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AGENDA
Council Finance & Audit Committee
June 16, 2021
3:00 - 5:00 pm
Zoom Meeting <https://zoom.us/j/8140111859>

Chairperson Julie Pignataro 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 situation.

Approval of Minutes from the May 24, 2021 Council Finance Committee meeting.

- | | | |
|---|----------|------------------------|
| 1. Utilities Income-Qualified Assistance Program (IQAP) | | |
| | 20 mins. | J. Gaskill |
| 2. 2020 Fund Balance, Revenue & Expenditure Review | | |
| | 30 mins. | B. Dunn |
| 3. TCEF Supplemental Appropriation | 30 mins. | D. Woodward |
| 4. Timberline Recycling Center Operations | 30 mins. | V. Shaw
C. Mitchell |

Other Business

Council Finance Committee
Agenda Planning Calendar 2021
RVSD 06/09/21 ck

Jun. 16th	2021		
	Utilities Income-Qualified Assistance Program (IQAP)	20 min	J. Gaskill
	2020 Fund Balance, Revenue, and Expenditure Review	30 min	B. Dunn
	TCEF Supplemental Appropriation	30 min	D. Woodward
	Timberline Recycling Center Operations	30 min	V. Shaw C. Mitchell

July 7th	2021		
	2020 Audit Results	25 min	B. Dunn
	2021 Winter Storm Clean up Appropriation	20 min	M. Calhoon
	Transfort ARPA	20 min	D. Brooks
	Laporte Multimodal / Siphon Ped/Bike Overpass	30 min	B. Buckman

Aug. 11th	2021		
	Carnegie Center Renovation	30 min	J. McDonald K. Mannon
	GERP Review	30 min	B. Dunn
	Future capital projects and financing options	30 min	B. Dunn
	Community Impact Off-cycle Investment	30 min	K. Stannert J. Thiel

Sept. 1st	2021		
	2021 Annual Adjustment Ordinance		L. Pollack

Oct. 6th	2021		
	Front Range Financial Comparison		B. Dunn
	2021 Annual Adjustment Ordinance		L. Pollack
	Financial Policy Updates		

Future Council Finance Committee Topics:

- 2022 Development Review and Capital Expansion Fee Updates – J. Poznanovic
- Golf Debt Issuance
- Revenue Diversification
- Utility Long-term Financial Plan and Capital Improvement Plan – November 2021



Finance Committee Meeting Minutes

May 24, 2021

10 am - noon

Zoom Meeting

Council Attendees: Mayor Jeni Arndt, Julie Pignataro, Kelly Ohlson, Emily Gorgol, Susan Gutowsky

Staff: Darin Atteberry, Kelly DiMartino, Kyle Stannert, Travis Storin, Teresa Roche, Carrie Daggett, John Duval, Claire Havelda, Tyler Marr, Theresa Connor, Lance Smith, Lisa Schroers, Lawrence Pollack, Cody Forst, Nina Bodenhamer, Jennifer Poznanovic, Jamie Gaskill, Brian Tholl, Meaghan Overton, Jackie Kozak-Thiel, Beth Rosen, Victoria Shaw, Sue Beck-Ferkiss, Leo Escalante, Aaron Harris, Dave Lenz, Jo Cech, Zack Mozer, Blaine Dunn, Kelley Vodden, Jordan Granath, Renee Callas, Nikki Daniels, Erik Martin, Carolyn Koontz

Others: Kristin Fritz - Housing Catalyst, Matt Robenalt - Executive Director, DDA, Joe Rowan

Meeting called to order at 10:04 am

Julie Pignataro; 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 April 19, 2021 Council Finance Committee Meeting. Emily Gorgol moved for approval of the minutes as presented. Kelly Ohlson seconded the motion. Minutes were approved unanimously via roll call by Julie Pignataro, Kelly Ohlson and Emily Gorgol.

New Business

Discuss and Designate New Chairperson for the Council Finance Committee

Julie Pignataro offered to be the Chairperson for the Council Finance Committee.

A motion to nominate Julie Pignataro as chair was made by Emily Gorgol. The motion was seconded by Kelly Ohlson. Nomination vote confirmed via roll call; Kelly Ohlson, Emily Gorgol, Julie Pignataro.

Julie Pignataro requested that we consider moving the Council Finance Committee meetings to a time at or after 3 pm to accommodate the fact that Julie and Emily Gorgol both have full time jobs. The first Wednesday of the month from 3 - 5 pm was agreed to as a go forward meeting time. The remaining scheduled meetings in 2021 will be rescheduled to accommodate. We will schedule as close to the new guidelines as possible based on calendars.

A. Assumptions for the 2022 Budget

Lawrence Pollack, Budget Director

Teresa Roche, Chief Human Resources Officer

Jennifer Poznanovic, Sr. Manager, Sales Tax & Revenue

2021 BFO Assumptions for funding availability, salary adjustments, changes to benefits costs, and insurance premiums.

EXECUTIVE SUMMARY

In 2021 the City will again use Budgeting for Outcomes (BFO) to prepare the City Manager's Recommended Budget for 2022, the second of two back-to-back one-year budgets. Key assumptions are established early in the process and reviewed with the Council Finance Committee.

1. Funding Sources: The sales and use tax forecast is an important revenue stream necessary to support ongoing costs. General Fund sales and use tax is allocated across all seven Outcomes, while the voter approved dedicated tax forecasts are allocated to specific Outcomes where applicable Offers can utilize that as a funding source, per ballot language requirements. Available reserves can also be used to fund offers, typically for one-time types of expenses.

2. Expense Pressures are numerous, including inflation, restoring 2021 reductions, balancing what we have vs. net new enhancements and insurance premiums.

3. Salary and Benefits: The 2022 Budget includes a 3% average salary pool increase, which is reflected in proposed salaries in 2022 offers. Employee benefit cost changes have also been entered into the City's budgeting tool and are used to calculate total employee compensation for 2022.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

What questions does CFC have about these 2021 BFO assumptions?

Discussion / Next Steps;

Sales / Use / Property Tax;

Kelly Ohlson; regarding sales tax history - do we not show any KFCG #2 revenues?

Travis Storin; it is the full stack - it has become a ¼ cent renewable in 10 years – for trending purposes we consider it part of the full stack as it is no longer a .85

Kelly Ohlson; I see that we went from 8% - 14% then added another 3%. I do not see that anywhere on the materials I read for this meeting. Where do I find that?

Travis Storin; for our first draft of the budget is based on 8% growth from predictions made in March. The 14% is a development from last week - now we have April YTD results and are seeing dramatic growth in sales tax both within the internet environment as well as in the brick and mortar - both are growing quite significantly.

Property Tax History

Kelly Ohlson; 2022 that would be 3 years in a row at \$27M so that is a change since our packet went out

Jennifer Poznanovic; I had the 1% on the chart - I just updated the chart so it was in line with the 6% - \$1.6M In future years for the elimination of Gallagher after so many years as you go out that is going to significantly increase – assuming you are factoring that in for future years.

Lawrence Pollack; that is correct

Julie Pignataro; Use Tax History - how do we use the data if it is so volatile?

Travis Storin; we are being conservative in this area, it comes down to how much do we want to presume is ongoing in nature versus one time - for several years, the staff practice has been to presume a conservative \$14.5M of the \$18M is ongoing - despite volatility it is safe to assume we get that year in and year out. Anything on top of that can only be used to fund programs on a one-time basis rather than our ongoing programs at the city. The data does not lead us to a lot of predictable forecasting when it comes to use tax. We can use permitting activity to help for particularly large projects. The internet retail that we are now collecting taxes on that will have an unintentional effect of decreasing our use tax – all of those entities who were paying use tax are now paying sales tax.

Julie Pignataro; we are climbing our way out of reserves, right?

Lawrence: yes, that is correct

Julie Pignataro; when will Connexion be added / incorporated?

Travis Storin; would be defined as the full build + 12 months is the timing that staff is looking at but moving target

Darin Atteberry; I am not sure there will ever be a day when we give 1-2 years estimate of price increases in a competitive environment -we have the authority to set pricing differently than we do with our other 4 utilities What we are trying to do for years it to give as much heads up notice to rate payers as possible - with broadband it will be a very different situation. Travis, having visibility to the extend we can, to revenue and expenses – there is a lot of work we still need to do in this space. The broadband utility will always be unique as it relates to this type of presentation - there is greater desire in the community for transparency with broadband and I think working through some of these topics with the Council Finance Committee would be very helpful and instructive to the full Council.

Kelly Ohlson; slide 11 - bond issuances - would be good for Council members to know what bond issuances are for- what the \$55-66M is going to get us - 2027 - there are gaps to the right and to the left and we are Issuing up to \$75M in bonds for utilities in the same year. In the future, could we also include why we are issuing those bonds?

Lawrence Pollack; the intent of this slide was meant to give context to the forecasted ranges going out into the future – the intent was not to talk about those details as this will be coming back to Council Finance in November.

Travis Storin; you will receive the CIP for all four incumbent utilities which includes all detail. Long term Capital Improvement Plan

Darin Atteberry; -Theresa Connor – can you give a high-level answer to this question, so we do not keep Council guessing?

Theresa Connor;

Water - we use bond funds for Halligan construction / investment in Halligan expansion -

Stormwater- we are looking at the Downtown Stormwater Improvement Program including Oak and Maple Streets - outfall extensions in that area

Wastewater - we are looking to use bond funds for a needed replacement of the headworks at the Drake facility

Kelly Ohlson; slide 12 funded by reserves with no dollar amount and then in 2022 - \$15M this year and \$9M next year - that context is helpful - How much money we can use from the federal government that we have already received and the projections of money we are going to receive. I do not understand why we are needing federal government backfill in 2023 and 2024 - still funding some things out of reserves when we have that money coming in - why use federal government money - makes no sense to take more money out of reserves with our increase in revenue and federal funds coming.

Travis Storin; those are great points, and we have a Work Session tomorrow evening regarding ARPA.

Conceptual illustration - decisions we made during the last budget cycle to get out of using reserves for ongoing operations. The revenue is outperforming and to an extent, this was a problem that existed on paper in the 2021 budget and as we move into the fall the Council will have more direct insight.

Salary & Benefits - Teresa Roche;

Julie Pignataro; I thought there was no budget for increases in 2020 and we were picking those up again 2021 – is it just how the cycle is falling?

Teresa Roche; it is, we budget for the future year, grant increases at the end of the year to be effective the following year.

Julie Pignataro; turnover data - how long before we start losing employees when they do not get increases?

Teresa Roche; when someone leaves we do an in-person interview or send a questionnaire to find out if compensation was an issue – I am submitting a BFO offer as we are seeing pressures of being able to attract due to cost of living (housing, childcare, etc.)

Julie Pignataro; more expensive to bring new staff on and train them – instead, keep a decent raise coming - concerned about our workforce –because of the cadence as we come out of Covid- memories are sometimes short

Kelly Ohlson; I would like to ask for a side meeting to get some additional questions answered. Example from slide #18 - in the past there has been a lot of information that has been left out - 3% salary increase - non sharing of information. If someone gets 3% - then 400 other people that are entitled get a step increase which maybe another 5 or 6 % increase - they have all of the data - some employees will get an 8% increase – 3% pool of money – that needs to be factored into another chart – I make to be sure we are comparing our jobs to both public and private sector.

Teresa Roche; the step increases are normally in the pie you are referring to – the 3% - we are in fact, in 2018 the city did a salary and trend comparison to national private industry and that is very much a part of our analysis.

Kelly Ohlson; we have a lot of new folks - between 2005 and 2013 I was told we were comparing - we were told we were also comparing private not just our peer cities - we started in 2018 to look at it nationally.

Teresa Roche; I would love to have a separate meeting with you and my compensation team to answer any and all questions. Since you have served on the Council, the city has gone through a tremendous overall of our whole transformation of our compensation program including new job architecture.

Kelly Ohlson; Our people are our #1 expenditure of money - we need to be a good employer and a good servant to the residents and the taxpayers and make sure we are acting appropriately.

Teresa Roche; PPO benefits – public and private comparison in our medical / dental / vision. We are in market, a little below – we feel our premiums are reasonable in light of the portfolio features in the PPO plan we offer - we looked at private.

Darin Atteberry; we have a great history of working through compensation and benefits with the Council Finance Committee - the competency of the team - we have continued to progress in this space - we ask hard questions - all compensation recommendations coming forward are well vetted - we want to be competitive – we want to be a progressive employer - we are the 4th largest employer in Fort Collins and 7th in the county. Our Human Resources team is ready for those questions – it is a continually improving journey- 80-90% of budgets in some of our Service Areas is compensation - I am proud of the work we have done, and we appreciate the dialog.

Kelly Ohlson; I look forward to working with the new team. I believe in being a progressive employer as well – our financial responsibility to taxpayers and rate payers – we want to be a very good and progressive employer – as well as fiscally responsible for taxpayers and rate payers – it hard to find the sweet spot,

Darin Atteberry; the best way is to ensure that is through transparency

B. Immigration Legal Fund

Kyle Stannert, Deputy City Manager

Leo Escalante, Community Engagement Specialist, CPIO

EXECUTIVE SUMMARY

The purpose of this item is to appropriate \$250,000 in General Fund Reserves to create a Municipal Immigration Legal Fund pilot program. If approved, this appropriation would create a pilot grant program to provide local access to immigration legal services for Fort Collins residents seeking citizenship or lawful presence. Grant funds would be awarded to legal service providers based on a competitive process and would be dedicated to providing defense and legal support for people at risk of deportation; children seeking Special Immigrant Juvenile Status; community members seeking pathways to citizenship and lawful presence (also known as Affirmative Cases); and program administration, education, and outreach. The Council Finance Committee reviewed this appropriation request at its April 19, 2021 and May 24, 2021 meetings.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. If the City can obtain additional funding through grants or fundraising for immigration legal services, would the Council Finance Committee recommend:

A. Use of those funds to add to the \$250,000 City General Fund Reserve appropriation to increase the total program funding?

or

B. Supplanting City General Fund Reserves with external dollars to reach a program funding total from all sources of \$250,000?

2. What feedback does the Council Finance Committee have regarding the funding level or services that could be provided to Fort Collins residents as part of a municipal immigration legal fund?

BACKGROUND/DISCUSSION

During the May 11th City Council Virtual Work Session, City Staff from Planning, Development, and Transportation; Neighborhood Services; and the Communications and Public Involvement Department presented demographic data and unmet needs assessment for pro bono immigration legal services in Fort Collins, best practices program design and structure from other publicly funded immigration legal funds, potential funding ranges and examples of the caseload and case types accommodated in each range; and options that would assist undocumented residents in Fort Collins with pathways to lawful citizenship and lawful presence, and strategic alignment with City Council priorities to improve safety, community trust, equity, and livability. This agenda item responds to feedback provided by a consensus of Councilmembers at the Work Session to advance an appropriation for \$250,000 to create an 18-month legal fund pilot program.

Key Findings on Greatest Needs in Fort Collins

City Staff worked with several service providers in Northern Colorado with expertise in immigration services to assess current service levels and unmet need for pro bono or low bono immigration legal services. Based upon this research, the following is a summary of our key findings to inform Council's decision on the City's role in immigration services to Fort Collins residents.

- **Limited Availability of Services:** Currently there is only one immigration attorney practicing in Fort Collins. Attorneys in other practice areas may take on immigration clients but are not focused on complex systems of administrative or immigration law, making the representation challenging and outcomes less consistent. In addition to the limited availability of direct legal representation for immigration cases in Fort Collins, legal advice and documentation assistance for cases related to extension of visas, DACA renewal, citizenship, or legal permanent resident ("LPR") applications are largely unavailable and can cost hundreds of dollars for consultation with an attorney.
- **Affordability:** According to data provided by community partners from target population surveys and feedback from engagement activities, the lack of affordable legal services and representation are considered the biggest barriers to successful integration for immigrants in Fort Collins. While we do not have access to Fort Collins-specific information, data from regional partners working with immigrant communities confirms that 2,963 Northern Larimer County residents are eligible for immigration relief and need low-cost or pro bono legal services to pursue lawful paths to citizenship and presence. We also learned that many need these services for multiple family members in the same household. Out of pocket expenses for deportation defense range from \$6,000 to \$20,000 in filing fees and \$10,000 to \$50,000 for attorney costs depending on the specifics and complexity of the case. DACA, Visa, or LPR applications and renewals have varying filing fees and though the total varies widely, average approximately \$4,000 in attorney costs.
- **High Demand for Services:**

- In Fort Collins, 2,200 residents are eligible for naturalization and the remaining 2,300 non-citizen immigrants are estimated to be undocumented and currently at risk for detention and deportation.¹ According to local immigrant advocacy organizations conducting outreach and operating immigration hotlines, the estimated unmet need for Fort Collins Detention/Deportation cases is 75-100 per year, SIJS cases is 100 per year, and affirmative cases (DACA, LPR, Naturalization) is 400 per year.
- As of December 2020, there were 418 Larimer County residents with pending immigration deportation proceedings initiated by Department of Homeland Security, 83 of whom lacked legal representation.⁷ The Larimer County case numbers and unrepresented immigrants in detention as of December 2020 are almost double the 2019 case numbers.
- In the Poudre School District, there are 54 students who arrived in the U.S. as unaccompanied minors seeking asylum because they are unable to return to their countries of origin due to threat of death or imminent harm. These students could remain in the United States through Special Immigrant Juvenile Status ("SIJS"). Due to the age of the children and current placement in foster care or with relatives other than their primary caregivers, these children only have access to immigration legal services through community programs. The Interfaith Solidarity and Accompaniment Coalition fundraises and connects children with legal service providers for SIJS cases, but their work is limited by the amount raised and availability of pro bono attorneys willing to take Fort Collins cases who are also skilled in complex SIJS cases.

Market Rates & Pilot Program Budget

To inform Council's consideration of the fund amount, City Staff obtained attorney costs by case type in the Fort Collins market from nonprofit immigration service providers, Rocky Mountain Immigrant Advocacy Network ("RMIAN") and Interfaith Solidarity and Accompaniment Coalition ("ISAAC") and are based on actual attorney and legal staff costs. The amounts listed cover limited filing fees associated with the pro bono representation.

Case Type	Pro Bono Legal Costs/Case in Fort Collins market	Unmet Need in Fort Collins*
Detention/Deportation	\$6,000/case	75-100 cases/year
Special Immigrant Juvenile Status (SIJS)	\$4,000/case	100 cases/year
"Affirmative Cases"- Deferred Action for Childhood Arrivals (DACA), Lawful Permanent Resident (LPR), or Naturalization	\$1,000/case	400 cases/year

***Unmet need in Fort Collins is estimated for 2021 and may be higher due to reluctance of immigrant community members to identify themselves and their need for services for use by a governmental entity in this analysis.**

Pilot Program Budget

In addition to consideration of market rates and unmet local need for immigration legal services in determining an effective pilot program budget, there are also baseline start-up costs due to the current lack of local access, program administration needs, and minimum caseload needed for recruitment of qualified attorneys to participate.

¹ <https://dornsife.usc.edu/csii/eligible-to-naturalize-map/>

The pilot program is proposed for 18 months from June 2021 to December 2022 to allow time to evaluate the long term need and City role in this program. The program start-up costs below are based on this timeframe.

Program start-up costs

- **Program administration**
 - Includes a program coordinator position or equivalent employed by a partner organization.
 - Responsibility for program deliverables related to outreach to target populations, educational materials, translation and interpretation services, legal advice clinics and training sessions, capacity-building activities for local and regional service providers, administrative duties related to legal representation, and grant reporting.
 - Costs for pilot program administration would not exceed \$90,000 and could be decreased based on program needs and delivery models of grant recipients.
- **Minimum Caseload**
 - Because Fort Collins does not have an existing pool of immigration attorneys, the municipal immigration legal fund service providers would need to recruit and retain a qualified attorney (or group of attorneys contracted to provide local access to legal services) and support staff.
 - Deportation cases have been identified as the most urgent need, cause the most disruption to families and the local community compared to other case types, and have the largest economic impact.
 - The minimum caseload identified for the Fort Collins area to recruit and retain legal staff for the duration of the pilot is 15 deportation cases (or the equivalent financial commitment).

18-month Pilot Grant Program Funding Example*

Example	Program Administration	Detention - Deportation Cases *minimum 15 \$6,000/case	Special Immigrant Juvenile Status Cases (SIJS) \$4,000/case	Affirmative Cases (DACA, LPR, or Naturalization) \$1,000/case	Funding Range
C-18	Up to \$90,000	15-20	0-5	0-20	\$180,000-250,000

*Case numbers in the example are not intended to reflect the actual number in each case type that would have representation under the pilot as the actual number will be impacted by factors outside of the control of service providers, such as who applies for participation and at what rate.

Program Focus

The City of Fort Collins has authority to offer this pilot as an **equity** program, one that is available to any Fort Collins resident in need of the services without regard to income, case type, age at entry into the United States, or other qualifiers. Having heard from Councilmembers an interest in assisting with cases involving children, DACA recipients, and victims of violent crime, the requests for proposals can encourage legal service providers to propose service delivery that is inclusive of a broad range of case types. The grant review panel can also prioritize marketing efforts for the request for proposals to organizations that provide or seek to provide those services. The appropriation request of “up to \$250,000” reflects the anticipated funding level needed to maximize the potential representation for the greatest variety of case types, including those related to minors and violent crime victims within the C-18 example funding range.

Partnerships & Additional Funding Sources

Through extensive collaboration with stakeholders, Staff has identified a number of potential community partners and grantor organizations that might be in positions to assist with providing services or additional funding for a City-sponsored immigration legal fund. If this appropriation is approved, Staff will actively pursue these opportunities to leverage these partner resources.

City Manager, Darin Atteberry, communicated with Larimer County Manager, Linda Hoffmann, in April and May 2021 regarding the potential for collaboration and partnership to provide immigration legal services to both City and County residents. Further discussion will be at the City Leadership and County Leadership levels.

Existing Publicly Funded Immigration Legal Services

Program design, metrics, and funding options were determined through comparative analysis of existing publicly funded immigration legal services and incorporation of best practices developed by these cities, counties, and states. In previous Council agenda item materials, comparison of a limited subset of these publicly funded immigration legal services programs was included consisting of those with an approximately equivalent percentage of immigrant population in the cities/counties to that of Fort Collins. "Attachment 4" contains available information for 46 existing publicly funded immigration legal services/funds, two of which were newly established in May 2021.

Next Steps: If this appropriation is approved by City Council, Staff anticipates releasing a request for proposal from legal service providers to perform work under a competitive selection process in the second quarter of 2021 and anticipate work to begin in the third quarter of 2021.

Discussion / Next Steps;

Emily Gorgol; when we are talking about 'other grants' – does that mean the city is finding other grants to increase the dollars we are using for legal funding and that we are overseeing and administering all of those grants?

Leo Escalante; that is correct, we are currently exploring different grant opportunities and the city will be the oversight for administering the grants in combinations or partnership with the program coordinator from a local non-profit service provider

Emily Gorgol; will the city also be hiring someone?

Leo Escalante; the city currently has no plans for additional staff hiring – the way this would be pared out would be very similar to the housing eviction grants that were distributed, identifying the coordinating organization staff to collaborate and align efforts.

Emily Gorgol; I think we are oscillating between paying for legal defense and a legal defense program. Seems like we are moving more toward a whole program when we are doing things like seeking grants for other organizations and then having multiple grants come together to fund that and in addition we are looking at a grant / paying \$90K to a non-profit for administrative costs.

When we talk about legal – I think we need to focus our dollars on the legal side and not on the administrative side – especially sense this is a pilot. \$250K is high especially considering Denver started out lower and they have a higher population. If we are working with nonprofit partners, it should be part of their job and duty to

cover the grant administration side and the city is just providing the defense dollars. It is a lot easier for nonprofits to apply in one place to get funds rather than having to go to the city and the county. If we can work with other entities – one spot. As a pilot program, we should be funding just the defense side and work with nonprofits for the program administration side. They can find that support outside of the city especially with this pilot. I think we need to lower the amount we are putting in into that range - if we can get the county to supplement funding then I think we would add to it - to cap it. If we did get funding from the county, would we be overseeing funds to outside our city limits?

Kyle Stannert; during our four-month ramp up, those are some of the things that when we have program certainty and are moving forward we would have to look at. There is legislation pointing towards partnership with the County is possible and that opens up the type of question about how we are administering it, the commitment to come back with reviews on metrics and how things are going. As we ready to kick-off that would be a great staff opportunity to update Council on how we are able to navigate that.

Emily Gorgol; I think we are all figuring out how to do this and hopefully we can get the county to support this as well.

I understand not having the Income restricted - I do think we need to focus it on some way to make sure that folks who really need those dollars are being screened / prioritized - we do need some way of prioritizing who is getting the funding – to make sure those who most need access are getting the assistance.

Leo Escalante; those would be options that we would explore with the City Attorney's office given that this program is being framed as an equity program - income qualification guideline - regarding your question of who would coordinate the disbursement of potential grants we obtain - something we have seen from comparable cities is that 30 of the public nonprofit partnerships have also community foundation or a nonprofit partner that coordinates the distribution of the funds and these service providers report annually to the municipality and also assist with the funding - those would be models that we would be exploring.

Carrie Daggett; we will follow up most specifically on the question of imposing either income guidelines or considerations - the main place that becomes an issue is in looking at the requirements in state law for getting affidavits of level presence which of course are difficult for people who are experiencing immigration issues to provide. We will work with staff and will follow up further on that issue.

Note: I am not current on the status of the legislation that was introduced that would have changed the state law related to this – so that is something we will be sure to follow up on – because that could eliminate some of the concerns on income depending on what happens in the general assembly.

Emily Gorgol; I now remember why - we do have good relationships with our partners - thinking creatively

Kelly Ohlson; I promised a group I met with that I would try to get to yes on this. I don't know that I am going to be able to do that, but I do understand the importance of this to members of council and members of the community. I did not understand the technical aspects of an equity program and needs based funding – so it is more complicated than I thought - my basic sense of justice, equity and inclusion starts with economically challenged people, that is the root of my politics - the concentration of wealth and power in the hands of fewer and fewer people and the elites. I would rather spend my money on helping those who are financially challenged but that may be complicated in this particular situation.

Thank you for the great detail data that was provided and presented in a very readable fashion - I was hearing that we were going to be the highest funded program per capita which was leading to a lot of opposition but that is not the case – in fact, it is not even close – there are probably 10-15 that are considerably higher.

If we are concerned about taking care of residents of Fort Collins who may have citizenship issues and legal challenges – is it in there someplace that they had to be a resident of Fort Collins for a certain amount of time? Why don't we put a reasonable date on this, so we help the residents who currently live in Fort Collins? Maybe 1/1/21 which is well after Council started talking about it.

Kyle Stannert; I would look to our city attorneys to see if we could we figure out a way to put that in the legislation coming forward. Leo, is that something that has been explored?

Leo Escalante; what we have seen from comparable cities and from research that has been conducted is that creating these types of funds did not create an inflow of additional immigrants seeking this type of services. Denver has a provision that the funds would only be dedicated for people living in Denver, so we could see how they structured this requirement of the fund.

Carrie Daggett; we have talked about including a residency aspect to the definition of the program and we can look at that adding a timing factor to people needing to be here by a certain point in time - there could be some practical challenges but we would be looking at that and evaluating what would be required to show someone had been living here - how we might build that in - there probably is a way we can do that and will work with staff to evaluate options.

Kelly Ohlson; in order to make the program more acceptable to more people - although city residents are part of the county - would we be looking at a city residency requirement – could be complicated - unless the county is partnering with us – we will be helping Fort Collins residents

Leo Escalante: we will be exploring the residency requirement for people who live in Fort Collins.

Julie Pignataro; I was thinking about the 24-hour homeless shelter we visited in Texas and they had some creative ways of figuring out how long someone had been in their community before they could be brought into their program. I did the math to calculate this unmet need and came up with \$1.4M if I calculated correctly. I am a proponent of the \$250K but I do understand that because we have so much unmet need, we need to put some walls around it, and I am fine with being for our city residents. I do also agree that the administrative support is being adsorbed by our partners as we want to make sure the money we are providing goes directly to legal expenses. Are there grants that would only be available to a city and not to a nonprofit?

Leo Escalante; yes, there are grants with those requirements. We actually received notice of a federal grant that is only available to a city.

Julie Pignataro; if the city got this grant specific fund - would we not be able to get it unless it was put into the fund we specifically create, or would there be other ways to use that money?

Leo Escalante; it would depend on the type of grant that we would be seeking and whether the grant has any restrictions or not – there are a variety of grants out there - specifically for municipalities – it is important for the success of the pilot program

Kyle Stannert: when this comes forward we will make sure the AIS addresses this clearly.

Julie Pignataro; If we are going to decrease from \$250K to a different number then I would like us to be able to scale up to \$250K for the pilot if we could get grants or other funds to go with that.

Council members appreciated the data provided in Attachment D – cities – I look at those who had closer to the same immigrant population percentage that we have - this is something that is going to be very independent to every community because of the kind of work done in that community but it was great information to have on the back end for sure. Thank you

C. Housing Catalyst CCIP Support

Meaghan Overton, City Housing Manager

Sue Beck-Ferkiss, Social Policy & Housing Program Manager

Request for \$610K Subsidy from Affordable Housing Capital Fund (AHCF)

EXECUTIVE SUMMARY

Housing Catalyst's (HC) Oak 140 project is a partnership between HC and the Downtown Development Authority (DDA) to finance and construct a 4-story, mixed-use building at the intersection of Oak and Remington Streets. The project will create 79 affordable rental homes in the Downtown area serving residents who make between 30-80% of Area Median Income (AMI). The financing for the project includes contributions from DDA and HC, State and Federal tax credits, Private Activity Bond (PAB) allocations from the City and County, and HC bonds. Housing Catalyst is requesting \$610,000 in City funding from the Affordable Housing Capital Fund (AHCF) to help close a financing gap created by escalating commodities pricing, especially lumber. This request is aligned with guidance in the Housing Strategic Plan and with the City's criteria for funding affordable housing projects.

Though City Plan, the City Strategic Plan, and the Housing Strategic Plan all encourage production of affordable housing, the realities of financing and constructing deed-restricted affordable housing are very challenging. Project feasibility can be significantly impacted by changes to the costs of materials and labor. To break ground as scheduled in summer 2021 and to avoid even greater cost escalations, the Oak 140 project requires additional subsidy. Currently the only direct City subsidy allocated to this is \$98,000 in fee credits for 7 units that will serve residents making 30% AMI or below.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Is Council Finance Committee supportive of the request for \$610,000 of direct subsidy from the Affordable Housing Capital Fund for the Housing Catalyst (HC) Oak 140 project?

BACKGROUND/DISCUSSION

The City has established community-wide affordable housing goals to have 10% of the city's housing stock deed-restricted and affordable by 2040. This goal has been reaffirmed through the adoption of the [Housing Strategic Plan](#), which sets a clear vision that Fort Collins will be a community where *everyone has stable, healthy housing they can afford*. To reach our 10% goal, the city needs to develop at least 282 affordable homes each year. If the Oak 140 project is built, it will represent 28% of the city's annual affordable housing production goal.

There are several funding sources available to support the development of affordable housing (CDBG, HOME, AH Fund, AHCF). The City allocates between \$2 million - \$3 million to affordable housing in a typical calendar year. It is important to note that although the City has been notified by HUD of an additional HOME allocation of \$2.6 million in recovery funding through the American Rescue Plan Act (ARPA), guidance related to the application

process and eligible uses will not be available until the fall. With the addition of these funds, staff estimates that approximately \$5 million will be available through City and Federal sources for the 2022 Competitive Process. \$500,000 will be added to the AHCF in 2022 as well.

Social Sustainability completed the 2021 Spring Competitive Process in April and the funding recommendation from the Human Services and Housing Funding Board is scheduled for consideration by City Council on June 1, 2021. Four housing proposals were received, which are being recommended for a total of \$2,700,000 in funding. There is an unallocated balance of \$486,394 in Affordable Housing funds which will be reappropriated for use for affordable housing projects in 2022. To initiate a Fall Competitive Process, the unallocated balance must exceed \$500,000; otherwise, the unallocated funding is carried into the Spring Competitive Process. There is an unallocated balance of less than \$500,000 in Affordable Housing funds and no federal funds. Because this threshold has not been met, next year's Spring Competitive Process is when these and the new allocation of federal funds will be available to housing projects.

Project Background and Funding Request: Oak 140

Housing Catalyst (HC) approached the City to discuss the possible use of the AHCF to help close a financing gap in Oak 140 created by escalating commodities pricing, especially lumber. HC is requesting \$610,000 from the AHCF to successfully close on the project and lock in pricing for construction. Though the total gap is projected to be larger than the amount requested, HC will reduce costs on the project through value engineering and use a range of other strategies to close the remainder of the financing gap.

The Oak 140 project will create 79 affordable rental homes in a desirable Downtown location. The breakdown of unit types and the income levels served is outlined below:

30% AMI	7 units
40% AMI	6 units
50% AMI	29 units
70% AMI	29 units
80% AMI	8 units
Average AMI	57.85%

To date, the City has committed \$98,000 to the project through fee credits for 7 qualifying units that will serve residents making 30% AMI or below. No additional subsidy has been committed to this project. Oak 140 is being financed through contributions from DDA and HC, State and Federal tax credits, Private Activity Bond (PAB) allocations from the City and County, and HC bonds. HC hoped to avoid using Competitive Process funding; however, the cost of materials has skyrocketed since the project began the development review process in May 2020. The financing sources and amounts for the Oak 140 project are as follows:

Source	Amount
Federal LIHTC Equity	\$11.6 million
State LIHTC Equity	\$1.7 million
First Mortgage (bonds)	\$7 million
Second Mortgage (bonds)	\$1 million
Fort Collins DDA Equity	\$5,175,370*
City AHCF (current request)	\$610,000

Deferred Developer Fee	\$576,298**
TOTAL	\$27,689,041

**DDA Equity amount does not account for the land contribution; estimated value is \$2.3 million*

*** Does not reflect HC \$1.3 million for 143 Remington acquisition*

A detailed memorandum outlining Housing Catalyst's request for funding is included as Attachment 1.

Affordable Housing Capital Fund Considerations

The 2015 voter-approved Community Capital Improvement Program includes the AHCF, which will accrue a total of \$4M over ten years through 2025. The ballot language states it will fund capital costs of development or rehabilitation of one or more public or private housing projects designated specifically for low-income individuals or families. Previous Council direction has supported use of this fund for fee credits and direct subsidy for qualifying projects. This request would be a direct subsidy.

The current balance of the AHCF is roughly \$610,000, which is available for the capital needs of one or more affordable housing projects. The AHCF will be replenished with \$500,000 in January 2022. If this request from Housing Catalyst is approved by the full Council, the balance of the AHCF will be approximately \$300 until January 2022. Staff does not expect any additional requests for fee credits in 2021.

This request is well-aligned with previous Council direction and with the recently adopted Housing Strategic Plan. Providing final funding to projects that are "shovel ready" but facing a funding gap is a use of AHCF resources that has strong policy support. The AHCF was also used in this way to finalize funding for Mason Place in 2019. In addition, the current request is substantially lower than the City's typical subsidy of affordable housing projects. Between 2015 and 2020, the median average subsidy the City contributed per affordable housing unit was \$38,970. The current request for \$610,000 and the \$98,000 in fee credits represents a per-unit subsidy of just under \$9,000 per unit. For a relatively low per-unit subsidy, the City can support the construction of 79 affordable homes in an area of the community with high access to jobs, transit, and other amenities.

Staff is aware of other affordable housing projects in the development pipeline; however, it does not appear that there are any other affordable housing funding needs that cannot wait for the 2022 Spring Competitive Process.

Previous Council Actions

Council has taken three previous actions related to the Oak 140 project. Two actions ([July 2020](#) and [November 2020](#)) were related to determining fair market value for leases between the Downtown Development Authority (DDA) and Housing Catalyst.

At the May 18, 2021 hearing, Council considered a [request for \\$350,000 in fee credits](#) for qualifying units in two affordable housing projects – Oak 140 (Housing Catalyst) and Cadence (Volunteers of America). Of that amount, \$98,000 was for Oak 140's 7 qualifying units. This request was unanimously approved on First Reading.

NEXT STEPS

If Council Finance Committee is supportive of this request, staff will prepare an ordinance for consideration by the full Council in June and will seek a recommendation from the Affordable Housing Board at their meeting on June 3, 2021.

To fulfill this request, the City Council would need to authorize the City Manager to enter into a funding agreement between the City and Housing Catalyst that would provide \$610,000 to Housing Catalyst from the Affordable Housing Capital Fund. This funding agreement would:

- Provide funds as a “due-on-sale” loan to ensure the project remains as affordable housing. This loan would only need to be repaid if/when the development was sold
- Require a minimum 20-year agreement of restrictive covenants

Discussion / Next Steps;

\$9K per unit is significantly lower than typical subsidies

Kelly Ohlson; I seem very supportive – that is what the fund is for -so it makes sense to me I see on the AIS, require minimum 20-year agreement of a restricted covenant - I thought this was a Housing Catalyst and DDA project - Why would this not be a permanent or 40-year restrictive covenant - 20 years is a snap of fingers even in housing

Meaghan Overton; the city’s definition of affordable housing in code requires 20-year commitment required but could be changed and that is one of the strategies of the Housing Plan to consider increasing the 20-year minimum requirement but could be more -

Sue Beck-Ferkiss; this project is a tax credit project so, in fact, it will have affordability restrictions for at least 30 -40 years or more through the tax credit financing mechanism - And furthermore since this is a Housing Catalyst project their mission aligned to providing affordable housing forever - we are very confident that the affordability term will be much longer than the minimum of 20 years

Darin Atteberry; is there a way to memorialize that? Asking Kristin Fritz, Housing Catalyst and Matt Robenalt, DDA what specifically can we do to ensure affordability into perpetuity?

Matt Robenalt; The DDA has structured this partnership with the Housing Catalyst with a 99-year ground lease term - affordability - during the term of that ground lease remain intact

Kristin Fritz; there is city policy around the 20-year affordability - as the Housing Authority for the City of Fort Collins, we always exceed this requirement and as Sue mentioned the tax credit program requires a land use restriction of a minimum of 40 years – our purpose and mission are to keep this permanently affordable. Sign up for the same term as the ground lease.

Kelly Ohlson; The AMI in Fort Collins is high because we are a high-tech center - I am assuming we are using 80% AMI in order to make the project viable. I am much more for supporting the 60 /50 /40% AMI group.

Kristin Fritz; This project is utilizing income averaging so the average income over the project is below 60% AMI. In partnership with DDA, we wanted to make an effort to target the downtown workforce and we thought being able to serve up to 70-80% of AMI would capture 13 units at 30-40 % AMI - which is a huge achievement and win in a downtown location – that mix – we wanted to stay true to income average and achieve a healthy mix of range.

Kelly Ohlson; Housing Catalyst does some incredible work. Privately funded somehow with tax credits, etc. when their 20 or 30 years ran out and they were in partnership with the Housing Authority / Catalyst who then purchased them, and the renovation costs were considerable – that is an example of how fast 20-30 years go

I remember when those projects started - there were 2-3 large projects that you then bought when the developer's responsibility was over – it was sold to the private sector then there was considerable renovation

Kristin Fritz; the reference point to the Village on Shields which the Housing Catalyst did acquire which is a tax credit property and was going out of compliance and needed renovation due to aging - we stepped in to preserve it as long term affordable – we stay invested in the community and not only do we use our resources to preserve or add new affordable units - we build these projects with upfront costs and over time they will require additional resources to rehab them and retain another 20 years of life - the hardest piece is to build them in the first place. Village on Shields - we were not the original owner and we stepped in as there was a real risk of it being flipped to the market which would have been a loss of 285 units - the use of dollars to preserve those units and get them back into affordable with us as a partner that can maintain them as truly permanently affordable

Kelly Ohlson; they had done some private investors and the tax credits ran out and they could get market rate – I am for the city moving forward with a minimum of 40 - preferably into perpetuity. Some that are privately done with tax credits can hit the private market – I think we should focus on a lot longer than 40 years.

Emily Gorgol; can we update the language to reflect the 99 year instead of the 20?

Darin Atteberry; We will look at this as a staff and bring it back and if there is a compelling reason not to we will communicate that as well.

Emily Gorgol; can you briefly talk about ARPA fund and address if we can use them for Affordable Housing construction? Assuming the reason we are not using these funds for this project is that we do not yet have adequate guidance and that we do not have the funds right now.

Meagan Overton; the timing of the request is such that the spring competitive process would be too late to prevent the additional cost escalation from happening. We do not have the full guidance on the recovery dollars but we expect that in the coming months.

Emily Gorgol; some concern about depleting the funds - we do not have something coming up and potentially with the ARPA funds, if something emergent did come up, we could potentially utilize those funds.

Meaghan Overton; We will have significantly more dollars to disperse in the spring competitive process than we typically do, and we will get the replenishment of the Affordable Housing Capital Housing fund in January.

Emily Gorgol; this is a great use of the funds – it is shovel ready – the average is still under 60% AMI and I agree there is value in mixing of income levels in a property —we need to look at the average - gets complicated with who we are serving - being able to live close to downtown and not have to commute in- great partnership and location. Looking at the size of \$2.3M land donation – it is still super hard to make these projects to work – we are looking at \$4.1M over ten years which seems like such a small amount of money to address such a huge need. Construction and lumber prices are not heading in a downward direction - from the pandemic we are seeing them continue to rise - lumber costs \$4M is not going to get us where we need to go - Hoping that Council Finance will look at funding options that other communities are doing. For example, last year Denver did an extra tax on marijuana sales to help with their housing.

Darin Atteberry; It is a great opportunity to have Matt and Kristin here – this is a great project / great location - appreciate Matt's leadership and his role with Housing Catalyst – here is an example where there were some last-minute cost inflators - our staffs were working together. Emily came to me as a board member and asked if we could have a quick conversation with Council Finance to discuss timely issues. The fact that we have this housing fund is a reason to celebrate. Voters approved this; nimbleness, adaptability, and leverage. Matt and Kristin, I heard that you value engineered the project - I hope that does not relate to some of the skin and some of the initial design. Can you confirm that we are not going to have a significantly changed exterior project?

Kristin Fritz; the big constraint for us in value engineering is that we cannot touch the building exterior once it has been entitled. We are looking at constructability, materials, parking deck, finishing - things that will not have an impact on the exterior of the building which is why we could not shave off the \$1M increase – we could chip away at it but that building needs to look exactly as when it was entitled.

Darin Atteberry; Matt, I know you are committed and expect you are aligned.

Matt Robenalt; yes - 100% aligned

Julie Pignataro; I am supportive - you answered all my questions

Meeting adjourned at 12:16 pm

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Jamie Gaskill, Utilities Community Engagement
Brian Tholl, Utilities Energy Services

Date: 16 June 2021

SUBJECT FOR DISCUSSION

Income-Qualified Assistance Program (IQAP) Update and Proposed Changes

EXECUTIVE SUMMARY

The Income-Qualified Assistance Program (IQAP) that provides income-qualified customers reduced rates on select Utilities services was introduced in October 2018 as a pilot program. The IQAP rate that provides a 23% discount on electric, water, and wastewater services is due to expire July 31, 2021. Staff are planning to provide City Council an update on the program in June 2021 and will be seeking City Council's direction regarding continuing the rate through 2024 and making administrative changes to the program's enrollment process.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Staff are seeking City Council's direction regarding extending the IQAP rate pilot an additional three years (through December 2024) and aligning the rate with the Utilities annual rate ordinance. Does the Council Finance Committee support bringing the three-year extension of the IQAP rate pilot and the rate alignment to the full Council for consideration in June 2021 ahead of the IQAP rate expiration (July 31, 2021)?
- Does the Council Finance Committee support shifting the IQAP from an application-based/opt-in program to an auto-enroll/opt-out program?

BACKGROUND/DISCUSSION

The Income-Qualified Assistance Program (IQAP) was approved by City Council and launched in October 2018 in conjunction with the Time-of-Day (TOD) electric rates. The program was designed to reduce utility burdens for qualifying low-income participants that opt-in to the program by giving them a 23% discount on specific rate components of electric, water and wastewater services. The current pilot and associated discount are set to expire July 31, 2021, pursuant to City Code §26-724.

Current Program Design

Utility burden is defined as the percentage of a household's income that is spent on utility services such as gas, electric, water, wastewater and stormwater. Low-income households have been found to have disproportionately high utility burdens when compared to non-low-income households¹. The IQAP rate pilot was designed as a multi-pronged approach to helping low-

¹ ACEEE (2020). Energy Burden Report. <https://www.aceee.org/energy-burden>,
US Water Alliance (2016). Invisible Crisis – Water Affordability in the US.
<http://uswateralliance.org/sites/uswateralliance.org/files/Invisible%20Crisis%20-%20Water%20Affordability%20in%20the%20US.pdf>

income households (at or below 165% Federal Poverty Level) achieve utility burdens that are more similar to those of households with 100% Area Median Income (AMI). The IQAP 23% rate discount was designed to be combined with Low-Income Energy Assistance Program (LEAP) benefits and in-home conservation efforts to reduce participants' utility burdens to more average levels (approximately 3.1% of income).

Utilities also partners with LEAP for income-eligibility verification for IQAP. LEAP eligibility is based on household size and an income threshold of 60% of State Median Income (SMI). Utilities customers that are enrolled in the current or past LEAP season are eligible to complete an application to "opt-in" to participate in IQAP. Utilities sends bulk invites via mail or email to LEAP-enrolled customers annually to encourage them to apply for participation in IQAP. Customers can also fill out an application at any time during the year to be enrolled in the program provided their LEAP enrollment can be verified. Applications can be completed online or via a paper form. Once an application is received by Utilities staff, the customer's LEAP enrollment is verified, and their rates are changed for the applicable services.

In addition to receiving the reduced rate on services, IQAP participants are encouraged to participate in no-cost conservation programs such as Larimer County Conservation Corps (LCCC) and/or Colorado Affordable Residential Energy Program (CARE) to make their dwelling more efficient and to help reduce utility costs further. They also receive the monthly Utilities Insights newsletter (fcgov.com/utilities/utilities-insights) that provides low- or no-cost tips and tricks for reducing utility use and costs.

Initial IQAP Pilot Results

The IQAP was launched in October 2018 and results discussed here are based on the first two full calendar years of the program (2019 and 2020). The following were used to analyze program impact:

- Program enrollment
- Reduced rate benefit to customers/utilities revenue impact
- Actual customer utility use (year one)
- Customer surveys
 - Pre- and post-program surveys annually
 - In-depth customer engagement survey (year one)

When IQAP was approved in 2018, participation was projected at 2,000 customers annually based on census data and expected LEAP enrollment. For the first two years of the program the actual average annual enrollment was 717 customers, or 36% of what was projected. Additionally, the projected benefit to customers was \$441,000 and actual average annual benefit to customers was \$141,944, or 32% of what was projected. The actual annual utility bill savings per customer was approximately \$200. Table 1 summarizes program enrollment and the annual benefit to customers.

Table 1: IQAP planned and actual participation and annual customer benefit

	Participation	Annual Customer Benefit
Planned*	2,000	\$441,000
Actual**	717	\$141,944

**Council approved in 2018*

***Average annual participation and benefit for 2019-2020*

Encouraging energy and water conservation through dwelling modifications and behavior change education has also been a focus of the IQAP pilot. Customers are invited to participate in programs such as LCCC and CARE. Table 2 summarizes IQAP customer participation in each program in 2019 and 2020. Note: due to the impacts of COVID-19, in March 2020 LCCC and CARE were put on hold because contractors were not able to do in-home assessment. As an alternative, customers were invited to request conservation kits to be sent to their homes. Kits contained do-it-yourself products that customers could install in their homes to reduce energy and water use. Approximately 85 IQAP customers received kits since September 2020.

Table 2: IQAP customer participation in LCCC and CARE

	2019	2020
LCCC	90	27
CARE	7	1

In addition, IQAP participants were sent the monthly Utilities Insights newsletter via email or mail. The newsletter contained seasonal tips, tricks and programs for saving energy and water and ways to make homes healthier. Insights newsletters were offered in English and Spanish. See Attachment 2 for a sample issue. Approximately 50% of participants received the newsletter via email. Open rates on the email version of Insights were significantly higher than the industry average and are summarized in Table 3.

Table 3: Open rates and click rates for emailed version of Utility Insights newsletter compared to industry averages

	Open Rate	Click Through Rate
Utilities Insights E-Newsletter	48%	9.5%
Government Agency or Services	29.98%	11.22%
Industry Average*		

**Industry average according to Constant Contact data*

(https://knowledgebase.constantcontact.com/articles/KnowledgeBase/5409-average-industry-rates?lang=en_US)

In an effort to examine impacts of conservation efforts associated with IQAP participation, staff engaged Apex Analytics, a Colorado based evaluation and analytics firm, to conduct an initial billing analysis for year one of the program (October 2018-September 2019). The analysis utilized a difference-in-differences approach, comparing 538 IQAP participants to a synthetic control group (non-participant LEAP customers). The billing analysis found there to be no statistical change in water use and a 5% increase in energy use. See attached memo from Apex Analytics for detailed findings.

Apex Analytics also designed a customer survey that was utilized to understand how IQAP benefited participants and impacted customer engagement and awareness of conservation programs. Survey invitations were sent to 527 IQAP participants and 175 customers completed the survey.

Highlights from the findings from the IQAP Participant Survey include:

- 76% of survey respondents have participated in or are aware of conservation programs.
- 76% of survey respondents report increased comfort in their home.
- 86% of survey respondents report being more secure in their ability to pay their utility bill.

For additional survey findings, please see the attached Apex Analytics memo.

The first two full calendar years of IQAP implementation provided valuable information about program design and execution. Utilizing the “opt-in” application-based enrollment resulted in participation rates that were significantly less than what was projected. Enrollment moderately increased across the two years.

The COVID-19 pandemic began at the beginning of 2020 which coincided with the second full calendar year of the IQAP implementation. COVID-19 did not appear to significantly impact program enrollment in 2020, however, it did impact the conservation component of IQAP. For example, customers were not able to participate in LCCC or CARE after March 2020 because both programs were suspended due to COVID-19. The suspension significantly impacted participation rates which was apparent in the sharp decline in participation from 2019 to 2020. The effects of COVID-19 on this and other components of the program have made overall assessment of program effectiveness and sustainability difficult to determine. The pandemic’s continuing effects on customer behavior is one of the factors driving staff’s recommendations to extend the program pilot which will be discussed next.

Issues for Consideration

The IQAP rate pilot is due to expire July 31, 2021, as stated in City Code. Staff recommends extending the rate pilot an additional three years and aligning the rate with the annual Utilities’ rate ordinance that is considered by City Council each fall. With the extension staff will:

1. Continue targeted engagement with low-income community members. Staff will utilize findings from participant surveys to tailor methods of engagement to make them more effective.
2. Build on existing enrollment and seek to enroll 1,500 customers.
3. Continue to promote participation in conservation programs and educate program participants about efficiency practices.
4. Analyze program impact for customers and the utility and report findings to Council.

In addition, staff recommend that consideration be given to changing the program from an application-based/opt-in program to an auto-enroll/opt-out program. An auto-enroll program would eliminate the need for customers to fill out an additional application beyond the required LEAP application. In addition to removing participation barriers for customers, auto enroll would decrease the amount of staff time required to administer the enrollment process and would

allow staff to spend more time engaging directly with customers. Figure 1 illustrates how this would affect program processes and the customer experience.

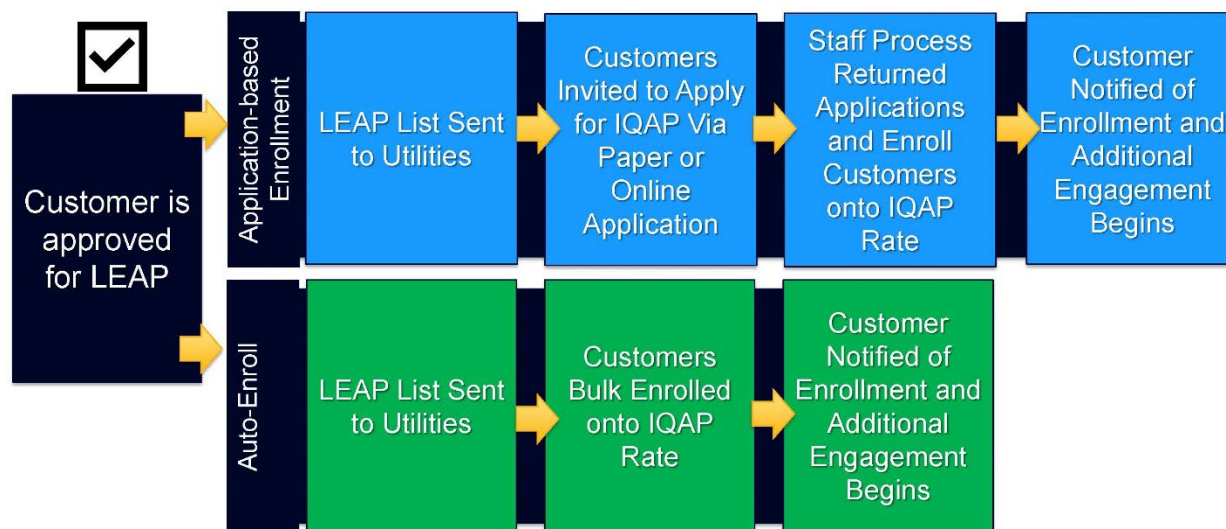


Figure 1: IQAP Application-based Enrollment Processes Versus Auto-Enroll

Changes to the enrollment process will also integrate with citywide efforts to streamline income-qualified programs across the organization. For example, LEAP-enrolled customers that move into the Utilities service area outside of the auto enroll months (December – May) will be able to apply for IQAP via the online or mobile portals that are currently in development in partnership with Code for America (see attached Memo regarding the Code for America partnership).

Changing the IQAP enrollment format is projected to nearly double the number of participants in the program. In addition, the impact to annual operating revenues would increase from \$141,944 (0.1% of total utility revenues) to \$272,342 (0.2% of total utility revenues). Table 4 illustrates the projected impact on overall participation and annual customer benefit and Table 5 illustrates the projected revenue impacts for each utility.

Table 4: Projected impact of making IQAP an auto-enroll program

	Participation	Annual Customer Benefit
Planned*	2,000	\$441,000
Actual**	717	\$141,944
Projected with Auto Enroll***	1372	\$272,342

*Council approved in 2018

**Average annual participation and benefit for 2019-2020

***Based on estimated 98% auto enrollment of all LEAP-enrolled customers

Table 5: Projected revenue impacts by utility of making IQAP an auto-enroll program

Utility	Planned*	Actual**	Projected***
Electric	\$348,000	\$105,782	\$215,423
Water	\$39,000	\$17,041	\$23,149
Wastewater	\$54,000	\$19,121	\$33,770
TOTAL	\$441,000	\$141,944	\$272,342

**Council approved in 2018*

***Average annual revenue impact for 2019-2020*

****Based on estimated 98% auto enrollment of all LEAP-enrolled customers*

Should Council approve the change to an auto-enroll program, staff proposes starting the auto-enroll format with the 2021-2022 IQAP season that begins October 1, 2021.

Board/Commission/Committee Recommendations

At the May 6, 2021 Affordable Housing Board meeting, board members voted unanimously (6,0) to support the three-year extension of the IQAP rate pilot. Board members also voted unanimously to support making the program an auto-enroll/opt-out program.

At the May 13, 2021 Energy Board meeting, board members voted unanimously (8,0) to support the three-year extension of the IQAP rate pilot. Board members also voted unanimously to support making the program an auto-enroll/opt-out program.

At the May 20, 2021 Water Commission meeting, commissioners voted unanimously (10,0) to support the three-year extension of the IQAP rate pilot. Commissioners also voted (9,1) to support making the program an auto-enroll/opt-out program.

ATTACHMENTS

Attachment 1: Memo from Apex Analytics (PDF)

Attachment 2: Sample Utilities Insights Newsletter (PDF)

Attachment 3: Memo Re: Digital Access & Equity Outreach Update (PDF)



Utilities Income-Qualified Assistance Program Update and Proposed Changes

Jamie Gaskill, Utilities - Community Engagement

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1. Overview of Utilities Affordability Portfolio
2. Income-Qualified Assistance Program Background and Impact
3. Issues for Consideration
4. Discussion



How We Help Income-Qualified Customers Reduce Utility Costs





**Income-
Qualified
Assistance
Program**
(Discounted
Rate)



**Medical
Assistance
Program**
(Discounted
Rate)



**Payment
Assistance
Fund**
(One-Time
Assistance)

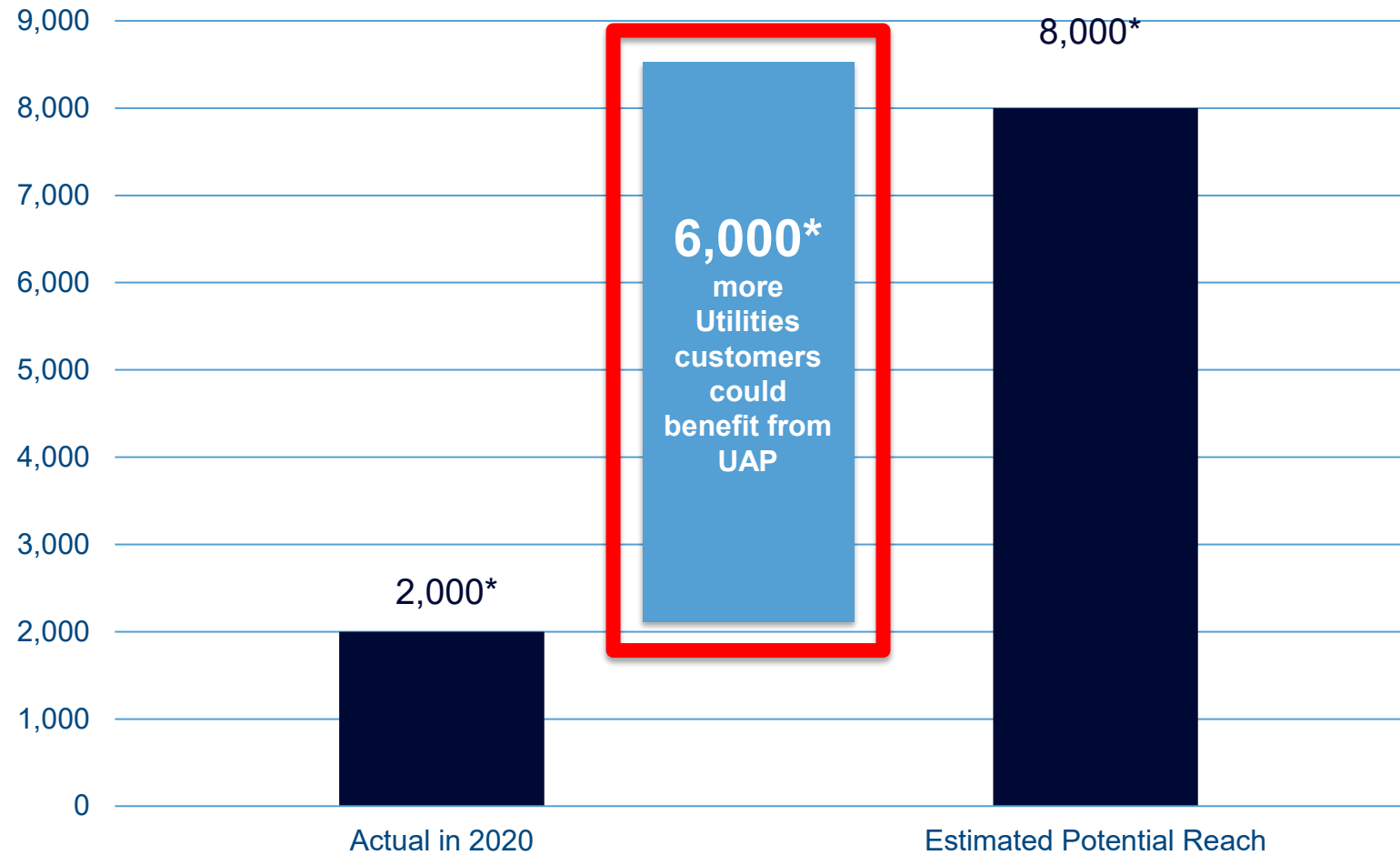


**LCCC Water
and Energy
Program**
(Basic Retrofits)



**Colorado
Affordable
Residential
Energy**
(Deep Retrofits)

Number of Participants for All UAP Programs (IQAP, MAP, PAF, LCCC and CARE)



**Estimated using a city-wide poverty rate of ~12%, based on Census Bureau data combined with controlling for the student population in Fort Collins (City Rebates Eval Report, 2019).*



**Income-Qualified
Assistance
Program**
(Discounted Rate)

- Strategic Alignment:
 - NLSH 1.3: Improve accessibility of City and community programs to low- and moderate-income residents and increase participation in services to eligible income-qualified residents.
- Program launched in October 2018 in conjunction with Time-of-Day electric pricing
- LEAP-enrolled customers eligible to apply for reduced-rate on select utilities services

- Engagement
 - Monthly Utilities Insights newsletter
 - Direct customer engagement at events and through targeted outreach
 - Outreach to agencies
- Evaluation
 - Pre- and post-program surveys
 - Billing analysis (year one)
 - In-depth customer survey (year one)
- IQAP rate set to expire July 31, 2021



March 2021 | Issue 3

UTILITIES INSIGHTS
Small Changes, Big Differences

City of Fort Collins Utilities

Monthly newsletter for Fort Collins Utilities customers with tips to save energy and water to lower utility bills.

March 15-21 is Fix a Leak Week. Fixing easily corrected household water leaks can save you 10% on water bills.

LEARN

Did you know Fort Collins Utilities' leak notification system detected 83,500 large leaks in 2020?

- The average leak rate was **112 gallons per hour**. That's enough to fill nearly three bathtubs every hour.
- These leaks wasted an average of **2,688 gallons per day** and between **five and 20 times** more than the typical household uses each day.
- That means the average leak adds **\$7** to a customer's water bill every day!
- Irrigation systems and toilets are the **top two** causes of leaks among Fort Collins Utilities customers.

ACT

- Sign up to **receive leak alerts** at fcgov.com/MyWater. This program allows you to identify unexplained water use, get notified of leaks and learn more about saving water.
- Find out how to **fix common leaks** at fcgov.com/leaks.
- Join the waitlist to get a **free sprinkler assessment** this summer at fcgov.com/sprinklers.
- Upgrade your toilet with a **\$50 toilet rebate**. Learn more at fcgov.com/toilet-rebates.
- There's still time to sign up for a **free home efficiency assessment** from Larimer County Conservation Corps. Eligible participants could receive a high-efficiency toilet and water saving showerheads. Sign up online at fcgov.com/LCCC or call 970-498-6660.



FIND OUT MORE

- Learn more about **Fix a Leak Week** with helpful tips and information at epa.gov/watersense/fix-leak-week.
- Be the Gift** is an organization dedicated to serving single moms and widows. If you qualify and would like a hand fixing a leak, submit an assistance request for repairs at BeTheGift.com.

fcgov.com/UAP | utilitiesaffordability@fcgov.com | 970-212-2900

Auxiliary aids and services are available for persons with disabilities. V/TDD 711

	Participation	Annual Customer Benefit
Planned*	2,000	\$441,000
Actual**	717	\$141,944

**Council Approved in 2018*

***Average annual participation and benefit for 2019-2020*

Evaluation Measures

- Enrollment
 - # of participants
 - % of eligible participants enrolled
- % of budget utilized
- Average annual utility bill savings
- Participant electric and water use
- Participant engagement
 - % of participants aware of conservation offerings
 - # of participants utilizing conservation programs
 - % of participants engaging with Insights newsletter (open and click-through rates)
 - % of participants reporting feeling confident in their ability to afford their utility bills





Program Evaluation Highlights: Year 1 of Program

Billing Analysis Findings

- Average annual utility bill savings: \$200
- Energy use: 380 kWh/year (5%) increase
- Water use: no statistical change

Customer Survey Findings

- 33% response rate
- 76% have participated in or are aware of programs
- 86% report being more secure in ability to pay bill

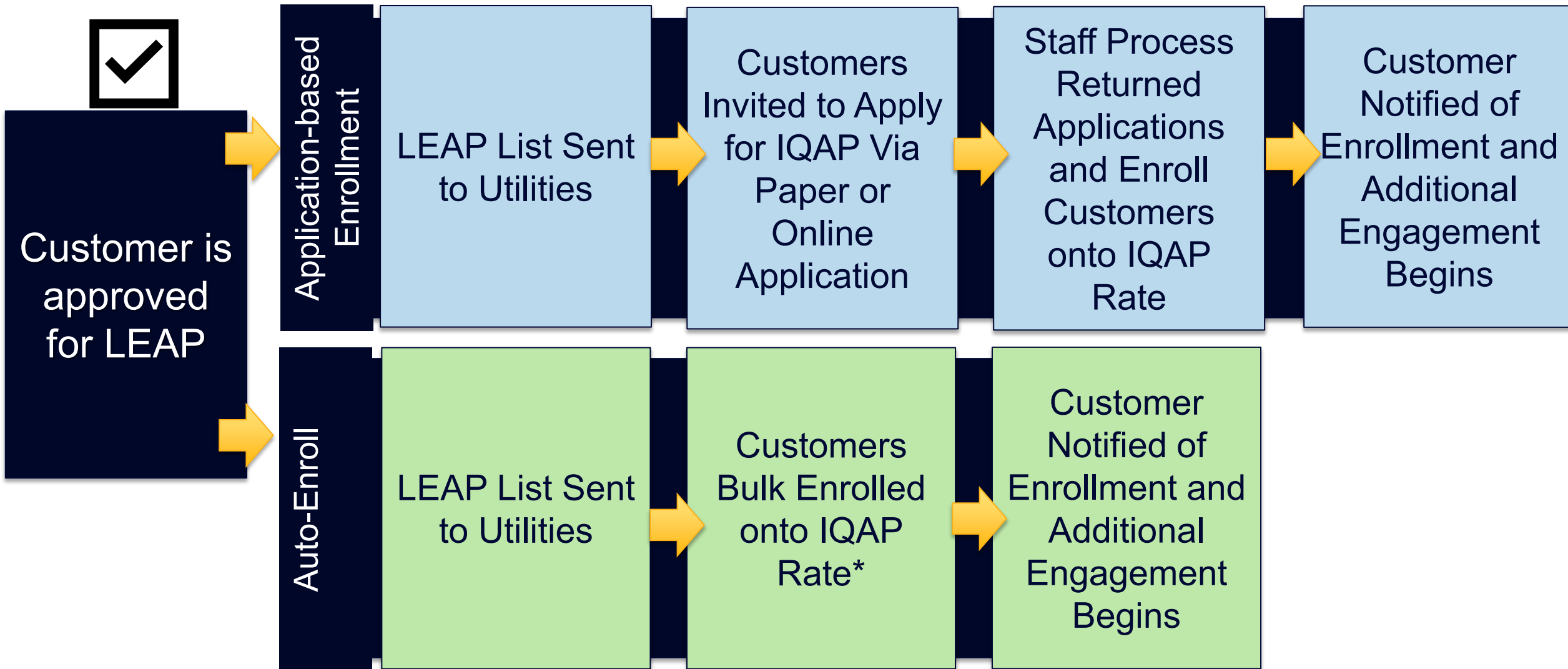
1. Extend IQAP rate pilot another 3 years (for a total of 6 years) and align with Utilities' annual rate ordinance.
2. Make IQAP an auto-enroll/opt-out program instead of an application-based/opt-in program.



Next Steps for IQAP Pilot Extension

- Continue targeted engagement and enrollment with low-income population
 - Tailor methods based on findings from prior billing analysis and participant surveys
 - Enrollment target of 1,500 customers
- Execute ongoing analysis of program impact
 - Consideration given for COVID impact
 - Evaluate behavioral efficiency and conservation alignment
 - Evaluate and quantify other benefits
- Review findings with Council





*Enrollment via application option would still exist for LEAP-enrolled customers who move into service area outside of timeframe that auto-enrollment would take place.

Considerations for Auto Enrolling Participants

- Customer-focused program design (reducing barriers)
- Reduced administrative time during enrollment
- Increased opportunity to engage customer segment
- Increased sample size positively impacts program evaluation accuracy
- Integration with city-wide income-qualified efforts
- Proposed start: 2021 IQAP Season



	Participation	Annual Customer Benefit
Planned*	2,000	\$441,000
Actual**	717	\$141,944
Projected with Auto Enroll***	1372	\$272,342

*Council approved in 2018

**Average annual participation and benefit for 2019-2020

***Based on estimated 98% auto enrollment of all LEAP-enrolled customers

Group	Outcome
Affordable Housing Board	Pilot extension - supported Auto enroll - supported
Energy Board	Pilot extension - supported Auto enroll - supported
Water Commission	Pilot extension - supported Auto enroll - supported
Council Finance Committee	TBD – June 16

1. Does Council Finance Committee support bringing to full Council the extension of the IQAP rate pilot (set to expire July 2021) another 3 years (for a total of 6 years) and aligning it with Utilities' annual rate ordinance?
2. Does Council Finance Committee support making IQAP an auto-enroll/opt-out program instead of an application-based program?



THANK YOU!

For Questions or Comments, Please Contact:

Jamie Gaskill, Utilities Community Engagement

jgaskill@fcgov.com | 970-416-4338



COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Blaine Dunn, Accounting Director

Date: June 16, 2021

SUBJECT FOR DISCUSSION: Status of Fund Balances and Working Capital

EXECUTIVE SUMMARY:

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

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

General update to Council Finance Committee

BACKGROUND/DISCUSSION

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

Appropriated, Minimum Policy or Scheduled is comprised of minimum fund balances established by policy, funds from the 2020 balance that have been appropriated in 2021, and amounts for projects specifically identified by voters. An example of the latter is Community Capital Improvements Plan.

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

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

ATTACHMENTS

A. PowerPoint presentation



Status of Fund Balances

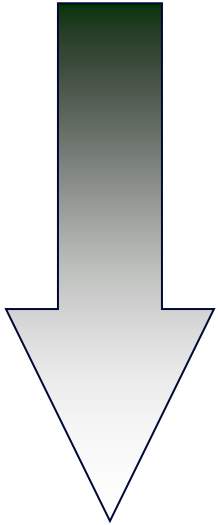
Blaine Dunn, Accounting Director

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June 16, 2021

- Inform Committee on Types of constraints
- Review fund balances as of 12/31/2020
 - All amounts shown are unaudited
- How Fund Balances are used in the budget process

Most
Constrained



Least
Constrained

Non-spendable

- Non-liquid in form (e.g. inventory, long-term receivables, land)
- Legally or contractually required to be maintained intact (e.g. permanent endowments)

Restricted

- Externally / 3rd Party enforceable legal restrictions (e.g. TABOR emergency reserve, debt covenants, re-development agreements, IGA's)

Committed

- Constraint formally imposed at the Council or Board Level through Ordinance (e.g. Capital Expansion fees, Neighborhood Parkland fees)

Assigned

- Intended to be used for specific purposes (e.g. Affordable Housing, Camera Radar, Encumbrances), not authoritative

Unassigned

- Available for any City purpose

Available but with some constraints

- Street Maintenance Program within Transportation fund are restricted but available as defined in the ballot language
- Donations made within a fund are available, but for the donations purpose

Available for nearly any purpose

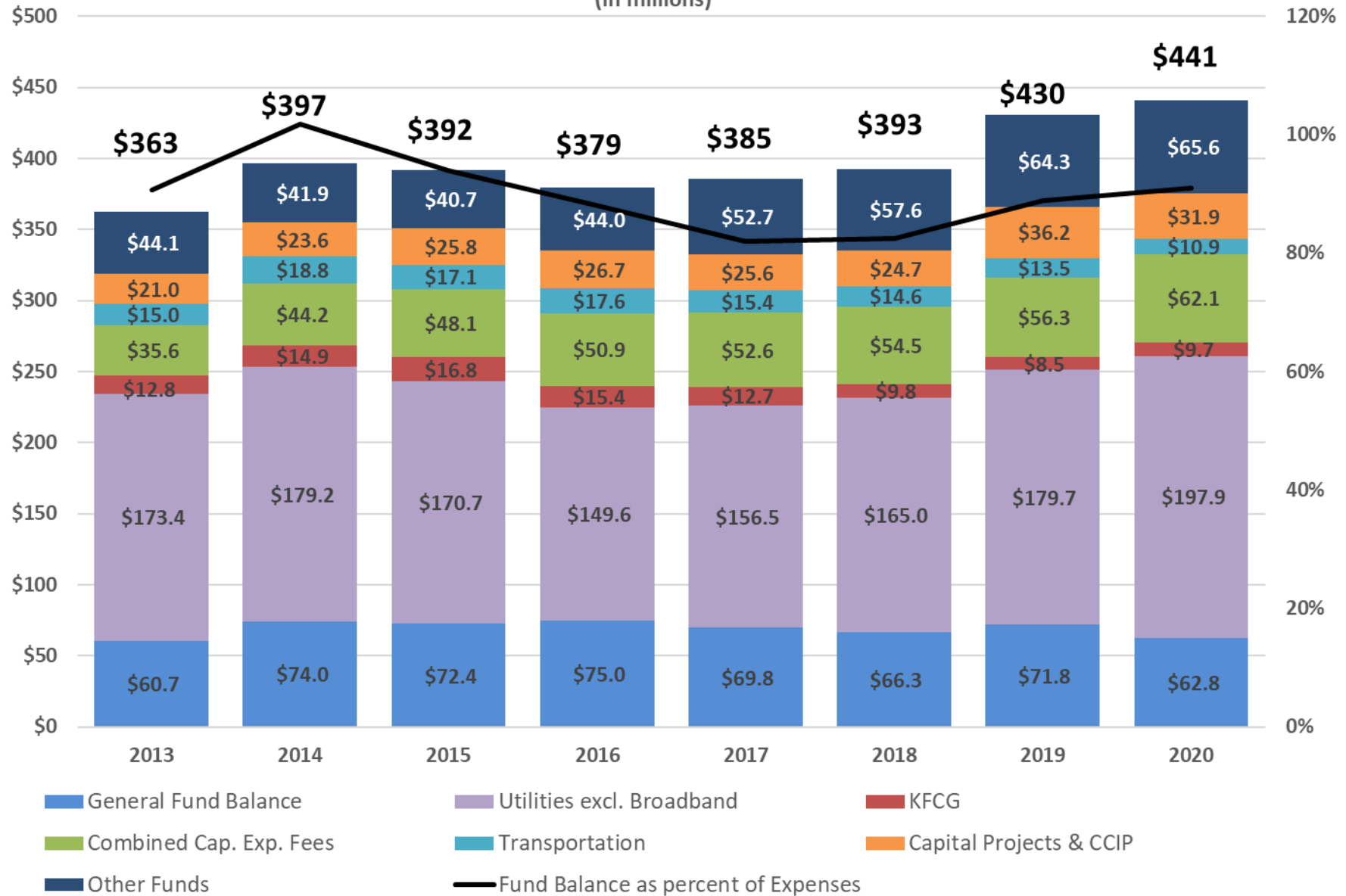
- Funds available at the discretion of the City Council for any municipal purpose

All City Funds

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
General Fund	\$ 71.8	\$ 62.8	\$ 55.6	\$ 0.9	\$ 6.3
Capital Expansion Fund	22.9	26.6	0.1	26.5	-
Sales & Use Tax Fund	0.8	0.8	0.8	-	-
GID #1 Fund	0.9	0.9	0.1	0.8	-
Keep Fort Collins Great Fund	8.4	9.7	7.7	2.0	-
Community Capital Imprvmt Plan	11.5	15.3	7.8	7.5	-
Neighborhood Parkland Fund	9.3	10.0	0.8	9.2	-
Conservation Trust Fund	2.3	3.5	1.9	1.6	-
Natural Areas Fund	19.5	17.9	5.8	12.1	-
Cultural Services Fund	2.3	2.6	0.5	1.0	1.1
Recreation Fund	2.6	1.4	0.4	1.0	-
Cemeteries Fund	0.5	0.8	0.1	0.7	-
Perpetual Care Fund	2.0	2.1	-	2.1	-
Museum Fund	0.7	0.7	-	0.7	-
Transit	6.3	8.2	8.2	-	-
Transportation Capital Expansion	24.2	25.5	17.0	8.5	-
Transportation	13.5	10.9	3.9	7.0	-
Parking Fund	1.5	1.1	-	1.1	-
Capital Projects Fund	24.7	16.6	16.3	0.3	-
Golf Fund	0.9	1.5	0.5	1.0	-
Light & Power Fund (excl. Broadband)	36.0	48.7	25.3	23.4	-
Water Fund	75.9	81.1	40.0	41.1	-
Wastewater Fund	45.3	43.4	24.5	18.9	-
Storm Drainage Fund	21.6	24.7	13.2	11.5	-
Equipment Fund	3.1	3.1	0.7	2.4	-
Self Insurance Fund	1.7	0.9	2.1	(1.2)	-
Data & Communications Fund	3.1	2.4	0.9	-	1.5
Benefits Fund	18.5	15.2	10.0	5.2	-
Utility Customer Service Fund	0.9	2.5	0.2	2.3	-
TOTAL	\$ 432.7	\$ 440.9	\$ 244.4	\$ 187.6	\$ 8.9
Funds discussed during presentaion					

Fund Balance / Reserves by Year

(in millions)

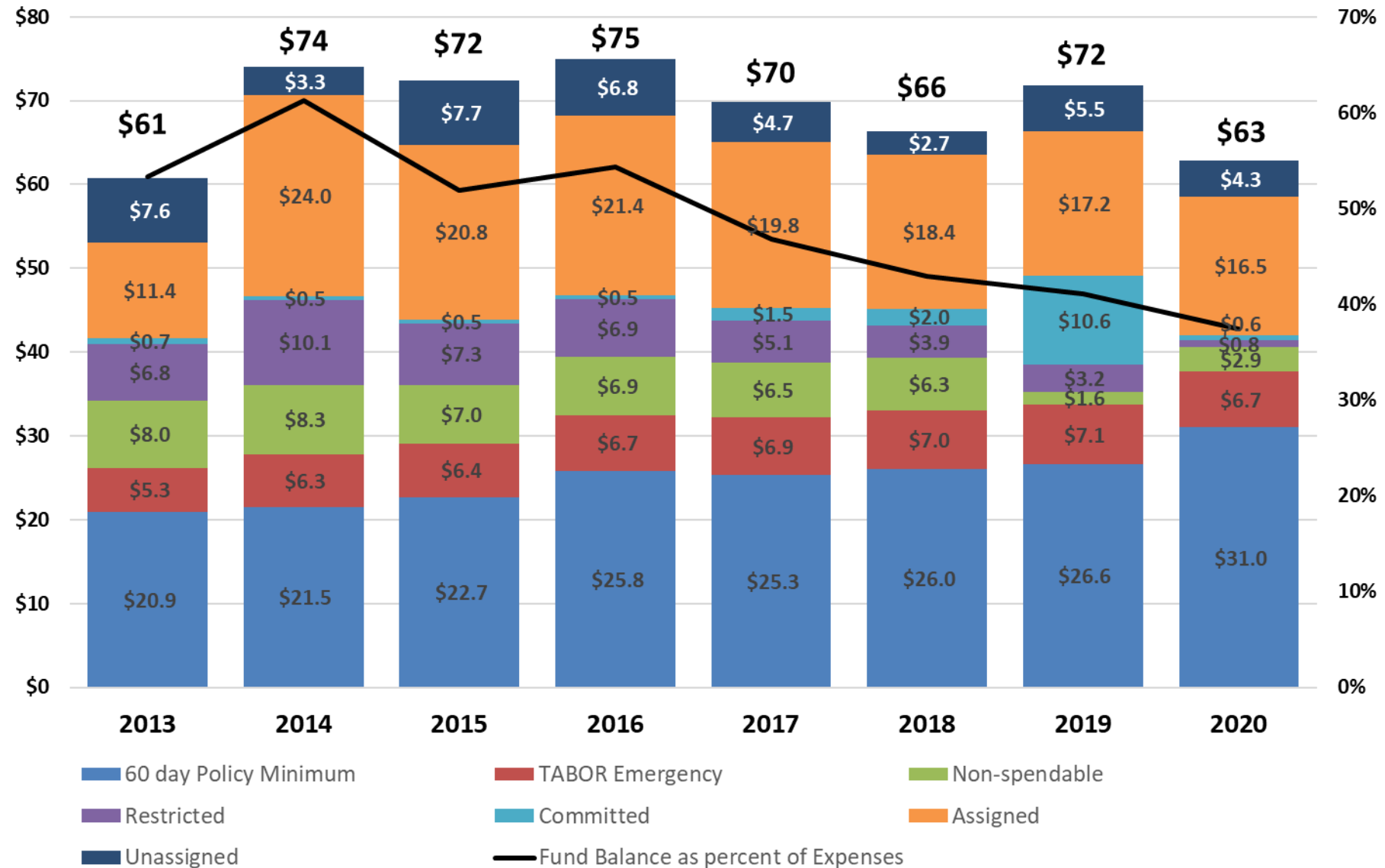


General Fund - Year End 2020 - \$62.8M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Assigned - Minimum 60 day Policy	\$ 26.6	\$ 31.0	\$ 31.0	\$ -	\$ -
Non-spendable					
Landbank inventory	1.5	2.8	2.8	-	-
Udall Endowment	0.1	0.1	0.1		
Restricted					
TABOR Emergency	7.1	6.7	6.7	-	-
Police Radio Network	0.3	0.2	-	0.2	-
Donations & Misc	0.8	0.6	0.1	0.5	-
Economic Rebates	1.4	-	-	-	-
DDAWoodward Debt	0.7	-	-	-	-
Committed					
Traffic Calming	0.2	0.1	-	0.1	-
Culture & Recreation	0.5	0.3	0.3	-	-
Affordable Housing Land Bank	1.3	0.1	-	0.1	-
Police Regional Training Facility	8.6	0.1	0.1	-	-
Assigned					
Prior Year Purchase Orders	4.3	4.0	4.0	-	-
Manufacturing Use Tax Rebate	0.5	0.4	0.4	-	-
Golf Irrigation System	0.4	0.4	-	-	0.4
Revenue Contingency	2.2	-	-	-	-
Camera Radar	1.3	1.4	1.3	-	0.1
Waste Innovation	0.2	0.2	-	-	0.2
Cultural Services	0.3	0.4	-	-	0.4
Reappropriation	0.2	0.9	0.9	-	-
Budgeted use of reserves	7.8	7.9	7.9	-	-
Child Care Needs	-	0.3	-	-	0.3
Police Programming	-	0.6	-	-	0.6
Unassigned	5.5	4.3	-	-	4.3
Year End Total	\$ 71.8	\$ 62.8	\$ 55.6	\$ 0.9	\$ 6.3

General Fund / Reserves by Year

(in millions)



- \$2.8M Land-bank program inventory, held at lower of cost or market
- \$6.7M is an emergency reserve required by TABOR, equal to 3% of qualified governmental revenue; City also has policy setting an additional \$31M aside
- Police Training facility reduced by \$8.5M in 2020 due to payments made to Loveland for construction
- Traditionally fund balances are assigned for camera radar and photo red-light, public safety dispatch system, affordable housing and waste innovation
- \$12.8M is set aside for prior year purchase orders, reappropriation, and budgeted use of reserves

Keep Fort Collins Great Fund - Year End 2020 - \$9.7M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Street Maintenance	3.5	4.6	3.0	1.6	-
Other Transportation	0.4	1.9	1.9	-	-
Police Services	1.9	0.6	0.6	-	-
Fire & Emergency Services	0.1	-	-	-	-
Parks & Recreation	1.1	0.9	0.9	-	-
Other	1.4	1.7	1.3	0.4	-
Year End Total	\$ 8.4	\$ 9.7	\$ 7.7	\$ 2.0	\$ -

Transportation Fund - Year End 2020 - \$10.9M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted				-	
Street Maintenance - 1/4 Cent	-	1.6	-	1.6	
Assigned					
Prior Year Purchase Orders	1.3	0.6	0.6	-	-
Capital Projects	1.4	1.6	1.6	-	-
Harmony Road	5.5	5.3	0.3	5.0	-
Transportation Surplus	5.3	1.8	1.4	0.4	-
Year End Total	\$ 13.5	\$ 10.9	\$ 3.9	\$ 7.0	\$ -

Natural Areas Fund - Year End 2020 - \$17.9M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Natural Areas	18.8	17.3	5.3	12.0	-
Donations	-	0.1	-	0.1	
Assigned					
Prior Year Purchase Orders	0.4	0.4	0.4	-	-
Capital Projects	0.3	0.1	0.1	-	-
Year End Total	\$ 19.5	\$ 17.9	\$ 5.8	\$ 12.1	\$ -

Recreation Fund - Year End 2020 - \$1.4M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Assigned					
Prior Year Purchase Orders	0.1	0.1	0.1	-	-
Recreation Programs	0.3	0.4	-	0.4	-
Recreation Surplus	2.2	0.9	0.3	0.6	-
Year End Total	\$ 2.6	\$ 1.4	\$ 0.4	\$ 1.0	\$ -

Parking Fund - Year End 2020 - \$1.1M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
CC Parking Garage IGA	1.2	1.4	-	1.4	-
Assigned					
Prior Year Purchase Orders	0.1	-	-	-	-
DT Parking	0.2	(0.3)	-	(0.3)	-
Year End Total	\$ 1.5	\$ 1.1	\$ -	\$ 1.1	\$ -

Self Insurance Fund - Year End 2020 - \$0.9M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Minimum Policy - 25% Operations	\$ 1.7	\$ 1.5	\$ 1.5	\$ -	\$ -
Non-spendable				-	
Prepays	0.5	0.6	0.6	-	
Committed					
Self Insurance surplus / (deficit)	(0.5)	(1.2)	-	(1.2)	-
Year End Total	<u>\$ 1.7</u>	<u>\$ 0.9</u>	<u>\$ 2.1</u>	<u>\$ (1.2)</u>	<u>\$ -</u>

Light & Power Fund (excl. Broadband) - Year End 2020 - \$48.7M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Minimum Policy - 25% Operations Assigned	\$ 8.5	\$ 8.0	\$ 8.0	\$ -	\$ -
Prior Year Purchase Orders	1.3	2.2	2.2	-	-
Approved Capital Projects	10.1	12.6	12.6	-	-
Budgeted Use of Reserves	5.6	2.5	2.5	-	-
Available for Capital and Operations	10.5	23.4	-	23.4	-
Year End Total	\$ 36.0	\$ 48.7	\$ 25.3	\$ 23.4	\$ -

Water Fund - Year End 2020 - \$81.1M						
	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose	
Minimum Policy - 25% Operations Assigned	\$ 5.5	\$ 5.8	\$ 5.8	\$ -	\$ -	
Prior Year Purchase Orders	0.5	1.4	1.4	-	-	
Approved Capital Projects	35.2	28.8	28.8	-	-	
Budgeted Use of Reserves	-	4.0	4.0	-	-	
Available for Capital and Operations	34.7	41.1	-	41.1	-	
Year End Total	\$ 75.9	\$ 81.1	\$ 40.0	\$ 41.1	\$ -	

Wastewater Fund - Year End 2020 - \$43.4M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Minimum Policy - 25% Operations Assigned	\$ 3.7	\$ 3.3	\$ 3.3	\$ -	\$ -
Prior Year Purchase Orders	0.4	0.5	0.5	-	-
Approved Capital Projects	18.9	13.6	13.6	-	-
Budgeted Use of Reserves	-	7.1	7.1	-	-
Available for Capital and Operations	22.3	18.9	-	18.9	-
Year End Total	\$ 45.3	\$ 43.4	\$ 24.5	\$ 18.9	\$ -

Storm Drainage Fund - Year End 2020 - \$24.7M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Minimum Policy - 25% Operations Assigned	\$ 1.8	\$ 1.8	\$ 1.8	\$ -	\$ -
Prior Year Purchase Orders	0.1	0.3	0.3	-	-
Approved Capital Projects	7.0	7.8	7.8	-	-
Budgeted Use of Reserves	-	3.3	3.3	-	-
Available for Capital and Operations	12.7	11.5	-	11.5	-
Year End Total	\$ 21.6	\$ 24.7	\$ 13.2	\$ 11.5	\$ -



Additional Funds

Capital Expansion Fund - Year End 2020 - \$26.6M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Committed					
General Government	13.0	13.9	-	13.9	-
Police	0.7	0.6	0.1	0.5	-
Fire	1.9	2.4	-	2.4	-
Community Parkland	7.3	9.7	-	9.7	-
Year End Total	\$ 22.9	\$ 26.6	\$ 0.1	\$ 26.5	\$ -

Sales & Use Tax Fund - Year End 2020 - \$.8M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Natural Areas	0.8	0.8	0.8	-	-
Year End Total	\$ 0.8	\$ 0.8	\$ 0.8	\$ -	\$ -

General Improvement District #1 Fund - Year End 2020 - \$0.9M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Committed					
Capital Improvements	0.9	0.9	0.1	0.8	-
Year End Total	\$ 0.9	\$ 0.9	\$ 0.1	\$ 0.8	\$ -

Community Capital Improvement Plan - Year End 2020 - \$15.3M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Restricted					
Available for ballot projects	3.7	7.5	-	7.5	-
City Park Train	0.1	0.1	0.1	-	-
Club Tico Renovation	0.0	-	-	-	-
Gardens Visitor Center Expansion	0.2	-	-	-	-
Nature in the City	0.2	0.2	0.2	-	-
Affordable Housing Fund	0.8	0.4	0.4	-	-
Arterial Intersection Imprvmnt	0.6	1.2	1.2	-	-
Bicycle Infrastructure Imprvmt	0.3	0.2	0.2	-	-
Bike/Ped Grade Separated Cross	3.1	1.9	1.9	-	-
Lincoln Avenue Bridge	0.3	0.3	0.3	-	-
Pedestrian Sidewalk - ADA	0.1	0.2	0.2	-	-
Transfort Bus Replacements	0.5	-	-	-	-
Willow Street Improvements	1.1	0.1	0.1	-	-
Linden Street Renovation	0.5	3.2	3.2		
Year End Total	\$ 11.5	\$ 15.3	\$ 7.8	\$ 7.5	\$ -

Neighborhood Parkland Fund - Year End 2020 - \$10.0M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Committed					
Neighborhood Parks	9.2	10.0	0.8	9.2	-
Year End Total	\$ 9.3	\$ 10.0	\$ 0.8	\$ 9.2	\$ -

Conservation Trust Fund - Year End 2020 - \$3.5M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Parks, Rec & Open Space Capital Imp	2.3	3.5	1.9	1.6	-
Year End Total	\$ 2.3	\$ 3.5	\$ 1.9	\$ 1.6	\$ -

Cultural Services & Facilities Fund - Year End 2020 - \$2.6M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Restricted					
Opera Donation	0.1	0.1	-	0.1	-
Committed					
Art in Public Places	0.9	1.0	0.1	0.9	-
Assigned					
Prior Year Purchase Orders	-	-	-	-	-
Cultural Services Surplus	1.3	1.5	0.4	-	1.1
Year End Total	\$ 2.3	\$ 2.6	\$ 0.5	\$ 1.0	\$ 1.1

Cemeteries Fund - Year End 2020 - \$0.8M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Assigned					
Prior Year Purchase Orders	-	0.1	0.1	-	-
Cemeteries Surplus	0.5	0.7	-	0.7	
Year End Total	<u>\$ 0.5</u>	<u>\$ 0.8</u>	<u>\$ 0.1</u>	<u>\$ 0.7</u>	<u>\$ -</u>

Perpetual Care Fund - Year End 2020 - \$2.1M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Perpetual Care	2.0	2.1	-	2.1	-
Year End Total	<u>\$ 2.0</u>	<u>\$ 2.1</u>	<u>\$ -</u>	<u>\$ 2.1</u>	<u>\$ -</u>

Museum Fund - Year End 2020 - \$0.7M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Assigned					
Cultural Services Surplus	0.7	0.7	-	0.7	-
Year End Total	\$ 0.7	\$ 0.7	\$ -	\$ 0.7	\$ -

Transit Fund - Year End 2020 - \$8.2M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Assigned					
Transit Surplus(Deficit)	6.3	8.2	8.2	-	-
Year End Total	\$ 6.3	\$ 8.2	\$ 8.2	\$ -	\$ -

Transportation CEF Fund - Year End 2020 - \$25.5M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Transportation CEF Surplus	7.4	8.5	-	8.5	-
Assigned					
Capital Projects	14.8	12.6	12.6	-	-
Prior Year Purchase Orders	0.1	0.1	0.1	-	-
Budgeted use of reserves	1.9	4.3	4.3	-	-
Year End Total	\$ 24.2	\$ 25.5	\$ 17.0	\$ 8.5	\$ -

Capital Project Fund - Year End 2020 - \$16.6M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Restricted					
Building on Basics (BOB)	4.2	3.2	3.0	0.2	-
Building on Basics Investment Earning	2.2	2.2	2.2	-	-
Donations and Grants	-	0.1	-	0.1	
Committed					
General Fund Supported Projects	14.7	8.6	8.6	-	-
Misc. projects					
Other Investment Earnings	3.1	2.0	2.0	-	-
BCC Residual	0.5	0.5	0.5	-	
Year End Total	\$ 24.7	\$ 16.6	\$ 16.3	\$ 0.3	\$ -

Golf Fund - Year End 2020 - \$1.5M

	<u>2018</u>	<u>2019</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Minimum Policy - 12.5% Operations Assigned	\$ 0.4	\$ 0.4	\$ 0.4	\$ -	\$ -
Available for Capital and Operations	0.5	1.1	0.1	1.0	-
Year End Total	\$ 0.9	\$ 1.5	\$ 0.5	\$ 1.0	\$ -

Equipment Fund - Year End 2020 - \$3.1M

	2019	2020	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Minimum Policy - 8.3% Operations Assigned	\$ 0.7	\$ 0.7	\$ 0.7	\$ -	\$ -
Reappropriation	0.9	-	-	-	-
Equipment surplus	1.5	2.4	-	2.4	-
Year End Total	\$ 3.1	\$ 3.1	\$ 0.7	\$ 2.4	\$ -

Data and Communications Fund - Year End 2020 - \$2.4M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Assigned					
Prior Year Purchase Orders	-	0.4	0.4	-	-
Reappropriation	0.2	-	-	-	-
Budgeted Use of Reserves	0.5	0.5	0.5	-	-
Data & Communication Surplus	2.4	1.5	-	-	1.5
Year End Total	\$ 3.1	\$ 2.4	\$ 0.9	\$ -	\$ 1.5

Benefits Fund - Year End 2020 - \$15.2M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Policy minimum - 30% Operations Assigned	\$ 6.6	\$ 7.0	\$ 7.0	\$ -	\$ -
Prior Year Purchase Orders	-	0.2	0.2	-	
Budgeted Use of Reserves	3.8	2.8	2.8	-	-
Benefit Surplus	8.1	5.2	-	5.2	-
Year End Total	\$ 18.5	\$ 15.2	\$ 10.0	\$ 5.2	\$ -

Utility Customer Service Fund - Year End 2020 - \$2.5M

	<u>2019</u>	<u>2020</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>
Policy minimum	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned					
Prior Year Purchase Orders	0.3	0.2	0.2	-	-
Budgeted Use of Reserves	0.2	-	-	-	-
Unrestricted	0.4	2.3	-	2.3	-
Year End Total	<u>\$ 0.9</u>	<u>\$ 2.5</u>	<u>\$ 0.2</u>	<u>\$ 2.3</u>	<u>\$ -</u>

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Dan Woodward

Date: June 16, 2021

SUBJECT FOR DISCUSSION

Drake and College – TCEF Supplemental Appropriation

EXECUTIVE SUMMARY (a brief paragraph or two that succinctly summarizes important points that are covered in more detail in the body of the AIS.)

This item is proposing to appropriate \$500,000 in Transportation Capital Expansion Fee (TCEF) Reserves to begin design and coordination on the Drake and College intersection improvements. This work is needing to be done in order to run concurrently with several active developments in the area and in conjunction with the Urban Renewal Authority (URA) plan area.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support bringing a Summer 2021 appropriation of Transportation Capital Expansion Fee (TCEF) reserves to begin design on the Drake and College intersection?

BACKGROUND/DISCUSSION

The intersection of Drake and College is critical arterial-arterial intersection in midtown Fort Collins with safety and congestion issues. The area recently adopted a URA plan that included several public improvements in the area, with a particular focus on intersection improvements for pedestrians, bicyclists, and vehicles.

There have been several active developments in the area both nearby as well as directly adjacent to the intersection that have been proposed recently. In order to effectively coordinate improvements to the intersection in conjunction with the URA improvements, the City needs to begin conceptual and preliminary engineering and design. The TCEF Program supports the use of these funds to begin work on the intersection from previously collected development fees.

This work will be done in accordance with City standards and approved and/or adopted plans, such as the Midtown in Motion Plan. This appropriation would only begin the design process

and help to identify opportunities for costs savings, funding, right of way needs, project constraints and other items needed to fully understand the project area.

ATTACHMENTS Attachment 1 - Presentation

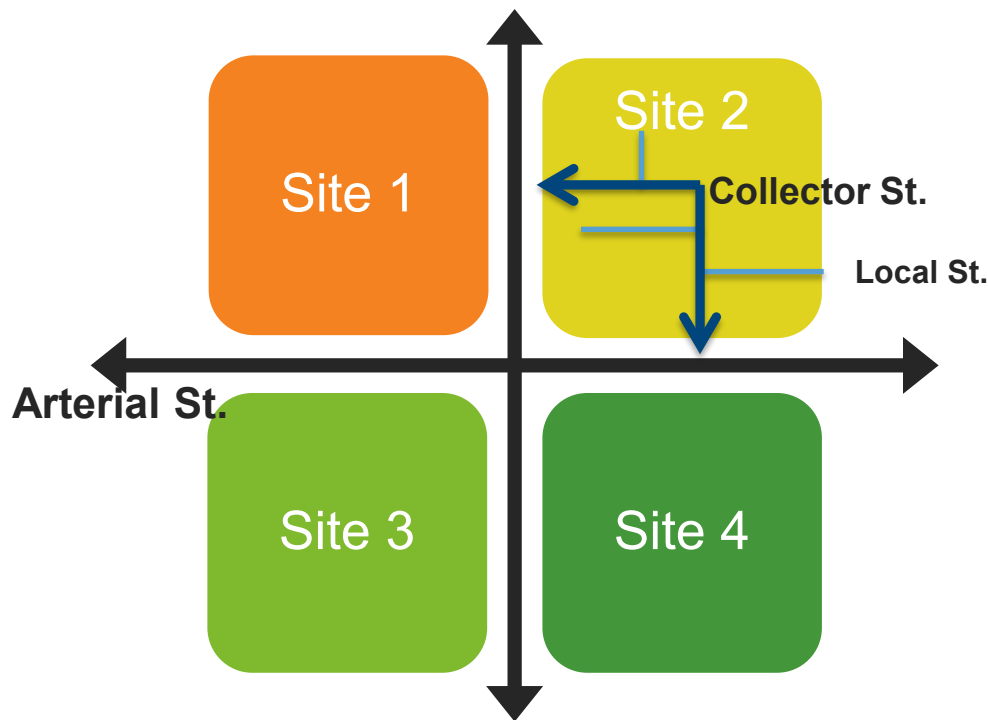


Does Council Finance Committee support bringing a Summer 2021 appropriation of Transportation Capital Expansion Fee (TCEF) reserves to begin design on the Drake and College intersection?

Transportation Capital Expansion Fees (TCEF)

- One time development impact fee collected to mitigate impacts to the existing transportation network
 - Fee is proportional to anticipated impact
- Supports growth related infrastructure improvements which add capacity to the system
 - Reimbursement to Developers
 - Contributions to transportation capital improvements
- Fees cannot be used for improvements which solely benefit an adjacent development, existing deficiencies, and for maintenance

How are TCEF Fees used?



- Reimbursement to Developers for constructing improvements beyond “local street”
- Contributions to Capital Projects
 - Complete Streets
 - Multimodal Improvements
 - Transit
 - Intersections/Signals

Project Background



Existing Conditions:

- Poor access control
- Higher than average accident rates and congestion
- Lack of adequate infrastructure at existing intersection (turn lanes, crosswalks, bike lanes, signals, etc.)
- Critical arterial-arterial intersection in midtown Fort Collins
- Several active developments in area moving forward
- Coordination with URA/development

- Funds will be used to begin conceptual and preliminary design
- Provide coordination with active developments
- Ability to leverage URA and developments
- Begin identifying potential future funding sources for construction
- Funds are available in reserve and able to be used for this purpose



Project Budget:

- \$500k with proposed appropriation for design in 2021
- Currently estimating between \$8 - \$10M in construction
- URA is a funding partner
- Looking at potential grants

Schedule:

- Intent is to coordinate with development schedules, late 2022/early 2023 pending funding for construction
 - Need to identify design elements and right-of-way (ROW) impacts now
 - Opportunity to coordinate improvements in the next 6 months from a planning perspective

Does Council Finance Committee support bringing a Summer 2021 appropriation of Transportation Capital Expansion Fee (TCEF) reserves to begin design on the Drake and College intersection?

Questions?

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Caroline Mitchell, Victoria Shaw

Date: June 16, 2021

SUBJECT FOR DISCUSSION

Timberline Recycling Center Operations

EXECUTIVE SUMMARY

When the Timberline Recycling Center opened in 2016 it added a new service to the community with the ability for community members to recycle items not previously accepted. Since opening, the site has expanded collection to include additional materials and implemented multiple cost saving actions. However, the overall markets for recycling commodities have also shifted and resulted in increased operational costs. The site is approaching 5 years of operations and staff is seeking guidance about how to approach a long-term operations model to balance cost and service.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Council Finance Committee have feedback for staff as they develop the long-term operations model for the site?

BACKGROUND/DISCUSSION

Prior to 2016, everyday recyclable materials were accepted in a City run facility near Rivendell. These items were accepted for no charge and hauled through a contractor to the Larimer County Recycling facility. The City received rebates based on the commodity values of the accepted materials, however there was still a net cost to operate the facility.

In 2016, the collections for everyday materials moved to the new Timberline Recycling Center. Opening this facility also allowed the City to expand the types of materials it could receive for recycling with the addition of a hard-to-recycle yard. Entry to the hard-to-recycle yard costs \$5 per visit. Materials accepted in this yard include:

- ABOP- Antifreeze, Batteries, Oil, and Paint
- Aggregates/Ceramics
- Electronic Waste (subject to an additional fee)
- Organic Debris, such as yard trimmings, branches, and untreated lumber (subject to an additional fee)
- Scrap Metal

The hard-to-recycle yard is staffed on-site with two gate house attendants. The gatehouse attendants and hauling of materials for this yard is outsourced to a private vendor. The everyday recyclables yard is not staffed full-time on-site, but the site does benefit from volunteer program staffing and support from staff in Environmental Services Department. The hauling for materials

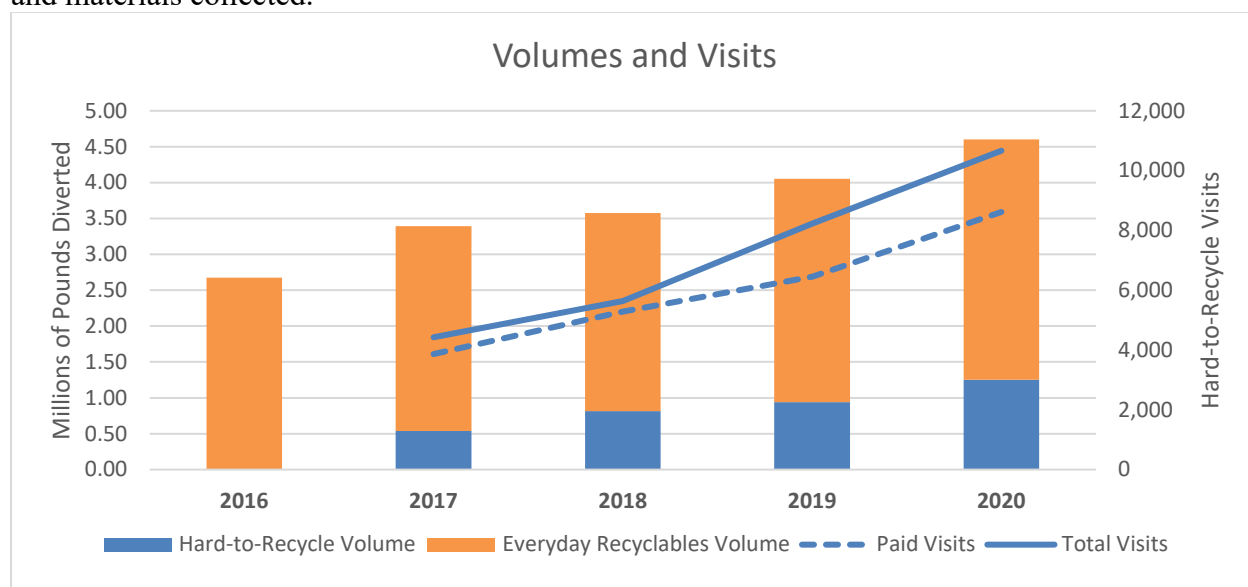
is outsourced to a private vendor. Historically, the vendors for each side of the site were separate. A new agreement was reached in 2021 to consolidate to a single vendor, which will result in some cost savings.

Since opening, the TRC has added additional materials, including:

- Plastic Bags and Film
- Bulky Rigid Plastics
- Baling Twine
- Fire Extinguishers

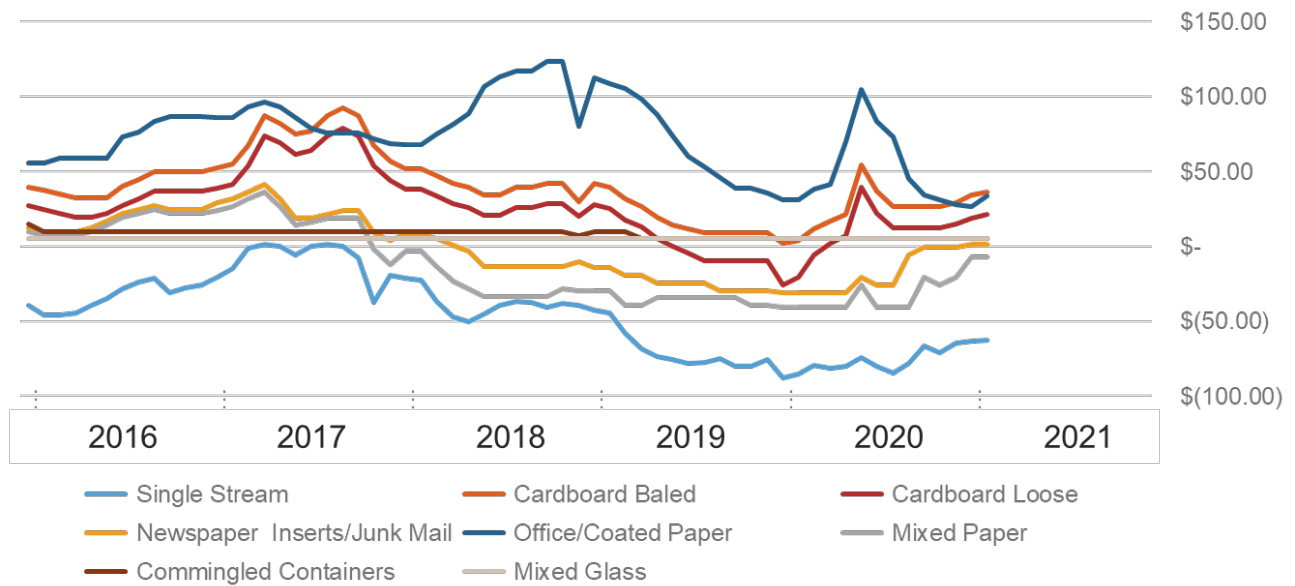
The site has also offered special collection events. During those events, the site has accepted mattresses, box springs, documents requiring shredding, and furniture for reuse.

Usage of the site has been continually increasing. The point-in-time traffic counts conducted by staff indicate visits on the everyday recyclables side exceed 400 per day. Volumes on this side of the facility have increased an average of 5% per year since the site opened. Volumes on the hard-to-recycle side have increased an average of 33% per year. This growth reflected the ramp up in increased awareness and usage of the site. The chart below illustrates the increases seen in visits and materials collected.



In addition to the increases in volumes and visits, the site has also seen significant increases in the operating costs associated with recycling. Recycling markets offer rebates or charge tip fees based on the changes in commodity values. The below chart illustrates the volatility and changes in commodity values for everyday recyclables since the opening of the site.

Commodity Rebates/Tip Fees Summary



Most materials offer significantly lower rebate values than they held in 2016. Some materials, such as mixed paper, have even shifted to requiring an additional tip fee instead of a rebate. This has led to challenges in containing the cost of services at the Timberline Recycling Center. Currently the site is not able to operate at existing service levels within its allocated budget.

Staff continues to evaluate cost savings opportunities on an on-going basis. In the past, the following actions were implemented to reduce costs:

- Purchased Baler (Used to condense plastic film and significantly reduce pick up costs)
- Awarded Grant money to pay to replace 1 compactor
- Negative utility bills due to solar installation
- Volunteer program hours reduce staff time
- County alternative corrections for some site clean-up/maintenance
- Changed security vendor to lower costs

As part of the ongoing evaluation of opportunities, staff conducted an internal analysis to determine if other operations models could result in cost savings without disrupting service levels. Staff gathered cost estimates from various City departments and similar facilities which operate in neighboring communities.

The analysis identified that there is a spectrum of changes that could be considered when approaching the long-term operations for the site. The below table features some of the findings for potential operating models, along with cost and service level considerations.

	Status Quo (contract hauling and site staffing)	Contract hauling, site staffing in-house	Bring hauling and site staffing in-house
Degree of change	None	Medium	Highest
Annual Operations Cost	~\$300K	Minimal	Up to 30% Savings
New Capital Investment	Existing Asset Replacement	+\$85K	+\$350K
Service Level Control	Medium	High	High
Flexibility	Low	Medium	High

Separate from this evaluation, an RFP process was completed to consolidate the vendors for the site. This action will result in some operational cost savings starting in the 2nd half of 2021.

Next step:

- Staff will conduct an analysis on the service levels provided to the community, including a deeper dive into financial modeling to inform future decision making.
- Staff will apply an equity lens to an evaluation of current operations and future opportunities for the Timberline Recycling Center.



- Does the Council Finance Committee have feedback for staff as they develop the long-term operations model for the site?



STRATEGIC ALIGNMENT

- 4.3 Enhance efforts to achieve 2030 **zero waste** goals
- 7.1 Provide **world-class municipal services** through operational excellence and a culture of innovation

Timberline Recycling Center Site



Hard-to-Recycle

Everyday Recyclables

City of Fort
Collins Timberline...

Timberline Road

Timberline Recycling Center Timeline

Pre-TRC: 2002 Everyday
Recyclables collection site near
Rivendell

Added Plastic Film

Added Baling Twine,
Fire Extinguishers

Changed security vendor

2016

2017

2018

2019

2020

2021+

Purchased Baler

TRC opened w/
Hard-to-Recycle
Yard

Added Bulky
Rigid Plastics

One compactor replaced
via grant funding

Special Collection events: mattresses,
shredding, furniture reuse

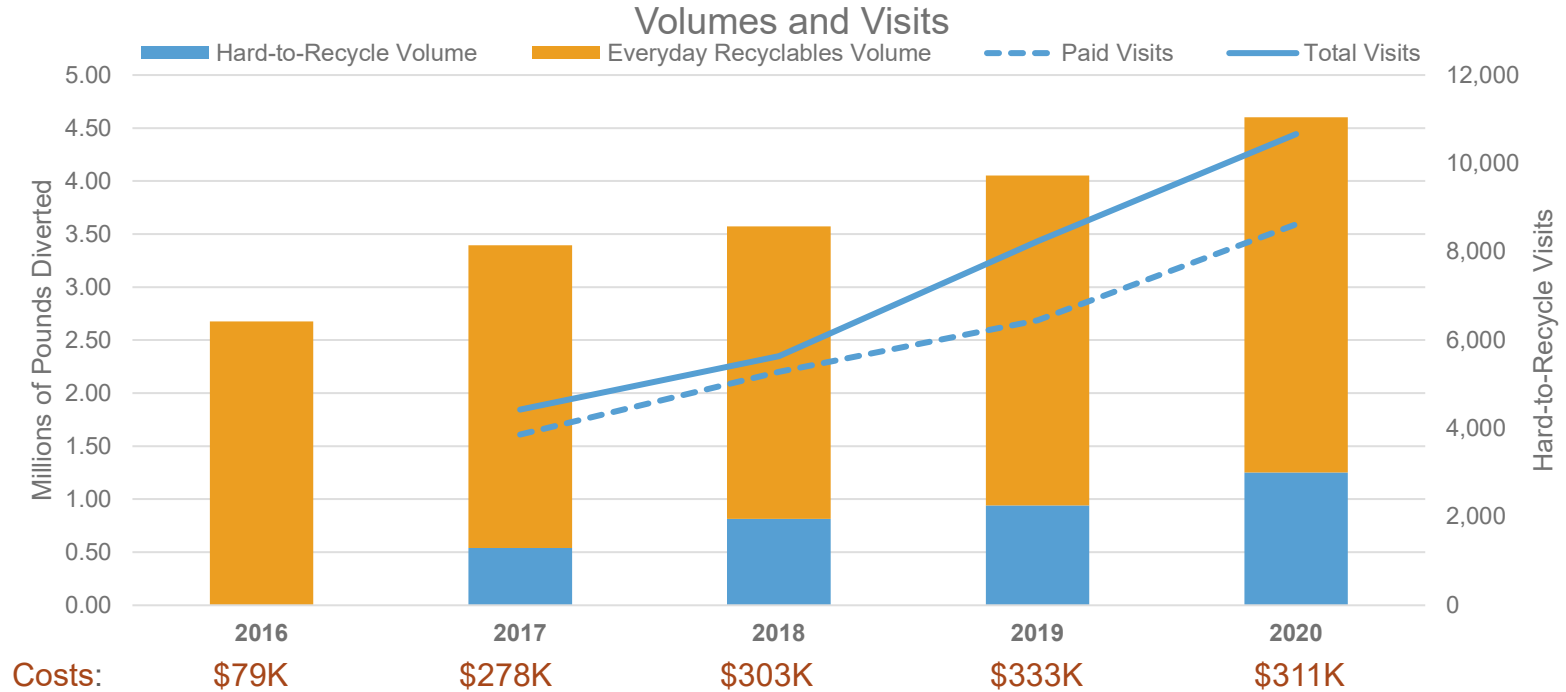
Volunteer program, County
Alternative Corrections reduce
staff time

Solar panels offset electricity use

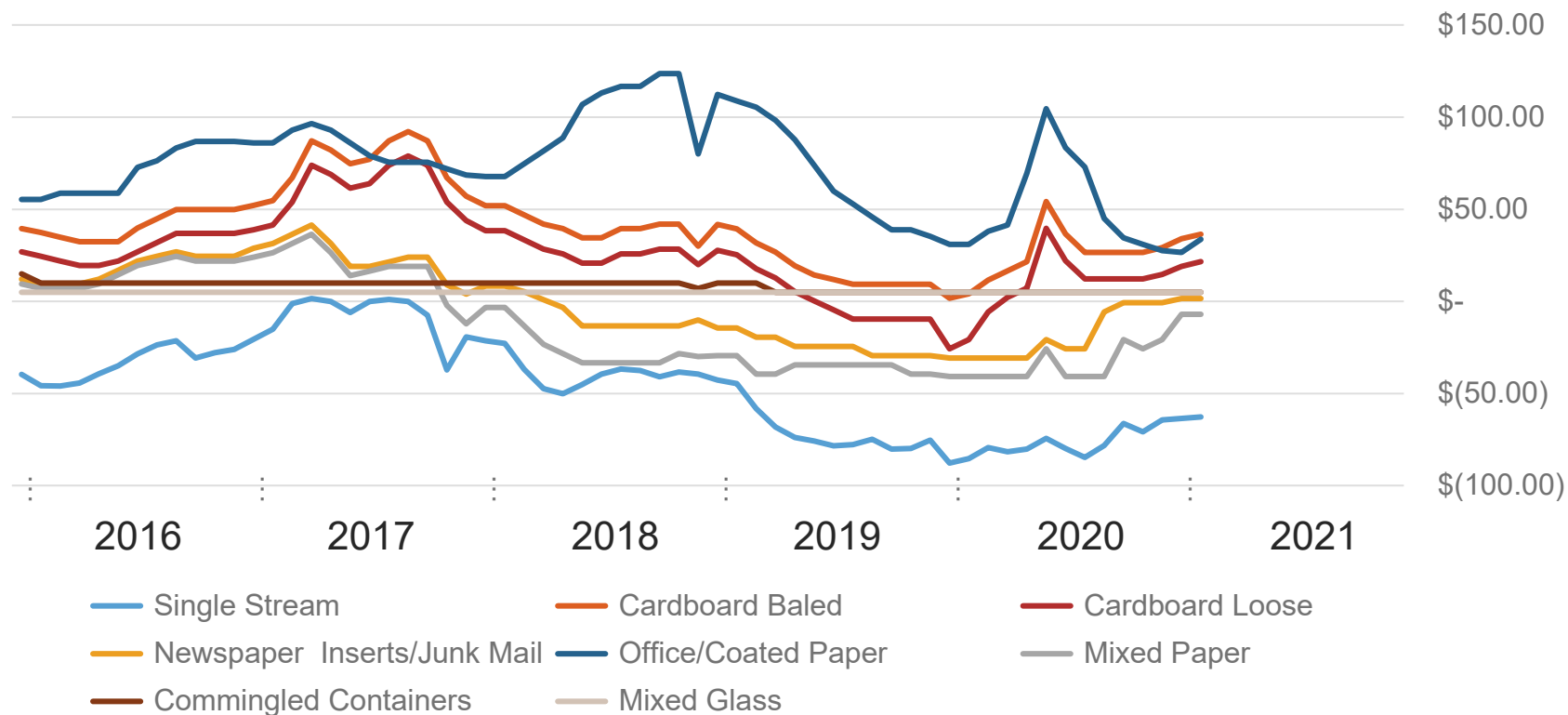
Demand Increasing

Commodity Markets changing

Timberline Recycling Center Growth



Commodity Rebates/Tip Fees Summary



- Taking a fresh look at the Timberline Recycling Center
 - 5 years of operations provides clarity on current model
 - Due to increased hauling costs and poor recycling markets, site is over budget
 - Cost reductions have been identified and implemented
 - New contract consolidates hauling and staffing
 - Experience from operational pinch point in 2020 holidays
 - Everyday Recyclables equipment is at end of useful life
- **Goal = sustainable operating model**

Past Cost Savings Considered

- Implemented
 - Minor operational cost savings
 - Investment in baler
 - Grant funding for compactor replacement
 - Consolidated hauling to single vendor
- Evaluated
 - Limiting types of materials accepted
 - Changing hours of operation
 - Charging entry fee for use of full facility

Peer Communities

- City of Loveland (~\$1.5M annually)
 - Operates own drop-off center
 - Includes yard waste processing
- City of Longmont (~\$750K annually)
 - Staffs drop off center, contracts hauling
- Eco-Cycle
 - Non-profit that staffs and hauls materials from Center for Hard-to-Recycle Materials with financial support from City of Boulder



Operational Considerations Spectrum

Less change

More change

Status Quo
(contract hauling
and site staffing)

- Fewer changes to implement
- Cost exceeds current budget

**Contract hauling,
site staffing in-house**

- May provide moderate cost efficiencies or consolidation of vendors
- Allows for making some changes but not all at once
- Moderate capital request
- Cost exceeds current budget

**Bring hauling and
site staffing in-
house**

- May allow site operations in existing budget
- Allows service flexibility
- Requires full capital request

Considerations and Tradeoffs

	Status Quo (contract hauling and site staffing)	Contract hauling, site staffing in-house	Bring hauling and site staffing in-house
Degree of change	None	Medium	Highest
Annual Operations Cost	~\$300K	Minimal	Up to 30% Savings
New Capital Investment	Existing Asset Replacement	+\$85K	+\$350K
Service Level Control	Medium	High	High
Flexibility	Low	Medium	High

- Evaluate service level provided to community
 - Days per week operating
 - Materials Accepted
- Equity Lens
 - Current operations
 - Future opportunities
- Deeper dive into financial model for decision making

- Does the Council Finance Committee have feedback for staff as they develop the long-term operations model for the site?

City Departments

- Streets
 - Operates roll-off trucks and has roll-off bins for street sweepings
- Environmental Services
 - Familiarity with recycling markets, managing site
- Parks
 - Expertise in landscape maintenance and snow removal



- Cost of providing service
- Service level provided to community
- Risks involved
- Budget predictability
- Tradeoffs of control
 - In-house: greater time / resource investment and greater control of customer service and operational flexibility
 - Contracted: less time investment but less control

Considerations and Tradeoffs

	Status Quo (contract hauling and site staffing)	Contract hauling, site staffing in-house	Bring hauling and site staffing in-house
Degree of change	None	Medium	Highest
Operations Cost	Highest	High	Medium
New Capital Investment	Medium	Medium+	High
Service Level Control	Low	High	High
Flexibility	Low	Medium	High
10-year NPV Breakeven Lead Time Actions/Next Steps			