limits and serves as a significant regional connection for Northern Colorado communities. Timberline Road is identified as a 4-lane arterial road on the Master Street Plan. Currently, most of Timberline Road within the Project limits is a 2-lane road and experiences significant congestion and a higher-than-expected rate of traffic crashes. Significant developments in the area have occurred over the last decade, and two additional developments are anticipated to be completed in the near future.

The Project will design, acquire right-of-way for, and construct a 4-lane arterial street on Timberline Road from Stetson Creek to Zephyr including bicycle and multi-modal improvements. Timberline Road from Zephyr to Trilby will receive lane modifications on the existing roadway. The Project will also construct a new irrigation ditch crossing over the Mail Creek Ditch and a pedestrian underpass south of the Mail Creek Ditch. The underpass will provide safe connectivity for bicyclists and pedestrians accessing trails and neighborhoods in the vicinity of Bacon Elementary School. Design is currently underway for the project corridor. Construction is anticipated to begin in 2021 and be completed in 2022.

The City submitted a grant application in 2016 for design, right-of-way acquisition and construction funding for the Project. In 2017 the City was awarded a federal Surface Transportation Block Grant (STBG) by the North Front Range Metropolitan Planning Organization (NFRMPO) for the design, right-of-way acquisition and construction of the Project. The STBG funds became available in July 2020 and will be administered by CDOT.

Transportation Capital Expansion Fee (TCEF) funds will be used for the local matching funds required by the grant. Overmatching funds for the Project include TCEF and Community Capital Improvement Program (CCIP) funds. TCEF funds will be appropriated as part of this Council action. Bridge Program funds will be used for the ditch crossing construction. CCIP and Bridge Funds were previously appropriated through the City Budgeting for Outcomes process. A summary of total project cost and funding sources follows:

<b><u>Funds Previously Appropriated by Council</u></b>	
TCEF	\$2,848,287
CCIP and Bridge Program	\$1,000,000
<i><u>Total Previously Appropriated Funds</u></i>	<i><u>\$3,848,287</u></i>
<b><u>Funds to be Appropriated with this Action</u></b>	
Federal STBG Grant	\$2,694,602
TCEF	\$1,843,505
<i><u>Total to be Appropriated with this Action</u></i>	<i><u>\$4,538,107</u></i>
<b><u>Total Project Funds</u></b>	<b><u>\$8,386,394</u></b>

STBG funds are ineligible for use toward public art and so no Art in Public Places (APP) contribution is owed for these grant funds. TCEF funds are eligible for use toward APP. The necessary APP contribution for TCEF will be appropriated from TCEF and Transportation Reserves.

#### **DISCUSSION / NEXT STEPS:**

Ken Summers; I support the funding for this project – it is important project for southeast Fort Collins. Design issues and concerns with the water supply pipe from Mill Creek ditch to the north – have those issues been addressed or is this in process? Some follow-up is needed there

Caleb Feaver; we are working with the HOA that has an interest in that water line - we have not finalized the design yet but that is a big consideration in finalizing the design.

Emily Gorgol; I really like projects like this that encourage biking and walking. I know we have a sidewalk prioritization model, do we do something similar with these types of projects?

Brad Buckman; we do have a sidewalk prioritization model - we look at our sidewalk program holistically in terms of what kind of synergies we can get with our capital projects - we are actually trying to improve this and it a work in progress – safety and equity – trying to incorporate that kind of modeling into capital projects as well.

Mayor Troxell; is there grade separated biking along Shields?

Brad Buckman; we do have grade separation - we will be putting in an underpass south of mill creek ditch and adjacent to Bacon elementary school. We are excited about this project's synergy with our parks planning department - putting in a trail both east and west of Timberline. Later - we will have an overpass project just west of where we are talking about - the railroad then connects into mill creek trail – we are excited about the mutli model connections we are looking at in this area in the next year or two.

Ross Cunniff; I am curious since we have already started in on the pre-design work – overall Streets Master Plan sequencing and prioritization since this is not coming via the normal BFO timeline

Dan Woodward; the main answer is that we have been piecing this together and working with the developments in the area - in the short term. This project, once we got awarded the surface block grant from the state and started looking at the potential TCEF contribution it is really a cobbling together. The main driver as to why this is out of cycle primarily due to the timing of grants and how TCEF is structured to specifically support the development for oversizing streets.

Ross Cunniff; the grant adds a wrinkle – this is a good project particularly the multi modal aspect is exciting –the southeast is lacking in multi modal

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

Is Council Finance Committee supportive of bringing forward a supplemental appropriation to Council to fully fund the South Timberline Improvement Project – Stetson Creek to Trilby?

#### **RESULT:**

The committee is supportive of this going forward as a supplemental appropriation to the full Council.

### **E. PLASTICS APPROPRIATION**

Victoria Shaw, Senior Finance Analyst

Molly Saylor, Senior Sustainability Specialist

**SUBJECT FOR DISCUSSION:** Appropriation Related to Disposable Bag Ordinance

#### **EXECUTIVE SUMMARY**

The purpose of this item is to seek feedback on a 2021 funding appropriation contingent on the outcome of a ballot referendum on Ordinance 026, 2021. The proposed \$87,500 appropriation would be borrowed from the General Fund reserves and repaid out of future fee revenues.

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

- What additional clarity is needed on the 2021 appropriation?

#### **PAST COUNCIL ACTION**

##### **Work Sessions**

- February 11, 2020 - During this work session, staff provided plastic pollution context and learnings from peer communities. Council provided direction for action both on micro and macro pollution.
- October 27, 2020 - During this work session, staff provided a progress update on plastic pollution awareness work, including impacts of COVID-19 on plastic use, policy development and community engagement, and a staff recommendation. Councilmembers indicated interest in moving plastic bag policy to a ballot measure.
- December 8, 2020 - During this work session, staff provided Council a suite of policy options for a plastic pollution ordinance and related ballot measure. Council provided feedback on these policy elements and other logistics as outlined below.
- January 12, 2021 - During this work session, staff shared a draft bag ordinance with Council and Councilmembers provided feedback on outstanding policy details, including fee amount and structure, income-qualified relief. Staff also recommended funding for a 2021 ordinance roll out and engagement.
- Regular Meeting

- December 15, 2020 - Councilmembers adopted Resolution 2020-118 directing staff to draft an ordinance for Council to discuss at the work session on January 12, 2021.
- February 2, 2021 – Council approved the Disposable Bag ordinance (No. 026, 2021) at first reading and deferred consideration of the related off-cycle appropriation ordinance (No. 027, 2021) to consideration at first reading to March 2<sup>nd</sup>.
- February 16, 2021 – Council approved the Disposable Bag ordinance (No. 026, 2021) at second reading and passed Resolution 2021-023, referring Ordinance No. 026, 2021 to a vote of the registered electors of the city at the next regular municipal election on April 6, 2021.

## BACKGROUND/DISCUSSION

Contingent upon the outcome of the April 2021 election, the Appropriation Ordinance would provide \$87,500 to support successful roll-out of the Disposable Bag Ordinance in 2021 including outreach and engagement and to provide free bags to low-income community members.

On an ongoing basis, the program would be self-supporting out of the fee revenue generated. This funding would be used to establish the program in anticipation of rollout in 2022. Specifically, funding would allow for the following activities:

- \$35K to resource outreach and engagement efforts. This would include the campaign and provision of reusable bags.
- \$52.5K to provide staff capacity to conduct outreach and engagement. This would include supporting grocer planning and coordination of reusable bag distribution.

Projected program revenues are outlined in the table below:

	12 Cent Fee				
	2021	2022	2023	2024	2025
Volume of Bags (Baseline)	52,500,000	52,500,000	52,500,000	52,500,000	52,500,000
% of Baseline Bags Purchsed with Fee	0%	50%	25%	25%	20%
Bag Fee Retained by City	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
% of Year Realizing Fee Revenue	0%	25%	100%	100%	100%
<b>Revenue to City</b>	<b>\$0</b>	<b>\$393,750</b>	<b>\$787,500</b>	<b>\$787,500</b>	<b>\$630,000</b>

Based on the above projections for revenue, staff anticipates full repayment to the General Fund reserves could occur before the end of 2023, while also allowing the new core program costs of ~\$270K/year to be self-funded.

Staff recommends approval of this appropriation based on learnings from past programs, where it was observed that proactive outreach and education supports better compliance.

## DISCUSSION / NEXT STEPS:

Ken Summers; Can you confirm my understanding of our program goal which is to promote the use of reusable bags?

Molly Saylor: the intent of the program is to help us to recover any direct costs that are created by this ordinance as well as address existing costs related to this topic - that does include encouraging the use of reusable bags and other systemic things.

Ken Summers; I take issue with that characterization of the goal of the program.

We should have a stated program goal and then we should understand the related costs to accomplishing that goal. So, it sounds like banning plastic bags and encouraging less plastic use and using reusable bags really is not the main goal. The goal is revenue generation to augment existing General Fund expenditures related to waste. Is that accurate?

Travis Storin; with the way that fees are developed, they really have to be backed up with a fee study at regular intervals. In reality, the approach we have to take is that the costs of administering the program are what justifies the fee. We put together a fee study using hypotheticals since this program is not in place - but if this were passed by ballot and if this appropriation were adopted by the Council, we would have the opportunity in 1-2 years to do a retroactive fee study with actual experience underneath it. Based on the preliminary and expected numbers - the 12 cents is developed based on the underlying costs of the program.

Ken Summers; If we want to equip individuals with reusable bags to reduce their plastic use, I believe we should make that a priority. There are costs that are related to that we do not need to justify with trying to augment the General Fund with fee revenue from the bags. Who are the stakeholders you have reached out to ascertain the costs of the program?

Victoria Shaw; we did have efforts previously at the city around plastic bag mitigation and we have incorporated feedback and learnings from that consideration as well.

Molly Saylor; we were able to dig into costs that other cities have seen. We checked in with our internal financial analysts to understand some of the existing costs and to use our program experience to estimate some of the more systemic costs.

Ken Summers; has there been outreach to the grocers?

Molly Saylor; we have done some limited outreach to grocers to let them know that this is happening. We have not been able to have more in-depth conversations with them, but that is the intent of our grocer plan as we shared with Council. We do have some data points from other cities that were compiled – we saw a fairly significant range from 1 to 10 cents per bag. We suggested that neutral fee split plus the grocer plan, so we do have the chance to dig into those costs and have the appropriate plans for those costs.

Ken Summers; we are not the first city in Colorado or in the country to impose a fee to cause retailers to make an adjustment. Part of our cost to the city is designed to help retailers make that adjustment. I am trying to ascertain how we decided the costs for that type of an effort – if retailers are able to make this adjustment internally – their costs that they would recover with the 6 cents per bag, so I do not see that as a city cost. Why are the outreach costs on the pro forma budget so significant? Did we spend similar amounts of money on the building energy scoring program or the wood burning ban? \$35K for outreach and engagement efforts, \$52.5K salary for the staff person who is going to conduct outreach and engagement. The bottom line for me is that maybe we need to spend more money on bags that we make available to the public

Victoria Shaw; providing staff capacity to be able to support the overall efforts. The outreach campaign would include print media, digital and radio advertising, and potentially engagement events and ads to connect to historically underrepresented groups.

Ken Summers; the message of the outreach would be to use a reusable bag. Why do we need to spend that much money on an issue that most of the community should already be aware of? This will not take place for 1 ½ years. It seems like Next Door, Facebook, social media, websites, community groups, signs at stores. There

seems to be lots of low-cost opportunities to make people aware. With this on the ballot, it seems they would know what to anticipate if it passes.

Victoria Shaw; so, all of those components would be part of the program. We have seen better compliance when we are able to conduct robust education and outreach in advance. It will take staff support and time to get grocer plans in place including signage and training and to supply the reusable bags and to do outreach for income qualified residents.

Molly Saylor; we are already getting a lot of questions from the community. When we can get those messages out there, it supports that smooth transition. We absolutely take advantage of those low-cost options to get the word out.

Ken Summers; what is envisioned on the enforcement piece? Who is going to determine the fine structure for compliance issues?

Victoria Shaw; there is staff time considered for enforcement – that position would also create enforcement plans and plans for the grocer fee revenues. The city standard set of fines will be used per a recommendation from our legal staff.

John Duval; the Municipal Court Judge will come up with a fine schedule for those. These would be civil infractions so no jail time. Fees could range from \$100 to a maximum of \$2,800. Certainly, the first fine would be much lower than 2<sup>nd</sup> and 3<sup>rd</sup> violations, but this would be up to the judge.

Ken Summers; would the staff person be deputized? What background would this staff person have?

John Duval; likely to be a Code Enforcement Officer and would have the authority to issue tickets.

Molly Saylor; we would certainly look for someone with code compliance skills as well as broader outreach engagement and program development background for this position.

Ken Summers; did we do something like that with our building energy scoring and wood burning programs?

Lucinda Smith; re: the outdoor residential burning ordinance - back then Council approved funding for an additional .25 FTE and their role was to do some of the implementation but at that time we also had other resources already working on it - in partnership with code compliance officers from Community Development & Neighborhood Services (CDNS) and PFA who did quite a bit of the enforcement. In the case of the outdoor residential burning ordinance, the staff hired to do the work is not deputized, they do the engagement and education. We have another resource in Environmental Services who is deputized and can issue tickets.

Ken Summers; did we bring on additional resources for the building energy scoring program?

Darin Atteberry; I will find and out get that information to you in the packet.

Ken Summers; I don't think we should hire a permanent FTE - far better to have a contractor for a temporary position then if it seems to be justified grow it from there. Trying to envision the need for outreach / fines I am concerned about the timing (summer, after the election?) - this is an item that we could do more research on and understand this better. I am not sure why a budget offer is important now before something is decided when we could do more diligent research and have a better handle on what the best approach should be.

Darin Atteberry; our intent today is to try to respond to some of your questions at the Council meeting regarding what is behind some of these fees. Ultimately that is Council's prerogative on whether you want to move forward or not. I am hearing from Council this this is a priority. You have heard from the staff what they believe if the best way to progress - if the Council chooses not to support that - we come back with alternative ways to do this. These are clearly identified priorities of this Council, so we have tried to align staff resources to accomplish those. We wanted to have the staff here to answer the questions you have. We are looking at low-cost options first and foremost in everything we do including our engagement strategies - some of the lower hanging items you mentioned today for sure. If we thought we could do this with existing resources we wouldn't be here.

Ken Summers; concerned about program costs and why they are going to continue the same year after year. If we anticipate the same amount of outreach is needed to launch the program is also needed to continue it – then that needs some examination. The program costs are at a high in 2023 then they come down then up again in year 5 - I think this is going to require some number crunching. If the priority is to address the issue of single use plastic bags and to encourage reusable bags. Let us make access to reusable bags our priority and figure how we achieve that goal. Instead of offering the opportunity to buy a reusable bag for 25 or 50 cents underwritten by the city. Make bags available to the whole population – encourage everybody to use reusable bags. Council has voted to support and send it to the public. Do we need to decide in February what won't be decided until April?

Ross Cuniff; I agree this probably should not start out as a long-term FTE. If we are successful, the number of paper bags used should decrease over time. I agree that as we learn more, we may find that the real need may be to have more subsidized reusable bags available at the checkouts. We need to make sure we have some flexibility here. Try to provide some clarity on how the fee will be used in time for the voters to decide if that is a good enough nexus for them to approve our ordinance. Maybe we need to write into it a PDCA cycle that says we will evaluate this over time to find out what the more urgent equity-based needs and adjust our course accordingly. We do think in the first year we do need significant outreach to stand up the program to distribute some number of reusable bags to folks who may not have access to them. The policy priority is to reduce plastic pollution in subsequent years, I would like to see some of this revenue available for studies on how we are doing reducing plastic bag pollution in the Poudre River or in the watershed. Reducing plastic bag pollution. I would support making it clear that the person we would be employing should be a contractor not a permanent employee. I do support it coming forward with a few tweaks to give us flexibility to respond to future circumstances not having a permanent employee.

Darin Atteberry; there is no such thing as a permanent position at the city - if programs change - we look at those FTE counts so I want to assure you of that. Second, to add to what Ross said, our 2-year BFO process is a great check on these things – are we tracking to what was promised in that BFO offer? The other thing – we are not going to have this perfect – we are going to have to make some mid-course corrections in any program we do. PDCA – that is exactly what we will do. We are absolutely going to look at low-cost options first and try to keep out costs low. We also do not want council to adopt a policy and voters approve and we are not equipped to address it.

Ken Summers; how will the voters know what we are going to do with the money we collect before the vote April?

Darin Atteberry; the information that Council has used in making its decision is available in public record. Now that this is on the ballot city staff are not going to be promoting.



Ken Summers; will we be providing information - we just talked about budget transparency – here is a good practice – let us make sure we are transparent and that everyone understands it.  
If we are going to make sure the information is available and easy to access – not that is just there for folks who know how to search past documents -I would like to make it user friendly and easily accessible.

Darin Atteberry; I would love to do that without taking sides -how we can supply that in a way that is consistent with ballot law.

Ross Cuniff; in the past with KFCG we had a few other background documents that went along with bare ballot language.- I would be surprised if we could not do this - it does not look like we are advocating one way or the other only sharing information - we can probably navigate that sooner rather than later - this information can also equip council members for information sharing sessions, public forum to educate or if local media has questions – I think we can find ways to provide this information without advocating.

Darin Atteberry; For KFCG, we did have a list of adopted council projects - if you vote yes, these projects will be funded. Do you see any concerns with the direction we are heading with this conversation?

John Duval; I believe the Fair Campaign Practices Act allows the city to prepare and provide a factual summary related to the ballot measure. I will double check.

Mayor Troxell; I want to thank Molly and Victoria - you brought forward what the Council asked for in bringing this back to the Council Finance Committee. Providing more detail as it relates to the budgeting, costs, how they are being allocated etc. Also appreciate Ross in bringing some context regarding providing information for the ballot measure to provide understanding.

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

What additional clarity is needed on the 2021 appropriation?

First Reading on March 2<sup>nd</sup>

#### **RESULT**

Committee appreciates the discussion.

#### **OTHER BUSINESS**

Ross Cuniff; I saw the memo regarding the Housing Appropriation and the need for legal staffing. Can you provide more detail on the particular efficiencies we found and from what budget offers? Transparency – funding to provide the needed legal staffing to make this appropriation succeed.

Travis Storin; I will provide that information out of Financial Services.

Meeting adjourned at noon

## **COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY**

**Staff:** Jennifer Poznanovic, Sr. Project & Revenue Manager

**Date:** March 15, 2021

### **SUBJECT FOR DISCUSSION**

Marketplace Facilitators & Economic Nexus Update

### **EXECUTIVE SUMMARY**

The purpose of this item is to provide an update on impacts from the U.S. Supreme Court's *South Dakota v. Wayfair, Inc.* decision (June 2018) since the City's adoption of Marketplace Facilitators and Economic Nexus Ordinances, which was effective November 1, 2020.

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

This item provides an opportunity to provide an update and discuss impacts of the Marketplace Facilitators and Economic Nexus Ordinance with Council Finance Committee.

### **BACKGROUND/DISCUSSION**

#### **U.S. Supreme Court Decision in *South Dakota v. Wayfair, Inc.***

Under the City's sales and use tax ordinances, sales tax is levied on all sales and purchases of tangible personal property and taxable services at retail unless prohibited under the constitution or other law of the United States. In June 2018, the United States Supreme Court decided the case of *South Dakota v. Wayfair, Inc.* (2018). South Dakota enacted a statute requiring internet sellers with no physical presence in the state to collect and remit sales tax, which was not allowed under prior Supreme Court rulings.

In *Wayfair*, the Supreme Court overturned its prior rulings that had held that a state may only tax a retailer if that retailer has a physical presence in the state. The *Wayfair* court held that an out-of-state retailer's physical presence in the taxing state is not necessary for the state to require the seller to collect and remit its sales tax. Rather, a state could require an out-of-state retailer to collect and remit its sales tax if the retailer has a substantial economic nexus with the state. The Supreme Court approved of South Dakota's system finding it did not place an unconstitutional burden on interstate commerce, because the system set a threshold amount below which smaller retailers did not have to collect tax, provided a statewide single point of remittance and tax administration, simplified tax rate structures, set other uniform rules, and applied only prospectively after its adoption.

The Colorado Municipal League (CML) Sales Tax Simplification Committee met in October 2018 and all self-collected home rule municipalities agreed to continue voluntary compliance to keep the municipal sales tax system in the state as simple as possible. Through the Committee's direction, a group of municipal attorneys and municipal finance staff worked to develop a model ordinance with uniform definitions and requirements. The intent behind the model ordinance is to clarify who can collect and remit taxes along with clarifying the authority given to taxing jurisdictions by the U.S. Supreme Court in the *Wayfair* case. The stated goal behind the ordinance is uniformity and simplicity so that all municipalities in Colorado can collect tax from online or remote retailers.

### **Colorado Department of Revenue (DOR) Implementation of *Wayfair***

In July 2019, State House Bill 19-1240 established an economic nexus for purposes of state sales tax on retail sales made by retailers without a physical presence in Colorado. As of October 2020, HB19-1240 requires marketplace facilitators (a person that operates an online marketplace, such as Amazon) to collect and remit sales tax on behalf of marketplace sellers (a person that sells goods through the online marketplace). While HB19-1240 has set some precedent in Colorado for the collection of sales tax from retailers without physical presence, its requirements do not apply to sales taxes imposed by home rule municipalities, which have their own taxing authority under the Colorado Constitution.

In furtherance of HB19-1240, the Colorado Department of Revenue has developed a software system to allow retailers a single point to remit sales tax. The Department has made the system available for home rule municipalities to collectively provide retailers a system similar to the one operated by South Dakota. The Department collects state and local sales tax from out-of-state retailers for those taxing entities for which it already collects sales tax from in-state retailers. The Department collects for approximately 265 jurisdictions, 150 statutory cities, 24 home rule municipalities and all but two counties.

### **Colorado Department of Revenue's Single Point of Remittance Software (SUTS System) & Single GIS System**

The Department's single point of remittance software, including the SUTS System and GIS System, is an option for the numerous self-collecting taxing jurisdictions to align more closely with the South Dakota tax system. Remote sellers with sufficient economic nexus can file and pay tax via the SUTS System to those taxing jurisdictions that have chosen to participate in the system. The SUTS System is available for any business, not just those whose only contact with the City is economic nexus. Businesses with physical presence can file and remit taxes using the SUTS System. Businesses with physical presence in the City still need to have a Fort Collins sales tax license. The portal is essentially an additional filing option for businesses, meaning businesses could file on paper, using the City's online system, or via the Department's SUTS System.

### **Colorado Municipal League's (CML) Model Ordinance & the City of Fort Collins**

The City of Fort Collins' Marketplace Facilitator and Economic Nexus Ordinance was effective November 1, 2020. The Ordinance is based on a model ordinance prepared by a working group of municipal attorneys and municipal finance staff, coordinated by the Colorado Municipal League (CML). In addition to adoption of the Ordinance, the City also entered into an agreement with the Colorado Department of Revenue to allow such taxpayers to remit tax to the City using the Department's single point of remittance software (SUTS System).

### Top Internet Retailers Licensed in Fort Collins

Nationally, e-commerce represents 14.0%\* of total retail sales. Of the top 10 U.S. companies based on percentage of e-commerce sales, eight are licensed in Fort Collins (see chart below).

Retailer**	Ecommerce Share	Licensed
Amazon	49.1%	Yes
eBay	6.6%	Yes
Apple	3.9%	Yes
Walmart	3.7%	Yes
The Home Depot	1.5%	Yes
Best Buy	1.3%	Yes
QVC Group	1.2%	Yes
Macy's	1.2%	Yes
Costco	1.2%	No
Wayfair	1.1%	No

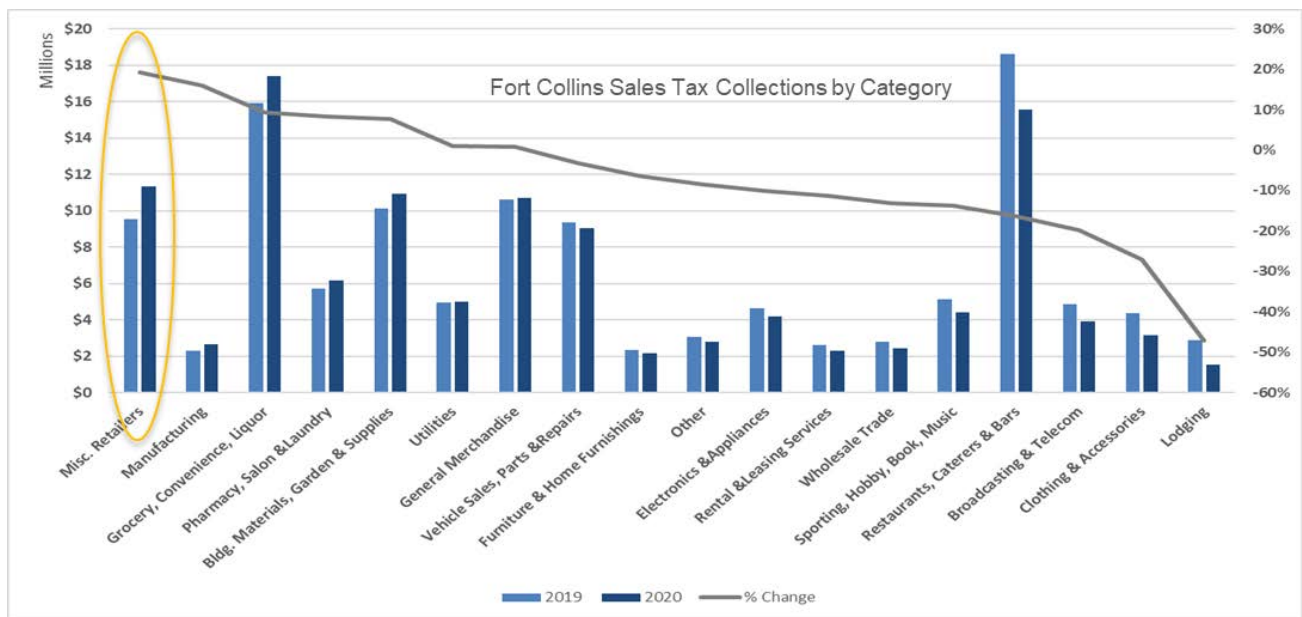
\*U.S. Census Quarterly Retail E-Commerce Sales 4<sup>th</sup> Quarter 2020

\*\*Top 10 US companies based on % of e-commerce sales, eMarketer, July 2018

### Impact of Marketplace Facilitators and Economic Nexus Ordinances for Fort Collins

Marketplace Facilitators and Economic Nexus Ordinance was effective November 1, 2020, which began impacting November 2020 tax returns (December tax collections). On the City's Monthly Sales and Use Tax Report, most online retailers are in the "Miscellaneous Retailers" category.

Below is a breakdown of the City's 18 categories with the percent change between 2019 and 2020:



Miscellaneous Retailers saw the greatest positive percent change of any category at 19% (\$1.8M) from 2019 to 2020. This increase can be attributed to a shift in buying behavior towards online goods in general, and in particular due to the pandemic. It also includes one month of tax collections from Economic Nexus and Marketplace Facilitators. The percent change from December 2019 to December 2020 was 79% or \$650M.

The trend in significant growth in the Miscellaneous Retailers category has been consistent for the first three months of tax collections since the ordinance:

- December 2020 compared to 2019 saw 79% growth or \$650k
- January 2021 compared to 2020 saw 66% growth or \$850k
- February 2021 compared to 2020 saw 71% growth or \$550k

## ATTACHMENTS

1. CFC 2021-03-15 Marketplace & Economic Nexus Update
2. Ordinance No. 111, 2020



**Marketplace & Economic Nexus Update**

**March 15, 2021**



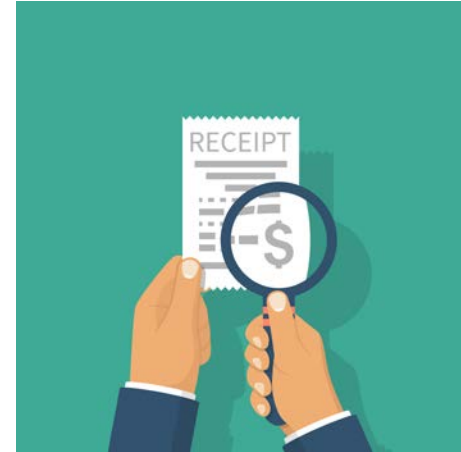
- *Wayfair* Background
- Marketplace & Economic Nexus Ordinance Impacts
- Council Finance Committee Discussion & Questions



The Supreme Court held that an out-of-state retailer does not need a physical presence in a state before the state can require the retailer to collect and remit sales tax. However, a substantial nexus is needed.

The Supreme Court held that South Dakota's tax law properly identified when a retailer had a substantial nexus with the state for tax purposes:

- Annual **minimum sales of \$100,000**; or
- A minimum of **200 separate sales transactions** of any amount







**Remote sellers above  
the de minimis level  
(same as South Dakota)**



**The State of Colorado  
collects state sales tax  
and local sales tax for  
entities it collects for**



**Responsible for approx.  
265 jurisdictions**

150 statutory cities

All but two counties

24 home rule (state collected)

## State House Bill 19-1240 (July 2019)

- Establishes economic nexus for purposes of retail sales made by retailers without physical presence
- Codifies destination sourcing
  - Establishes an exception to destination sourcing
- As of October, requires marketplace facilitators to collect and remit sales tax on behalf of marketplace sellers

<https://leg.colorado.gov/bills/hb19-1240>

### Marketplace Facilitator

- An individual or legal entity that operates a marketplace
- May have physical nexus

amazon

Walmart

Google

Etsy

ebay

### Marketplace Seller

- Someone who sells goods through a marketplace facilitator

## Model Ordinance

*Colorado Municipal League*

- Economic Nexus
  - Definition of engaged in business
  - Who is taxed and who is compelled to collect the tax
- Marketplace Facilitator
  - Definition of retailer
  - Who collects the tax

## SUTS System

*State's single point of remittance software*

- Remote sellers with economic nexus can file & pay via the SUTS System
- Available for any business not just those with economic nexus only
- Businesses with physical presence would still need to have a Fort Collins sales tax license

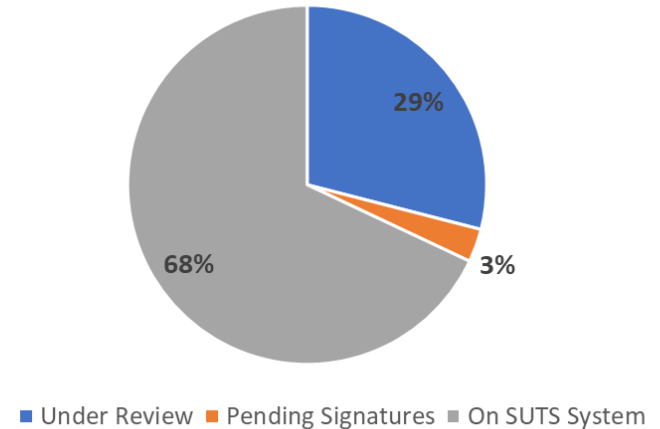
# Self-Collecting & Wayfair

## What are other cities doing?

### Fort Collins an early adopter of both Model Ordinance and SUTS System

City	Model Ordinance	SUTS
Aurora	Marketplace only Effective August 1, 2020	Not yet participating
Golden	Effective September 1, 2020	Participating
C. Springs	Effective September 1, 2020	Participating
Fort Collins	Effective November 1, 2020	Participating
Boulder	Marketplace only Effective November 1, 2020	Not yet participating
Lakewood	Effective January 16, 2021	Participating
Denver	Effective February 1, 2021	Participating
Thornton	Not yet adopted	Not yet participating

Home Rule Response to SUTS Agreement



## **Marketplace Facilitators and Economic Nexus** Ordinance effective November 1, 2020

Impact to November tax returns, December collections



# Top Internet Retailers Licensed in Fort Collins

Nationally e-commerce represents 14.0%\* of total retail sales

Retailer**	Ecommerce Share	Licensed
Amazon	49.1%	Yes
eBay	6.6%	Yes
Apple	3.9%	Yes
Walmart	3.7%	Yes
The Home Depot	1.5%	Yes
Best Buy	1.3%	Yes
QVC Group	1.2%	Yes
Macy's	1.2%	Yes
Costco	1.2%	No
Wayfair	1.1%	No

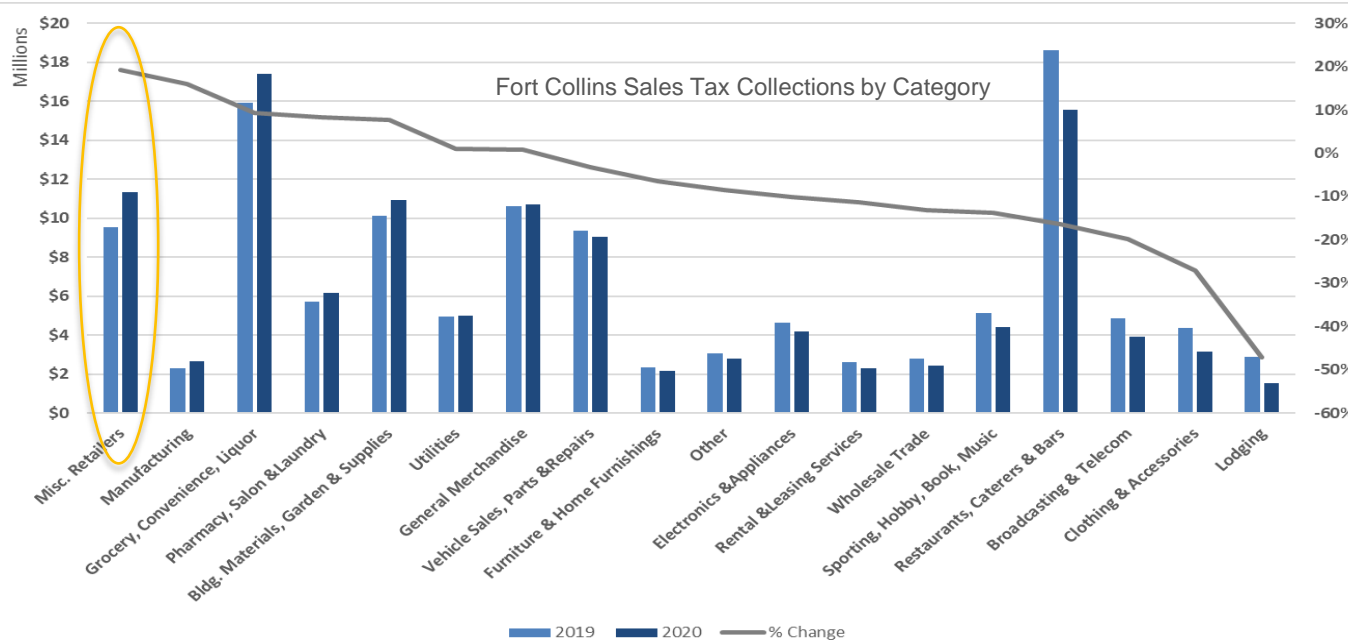
## Other licensed ecommerce retailers:

- Airbnb
- Bonobos Inc
- Chegg Inc
- Chewy Inc
- Google
- IKEA
- Intuit
- Netflix
- Nike
- Overstock.com
- Shipt Inc
- Spotify
- Zappos.com Inc
- Zulily

\*U.S. Census Quarterly Retail E-Commerce Sales 4<sup>th</sup> Quarter 2020

\*\*Top 10 US companies based on % of e-commerce sales, eMarketer, July 2018

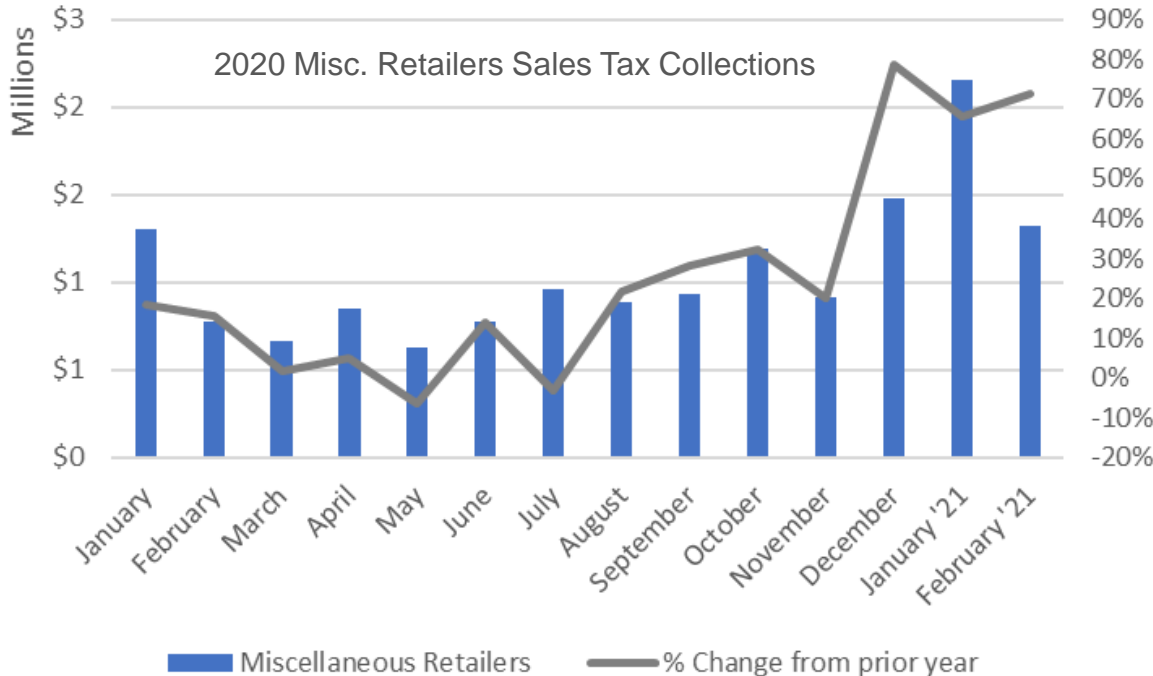
## Most online retailers in City's "Miscellaneous Retailers" category



### Marketplace & Economic Nexus

- Effective Nov '20
- Tax due Dec '20
- 19% ↑ in 2020 (\$1.8M)
- 79% ↑ in Dec (\$650k)

# Sales Tax Collections & Miscellaneous Retailers



- Marketplace & Economic Nexus
  - Effective Nov '20
  - Tax due Dec '20
- Majority of online retailers in City's "Miscellaneous Retailers" category
- 79% in Dec (\$650k)
- 66% in Jan (\$850k)
- 71% in Feb (\$550k)





## Questions & Discussion

## **COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY**

**Staff:** Sue Beck-Ferkiss, Victoria Shaw

**Date:** March 15, 2021

### **SUBJECT FOR DISCUSSION**

#### **Land Bank parcel sale for affordable home ownership housing**

### **EXECUTIVE SUMMARY**

In response to the 2017 City Council priority to deploy a land bank parcel for affordable homeownership, staff has partnered with a development team to create an opportunity to develop 54 townhomes on the Kechter land bank parcel. Although affordable housing, especially affordable for-sale housing, requires substantial subsidy, for this development the City subsidy will only consist of the in-kind donation of land value. The parcel was purchased in 2002 for \$556,000, appraised in 2018 at \$1,200,000 and the proposed sale price is \$25,000. The contribution of the \$1,175,000 in land value translates to a subsidy level of \$21,759 per unit. The City's only contribution is the value of the land and will not require additional cash investment. Partners are bringing an additional \$4.1M or \$76,000 per unit of cash subsidy.

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

Does the Council Finance Committee support the sale of the Kechter land bank parcel for \$25,000 for the purpose of developing 54 permanently affordable for-sale townhomes?

### **BACKGROUND/DISCUSSION**

The Land Bank Program is the City's only long-term affordable housing incentive. This program was created in City Code in 2001 with the purpose to enable the City to acquire, hold, and sell real property to assist housing providers in providing permanently affordable rental and homeownership housing. One land bank parcel has been sold to date. In 2016, the Horsetooth parcel was sold to Housing Catalyst and has since been developed into 96 affordable rental apartments.

Following the deployment of the Horsetooth parcel, in 2017 City Council established a priority to issue a Request for Proposals (RFP) for a home ownership development project on a land bank parcel. Staff determined the Kechter parcel to be appropriate for home ownership, obtained an appraisal, conducted a historic review, and compiled file documents that would be relevant to the sale process. Staff proceeded to issue an RFP for the sale of the Kechter parcel. Only one response was received, so a second RFP was issued, and 3 responses were received. TWG, a for-profit developer out of Indiana was selected and the City entered into an Exclusive Negotiating Agreement for the Kechter Townhomes project.

A development partnership was created consisting of:

- Housing Catalyst (HC) to provide local technical assistance and tax abatement
- Elevations Community Land Trust (ECLT) as a community land trust partner

- TWG as the developer and builder of the townhome community
- The City of Fort Collins as the seller of the land

The partners worked together to determine project feasibility, and it was quickly determined that substantial subsidy would be required to offer homes at affordable sales prices. Beyond the subsidy pledged by ECLT and tax abatement provided by HC, the parties determined that additional subsidy would be required to meet the goal of affordable ownership in perpetuity. The City would need to donate most of the value of the land and the Colorado Division of Housing approved additional subsidy for the project.

Both the Division of Housing and ECLT are providing more than their typical subsidy because this project will deliver permanently affordable home ownership units. Habitat for Humanity has been the primary developer of affordable home ownership product in Fort Collins and the City has provided between \$40,000 and \$74,500 in cash subsidy per unit for those homes. For Kechter Townhomes, the City's contribution is only the value of the land and equates to \$21,759 per unit. These townhomes will also be affordable in perpetuity through the land trust coupled with deed restrictions whereas a typical deed restricted unit is restricted for at least 20 years. Kechter Townhomes will be the City's first permanently affordable home ownership project.

#### **Summary of Subsidy:**

Investor	Per Unit	Typical Subsidy Amount	Total subsidy
Elevations Community Land Trust (cash)	\$48,500	\$30,000	\$2,619,000
Division of Housing (cash)	\$27,500	\$15,000	\$1,485,000
City of Fort Collins (in kind)	\$21,759	\$38,970 (\$50K for ownership)	\$1,175,000
Total	\$97,759 direct subsidy per unit		\$5.28M direct subsidy

Upon construction of the development, TWG will sell the units to ECLT who will keep ownership of the land and sell the homes to qualified low-income buyers. ECLT will certify buyers, confirm sale prices and be the long-term steward of the community.

On March 4, 2021, the project was approved by a Hearing Officer. Legal documents are being circulated to assure permanent affordability. Staff intends to bring a Purchase and Sale Agreement, incorporating the requirement for permanent affordability, conditioned on the project successfully completing the City's development review process for Council consideration in May. The City will be selling the land, but because this community will be permanently affordable with the land held by ECLT, the land remains a community asset even after the sale.

#### **Next step:**

Council consideration of the Purchase and Sale Agreement.

**ATTACHMENTS**

Affordable Housing Board March Meeting Minutes

Tables of past City subsidies for Affordable Housing developments

# MINUTES

CITY OF FORT COLLINS • BOARDS AND COMMISSIONS



## AFFORDABLE HOUSING BOARD

### REGULAR MEETING

---

March 4, 2021, 4:00-6:00pm

Remote/Online via Zoom due to COVID-19

---

#### 1. CALL TO ORDER: 4:02

#### 2. ROLL CALL

- Board Members Present: Kristin Fritz, Jen Bray, John Singleton, Tatiana Zentner, Diane Cohn, Daphne Bear
- Board Members Absent: Bob Pawlikowski
- Staff Members Present: Sue Beck-Ferkiss, Brittany Depew
- Community Members: John [no last name listed]

#### 3. AGENDA REVIEW

#### 4. CITIZEN PARTICIPATION

- John – Shared some concerns about Kechter townhomes and impacts on traffic and thoughts on the Housing Strategic Plan.

#### 5. APPROVAL OF MINUTES

Diane moved to approve February minutes.

John seconded. Approved 6-0.

#### 6. NEW BUSINESS

##### A. Update on Kechter Land Bank – Sue Beck-Ferkiss

Land Bank is the only long-range affordable housing incentive. The City buys land to keep for future affordable housing – locks in price that would likely be more in the future, and ensures we have affordable housing throughout our community. Kechter Road location near two parks, two schools, good opportunity zone. In 2017, Council had a priority to issue an RFP for homeownership on a Land Bank property, and staff decided Kechter was most appropriate. Issued RFP in 2018, only received one response, issued second RFP in 2019, which received three responses. Chose TWG as development partner and entered into an Exclusive Negotiating agreement with them. Project feasibility studied in 2020. Hope to bring purchase and sale to Council in May 2021. Partners: City of Fort Collins, TWG, Housing Catalyst, Elevation Community Land Trust, State Division of Housing. Required subsidy about \$98,000 per unit.

##### Discussion:

- For discussion: Would the board like to make a recommendation regarding selling the Kechter Land Bank parcel for \$25,000 to develop Kechter Townhomes as permanently affordable for-sale homes?
- How does this project's subsidy amount compare to other projects?

# MINUTES

CITY OF FORT COLLINS • BOARDS AND COMMISSIONS



## AFFORDABLE HOUSING BOARD

### REGULAR MEETING

- City's subsidy experience has mostly been with Habitat for Humanity – the City has provided \$80k subsidy.
- Development proposal is for 54 units.
- Elevations Community Land Trust started in 2018, aspire to be statewide.
  - Initial projects in Denver and Aurora.
  - Have 40-50 homes that have been completed and sold, and many more projects in the works.
  - Not the mortgage issuer.
- How did we get to the \$25,000 amount?
  - Wanted to withhold some amount of the value for closing costs and other associated costs, etc. but are mostly donating the land (appraised at \$1.2 million).
- What does permanently affordable mean?
  - Easier in a rental scenario but, either way, the land is restricted.
  - Purchase process includes buyer certification of meeting income requirements and sales price certification as affordable.
- Has a traffic study been done?
  - Yes, a study has been done and it's been considered by the hearing officer in their decision making.
- Need to increase affordable homeownership options in attempts to approach housing crisis.
  - This is a great way to work toward city goals outlined in the new plan.
- This touches on several goals we haven't done in the past, specifically homeownership projects.
  - Past land bank parcel (Horsetooth) went to rentals.
- Have added 1000s of houses and apartments to this part of town, don't see 54 units causing a huge increase in traffic concerns.

*Diane moved that the Affordable Housing Board make a recommendation to the City to sell this Land Bank property for the Kechter Townhomes project for \$25,000. Jen seconded. 5-0-1 (Kristin abstained)*

REST OF MINUTES DELETED FOR THIS ATTACHMENT

## Tables of past City subsidies for Affordable Housing developments

### New Construction Projects:

Project - Completion Date:	Competitive Process Funding	Capital Funds \$	Discounted Land	Fee Waivers	Total City Provided Subsidy	# Units	Subsidy per unit	# Units @ 30% AMI	Waiver per Unit
Oakridge Crossing	\$ -	\$ -	\$ -	\$ 90,923	\$ 90,923	110	\$ 827	13	\$ 6,994
Redtail Ponds - 2015	\$ 1,391,077			\$ 274,762	\$ 1,665,839	60	\$ 27,764	40	\$ 6,869
Village on Redwood- 2017	\$ 2,719,700			\$ 100,708	\$ 2,820,408	72	\$ 39,172	13	\$ 7,747
Village on Horsetooth - 2018	\$ 1,125,000		\$ 233,700	\$ 352,319	\$ 1,711,019	96	\$ 17,823	43	\$ 8,193
Mason Place - 2020	\$ 1,123,338	\$ 876,662		\$ 326,081	\$ 2,326,081	60	\$ 38,768	60	\$ 5,435
<b>TOTAL:</b>	<b>\$ 6,359,115</b>	<b>\$ 876,662</b>	<b>\$ 233,700</b>	<b>\$ 1,144,793</b>	<b>\$ 8,614,270</b>	<b>398</b>	<b>\$ 21,644</b>	<b>169</b>	<b>\$ 6,774</b>

Note: Mason Place per unit waiver is less because it is adaptive reuse

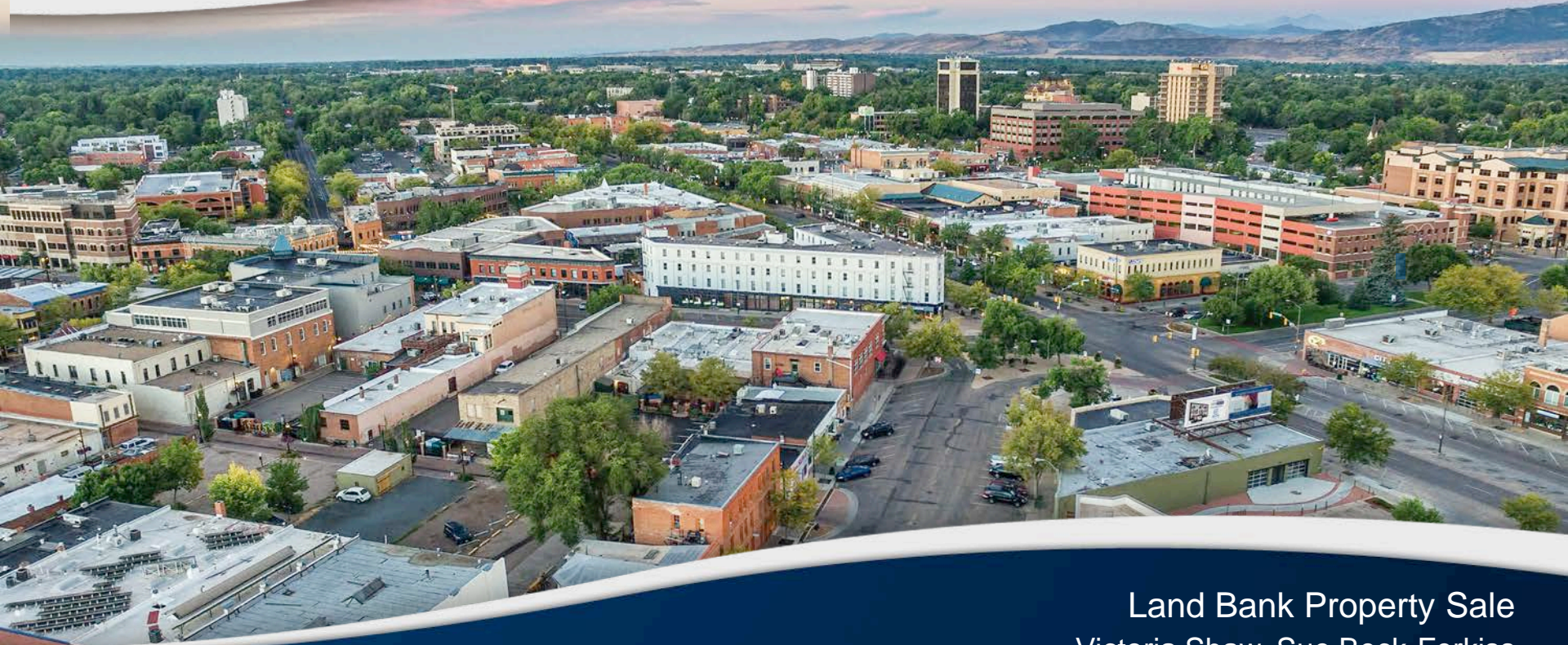
### Rehab Projects:

Project - Completion Date:	Competitive Process Funding	Capital Funds \$	Discounted Land	Fee Waivers	Total City Provided Subsidy	# Units	Subsidy per unit
Northern Hotel-2018	\$675,000				\$675,000	47	\$14,362
Village on Shields-	\$3,135,011				\$3,135,011	285	\$11,000
DMA Plaza -2020	\$2,500,000				\$2,500,000	124	\$20,161
<b>TOTAL:</b>	<b>\$6,310,011</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,310,011</b>	<b>456</b>	<b>\$13,838</b>

### Home Ownership:

Project - Completion Date:	Competitive Process Funding	Capital Funds \$	Discounted Land	Fee Waivers	Total City Provided Subsidy	# Units	Subsidy per unit
Avondale Cottages - 2016	\$745,000				\$745,000	10	\$74,500.00
Harmony Cottages - Phase I - 2020	\$480,000				\$480,000	12	\$40,000.00
Harmony Cottages - Phase II - 2021	\$400,000				\$400,000	8	\$50,000.00
<b>TOTAL:</b>	<b>\$1,625,000</b>				<b>\$1,625,000</b>	<b>30</b>	<b>\$54,166.67</b>





Land Bank Property Sale  
Victoria Shaw, Sue Beck-Ferkiss



- Does the Council Finance Committee support the sale of the Kechter land bank parcel for \$25k for the purpose of developing 54 permanently affordable for-sale townhomes?



## STRATEGIC OBJECTIVES

Neighborhood Livability & Social Health

- **NLSH 1.1** Improve and increase...housing...affordable to a broad range of income levels.



## COUNCIL PRIORITIES

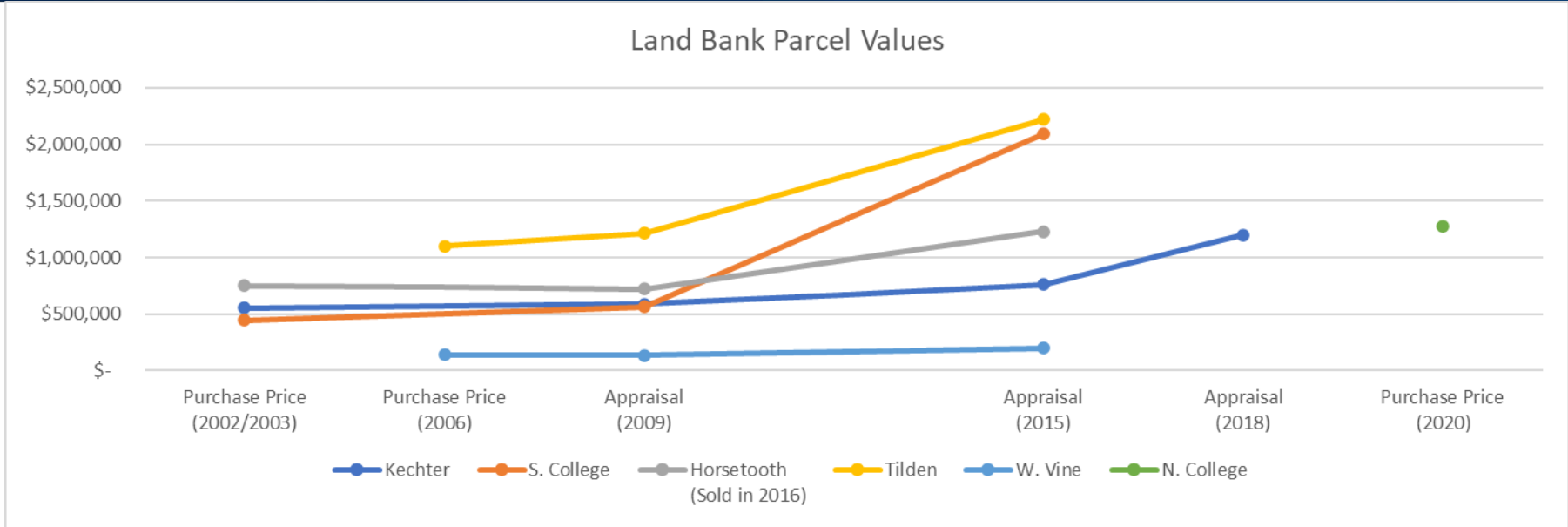
- Affordable and Achievable Housing Strategies
- Equity and Inclusion
- Reimagining Community Engagement



## GUIDING PLANS

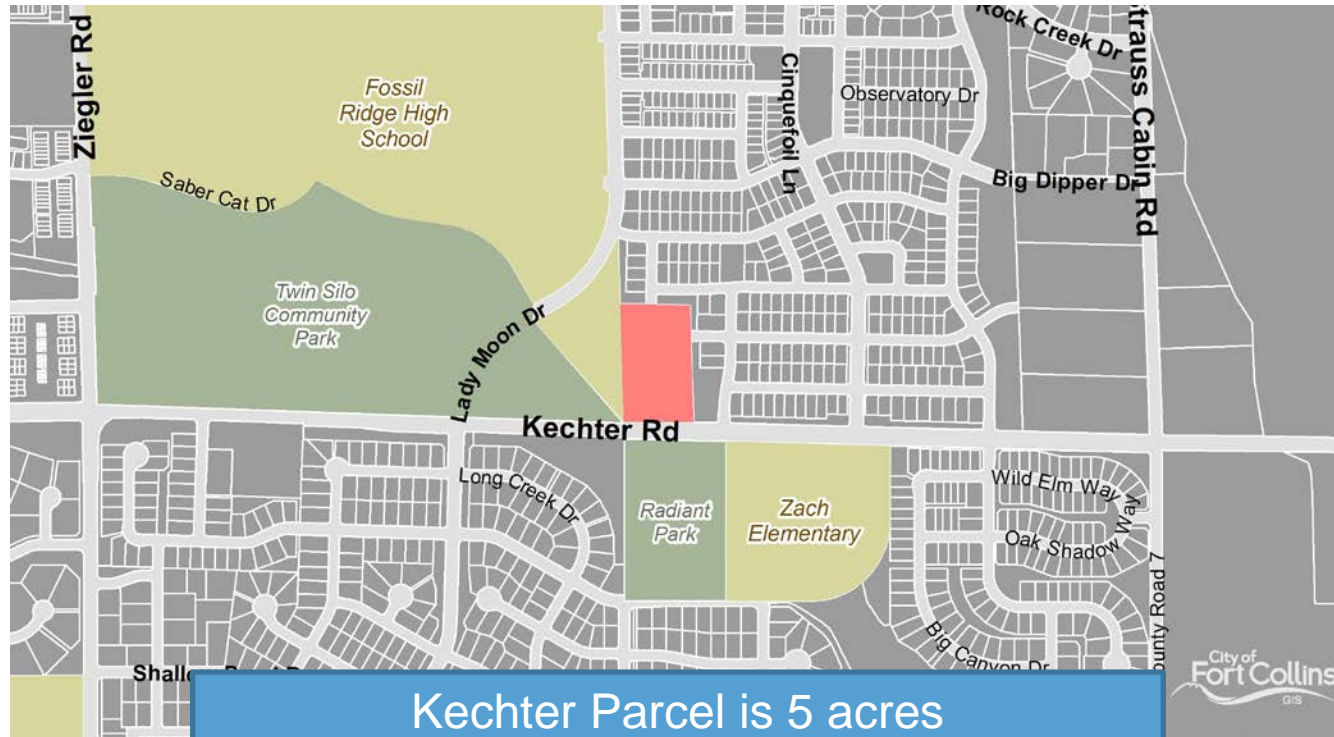
- City Plan
- Affordable Housing Strategic Plan
- Housing Strategic Plan
- Our Climate Future
- Talent 2.0

- Land Bank program established in 2001
  - City's only long-range affordable housing incentive
  - Requires permanent affordability
  - Buys and holds land for future affordable housing
  - Parcels sold below market value to provide subsidy
  - Evergreen design
- Recent Activity
  - First disposition in 2016
  - Council priority in 2017 to deploy parcel for ownership
  - Currently holds 5 parcels



- Holds over \$7M of value vs. cost basis of \$3.5M
- Program has finished first “refresh”- proceeds from disposition contributed to fund 2020 acquisition

# Map of 3620 Kechter Road Location



Kechter Parcel is 5 acres  
Proposed development of 54 townhomes

## CITY OF FORT COLLINS

Vision and land contribution



## HOUSING CATALYST

Special limited partner



## STATE DIVISION OF HOUSING

Public subsidy to fill the gap



**TWG**  
For-profit developer –  
development, construction, private  
financing



**ELEVATION COMMUNITY  
LAND TRUST**  
Purchaser of completed units,  
philanthropic subsidy, long-term  
stewardship



## Total Project Subsidy

Investor	Per Unit	Typical Subsidy Amount	Total subsidy
Elevations Community Land Trust	\$48,500	\$30,000	\$2,619,000
Division of Housing	\$27,500	\$15,000	\$1,485,000
City of Fort Collins	\$21,759 Discounted Land Value	\$38,970 (\$50K ownership)	\$1,175,000 Discounted Land Value
<b>Total Direct Subsidy</b>	<b>\$97,759</b>		<b>\$5.28M</b>

City contribution is less than half typically required for ownership

Wins

Trade-offs

Delivers ownership units

Stewardship done by partner

Units affordable in perpetuity

Favorable level of City  
contribution per unit

Land bank not replenished with  
proceeds



- Does the Council Finance Committee support the sale of the Kechter land bank parcel for \$25,000 for the purpose of developing 54 permanently affordable for-sale townhomes?



# Past City Subsidies by Development

## New Construction Projects:

Project - Completion Date:	Competitive Process Funding	Capital Funds \$	Discounted Land	Fee Waivers	Total City Provided Subsidy	# Units	Subsidy per unit	# Units @ 30% AMI	Waiver per Unit
Oakridge Crossing	\$ -	\$ -	\$ -	\$ 90,923	\$ 90,923	110	\$ 827	13	\$ 6,994
Redtail Ponds - 2015	\$ 1,391,077			\$ 274,762	\$ 1,665,839	60	\$ 27,764	40	\$ 6,869
Village on Redwood- 2017	\$ 2,719,700			\$ 100,708	\$ 2,820,408	72	\$ 39,172	13	\$ 7,747
Village on Horsetooth - 2018	\$ 1,125,000		\$ 233,700	\$ 352,319	\$ 1,711,019	96	\$ 17,823	43	\$ 8,193
Mason Place - 2020	\$ 1,123,338	\$ 876,662		\$ 326,081	\$ 2,326,081	60	\$ 38,768	60	\$ 5,435
<b>TOTAL:</b>	<b>\$ 6,359,115</b>	<b>\$ 876,662</b>	<b>\$ 233,700</b>	<b>\$ 1,144,793</b>	<b>\$ 8,614,270</b>	<b>398</b>	<b>\$ 21,644</b>	<b>169</b>	<b>\$ 6,774</b>

Note: Mason Place per unit waiver is less because it is adaptive reuse

## Rehab Projects:

Project - Completion Date:	Competitive Process Funding	Capital Funds \$	Discounted Land	Fee Waivers	Total City Provided Subsidy	# Units	Subsidy per unit
Northern Hotel-2018	\$675,000				\$675,000	47	\$14,362
Village on Shields-	\$3,135,011				\$3,135,011	285	\$11,000
DMA Plaza -2020	\$2,500,000				\$2,500,000	124	\$20,161
<b>TOTAL:</b>	<b>\$6,310,011</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,310,011</b>	<b>456</b>	<b>\$13,838</b>

## Home Ownership:

Project - Completion Date:	Competitive Process Funding	Capital Funds \$	Discounted Land	Fee Waivers	Total City Provided Subsidy	# Units	Subsidy per unit
Avondale Cottages - 2016	\$745,000				\$745,000	10	\$74,500.00
Harmony Cottages - Phase I - 2020	\$480,000				\$480,000	12	\$40,000.00
Harmony Cottages - Phase II - 2021	\$400,000				\$400,000	8	\$50,000.00
<b>TOTAL:</b>	<b>\$1,625,000</b>				<b>\$1,625,000</b>	<b>30</b>	<b>\$54,166.67</b>

Median  
Subsidy for  
Ownership  
\$50k/unit

