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AGENDA
Council Finance & Audit Committee
July 7, 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 June 16, 2021 Council Finance Committee meeting.

- | | | |
|---|----------|------------------------|
| 1. Timberline Recycling Center Operations | 30 mins. | V. Shaw
C. Mitchell |
| 2. 2020 Audit Results | 25 mins. | B. Dunn |
| 3. 2021 Winter Storm Clean up Appropriation | 25 mins. | M. Calhoon |
| 4. Transfort APRA | 25 mins. | D. Brooks |

Other Business

Council Finance Committee
Agenda Planning Calendar 2021
RVSD 06/22/21 ck

July 7th	2021		
	Timberline Recycling Center Operations	30 min	V. Shaw C. Mitchell
	2020 Audit Results	25 min	B. Dunn
	2021 Winter Storm Clean up Appropriation	25 min	M. Calhoon
	Transfort ARPA	25 min	D. Brooks

Aug. 11th	2021		
	Carnegie Center Renovation	30 min	J. McDonald K. Mannon
	Laporte Multimodal / Siphon Ped/Bike Overpass	30 min	B. Buckman
	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	30 min	L. Pollack
	GERP Review	30 min	B. Dunn

Oct. 6th	2021		
	Front Range Financial Comparison		B. Dunn
	Financial Policy Updates		B. Dunn

Nov. 3rd	2021		
	Utility Long-term Financial Plan and Capital Improvement Plan		

Future Council Finance Committee Topics:

- 2022 Development Review and Capital Expansion Fee Updates
- Golf Debt Issuance
- Revenue Diversification



Finance Committee Meeting Minutes

June 16, 2021

3:00 - 5:00 pm

Zoom Meeting

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

Staff: Darin Atteberry, Kelly DiMartino, Kyle Stannert, Travis Storin, Teresa Roche, Carrie Daggett, John Duval, Jackie Kozak Thiel, Theresa Connor, Lance Smith, Gerry Paul, Jamie Gaskill, Heather Young, Lisa Schroers, Dan Woodward, Kyle Lambrecht, Blaine Dunn, Kelley Vodden, Jordan Granath, Lawrence Pollack, Cody Forst, Dave Lenz, Zack Mozer, Victoria Shaw, , Lindsay Ex

Others: Kevin Jones, Chamber

Meeting called to order at 3:00 pm

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 May 24, 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.

A. Utilities Income-Qualified Assistance Program (IQAP)

Jamie Gaskill, Utilities Community Engagement
Heather Young, Interim Manager, Public Engagement
Brian Tholl, Utilities Energy Services

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-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.

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>

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 Industry Average*	29.98%	11.22%

**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.

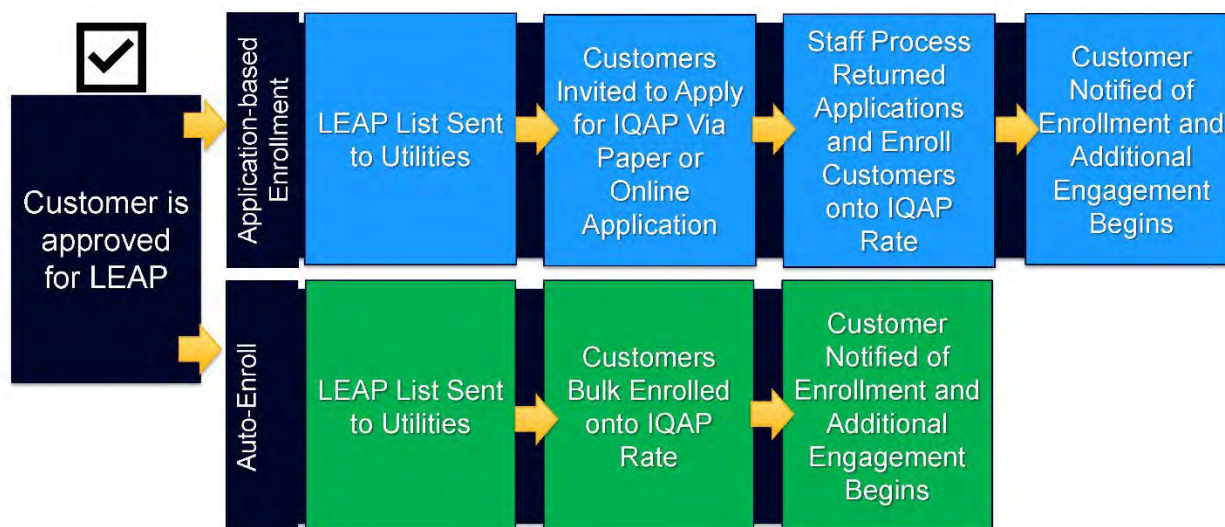


Figure 1: IQAP Application-based Enrollment Processes Versus Auto-Enroll

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.

Discussion / Next Steps;

Emily Gorgol; why would we do another pilot instead of designating this as a full program?

Jamie Gaskill; to be honest we thought it would be beneficial to continue evaluating it a bit more to see if we are realizing the conservation benefit of the program, but this is Council's option to make that choice

Theresa Connor; we need to demonstrate the utility benefit for our rate payers – looking at the conservation impact and just need more time to quantify it

Emily Gorgol; is conservation the only benefit we are looking at?

Theresa Connor; demographic for sure – data on ability to pay – rate payers – benefits that we were not able to quantify for

Jamie Gaskill; we have more information on how we evaluate the impacts of this program, and we plan to look at those over the next 3 years with the ability to pay being a big one

Travis Storin; I would add the auto enroll element is also to be a compelling reason to continue it on a pilot basis to determine with the uptick in participation is going to be supported by the funding made available or if there needs to be additional metering effort in case the program was to have more demand than the funding could support

Emily Gorgol; I just think that conservation is hard to show especially for personal households - I would rather it not be a pilot and be a program, but it sounds like we need to show it to be more of a benefit - I am not happy about another 3-year pilot. How is that 23% set – when do we revisit that?

Jamie Gaskill; percent is based on customer utility burden – trying to get someone closer to AMI - trying to get them to a utility burden percentage that is more average for most people

Emily Gorgol; is that combination proving to be effective? Are we looking at adjusting that 23%?

Lance Smith; regarding adjusting the 23% - we are looking forward to the census data coming out to determine if the 23% may need to be 25% - I do anticipate adjusting that - probably next year

Emily Gorgol; can we schedule that for review - auto enroll

Jamie Gaskill; LEAP is the program (EBT card) that aspect of LEAP does not impact this program Processing payments via LEAP – instead of giving it to them via a EBT card – for various reasons based on how our systems are structured and the fact that we need to be in compliance with federal requirements on how that is done – so we needed to move to the EBT card option - we are still operating at the same

Emily Gorgol; we are able to identify people who have auto enrolled? Have we seen a decrease since the change to EBT?

Jamie Gaskill; enrollment is steady from last year – we saw .7% decrease last year - so not a huge impact

Emily Gorgol; like the auto enrollment and I like that it boosts the number – we have had a hard time getting people enrolled - Are we working on other ways to identify people? Through recreation centers, etc.?

Jamie Gaskill; 8K number is not just for IQAP – that is for all of our offerings – CARE has an 80% AMI - other income thresholds for other programs – AMI percentages are different
We are planning to work with other programs across the city to cross promote and to encourage folks to sign up

Emily Gorgol; we are not on a path – if you sign up at a recreation center for a low-income pass - it will not auto enroll you for IQAP – great to auto enroll especially is we can expand that pool - YES but I like a program instead of a pilot and YED to auto enroll

Julie Pignataro; LEAP – if someone graduates out of LEAP – would they automatically be opted out of this program?

Jamie Gaskill; this is an annual renewal and is based on the last 4 weeks of income - they do have to apply every year and if they graduate out they would not be able to reapply or auto enroll.

Julie Pignataro; would auto enrollment result in any costs to customers or just savings?

Jamie Gaskill; it would result in just savings for the customers, and it would reduce barriers significantly

Julie Pignataro: have we done any cross referencing of those who are either in the program or would qualify with the account that are threatened for shut off?

Heather Young; we did track customers who had applied for CARES funding and if they were on the IQAP rate – the trend we did see was renters applying for that assistance - we also have a program through Neighbor-to-Neighbor tracking folks on that rate - we do not have the dataset for all disconnects but that is something we could explore

Julie Pignataro; only if you feel it might supply significant data that would help you.
Why 3 years for a pilot?

Lance Smith; interestingly enough - Kelly Ohlson was on Council when we had tiered rates and Kelly asked for an income assistance rate - it took us a while to get there – rolled out time of day rates in 2018 - there is a lot of seasonality associated with utilities – we did not want to have just one year to determine if this program had long term viability or not so initially we proposed it as a 3-year pilot.

Julie Pignataro; If we estimated that 6,000 more people are eligible, but we are targeting another 1,400 - where are the other 4,500 people? Is this just the line we are drawing for feasibility or is there more to it?

Jamie Gaskill; Because of the LEAP qualification there are only so many people we see applying for LEAP so that is very directly tied to the eligibility for IQAP specifically - Between 2,000 and 6,000 is for the whole portfolio of all utilities affordability programs we offer (payment assistance fund, medical assistance program, CARE program) the whole portfolio we offer could reach 8,000 folks

Kelly Ohlson; I brought up low-income assistance in all programs including recreation in 2005 - It has worked to get a program up and going – did not want to lose the revenue (sales tax rebate program). I agree with Lance that it took a while to get going - I left in 2013 and we did not get it going until 2018.
I do not know how you do a more clear and complete assessment – does not involve that much money but it is an important project. Well done - clear excellence. We decide what is a pilot or program. This should be a program - personalities on Council change - You just bring back changes to us whether it is a program or a pilot - no legal reason – it institutionalizes the program. I will make a motion that it be a program (Working Session / Council) changes can be made - if we need to back it up with some general fund money I would be willing to do for low-income people.

Theresa Connor; we have to meet the utility benefit test – whether a pilot or program we feel strongly about the benefits of this program – we will take that feedback / direction and bring options back to you before July 6th Council

Emily Gorgol; that is what I was getting at when I was making my comments - Is there an option to reduce the pilot duration?

Julie Pignataro; if we change it to a program why does the money have to come from the General Fund?

Theresa Connor; if benefit to utility is systemic – we have always used conservation because it reduces

Kelly Ohlson; if there is not much conservation benefit and it is more of a benefit for low-income people then it would be more of a General Fund responsibility than a utility responsibility

Julie Pignataro; there are a lot of funds that cannot play in both places – so when there is one that can either go to General Fund or Utilities – is it possible to preserve that option? If the benefit could be by helping low-income people we are saving money to the utility by not having to go to collections

Theresa Connor; the ability to pay is considered to be a benefit to the utility system – defer to Carrie

Carrie Daggett; I do think it is a matter of reasonable judgment for the council to evaluate whether there is sufficient benefit and while that discretion is not completely unlimited in the sense that there needs to be an ability to defend the council's decision as being rationale and reasonable – there is some room for council to make a determination of what meets that test. There probably are arguments both ways on some of the ideas – it is worth thinking through some of the arguments making sure council members feel that they hold water.

Kelly Ohlson; I would fully support this being a high priority - anything helping low-income people. If the worst-case scenario that is General Fund dollars – not that much money – should not worry about it going away if it is not the utilities paying for it – that is why we want to institutionalize this program then it will be hard to take away.

Emily Gorgol; what constitutes a benefit to rate payers – For me defining what that is a benefit when people are not delinquent – for me it is not a stretch - I would really like for this to be a priority and explore. I do not want the program lapse so I do not want the gap there while we figure this out - I would like to keep it in utilities but would not oppose to General Fund.

Carrie Daggett; one other aspect of thinking about the benefit to the rate payers would be thinking about why provide this benefit to these customers - why this group? – There are two aspects to this type of judgement; 1) Is there a connection 2) How do you set the universe of folks this is being offered to? Does the distinction you are making tie into what the benefit to rate payers might be? In this case, there may or may not be a reason that reducing utility rates in order to avoid having to collect for non-payment is potentially something that is more likely to result in a benefit for this defined group. That would be another aspect of thinking through making that judgment.

Julie Pignataro; yes to auto enroll. I do agree, let us go ahead and make it a program.

Not a ton of things that can play in both spaces of the budget General Fund / Enterprise Fund or if we could have a shorter pilot with no lapse in the program.

B. 2020 Fund Balance, Revenue & Expenditure Review

Blaine Dunn, Accounting Director

EXECUTIVE SUMMARY:

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

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

General update to Council Finance Committee

BACKGROUND/DISCUSSION

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

Appropriated, Minimum Policy or Scheduled is comprised of minimum fund balances established by policy, funds from the 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.

Discussion / Next Steps;

Julie Pignataro; what is the connection between fund and budget?

Travis Storin; our Charter is written in such a way that funds can only be appropriated under one of two conditions;

- 1) If we anticipate the revenue – in 2022 we estimate how much revenue and those are eligible for appropriation for what Council sees fit
- 2) If it is in prior year's reserves

The City Charter prohibits us from deficit spending. We have to either have reason to believe that it is revenue to come in the future or that it is already reserved.

This informs how much of those one-time reserve dollars are available for appropriations subject to constraints of the ballot language or unassigned funds with no constraints.

Blaine Dunn; from a code standpoint, our budgetary level of control is at the fund level by and large (some capital projects are excluded from that). Within our code we define what each fund is and what it is used for and set a budget for each fund that will be appropriated which is how we determine where the money will be spent.

Julie Pignataro; why if for 2020, our fund balance is \$440M do not we say have a \$700M budget?

Travis Storin; the \$700M is really the full revenue picture or gross expense - really income statement instead of bank statement

Kelly Ohlson; reminder - when you said it has been brought in the past - I have been on Councils when there are no changes and now we have 4 new member who are not aware

KFCG Fund - I would like to have a one pager to understand how the money broke out before and how it is broken out now - .85 we broke out chunks of the .85 into different categories.

Think that changed dramatically - I just would like to know what it was before and what it is now.

Travis Storin; I will respond here and will follow up with a memo. The most recent ballot to renew the KFCG rate of .85, the voters agreed to break it into .6 that becomes permanent and part of the city's base rate and the remaining .25 stays on a 10-year renewable schedule. The new .85 does not have the same six categories in the prescriptive fashion. The decoupling of the six KFCG categories, and to decommission the KFCG fund and sweep it into the General Fund. The amounts Blaine has shown are residual - we have means to track how that .25 cent is being spent and is wide open from a ballot perspective.

Kelly Ohlson; 6 categories; Police, Fire, Parks, Streets, other community priorities.

So, it is over – perfect timing to get a summary. What we projected in those ten years and what came in

Darin Atteberry; whether it is required or not I really like what Kelly is talking about – it is ultimate transparency – what were our projections? How did we say we were going to use this money? How, in fact did we use this money? Transparency is a promise and the fact that we kept our promise is important to future ballot measures.

Kelly Ohlson; compared to other communities - I do not know how a community could do better at spending the money on the things we said we would - we do not say one thing and then do another.

Emily Gorgo; new council - this is helpful information, but it is a difficult concept of how you translate this into the BFO – it is semi baked when it comes to us. More information would be helpful

Travis Storin; When you get the City Manager's Recommended Budget - you can see specifically how much proposed use of reserves is within that and for what offers - comparison point for the presentation you just saw – it is available for council discretion – your starting point is a staff recommendation

Julie Pignataro; I found this conversation very informative as well. One final question 0 What is the self-insurance fund?

Travis Storin; the city insures itself essentially for general claims, liability, and car accidents up to \$500K. Traditional insurance only kicks in above the \$500K. This fund is on a watch list of funds due to increased premiums due to hailstorms and law enforcement legislation has also led to a substantial increase.

C. TCEF Supplemental Appropriation

Dan Woodward, Capital Projects Engineer

Drake and College – TCEF Supplemental Appropriation

EXECUTIVE SUMMARY

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.

Discussion / Next Steps;

Julie Pignataro; I don't see that Clay Frickey is on this call – I have missed a few URA meetings, and I am trying to remember what the plan looks like for this area?

Darin Atteberry; We have been talking about the development at the southwest corner and some activity on northeast corner. We have heard some preliminary design ideas, but most of the conversations have been around preserving the transportation options in addition to the private developments on the north and south side.

Julie Pignataro; I have always wanted this to be more of a transportation hub – major MAX stop - rail has been causing some issues there - transportation is not my forte but my concerns are that we are too early and if we make these commitments we may be missing out on some opportunity for this to be a transit hub for the city. It is really the new center - right between where I used to work and where I live. I hated everything about it for 4 years. Maybe I am misunderstanding the process. What is the deliverable that can be expected out of this process?

Darin Atteberry; In those urban renewal conversations with the private property owners, we have also been talking about parking structure - parking can be a challenge especially when CSU is in session. At the station at Drake and Mason has always been a challenge. When we were talking about potential (not on the adopted master plan) weren't we talking about potential under or over crossings of the railroad?

Brad Buckman; we are looking at that intersection in conjunction with the railroad crossing and a possible overpass or underpass at that crossing which would be more of a longer-term investment. We feel this is important because we want to start looking at the conceptual design of the intersection and how the new King Soopers and the developments will come in and fit with that intersection but also how that might fit with a potential overpass or underpass – we are working closely with URA (EH - Josh Birks and Clay Frickey) on a possible funding partner for this. We are not ready to ask for construction funding – not there yet - this is to try to get the conceptual design and the bigger picture of that intersection.

Julie Pignataro; how flexible is that design once it is complete?

Dan Woodward; we like to start earlier when we can to try to coordinate and to be flexible - we do not expect to get a final design – more let us explore – what are the opportunities we have? what does an over or underpass look like? How can this intersection fit in with a transit hub with the adjacent developments? It is very flexible

Julie Pignataro; do our Max plans involve Drake at any point? Does it keep going for mass transit? What is next?

Brad Buckman; right now, we have West Elizabeth that we are looking at in a conceptual design level. Trying to get that postured for grant funding so that is the next BRT we are looking at -east / west. We are at the very early conceptual stages for North College which is the next piece of the BRT network which would go up to Highway 1. Those are the next couple of BRTs we are looking at.

Darin Atteberry; looking out 25+ years – I think the Harmony corridor and Mulberry corridor are both long range corridors for BRT expansion

Emily Gorgol; this seems early, but I understand the reasoning – also the College and Drake intersection - I am surprised that we are redoing it again - camera at the intersection. Would like to see more than working on funding with the URA - they do a ton of engagement work – how is that going to be incorporated into this plan? There was a lot of discussion of transportation and not cars And how are we making that corridor more friendly to bikes and pedestrians and making it more assessable -so it seems out of alignment as we are still a car dependent talking about wanting a more walkable and bikeable community - tie into the max – I understand you want to do a conceptual study /review – Are we ready this early in the game and we have the connections to bring the input into the design I am ok with going forward – it was just surprising to me that we were talking about this intersection.

Dan Woodward; the URA and the plan development, their outreach, the multi modal piece of that is the reason we want to engage so early - we really want to partner with a lot of the momentum around the things that are discussing on the front end – The TCEF allows for multi modal and that would be one of the primary focuses of this - so, if we can collaborate on where we locate a parking structure or where an over or underpass might be. We want to be able to engage in a design, conceptual, cost perspective earlier on so we can fully understand. Your points are very well taken – those are the exactly the sort of things we want to look at early on and accommodate.

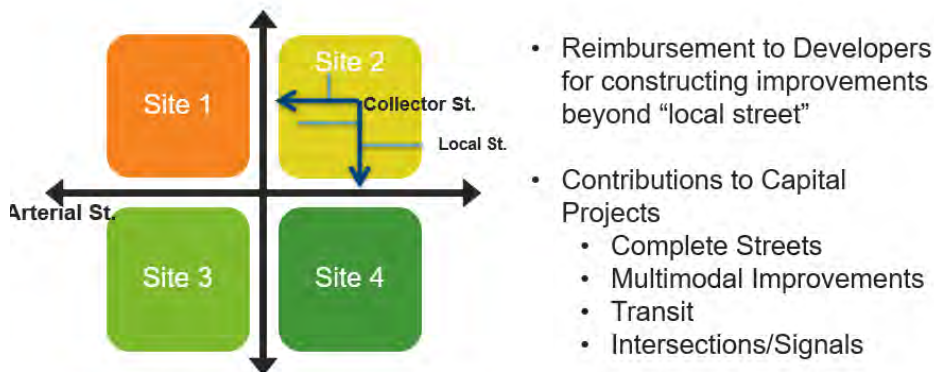
Kelly Ohlson; question on slide #3 - When is the last time we examined / updated this process of deciding what is a fair payment?

Travis Storin; I can confirm that it was 2017 - across all of the Capital Expansion Fees (not just TCEFs) there was a significant level of work / exhaustive review done by a fee task force.

Kelly Ohlson; developers pay into this big pot of money then they can come to us and say other than the local streets that we have to pay for we are now building two collector streets and we reimburse all of that?

Kyle Lambrecht; above the local street portion

Kelly Ohlson; why is that? They are causing some of the issues that require the collector streets, and they benefit greatly from them. I am always looking out for the minimum wage worker not having to pay for developer's streets.



4

Kyle Lambrecht; the reimbursement back to the developer comes from the development fee that was collected. What is obligated in the program - the development is obligated to construct impacts solely associated with their development and what is defined as the local street portion (cross section of a local street, sidewalks, parkways, etc.. (slide #4) What can happen in these cases - site #2 will come in and we will ask them to make improvements on their frontage as well as the intersection for instance – The value of these improvements then can be assigned to these other sites as well so that when they come back and develop, they are also obligated to reimburse this first development for improvements that address their impacts as well. So, even though this person /developer is 'first in' we are asking them to come in and build these improvements and address these now as a single time of impact to public - As these additional pieces come in they would need to be reimbursing the initial developer for constructing improvements that meet their local needs.

Kelly Ohlson; I thought we said we paid out of the bucket of money for the collector streets for that development. Why would the developer get reimbursed for what we paid for?

I do want to understand this – I would like the Finance Committee to see it so it will not be the last time we see this. - I thought I understood it – they contributed into big pot now we need the collector streets – the dollars that the other sites pay in goes back into the city pot of money – that is not what I heard – make sure that those that benefit pay their fair share.

Kyle Lambrecht; I apologize - I was speaking about the adjacent developer's local street obligation.

Carrie Daggett; John Duval has worked directly with putting the fee program together.

John Duval; there is a series of things that happen - the CDEF is supposed to pay for the collector streets and other major portions and the local portion is paid for by the developer for their impacts. But when they are required to oversize streets near them that is when the TCEFs are used to reimburse the developer for the collector and the oversized streets. They also ask other developers as they come in and build along those streets if the city has paid for those collectors then they will need to reimburse the city for the local portion - occasionally the reimbursements could go directly to the developer who oversized it - if the city has not reimbursed them already. The city is not actually obligated to reimburse them - they are subject to annual appropriation and so, we only pay them if and when we have the money available for those oversized improvements.

The concept is that the developers and their developments are also paying the TCEF and paying their fair share for the oversizing portion as well - Developers paying in TCEF – pay for the oversizing portion as well We would like you at the same time to build the oversizing and we will give you an IOU - when we have the money to pay you back – sometimes the money is available sooner than expected or a few years out.

Kelly Ohlson: If site #2 develops first - Does site #4 pay their fair share as well for street improvements? Confirming that first in does not benefit or get punished and that everyone pays their fair share.

John Duval; that is the theory of the system – site #4 will pay their local portion – they will also pay the CDEFs they are required to pay for their share of the oversize improvements - the same thing for site #2 as well

Kelly Ohlson; what is the most likely range for an overpass or underpass?

Dan Woodward; we have started to engage in looking at some of that - is it feasible? What does something like that cost? Near range or long range?

Brad Buckman; the most likely range would be \$30-45M

Kelly Ohlson; I am guessing since it is raining federal dollars that is what we are working for, and we want to be shovel ready.

Dan Woodward; you are correct - we are trying to get these queued up

Brad Buckman; this would have to be a large grant type funding - multi modal improvements and grants

Kelly Ohlson; Kroger is the #1 grocer and #A2 retailer in the US - as we talk about those who have the ability to pay - Have they requested any public money?

Darin Atteberry; my recollection is no - we have made a couple of visits to try to get them to think in a different level in regard to mixed use, higher density, parking structure – talked about potential leverage but as you know, there is no interest in that. I will confirm this with Josh Birks, but my understanding is that is no activity around a private/public partnership related to that site. We tried as that is a very critical intersection but not a lot of interest in that.

John Duval; the southwest corner is the only area where we are talking about URA benefits - funding

The Timberline Recycling Center agenda topic was moved out to the July 7th Council Finance Committee meeting due to time constraints.

Meeting adjourned at noon.

DRAFT

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Caroline Mitchell, Victoria Shaw

Date: July 7, 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

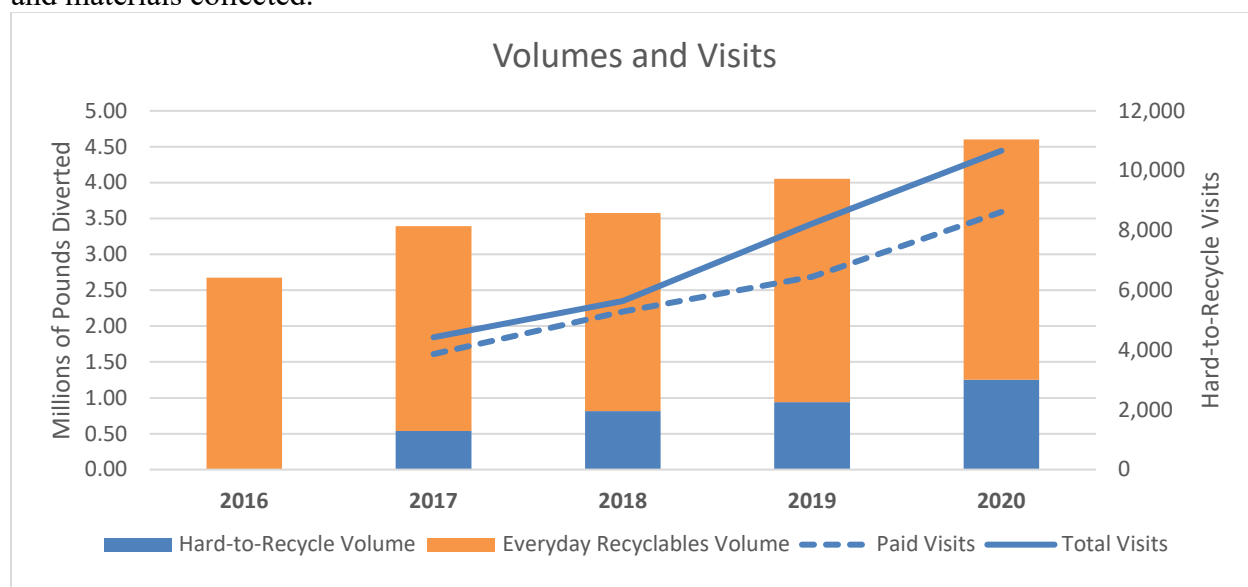
is outsourced to a private vendor. Historically, the vendors for each side of the site were separate. A new agreement was reached in 2021 to consolidate to a single vendor, which will result in some cost savings.

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

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

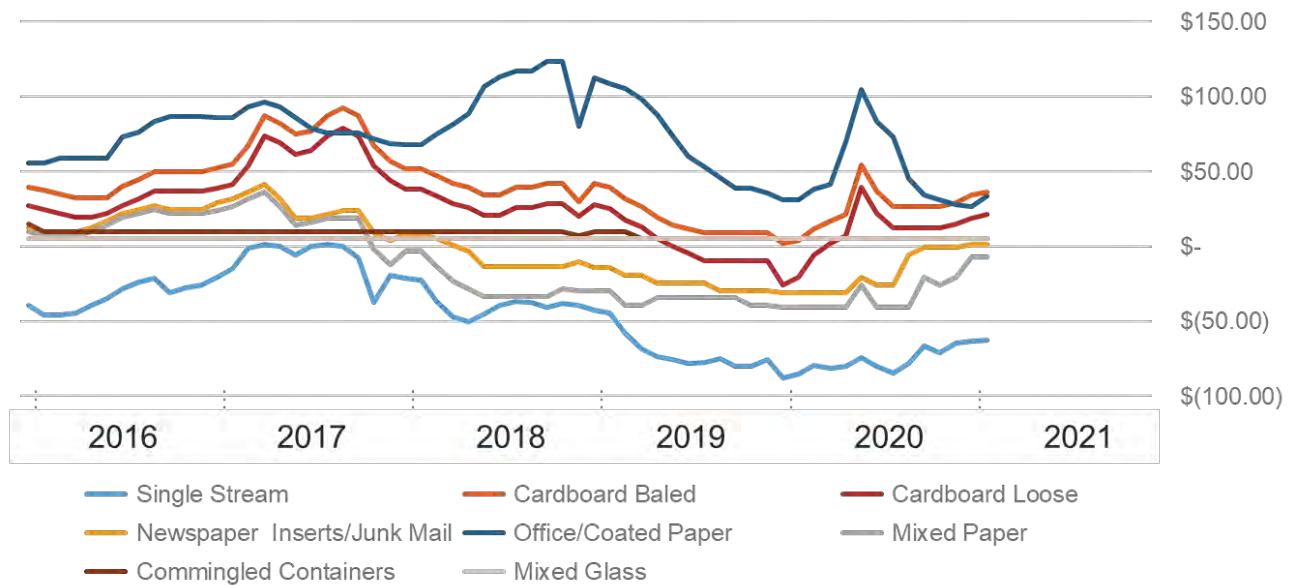
The site has also offered special collection events. During those events, the site has accepted mattresses, box springs, documents requiring shredding, and furniture for reuse.

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.



Timberline Recycling Center Operations

Victoria Shaw, FP&A Manager
Caroline Mitchell, Environmental Sustainability Manager

7-7-2021

- 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



Hard-to-Recycle

Everyday Recyclables

Timberline Road

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

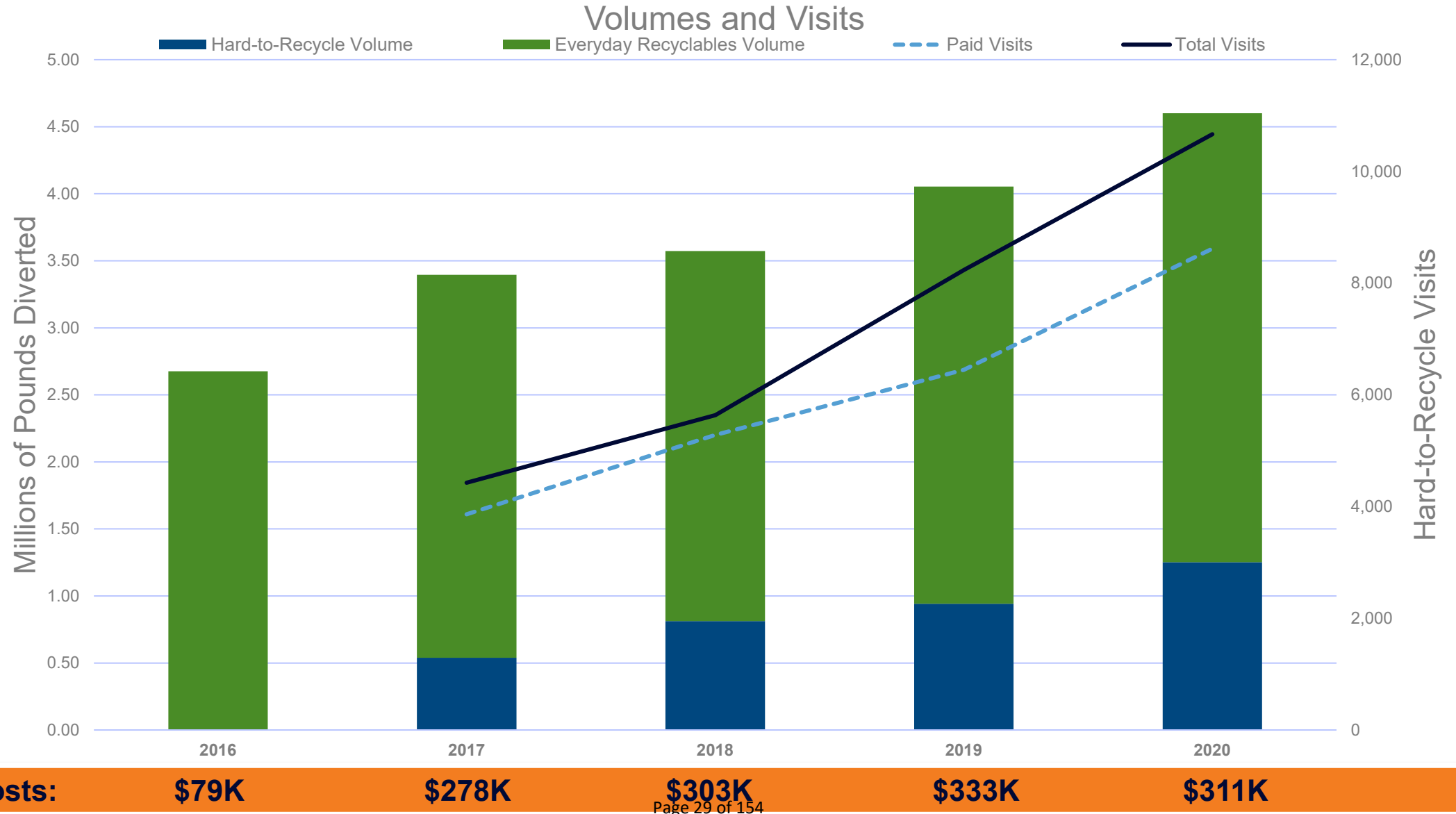
Special Collection events: mattresses,
shredding, furniture reuse

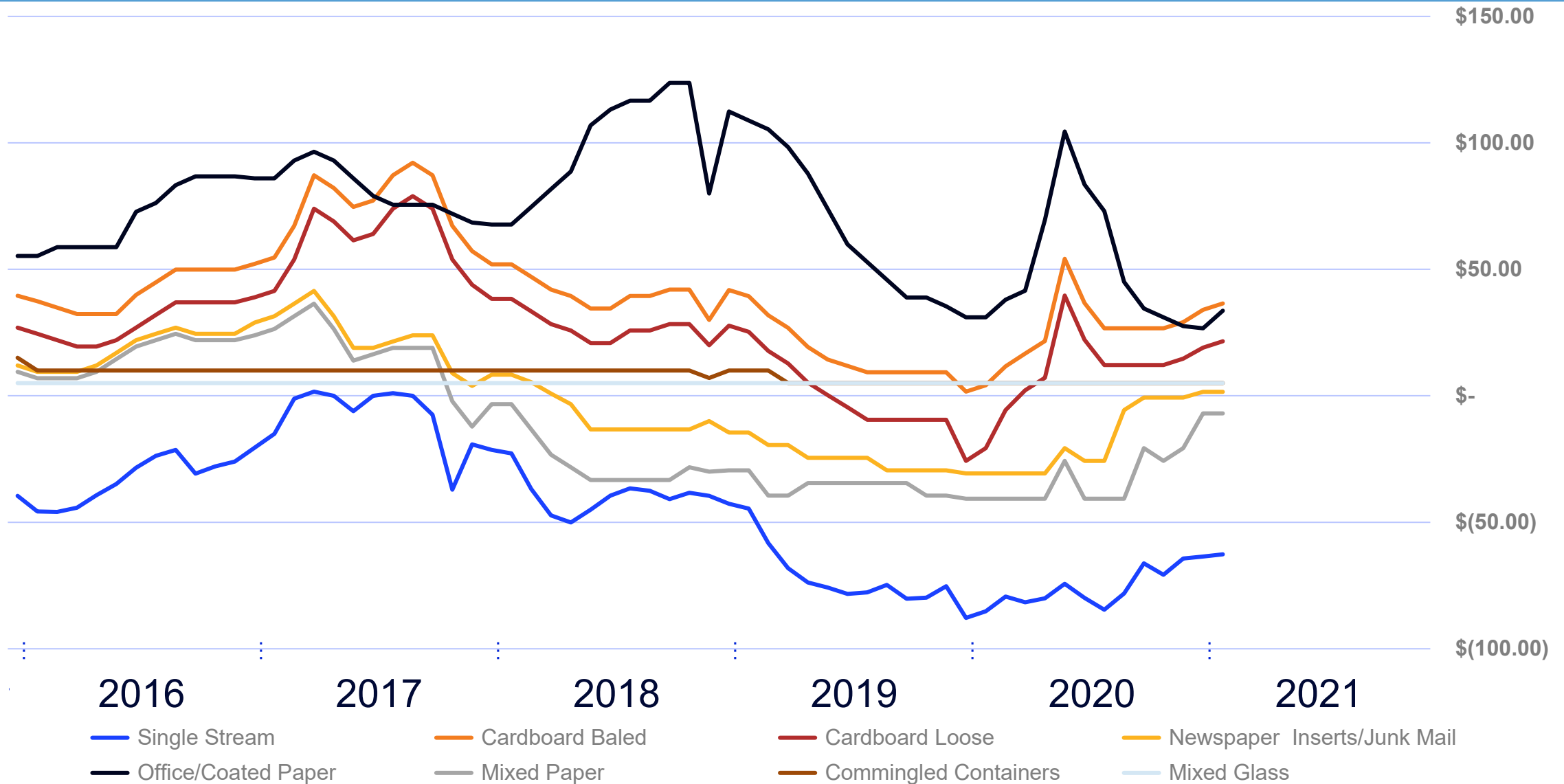
Volunteer program, County
Alternative Corrections reduce
staff time

Solar panels offset electricity use

Demand Increasing

Commodity markets changing





- 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**

- 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



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

	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

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Blaine Dunn, Accounting Director
Kelley Vodden, Controller
Chris Telli, BKD LLP
Anna Thigpen, BKD LLP

Date: July 7, 2021

SUBJECT FOR DISCUSSION

Independent Auditors' Report on 2020 Financial Statements
Independent Auditors' Report on Compliance for Major Federal Programs

EXECUTIVE SUMMARY

BKD will be presenting an overview of the *Report to Council*. This report covers the audit of the basic financial statements and compliance of the City of Fort Collins for year-end December 31, 2020.

NOTE: The Comprehensive Annual Financial Report has been sent to the printer, but the printing has not yet been completed. We will get hard copies distributed as soon as they are available. A copy of the report can be found online here: fcgov.com/finance/files/cafr-2020.pdf

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff seeks input on areas of priority or concern, other than those established in this Report to the City Council, for matters of recordkeeping and/or the City's internal control environment.

Otherwise there are no specific questions to be answered as this is a 2020 year-end report.

BACKGROUND/DISCUSSION

In compliance with *Government Auditing Standards*, the City undergoes an independent external audit on an annual basis. BKD finalized its financial statement audit and compliance report on June 25, 2021 and the firm is required to report the results of the audit to those charged with governance.

Attachment 1 to this agenda item contains the full report, and findings of note are summarized below:

Significant Issues Discussed with Management (Attachment 2, page 4):

City management and the audit team discussed the transfer out of the Old and New Retirement Health Savings Plan from the Pension and Other Employee Benefit Trust Funds. BKD agreed with the treatment of the transfer out.

Other Findings (Attachment 2, pages 6-7):

Other findings/deficiencies identified by the auditors but not rising to the level of a significant deficiency can be found in the Report to the City Council. Staff will provide a written response to the audit findings at a fourth quarter Council Finance Committee meeting.

ATTACHMENTS

1. PowerPoint Presentation
2. Report to the City Council
3. Single Audit Compliance Report

Honorable Mayor and Members of
City Council and City Manager
City of Fort Collins, Colorado
Fort Collins, Colorado

As part of our audits of the financial statements and compliance of the City of Fort Collins, Colorado (the City) as of and for the year ended December 31, 2020, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) *Uniform Guidance* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- Modified approach for infrastructure – City streets

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Self-insurance reserves (IBNR)
- Net pension liability
- Other postemployment benefits liability
- Fair value of investments
- Allowances for accounts, grants and notes receivable
- Depreciable lives of capital assets
- Asset retirement obligations

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Investments
- Long-term debt

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

- No matters are reportable

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole

Auditor's Judgments About the Quality of the City's Accounting Principles

During the course of the audit, we made the following observations regarding the City's application of accounting principles:

- No matters are reportable

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Consultation with Other Accountants

During our audit we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Old and New Retirement Health Savings Plan transfer out from the Pension and Other Employee Benefit Trust Funds

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the City of Fort Collins, Colorado (the City) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be a deficiency.

Deficiency

Net Investment in Capital Assets

In accordance with the Governmental Accounting Standards Board, *Comprehensive Implementation Guide*, question 7.23.13, construction retainage payable is considered to be a liability attributable to the acquisition, construction or improvement of capital assets and therefore, is a required component in the calculation of the net investment in capital assets

(NICA). As in the prior year, management did not include the retainage payable liability in the NICA calculation, and as a result, an audit adjustment was proposed to correct the NICA calculation. Management chose not to record this adjustment based on materiality.

We recommend that management eliminate future proposed audit adjustments by formally including this component in the NICA calculation. This will also more properly state this component of net position and avoid the risk of the amount of retainage payable being material to a respective opinion unit, thereby necessitating a post-closing entry late in the audit process.

INTERNAL CONTROL OVER COMPLIANCE

In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies.

Deficiencies

Internal Controls – Review

As outlined in 2 CFR 200.303, management must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. During our audit of the Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME), BKD noted several instances where there was not adequate documentation of review. Please see the compliance requirements listed below where these instances took place.

- HOME: Allowable Costs and Allowable Activities
- HOME: Program Income
- HOME: Maximum Per Unit Subsidy
- CDBG: Allowable Costs and Allowable Activities
- CDBG: Program Income
- CDBG: Reporting (SF-425 Reports)

While we did see other indications of review, the review process was not formally documented. The City should ensure effective internal controls are identified and documented as they are an important component of a system that helps ensure compliance with grant requirements.

Policies and Procedures

During our audit of the Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME), it was noted that only one member of the Social Sustainability team had in-depth knowledge of the internal control and compliance requirements for the grants. While compliance requirements were outlined in detail in the Policies and Procedures Manual for CDBG and HOME, internal control procedures were not outlined in the manual. Additionally, roles and responsibilities for team members in both the Social Sustainability and Finance Team are not clearly identified. As a result, when turnover occurred in a role responsible for review, there was no identification of an individual to perform reviews during the period of turnover. BKD recommends that the Policies and Procedures Manual is revised to include controls for each compliance requirement including the identification of roles and responsibility to a specific position. In the event of turnover, this can help prevent errors in internal controls and/or non-compliance.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Future Accounting Pronouncements

GASB Statement No. 87 – 2022 Effective Date

GASB Statement No. 87, *Leases* (GASB 87): GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for fiscal years beginning after June 15, 2021. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

GASB Statement No. 97 – 2022 Effective Date

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Aspects of this Standard were effective immediately upon issuance while the accounting and reporting changes and changes to the component unit assessment are effective for fiscal years beginning after June 15, 2021 (the City's 2022 fiscal year).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

It has become common for governments to enter into subscription-based contracts to use vendor-provided IT. Subscription-based Information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. The objective of GASB 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

Under GASB 96, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022 (the City's 2023 fiscal year), and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

GASB Statement No. 93, Replacement of Interbank Offered Rates

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either (a) changing the reference rate or (b) adding or changing fallback provisions related to the reference rate. The objective of GASB 93 is to address the accounting and financial reporting effects that result from the replacement of LIBOR with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information.

Honorable Mayor and Members of
City Council and City Manager
City of Fort Collins, Colorado
Page 10

The removal of LIBOR as an appropriate benchmark interest rate is effective for the reporting periods ending after December 31, 2022 (the City's 2023 fiscal year). All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (the City's 2022 fiscal year).

* * * * *

This communication is intended solely for the information and use of management, City Council, others within the City and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 25, 2021

City of Fort Collins
ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	1,280,027,411		1,280,027,411	
Total Liabilities & Deferred Inflows	(138,514,104)		(138,514,104)	
Total Net Position	(1,141,513,307)		(1,141,513,307)	
General Revenues & Transfers	(210,764,210)		(210,764,210)	
Net Program Revenues/ Expenses	198,058,623		198,058,623	
Change in Net Position	(12,705,587)		(12,705,587)	

Client: City of Fort Collins

Period Ending: December 31, 2020

Governmental Activities (Government-Wide Statements)

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets		Liabilities		General Revenues & Transfers		Net Program Revenues/ Expenses		Net Position		Net Effect on Following Year	
			DR		CR		DR		CR		DR		DR	
													Change in Net Position	
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0		0		0		0		0		0	
	Net investment in capital assets										763,057			
	Unrestricted net position										(763,057)			
Total passed adjustments			0		0		0		0		0		0	
											Impact on Change in Net Position		0	
											Impact on Net Position		0	

City of Fort Collins
ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Business Type Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	1,094,967,402		1,094,967,402	
Total Liabilities & Deferred Inflows	(207,632,437)		(207,632,437)	
Total Net Position	(887,334,965)		(887,334,965)	
General Revenues & Transfers	(3,241,146)		(3,241,146)	
Net Program Revenues/ Expenses	(14,958,606)		(14,958,606)	
Change in Net Position	(18,199,752)		(18,199,752)	

Client: City of Fort Collins
Period Ending: December 31, 2020

Business Type Activities (Government-Wide Statements)
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets		Liabilities		General Revenues & Transfers		Net Program Revenues/ Expenses		Net Position		Net Effect on Following Year	
			DR		CR		DR		DR		DR		DR	
													Change in Net Position	
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0		0		0		0		0		0	
	Net investment in capital assets										3,684,120			
	Unrestricted net position										(3,684,120)			
Total passed adjustments			0		0		0		0		0		0	
Impact on Change in Net Position											0			
Impact on Net Position											0			

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Light and Power (Broadband)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	59,623,965		59,623,965	
Non-Current Assets & Deferred Outflows	312,211,756		312,211,756	
Current Liabilities	(19,537,351)		(19,537,351)	
Non-Current Liabilities & Deferred Inflows	(144,141,696)		(144,141,696)	
Current Ratio	3.052		3.052	
Total Assets & Deferred Outflows	371,835,721		371,835,721	
Total Liabilities & Deferred Inflows	(163,679,047)		(163,679,047)	
Total Net Position	(208,156,674)		(208,156,674)	
Operating Revenues	(141,822,844)		(141,822,844)	
Operating Expenses	139,305,023		139,305,023	
Nonoperating (Revenues) Exp	(3,035,291)		(3,035,291)	
Change in Net Position	(2,310,054)		(2,310,054)	

Client: City of Fort Collins

Period Ending: December 31, 2020

Light and Power (Broadband)
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Assets & Deferred Outflows										Liabilities & Deferred Inflows				Net Effect on Following Year									
Description		Factual (F), Judgmental (J) or Projected (P)		Current		Noncurrent		Current		Noncurrent		Operating Revenues		Operating Expenses		Nonoperating (Revenues) Exp		Change in Net Position		Net Position			
				DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F		0		0		0		0		0		0		0				0			
Total passed adjustments																							

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Storm Drainage

QUANTITATIVE ANALYSIS

	Before		Subsequent to	
	Misstatements	Misstatements	Misstatements	% Change
Non-Current Assets & Deferred Outflows	28,909,140		28,909,140	
	136,444,621		136,444,621	
	(4,131,489)		(4,131,489)	
	(1,442,401)		(1,442,401)	
Current Ratio	6.997		6.997	
Total Assets & Deferred Outflows	165,353,761		165,353,761	
	(5,573,890)		(5,573,890)	
	(159,779,871)		(159,779,871)	
Nonoperating (Revenues) Exp Change in Net Position	(17,945,468)		(17,945,468)	
	11,046,643		11,046,643	
	(328,054)		(328,054)	
	(7,647,653)		(7,647,653)	

Client: City of Fort Collins

Period Ending: December 31, 2020

Storm Drainage

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Assets & Deferred Outflows										Liabilities & Deferred Inflows										Net Effect on Following Year				
Description		Factual (F), Judgmental (J) or Projected (P)		Current		Noncurrent		Current		Noncurrent		Operating Revenues		Operating Expenses		Nonoperating (Revenues) Exp		Net Position		Change in Net Position		Net Position		
				DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F		0		0		0		0		0		0		0		0				0		0
	Net investment in capital assets																	345,402						
	Unrestricted net position																	(345,402)						
Total passed adjustments																								
0																								
0																								
Impact on Change in Net Position																								
0																								
Impact on Net Position																								
0																								

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Water

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	91,426,867		91,426,867	
Non-Current Assets & Deferred Outflows	260,359,401		260,359,401	
Current Liabilities	(10,298,299)		(10,298,299)	
Non-Current Liabilities & Deferred Inflows	(2,553,610)		(2,553,610)	
Current Ratio	8.878		8.878	
Total Assets & Deferred Outflows	351,786,268		351,786,268	
Total Liabilities & Deferred Inflows	(12,851,909)		(12,851,909)	
Total Net Position	(338,934,359)		(338,934,359)	
Operating Revenues	(33,344,463)		(33,344,463)	
Operating Expenses	30,769,232		30,769,232	
Nonoperating (Revenues) Exp	(1,458,939)		(1,458,939)	
Change in Net Position	(6,002,280)		(6,002,280)	

Client: City of Fort Collins

Period Ending: December 31, 2020

Water

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Assets & Deferred Outflows										Liabilities & Deferred Inflows															
Description		Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Current		Noncurrent		Current		Noncurrent		Operating Revenues		Operating Expenses		Nonoperating (Revenues) Exp		Net Position		Change in Net Position		Net Position		Net Effect on Following Year	
				DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)						
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F		0		0		0		0		0		0		0		0					0		
	Net investment in capital assets																	253,911							
	Unrestricted net position																	(253,911)							
Total passed adjustments																									
				0		0		0		0		0		0		0		0		0		0			
				Impact on Change in Net Position																					
				Impact on Net Position																					

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Wastewater

QUANTITATIVE ANALYSIS

	Before	Misstatements	Subsequent to	% Change
	Misstatements	Misstatements	Misstatements	
Current Assets	47,290,363		47,290,363	
Non-Current Assets & Deferred Outflows	168,445,736		168,445,736	
Current Liabilities	(3,926,967)		(3,926,967)	
Non-Current Liabilities & Deferred Inflows	(17,995,126)		(17,995,126)	
Current Ratio	12.042		12.042	
Total Assets & Deferred Outflows	215,736,099		215,736,099	
Total Liabilities & Deferred Inflows	(21,922,093)		(21,922,093)	
Total Net Position	(193,814,006)		(193,814,006)	
Operating Revenues	(23,967,748)		(23,967,748)	
Operating Expenses	21,765,820		21,765,820	
Nonoperating (Revenues) Exp	(256,768)		(256,768)	
Change in Net Position	(3,715,811)		(3,715,811)	

Period Ending: December 31, 2020

Wastewater

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Assets & Deferred Outflows										Liabilities & Deferred Inflows				Net Effect on Following Year								
Description		Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)		Current		Noncurrent		Current		Noncurrent		Operating Revenues		Operating Expenses		Nonoperating (Revenues) Exp		Net Position		Change in Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To adjust the net investment in capital assets component of net position for the inclusion of retainage	F		0		0		0		0		0		0		0		0		0		0	
		Net investment in capital assets																				
		Unrestricted net position																				
Total passed adjustments																						
			0		0		0		0		0		0		0		0		0		0	
			Impact on Change in Net Position																			0
			Impact on Net Position																			0

Representation of:

City of Fort Collins
215 N Mason Street, 2nd Floor
PO Box 580
Fort Collins, Colorado 80522

Provided to:

BKD, LLP
Certified Public Accountants
1801 California Street, Suite 2900
Denver, Colorado 80202

The undersigned (“We”) are providing this letter in connection with BKD’s audits of our financial statements as of and for the year ended December 31, 2020 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2020.

Our representations are current and effective as of the date of BKD’s report: June 25, 2021.

Our engagement with BKD is based on our contract for services dated: September 8, 2020.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Confirmation of Matters Specific to the Subject Matter of BKD’s Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. All transactions have been recorded in the accounting records and are reflected in the financial statements.
5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities or net position.
6. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
7. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, customers, regulators, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

11. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Restrictions on cash balances or compensating balance agreements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
14. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
15. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Purchase commitments in excess of normal requirements or above prevailing market prices.
16. Except as disclosed in the financial statements, the entity has:
 - a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

17. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
18. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
19. Except as has been previously disclosed to BKD, LLP, , we have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
20. We have evaluated the City's operations under GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and do not believe there are any matters for which accruals are required under this standard. As any potential liability relating to the Larimer County Solid Waste Facility is not measurable at this time, we believe it is appropriate that no liability is recorded at December 31, 2020
21. We have evaluated the City's operations under GASB Statement No. 83, *Certain Asset Retirement Obligations* and do not believe there are any matters for which accruals are required under this standard.
22. The City has reviewed the actuarial assumptions applied to the City's pension and other postemployment benefits (OPEB) plans in calculating the net pension and total OPEB liability, related expense and other components and have determined that those assumptions are reasonable.
23. With respect to any nonattest services you have provided us during the year, including the drafting of the schedule of expenditures of federal awards and the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
24. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

25. With regard to deposit and investment activities:

- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
- b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
- c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

26. As an entity subject to *Government Auditing Standards*:

- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
- b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
- c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
- d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
- e. We have a process to track the status of audit findings and recommendations.
- f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
- g. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

27. With regard to federal awards programs:

- a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.


- b. We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
- c. We are responsible for complying, and have complied, with the requirements of Uniform Guidance.
- d. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.
- e. We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
- f. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- g. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- h. The costs charged to federal awards are in accordance with applicable cost principles.
- i. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.
- j. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
- k. We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations, and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.
- l. We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.

- m. We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
 - n. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
 - o. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.
 - p. Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
 - q. We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.
 - r. The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
 - s. The reporting package does not contain any protected personally identifiable information.
28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, modified approach to infrastructure, pension, and other postemployment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
29. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

- d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
30. Due care has been exercised in the preparation of the introduction and statistical sections of the City's comprehensive annual financial report and we are not aware of any information contained in those sections of the comprehensive annual financial report that is inconsistent with information contained in the City's basic financial statements and notes thereto.
31. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Municipalities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, net realizable value of inventory, etc., that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

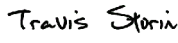
We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

DocuSigned by:


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Blaine Dunn, Accounting Director
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City of Fort Collins

Single Audit Report

Year Ended December 31, 2020

City of Fort Collins
December 31, 2020

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City of Fort Collins

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity Identifying Number	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development						
CDBG Entitlements Grants Cluster						
Community Development Block Grants/Entitlement Grants						
Grant Year 2015 / 2016	Direct	N/A	B-15-MC-08-0008	14.218	\$ 10,000	\$ 10,000
Grant Year 2018 / 2019	Direct	N/A	B-18-MC-08-0008	14.218	558,805	590,002
Grant Year 2019 / 2020	Direct	N/A	B-19-MC-08-0008	14.218	976,219	1,103,130
Grant Year 2020 / 2021	Direct	N/A	B-20-MC-08-0008	14.218	50,718	84,358
COVID-19 Community Development Block Grant	Direct	N/A	B-20-MC-08-0008	14.218	399,032	399,032
Total CDBG Entitlement Grants Cluster					<u>1,994,774</u>	<u>2,186,522</u>
Home Investment Partnerships Program						
Grant Year 2017 / 2018	Direct	N/A	M-17-MC-08-0209	14.239	25,000	25,000
Grant Year 2018 / 2019	Direct	N/A	M-18-MC-08-0209	14.239	851,506	851,506
Grant Year 2019 / 2020	Direct	N/A	M-19-MC-08-0209	14.239	-	46,564
Grant Year 2020 / 2021	Direct	N/A	M-20-MC 08-0209	14.239	-	26,150
Subtotal					<u>876,506</u>	<u>949,220</u>
Total Department of Housing and Urban Development					<u>2,871,280</u>	<u>3,135,742</u>
Department of Justice						
Equitable Sharing Program	Direct	N/A	15-5042-0-2-752	16.922	-	85,954
Crime Victim Assistance	Pass-Through	Colorado Department of Public Safety	2018-EV-19-011-08	16.575	-	16,984
Edward Byrne Memorial Justice Assistance Grant Program	Pass-Through	Larimer County - NoCo Drug Task Force	2017-DJ-BX-0785	16.738	-	12,673
COVID-19 Coronavirus Emergency Supplemental Funding Program	Direct	N/A	2020-VD-BX-1612	16.034	-	100,818
Total Department of Justice					<u>-</u>	<u>216,429</u>
Department of Transportation						
Highway Planning and Construction Cluster						
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	ACQ M455-088 (16525)	20.205	-	170,126
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	SAR M455-127 (23025)	20.205	-	49,791
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	14-HTD-72849	20.205	-	51,228
Total Highway Planning and Construction Cluster					<u>-</u>	<u>271,145</u>

City of Fort Collins
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity Identifying Number	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Federal Transit Cluster						
Federal Transit_Formula Grants	Direct	N/A	CO-2018-017-00	20.507	-	6,172
Federal Transit_Formula Grants	Direct	N/A	CO-2019-027-00	20.507	-	158,210
Federal Transit_Formula Grants	Direct	N/A	CO-2020-020-00	20.507	-	1,119,741
Federal Transit_Formula Grants	Direct	N/A	CO-2019-003-00	20.507	-	177,759
COVID-19 Federal Transit_Formula Grants	Direct	N/A	CO-2020-019-00	20.507	-	9,753,397
Bus and Bus Facilities Formula Program	Direct	N/A	CO-2017-033-00	20.526	-	35,335
Bus and Bus Facilities Formula Program	Direct	N/A	CO-2018-002-00	20.526	-	15,949
Bus and Bus Facilities Formula Program	Direct	N/A	CO-2019-020-00	20.526	-	5,658
Bus and Bus Facilities Formula Program	Direct	N/A	CO-2020-013-00	20.526	-	496,843
Bus and Bus Facilities Formula Program	Direct	N/A	CO-2020-002-00	20.526	-	317,950
Total Federal Transit Cluster					-	12,087,014
Transit Services Programs Cluster						
Enhanced Mobility of Seniors and Individuals With Disabilities	Direct	N/A	CO-2018-016-00	20.513	-	164,667
Enhanced Mobility of Seniors and Individuals With Disabilities	Direct	N/A	CO-2019-005-00	20.513	-	16,391
Enhanced Mobility of Seniors and Individuals With Disabilities	Direct	N/A	CO-2019-031-00	20.513	-	204,652
Total Transit Services Programs Cluster					-	385,710
Highway Safety Cluster						
National Priority Safety Programs	Pass-Through	Colorado Department of Transportation	20-NHTSA405B.6102 PO 411023455	20.616	-	4,373
State and Community Highway Safety	Pass-Through	Colorado Department of Transportation	21NHTSA405B.0602 PO 411026011	20.600	-	2,605
Total Highway Safety Cluster					-	6,978
Total Department of Transportation					-	12,750,847

City of Fort Collins
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity Identifying Number	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Environmental Protection Agency						
Performance Partnership Grants	Pass-Through	CO Dept. of Public Health and Environment	PO FEEA 202000006453	66.605	-	11,012
Total Environmental Protection Agency					-	11,012
Department of Energy						
State Energy Program	Pass-Through	Colorado Energy Office	CTGG119-2009	81.041	-	6,142
State Energy Program	Pass-Through	Colorado Department of Energy	DE-EE0007470	81.041	-	162,059
Total Department of Energy					-	168,201
Federal Emergency Management Agency (FEMA)						
Emergency Management Performance Grants	Pass-Through	CO Dept. of Public Safety Division of Homeland Security and Emergency Management	19EM-20-66	97.042	-	65,000
Total FEMA					-	65,000
Department of Local Affairs						
COVID-19 Coronavirus Relief Fund	Pass-Through	Department of Local Affairs	CVRF CM-030	21.019	987,203	8,345,738
					987,203	8,345,738
Total Expenditures of Federal Awards					<u>\$ 3,858,483</u>	<u>\$ 24,692,969</u>

City of Fort Collins

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Fort Collins (the City) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan program listed subsequently is administered directly by the City, and balances and transactions relating to these programs are included in City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2020, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at December 31, 2020
81.041	State Energy Program	\$ 162,059

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Fort Collins
Fort Collins, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Fort Collins (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of City Council
City of Fort Collins

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
June 25, 2021

**Report on Compliance for Each Major Federal
Program; Report on Internal Control over Compliance;
and Report on Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Fort Collins
Fort Collins, Colorado

Report on Compliance for Each Major Federal Program

We have audited City of Fort Collins's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Honorable Mayor and Members of City Council
City of Fort Collins

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honorable Mayor and Members of City Council
City of Fort Collins

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 25, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Denver, Colorado
June 25, 2021

City of Fort Collins

Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was (were):
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
14.239	Home Investment Partnership Program (HOME)
14.218	CDBG - Entitlement Grants Cluster

City of Fort Collins
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2020

8. The threshold to distinguish between Type A and Type B programs was \$750,000.
9. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

City of Fort Collins
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable.	

City of Fort Collins
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2020

Findings Required to be Reported by the Uniform Guidance#

Reference Number	Finding
<hr/>	
No matters are reportable.	

City of Fort Collins
Status of Prior Audit Findings
Year Ended December 31, 2020

Reference Number	Summary of Finding	Status

No matters are reportable.



CITY OF FORT COLLINS

Presentation to the Council Finance Committee

Christopher J. Telli, CPA

Anna Thigpen, CPA

BKD
CPAs & Advisors

BKD Participants

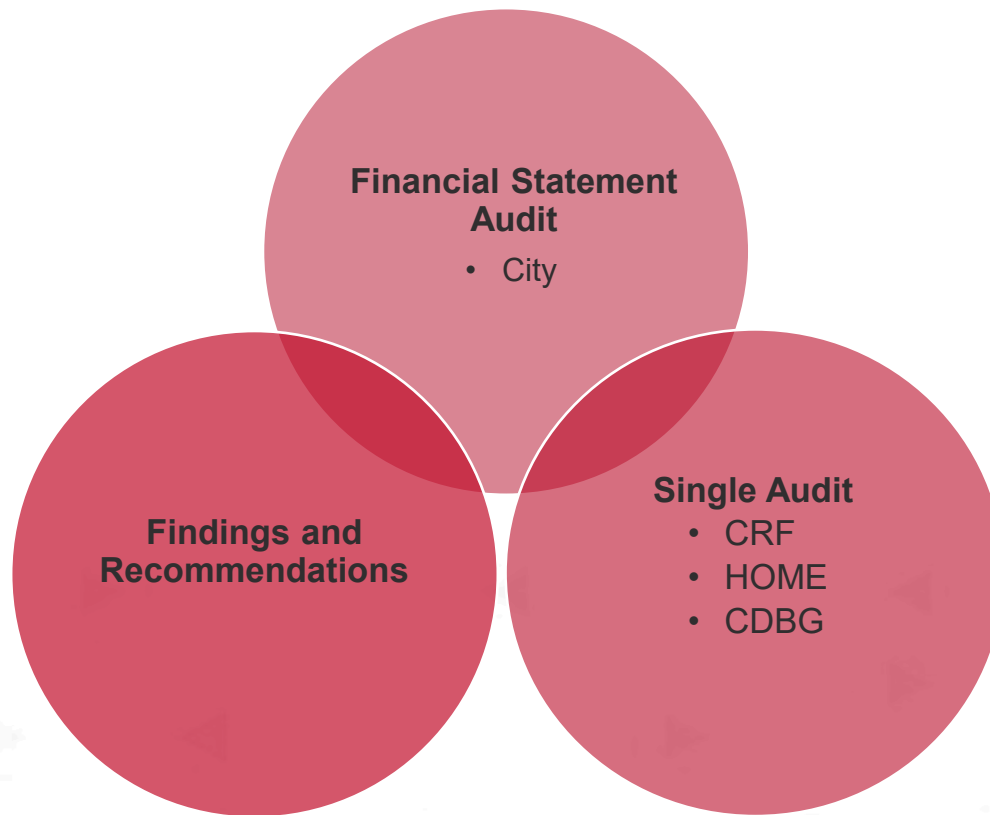


Christopher J. Telli, CPA
Partner



Anna Thigpen, CPA
Director

Scope



Responsibilities under US Generally Accepted Auditing Standards (GAAS) (Includes Generally Accepted Government Auditing Standards)

Auditors are Responsible for:

- Expressing opinions whether financial statements are in conformity with US GAAP in all material aspects
- Performing audit procedures in accordance with required auditing standards
- Communication of significant matters related to the audit, information required by laws/regulations, or other information agreed upon.

An Audit in accordance with GAAS:

- Does not relieve management of responsibilities
- Includes consideration of internal controls as basis for audit procedures, but not to opine on effectiveness of internal controls.
- Is designed to obtain reasonable , but not absolute assurance about whether statements are free of material misstatement.

Management is Responsible for:

- Preparation and fair presentation of the financial statements
- Design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements

Internal Control Over Financial Reporting

- A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.
- A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- We observed the following matters that we consider to be deficiencies.

Internal Control Over Financial Reporting

Deficiencies issued in 2019

- Proposed audit adjustment to remove capitalized interest in the amount of \$5.8M. Corrected in 2020.
- Negative balance in Broadband pooled cash of \$5.1M. Corrected in 2020.
- Grants receivable accrual of \$120,000. Corrected in 2020.
- Cash inflows reconciliation – permits. Review of reconciliation was not documented. Corrected in 2020.
- Passed audit adjustment for retainage payable related to net investment in capital assets. Not corrected in 2020.

Internal Control Over Financial Reporting

- Deficiencies issued in 2019 (continued)
 - Information Technology
 - Primary data center security should be segregated
 - 2020 update: The City does not have reasonable capability to move the primary data center from other locations. Deficiency considered implemented.
 - Secondary data center is located within five miles of the primary data center
 - 2020 update: The City hired a physical security lead who is working with IT to update the IT system that controls the physical access and address the antiquated door system with the goal to update within the next year
 - Secondary/backup co-location is managed by a third party and Service and Organization Controls (SOC) or similar report was not received or evaluated by the City.
 - 2020 Update: Corrected

Internal Control Over Financial Reporting

- Deficiencies issued in 2019 (continued)
 - Information Technology
 - Formal periodic user access and permission review is not evidenced for JD Edwards, CIS, Tungsten, MS Govern, Accela and the Active Directory
 - 2020 update: Business intelligence role created to review JD Edwards Access
 - Remaining programs are still lacking a user access and permission review
 - The City does not have an entity-wide incident response program
 - 2020 update: Corrected

Internal Control Over Financial Reporting

- 2020 Deficiencies
 - Net Investment in Capital Assets (NICA)
 - BKD proposed an audit adjustment for the inclusion of retainage payable which is a required component of the NICA calculation for all related funds.
 - Management chose not to record this adjustment based on materiality.
 - BKD recommends that management formally include retainage in the NICA calculation on a go forward basis.

Internal Control Over Financial Reporting

- 2020 Deficiencies (continued)
 - Compliance (Single Audit)
 - Management must establish and maintain effective internal control over Federal awards. Documentation of management's review of certain controls could not be provided
 - HOME and CBDG: Allowable Costs and Allowable Activities, Reporting, Program Income, Special Tests and Provisions
 - Policies and Procedures
 - While compliance requirements for both the HOME and CDBG programs are maintained by one member of the Social Sustainability team, this internal manual is not shared throughout the organization and should include roles and responsibilities for team members. Due to turnover during the year, certain items were not reviewed



Questions?



Thank you!

Christopher J. Telli, CPA // Partner // ctelli@bkd.com // 303.861.4545

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**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Mike Calhoon, Director of Parks
Kendra Boot, City Forester

Date: July 7, 2021

SUBJECT FOR DISCUSSION Urban Forest Storm Response and Recovery

EXECUTIVE SUMMARY This report will update Council Finance Committee on the response to the March 13th and 14th spring snowstorm and the associated direct and redeploy costs associated with the recovery.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does the Council Finance Committee support the request for an appropriation of direct costs in response to the March 13-14, 2021 snowstorm?

BACKGROUND/DISCUSSION The snowstorm began Saturday, March 13, 2021, and lasted through Sunday, March 14, 2021. During that time 25+ inches of heavy, wet snow fell across the city. Moisture content in the snow was in excess of 3-inches. The hardest hit area (bullseye) was bordered by Riverside and Taft on the east and west and Vine and Prospect on the north and south.

There was substantial damage to trees throughout Fort Collins that impacted rights-of-way, residential areas, City trees, City parks, cemeteries, golf courses and downtown Fort Collins. The organization quickly transitioned from snow removal to debris cleanup mode to clear roads of debris and address critical safety hazards.

The City provided curbside branch pickup in the bullseye and offered two locations for citizens to drop off branches free of charge. A contractual arrangement was completed with Hageman Earth Cycle to provide a site on the east side of town. On the west side of town, Colorado State University allowed the use of the old Hughes Stadium site for a branch drop-off. The drop-off sites were open for six weeks to allow residents to clean and haul their branches for recycling. Grinding operations have been completed with two free mulch giveaways being completed. Over 1200 vehicles/trailers were filled with recycled mulch during these giveaways.

Costs associated with the response and recovery:

Direct Costs	\$306,819
Redeploy Costs	\$238,133

Total Storm Costs	\$544,952
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ATTACHMENTS Power Point



Urban Forest Storm Response and Recovery 2021

Redeployed Costs vs. Direct Costs

Mike Calhoon, Parks Department Director
Kendra Boot, City Forester

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July 7, 2021

Question for Council Finance Committee

Does the Council Finance Committee support appropriation of direct costs in response to the March 14, 2021 snowstorm?

Overview

- March 14, 2021 - 25+ inches of heavy wet snow
- Hardest hit species
 - Hackberry, Ash, Siberian Elm
- Logged ~1000 calls/emails and ~100 Access FC
- ~3100 trees pruned and ~300 removed
- World Class Collaboration
 - Streets
 - Natural Areas
 - CPIO and P&R Communications Team
 - All four Parks Dept Divisions
 - Neighborhood Services
 - Volunteer Services



Redeployed Costs vs. Direct Costs

Redeployed Costs

- Curbside branch cleanup (Streets) - \$84, 476
- Hughes Stadium Staffing (Parks) - \$26,744
- Corrective Pruning/Removal (Forestry) - \$122,183
- Alley and Trail clearing (Natural Areas) - \$4,700



Total Redeployed Costs to Date
\$238,133



Redeployed Costs vs. Direct Costs

Direct Costs

- Forestry - \$273,837
 - 3 Tree Contractors - \$121,000
 - Traffic Control - \$27,335
 - Medians Streetscape Contractors - \$5,758
 - Hageman Branch Drop Off - \$62,638
 - Tub Grinding - \$41,400
 - Screen Rental - \$10,000
 - Overtime - \$5,706
- Streets - \$32,982
 - Hughes Stadium Prep (Recycled asphalt) - \$2,799
 - Assisting Dept Personnel Costs - \$2,243
 - Equipment/Supplies - \$2,107
 - Heavy equipment Repairs/Fuel Costs - \$25,833

Total Direct Costs to Date
\$306,819



Lessons Learned

Every storm event is unique

Wins

- Coordination meetings were critical and effective
- Effective implementation of the City's Urban Forest Storm Response Plan
- Relationships and operating as One City also critical
- Laid a lot of groundwork
 - Storm Response Website Development
 - Code Compliance Notification Door Hanger
 - Branch Assistance Program

Opportunities for Improvement

- Call Center
- Administrative Outreach Contact List for info sharing
- Branch Assistance Program instituted quicker
- PDCA of the Urban Forest Storm Response Plan



Question for Council Finance Committee

Does the Council Finance Committee support appropriation of direct costs in response to the March 14, 2021 snowstorm?

QUESTIONS?



THANK YOU!





Urban Forest Storm Response and Recovery 2021

Redeployed Costs vs. Direct Costs

Mike Calhoon, Parks Department Director
Kendra Boot, City Forester

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July 7, 2021

Question for Council Finance Committee

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- March 14, 2021 - 25+ inches of heavy wet snow
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Question for Council Finance Committee

Does the Council Finance Committee support appropriation of direct costs in response to the March 14, 2021 snowstorm?

QUESTIONS?



THANK YOU!



**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Drew Brooks

Date: July 7th, 2021

SUBJECT FOR DISCUSSION Transfort – CRRSAA & ARP Funding Proposed Projects

EXECUTIVE SUMMARY

At the June 15th City Council Meeting, Council adopted Ordinance No. 073, 2021, appropriating \$8.9 million in grant funding from the CRRSAA & ARP grant programs to the Transfort budget. These funds are provided at 100% Federal share and do not require any local matching funds. Staff committed to presenting a program of projects for these funds to the Council Finance committee and the Transportation board.

The strategy for these projects include a focus on safety and security improvements, as well as typical operating and maintenance expenses. The program also accounts for general funds, replaced by these Federal grants, to be placed in Transfort reserves as local grant match for anticipated grant applications for Transit Master Plan build out projects.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff presents these projects for discussion and input from Council before the grant execution deadline of the end of the Federal Fiscal Year, September 30th, 2021.

BACKGROUND/DISCUSSION

On June 15th, Council adopted Ordinance No. 073, 2021, appropriating \$8.9 million in CRRSAA and ARP funds designated for Transfort through the Federal Transit Administration (FTA) 5307: Urbanized Area Formula Program and 5310: Enhanced Mobility of Seniors and Individuals with Disabilities grant programs. (see attached previous AIS, follow up memo, fact sheets, and adopted ordinance).

The following table provides an overview of the total appropriation:

Funds Provided by FTA	
FY21 CRRSAA 5307 Funds	\$1,477,651.00
FY21 CRRSAA 5310 Funds	\$31,597.00
FY21 ARP 5307 Funds	\$8,933,175.00
FY21 ARP 5310 Funds	\$31,598.00
Total Funding Provided	\$10,474,021.00
Less local dollars pass through to North Front Range Metropolitan Planning Organization (NFRMPO)	\$(1,377,623.00)
Less local dollars pass through to Berthoud Area Transit System (BATS)	\$(185,111.00)
Net Transfort Financial Impact	\$8,911,287.00

CRRSAA Funding

The table below provides a brief overview of projects for which the Transfort 5307 CRRSAA apportionment will be allocated:

2021 CRRSAA 5307		
	Federal	Project Type
Total Allocation	\$ 1,257,621	
1% Security Projects	\$ 12,576	Security Improvements
Operations	\$1,245,045	Future Grant Match

The majority of this grant will fund normal Transfort operational expenses to include payroll and typical administrative expenses. FTA requires that 1% of all 5307 funds be spent on Security related projects, which will include technology improvements, such as camera upgrades, Transit Service Officer (TSO) salaries, and security services contracts.

As outlined in the June 15th appropriation, these funds will replace \$1.2 million in general funds previously appropriated in the 2021 budget process. The \$1.2 million in general funds has been appropriated to a new Transfort reserve account specifically allocated for future grant match. A discussion of possible future grants for which these funds may be used will be discussed later in this memo.

The 5310 portion of the CRRSAA grant (\$26,892) will be combined with the 5310 portion of the ARP grant (\$26,893), and previously apportioned 5310 grants, to fund a technology project to install mobile & touchless fare systems in all Dial-a-Ride vehicles. This system is currently in use on Transfort fixed route buses and will provide a safer, more sanitary fare system for customers and staff.

ARP Funding

The table below provides a brief overview of projects for which the Transfort 5307 ARP apportionment will be allocated:

2021 ARP 5307		
	Federal	Project Type
Total Allocation	\$ 7,599,880	
Transfort Maintenance Facility (TMF)		Safety
Safety Improvements	\$ 4,800,000	Improvements
1% Security Projects	\$ 75,999	Security Improvements
Maintenance Technicians	\$ 276,773	Maintenance
Operations	\$ 1,723,227	Future Grant Match
Preventative Maintenance - Vehicles	\$ 400,000	Future Grant Match
Preventative Maintenance - Facilities	\$ 323,881	Future Grant Match

A detailed explanation of each project is as follows:

A significant portion of this grant, \$4.8 million, will be used for critical safety improvements to the Transfort Maintenance Facility (TMF) located in south Fort Collins on Portner Rd. Transfort is currently installing a new methane detection system at TMF to replace a system that has exceeded useful life and is no longer functional. This critical and required system is designed to alert operations and maintenance staff of any compressed natural gas emissions in the event of a leak or other failure of bus and fueling systems. While performing the engineering and design work for this project, it was found that the older HVAC system, and many electrical components for the building, could no longer support the new methane detection system. This crucial project will upgrade the HVAC system and electrical components to be in compliance with the methane detection system, and provide a safe work environment for operations and maintenance staff, as well as the nearby community. This project was previously included as a 2022 Budget Offer and if unfunded, would have required staff to seek additional grant funding that would require at least a 20% local match.

As mentioned above regarding the CRRSAA grant, FTA requires that 1% of all 5307 funds be spent on security related projects, which will include technology improvements, such as camera upgrades, Transit Service Officer salaries, and security services contracts.

Currently, maintenance for most Transfort shelters and bus stops are contracted for service as part of the existing advertising agreement. This agreement sunsets at the end of 2021. Through a competitive Request for Proposal (RFP) process, Purchasing and Transfort staff received no proposals that met the current need for shelter and bus stop maintenance through a similar agreement to the sunseting contract. Initial staff analysis determined that there was a 60%

savings to bringing bus stop maintenance “in house” by purchasing needed snow removal equipment and hiring internal staff as opposed to contracting these services outside of the advertising agreement. Funding this project for one year using ARP dollars will allow staff to further evaluate maintenance needs and provide a detailed budget offer for 2022. This project was previously included as a 2022 Budget Offer and if unfunded, would have required staff to seek additional grant funding that would require at least a 20% local match.

The remaining projects proposed of this grant will fund normal Transfort operational expenses to include payroll and typical administrative expenses, as well as maintenance expenses for vehicles and facilities. As with the previously described CRRSAA grant funding, these funds will replace \$2.4 million in general funds previously appropriated in the 2021 budget process. At the end of the 2021 budget year, the remaining \$2.4 million in general funds will revert to the new Transfort reserve account specifically allocated for future grant match.

To further advance the Transit Master Plan adopted by Council in 2019, Transfort currently has several large projects in various stages of development that will soon be eligible for Federal grants but will require at least a 20% local match. These projects include, but are not limited to:

- West Elizabeth Bus Rapid Transit (BRT) – This project is currently in the 30% design phase and should be eligible for a Small Starts Grant in the next 12 months. Small Starts is the same Federal grant program that funded MAX.
- North Transit Maintenance Facility – Further expansion of service will require a new bus maintenance facility to the north of town. The current facility on Portner Rd. is beyond capacity and requires significant retrofit to support the conversion of the fleet to zero-emission vehicles over the next fifteen years.
- North College Bus Rapid Transit (BRT) – A current Transit Oriented Development study is being performed for the North College area. This study is expected to complete in the next 18 months and will provide preliminary work for the extension of MAX service to north College.

Recent discussions with FTA have informed staff that projects are more attractive for grant funding if the grantee can point to previously allocated funding sources for local match.

ATTACHMENTS (numbered Attachment 1, 2, 3,...)



U.S. Department of Transportation
Federal Transit Administration



FACT SHEET:

**ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES
Chapter 53 Section 5310**

	FY 2015/ MAP-21	FY 2016 (in millions)	FY 2017 (in millions)	FY 2018 (in millions)	FY 2019 (in millions)	FY 2020 (in millions)
5310 Formula Grants	\$258.3	\$262.95	\$268.21	\$273.84	\$279.65	\$285.58
Discretionary Pilot Program	<u>n/a</u>	<u>\$2.00</u>	<u>\$3.00</u>	<u>\$3.25</u>	<u>\$3.50</u>	<u>\$3.50</u>
5310 Total	\$258.3	\$264.95	\$271.21	\$277.09	\$283.15	\$289.08

PROGRAM PURPOSE:

To improve mobility for seniors and individuals with disabilities by removing barriers to transportation service and expanding transportation mobility options. This program supports transportation services planned, designed, and carried out to meet the special transportation needs of seniors and individuals with disabilities in all areas – large urbanized (over 200,000), small urbanized (50,000-200,000), and rural (under 50,000). Eligible projects include both traditional capital investment and nontraditional investment beyond the Americans with Disabilities Act (ADA) complementary paratransit services.

Statutory References: 49 U.S.C. Section 5310 / FAST Act Section 3006

Program Guidance: [FTA Circular C. 9070.1G Enhanced Mobility of Seniors and Individuals with Disabilities Program Guidance and Application Instructions.](#)

Eligible Recipients:

Formula funds are apportioned to direct recipients:

- States for rural and small urban areas (small UZAs) and designated recipients chosen by the Governor of the State for large urban areas (large UZAs); or
- State or local governmental entities that operates a public transportation service.
- Direct recipients have flexibility in how they select subrecipient projects for funding, but their decision process must be clearly noted in a state/program management plan.
- The selection process may be: Formula-based, Competitive, or Discretionary and subrecipients can include: States or local government authorities, private non-profit organizations, or operators of public transportation.

Eligible Activities:

- At least 55 percent of program funds must be used on capital or “traditional” 5310 projects. Examples include:

- Buses and vans; wheelchair lifts, ramps, and securement devices; transit-related information technology systems including scheduling/routing/one-call systems; and mobility management programs.
- Acquisition of transportation services under a contract, lease, or other arrangement. Both capital and operating costs associated with contracted service are eligible capital expenses. User-side subsidies are considered one form of eligible arrangement. Funds may be requested for contracted services covering a time period of more than one year. The capital eligibility of acquisition of services as authorized in 49 U.S.C. 5310(b)(4) is limited to the Section 5310 program.
- The remaining 45 percent is for other “nontraditional” projects. Under MAP-21, the program was modified to include projects eligible under the former 5317 New Freedom program, described as: Capital and operating expenses for new public transportation services and alternatives beyond those required by the ADA, designed to assist individuals with disabilities and seniors. Examples include:
 - Travel training; volunteer driver programs; building an accessible path to a bus stop including curb-cuts, sidewalks, accessible pedestrian signals or other accessible features; improving signage, or way-finding technology; incremental cost of providing same day service or door-to-door service; purchasing vehicles to support new accessible taxi, rides sharing and/or vanpooling programs; and mobility management.

What’s Changed?

- A State or local governmental entity that operates a public transportation service and that is eligible to receive direct grants under 5311 or 5307 is now an eligible direct recipient for Section 5310 funds.
- FTA shall disseminate a collection of *Best Practices* to public transportation stakeholders on innovation, program models, new services delivery options, performance measure findings, and transit cooperative research program reports.
- Section 3006(b): a new discretionary pilot program for innovative coordinated access and mobility - open to 5310 recipients and subrecipients – to assist in financing innovative projects for the transportation disadvantaged that improve the coordination of transportation services and non-emergency medical transportation (NEMT) services; such as: the deployment of coordination technology, projects that create or increase access to community One-Call/One-Click Centers, etc.
- Section 3006(c): Requires the interagency transportation Coordinating Council on Access and Mobility (CCAM) to create an updated strategic plan on transportation coordination across federal agencies, and develop a cost-sharing policy

Funding:

Federal Share:

- Federal share is 80 percent for capital projects.
- Federal share is 50 percent for operating assistance.

Formula Details:

- Based on Census data, the formula funds are apportioned to each State based on the number of older adults and individuals with disabilities and allocated by area:
 - Large UZAs: 60%
 - Small UZAs: 20%
 - Rural: 20%
 - States can transfer small urban or rural allocations to large UZA’s but not the other way around.

Other:

- Match can come from other Federal (non-DOT) funds. This can allow local communities to implement programs with 100 percent federal funding. One example is Older Americans Act (OAA) Title IIIB Supportive Services Funds:
<https://acl.gov/about-acl/authorizing-statutes/older-americans-act>
- 5310 program recipients may partner with meal delivery programs such as the OAA-funded meal programs (to find local programs, visit: www.Eldercare.gov) and the USDA Summer Food Service Program <http://www.fns.usda.gov/sfsp/summer-food-service-program-sfsp>. Transit service providers receiving 5310 funds may coordinate and assist in providing meal delivery services on a regular basis if they do not conflict with the provision of transit services.
- FTA requires its formula grantees to provide half fare service for fixed route service supported with FTA funds to older adults and individuals with disabilities who present a Medicare card:
<https://www.transit.dot.gov/regulations-and-guidance/civil-rights-ada/half-fare-triennial-guidance-fy2011>
- A person whose addiction to drugs poses a substantial limitation on one or more major life activities is a person with a disability and is eligible to receive transportation through the Section 5310 program, including to a drug treatment center.

For Additional Information on FTA and the FAST Act, please visit: <https://www.transit.dot.gov/fast>



U.S. Department of Transportation
Federal Transit Administration



FACT SHEET:
URBANIZED AREA FORMULA PROGRAM GRANTS
49 U.S.C. Chapter 53, Sections 5307 & 5340

	FY16 (in millions)	FY17 (in millions)	FY18 (in millions)	FY19 (in millions)	FY20 (in millions)
Passenger Ferry	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
Urbanized Area Formula (5307)	\$4,508.90	\$4,599.68	\$4,696.90	\$4,797.11	\$4,899.45
Growing States/High Density Formula (5340)	\$536.26	\$544.43	\$552.78	\$561.31	\$570.03
Urbanized Area Formula Program TOTAL	\$5,075.16	\$5,174.11	\$5,279.68	\$5,388.42	\$5,499.48

PROGRAM PURPOSE: The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes Federal resources available to urbanized areas and to Governors for transit capital and operating assistance and for transportation related planning in urbanized areas. An urbanized area is an Census-designated area with a population of 50,000 or more as determined by the U.S. Department of Commerce, Bureau of the Census.

Statutory References: 49 U.S.C. Section 5307 and 5340 / FAST ACT Sections 3004, 3016

Program Requirement: <https://www.transit.dot.gov/regulations-and-guidance/fta-circulars/urbanized-area-formula-program-program-guidance-and>

Eligible Recipients: Funding is made available to designated recipients, which must be public bodies with the legal authority to receive and dispense Federal funds. Governors, responsible local officials and publicly owned operators of transit services are required to designate a recipient to apply for, receive, and dispense funds for urbanized areas pursuant to 49 U.S.C. 5307(a)(2). The Governor or Governor's designee is the designated recipient for urbanized areas between 50,000 and 200,000.

Eligible Activities: Eligible activities include planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and

some Americans with Disabilities Act complementary paratransit service costs are considered capital costs. For urbanized areas with populations less than 200,000, operating assistance is an eligible expense.

For urbanized areas with 200,000 in population and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. For urbanized areas under 200,000 in population, the funds are apportioned to the Governor of each state for distribution.

What's Changed?

The 100 Bus Rule has been expanded to include demand-response service, excluding ADA complementary paratransit service. An exception to the 100 Bus Rule has been added as well. If a public transportation system executes a written agreement with one or more other public transportation systems within the urbanized area to allocate funds by a method other than by measuring vehicle revenue hours, each public transportation system that is part of the written agreement may follow the terms of the written agreement instead of the measured vehicle revenue hours.

Under Grant Recipient Requirements, a provision has been added that directs recipients to maintain equipment and facilities in accordance with their transit asset management plan.

Recipients are no longer required to expend 1% of their funding for associated transit improvements. However, recipients are still required to submit an annual report listing projects that were carried out in the preceding fiscal year.

Funding:

Federal Share: The Federal share is not to exceed 80 percent of the net project cost. The Federal share may be 90 percent for the cost of vehicle-related equipment attributable to compliance with the Americans with Disabilities Act and the Clean Air Act. The Federal share may also be 90 percent for projects or portions of projects related to bicycles. The Federal share may not exceed 50 percent of the net project cost of operating assistance.

Formula Details: Funding is apportioned on the basis of legislative formulas. For areas of 50,000 to 199,999 in population, the formula is based on population and population density. For areas with populations of 200,000 and more, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density.

Passenger Ferry Grant Program: \$30 million is set aside for passenger ferry grants, to be allocated through competitive selection.

Anything else relevant: Funds are available the year appropriated plus five years.

Other:

- Match can come from [other Federal \(non-DOT\) funds](#). This can allow local communities to implement programs with 100 percent federal funding.
- Agencies that receive Section 5307 funding must offer [half fare or reduced fare](#) to people with disabilities and seniors during off-peak hours for fixed-route services.

For Additional Information on FTA and the FAST Act, please visit: www.transit.dot.gov/fastact

AGENDA ITEM SUMMARY

June 1, 2021

City Council

STAFF

Drew Brooks, Director of Transit
Claire Havelda, Legal

SUBJECT

First Reading of Ordinance No. 073, 2021, Making Supplemental Appropriations of American Rescue Plan (ARP) Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Funding.

EXECUTIVE SUMMARY

The purpose of this item is to appropriate grant revenue allocated to Transfort by the Federal Transit Agency (FTA). Transfort was awarded \$1,509,248 and will net the amount of \$1,284,514 in Section 5307 and 5310 CRRSAA Funding. Additionally, Transfort was awarded \$8,964,773 and will net the amount of \$7,626,773 in ARP Section 5307 and 5310 Funding through FTA apportionments to urbanized areas. Both CRRSAA and ARP funding is provided at a 100-percent federal share, with no local match required, and is available to support capital, operating, and other expenses to prepare for and respond to COVID-19. Transfort plans to use these funds to pay for what has been previously allocated from the General Fund for operating assistance, preventative maintenance, capital projects, contracted service costs, and enhancing mobility for seniors and those with disabilities.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

On December 27, 2020, President Trump signed the CRRSAA into law. The CRRSAA provided emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic. The FTA allocated \$14 billion to recipients of urbanized area and rural area formula funds, with \$13.27 billion allocated to large and small urban areas.

CRRSAA funding was disbursed through FTA apportionments to its Urbanized Area (Section 5307 and 5310) Formula program. Transfort's apportionment of Section 5307 funding is \$1,477,651, and Section 5310 funding is \$31,597. Because Transfort is the designated, or primary, recipient for the geographical Transportation Management Area (TMA), Transfort is responsible for allocating dedicated funds to smaller transit agencies and metropolitan planning organizations in the TMA. After Transfort distributes the appropriate allocations to Berthoud Area Transportation System (BATS) in the amount of \$26,063 in 5307 funds and \$557 in 5310 funds, and the North Front Range Metropolitan Planning Organization (NFRMPO) in the amount of \$193,966 Section 5307 funds and \$4,148 in 5310 funds, Transfort will receive \$1,257,622 in 5307 funds and \$26,892 in 5310 funds.

On March 22, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP) into law. The ARP included \$30.5 billion in federal funding to support the nation's public transportation systems as they continue to respond to the COVID-19 pandemic.

ARP funding was disbursed through FTA apportionments to its Urbanized Area (Section 5307 and 5310) Formula program. Transfort's apportionment of Section 5307 funding is \$8,933,175, and Section 5310 funding is \$31,598. After Transfort distributes the appropriate allocations to BATS in the amount of \$157,934 in 5307 funds and \$557 in 5310 funds, and the NFRMPO in the amount of \$1,175,361 Section 5307 funds and \$4,148 in 5310 funds, Transfort will receive \$7,599,880 in 5307 funds and \$26,893 in 5310 funds.

Through existing FTA-approved agreements with BATS and NFRMPO, the City retains 38% of BATS' and NFRMPO's funding allocation to exchange their respective federal share with local funds. This exchange relieves BAT and NFRMPO from federal compliance responsibilities.

Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients are eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

Transfort seeks to repay portions of its prior 2021 budget allocation with these FTA funds, less a portion reserved to provide local match for upcoming grants. These FTA funds will repay previously appropriated Transfort costs as described below.

1. Transfort will use the Section 5307 funds to continue provision of fixed route service. The Fort Collins area has seen significant impacts from COVID-19 and has taken measures to ensure social distancing and mask compliance when providing public transportation. Additionally, CRRSAA and ARP Section 5307 funds will be used for preventative maintenance activities and capital projects for rolling stock, facilities, and IT equipment. Regular, scheduled, preventative maintenance will continue to allow Transfort to realize the benefits of a safe, reliable, and well-maintained fleet in support of its services.
2. Section 5307 CRRSAA and ARP funds will also be used to fund Transfort's complimentary ADA paratransit service, Dial A Ride, which is provided by a contractor, satisfying ADA requirements of providing paratransit services for eligible clients. As a result of the COVID-19 pandemic, Transfort temporarily reduced service effective April 18, 2020. To ensure that citizens can still access essential services, Transfort began offering a taxi service option, performed by a contractor, allowing riders to schedule a trip from a bus stop along a suspended route, to or from another linked bus stop or transit center. CARES funds will also be used to provide this contracted Demand Response Service.
3. Section 5310 CRRSAA and ARP funds will be used for programs that improve mobility for seniors and individuals with disabilities, including the Dial A Taxi program that provides additional, more flexible service for Dial A Ride passenger. Section 5310 funding can also be used towards capital projects that will improve mobility for seniors and individuals with disabilities.

During the 2021 budget, sufficient appropriations were provided to cover Transfort operating costs, which can now be partially re-funded with ARP and CRRSAA funds. Transfort is requesting an appropriation of \$1.2M of these funds to be used as a source of local funds grant matches for additional opportunities that may arise throughout the fiscal year. Transfort frequently applies for discretionary, or competitive, grants throughout the year that require a committed local match and has received feedback from the FTA that some discretionary grant applications are not considered as competitive as other applications due to the appropriation process post award. Article V, Section 10 of the City Charter authorizes the City Council, upon recommendation of the City Manager, to transfer unexpended and unencumbered appropriated amount or portions of one fund or capital project to another fund or capital project when appropriate. The City Manager finds it appropriate and recommends the transfer of \$1,200,000 from the Transfort operating budget (in the Transit Services Fund) to the new established Transfort budget (also in the Transit Services Fund) to be used specifically as local matching funds for grants that Transfort.

Transfort recognizes that public transit is an essential service and that many transit-dependent members of the community rely on public transit to get to and from work, buy groceries and other essentials, and receive medical care or care for loved ones. Transfort has seen a significant drop in ridership and revenue during the COVID-19 pandemic. The CRRSAA and ARP funding received will greatly benefit the safety, quality, and levels of service that Transfort is able to provide during this time.

CITY FINANCIAL IMPACTS

The following is a summary of the project funding using CRRSAA and ARP funds. These funds are provided at a 100-percent federal share and no local match is required.

Funds Provided by FTA	
FY21 CRRSAA 5307 Funds	\$ 1,477,651.00
FY21 CRRSAA 5310 Funds	\$ 31,597.00
FY21 ARP 5307 Funds	\$ 8,933,175.00
FY21 ARP 5310 Funds	\$ 31,598.00
Total Funding Provided	\$ 10,474,021.00
Less local dollars pass through to NFRMPO	\$ (1,377,623.00)
Less local dollars pass through to BATS	\$ (185,111.00)
<u>Net City Financial Impact</u>	<u>\$ 8,911,287.00</u>

Though total grant revenues are anticipated at \$8.9M, Transfort is only requesting \$1.2M of supplemental appropriations. During the 2021 budget, sufficient appropriations were provided to cover operating costs. This supplemental appropriation will cover the operating costs, while previously appropriated local funds will be used as a source of grant matches for additional opportunities that may arise throughout the year. Appropriations of these funds are necessary due to City Code Article V, Part I, Section 4.

Note that the funding provided by the FTA takes the place of General Fund and Transportation Fund monies that would have been the basis for Transit spending during the fiscal year.

ORDINANCE NO. 073, 2021
OF THE COUNCIL OF THE CITY OF FORT COLLINS
MAKING SUPPLEMENTAL APPROPRIATIONS OF AMERICAN RESCUE
PLAN (ARP) ACT AND CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL
APPROPRIATIONS ACT (CRRSA) FUNDING

WHEREAS, the City's Transportation Department received federal funding from the American Rescue Plan Act of 2021 ("ARP") and 2021 Corona Virus Response and Relief Supplemental Appropriations Act ("CRRSAA") for Transfort operation assistance, preventative maintenance, contracted services costs, and mobility for seniors and individuals with disabilities related to preparation for and response to the COVID-19 pandemic; and

WHEREAS, the City's Transfort Department is also the designated recipient of these funds for the geographical Transportation Management Area ("TMA"), and thus, is responsible for allocating dedicated funds to smaller transit agencies and metropolitan planning organizations in the TMA; including the Berthoud Area Transportation System ("BATS") and the North Front Range Metropolitan Planning Organization ("NFRMPO"); and

WHEREAS, the City's Transfort Department received total Federal Transit Authority ("FTA") grant revenue in the following amounts:

- \$1,509,248 in CRRSAA Section 5307 & 5310 funding;
- \$8,964,773 in ARP Section 5307 and 5310 funding; and

WHEREAS, through existing FTA-approved agreements with BATS and NFRMPO, the City retains 38% of BATS' and NFRMPO's funding allocation to exchange their federal share with local funds; and

WHEREAS, as the TMA manager, the City's Transfort Department is obliged to pass along the remaining 62% of the grant funding through allocations as follows:

- \$1,377,623 to NFRMPO;
- \$185,111 to BATS; and

WHEREAS, the City's net grant revenue is:

- \$1,284,514 in CRRSAA Section 5207 & 5310 funding;
- \$7,626,773 in ARP Section 5307 and 5310 funding; and

WHEREAS, the City Council recognizes that its Transfort Department has been competitively disadvantaged when seeking grant funding due primarily to not having funds appropriated for local match at the time grant applications are submitted; and

WHEREAS, City Council finds it appropriate to allow \$1.2M of the net \$8,911,287 FTA funding to be designated as local funds to be used as a source of Transfort grant matches for additional opportunities that may arise throughout the fiscal year; and

WHEREAS, Council finds it appropriate to allocate the remainder of the net CRRSAA and ARP funds to repay a portion of the funds previously budgeted and appropriated in the 2021 Transfort budget for:

- continuation of fixed route services, including preventative maintenance activities;
- capital projects for rolling stock;
- facilities;
- IT equipment;
- Contracted services costs;
- to support Transfort's ADA paratransit services;
- programs that improve mobility for seniors and individuals with disabilities;

WHEREAS, these appropriations benefit the public health, safety and welfare of the residents of Fort Collins and serves the public purpose of supporting the essential transportation services that many transit-dependent members of the community rely on to get to and from work, buy groceries and other essentials, to receive medical care, and to care for family or friends; and

WHEREAS, Article V, Section 9, of the City Charter permits the City Council, upon recommendation of the City Manager, to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues and all other funds to be received during the fiscal year; and

WHEREAS, the City Manager has recommended the appropriation described herein and determined that this appropriation is available and previously unappropriated from the Transit Services Fund and will not cause the total amount appropriated in the Transit Services Fund to exceed the current estimate of actual and anticipated revenues and all other funds to be received in that fund during this fiscal year; and

WHEREAS, Article V, Section 10 of the City Charter authorizes the City Council, upon recommendation by the City Manager, to transfer by ordinance any unexpended and unencumbered appropriated amount or portion thereof from one fund or capital project to another fund or capital project, provided that the purpose for which the transferred funds are to be expended remains unchanged, the purpose for which the funds were initially appropriated no longer exists, or the proposed transfer is from a fund or capital project in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance; and

WHEREAS, the City Manager has recommended the transfer of \$1,200,000 from the Transfort operating budget in the Transit Services Fund to a newly established Transfort budget, also in the Transit Services Fund, to be used specifically as local match funding for grants that Transfort will apply for in the future, and has determined that the proposed transfer is from a budget in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That there is hereby appropriated from unanticipated grant revenue in the Transit Services Fund the sum of TEN MILLION FOUR HUNDRED SEVENTY-FOUR THOUSAND TWENTY-ONE DOLLARS (\$10,474,021) for expenditure from the Transit Services Fund for operating assistance, preventative maintenance, contracted service costs, mobility for seniors and individuals with disabilities related to preparation for and response to the COVID-19 pandemic (\$8,911,287), grant match local funding (\$1,200,000) and to cover pass through money due to NFRMPO (\$1,377,623) and BATS (\$185,111).

Section 3. That the unexpended and unencumbered appropriated amount of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000) is hereby authorized for transfer from the Transfort operating budget to a newly established Transfort budget to be used specifically as local match funding for grants that Transfort will apply for in the future and appropriated therein.

Introduced, considered favorably on first reading, and ordered published this 1st day of June, A.D. 2021, and to be presented for final passage on the 15th day of June, A.D. 2021.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 15th day of June, A.D. 2021.

Mayor

ATTEST:

City Clerk








Transfort / Dial-A-Ride
6570 Portner Road
Fort Collins, CO 80522
970.221.6620
970.221.6285 - fax
fcgov.com

Memorandum

DATE: June 9th, 2021

TO: Mayor Arndt and Councilmembers

THRU: Darin Atteberry, City Manager 
Kyle Stannert, Deputy City Manager 
Caryn Champine, Director – Planning, Development & Transportation 
Dean Klingner, Deputy Director – Planning, Development & Transportation 

FROM: Drew Brooks, Director – Transfort & Parking Services 

SUBJECT: Update – Transfort Federal Grant Appropriations

Introduction

At the June 1st, 2021 City Council Meeting there were requests, from a resident and Councilperson, for additional information regarding the proposed ordinance on the consent agenda, for the appropriation of two Federal grants. This memo will provide further clarification regarding the intent of these Federal apportionments and the process for informing Council of the projects which will be funded.

Bottom Line

- The mechanism for these appropriations is through the Federal Transit Administrations (FTA) standard grant programs.
- The funds are restricted to uses that directly support public transit systems.
- Within that restriction, the funds are eligible for a wide range of transit uses including operations and maintenance, transit capital projects, etc.
- A portion of these funds must be “passed through” to other smaller local agencies.
- The funds must be appropriated at this time to meet the FTA mandate to have funds programmed in the federal grant by the end of the Federal Fiscal Year (Sept 30th, 2021).
- Staff will provide recommendations for project programming at an upcoming Council Finance meeting.

Background

As previously outlined in the attached AIS for Ordinance No. 073, 2021, through the Federal Transit Administration (FTA), Transfort has been awarded two transit-specific Federal grants via the American Rescue Plan (ARP) Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). These funds are provided at a 100-percent federal share and no local match funds are required.

The following is a summary of the funding using CRRSAA and ARP funds:

Funds Provided by FTA	
FY21 CRRSAA 5307 Funds	\$1,477,651.00
FY21 CRRSAA 5310 Funds	\$31,597.00
FY21 ARP 5307 Funds	\$8,933,175.00
FY21 ARP 5310 Funds	\$31,598.00
Total Funding Provided	\$10,474,021.00
Less local dollars pass through to North Front Range Metropolitan Planning Organization (NFRMPO)	\$(1,377,623.00)
Less local dollars pass through to Berthoud Area Transit System (BATS)	\$(185,111.00)
<u>Net City of Fort Collins Financial Impact</u>	<u>\$8,911,287.00</u>

As noted in the table above, the City must distribute funds from these grants to other agencies within the Transportation Management Area (TMA). As the designated, or primary, recipient for the geographical TMA, Transfort is responsible for allocating dedicated funds to smaller transit agencies and metropolitan planning organizations in the TMA.

The intent of these funds, as described by FTA is to “provide immediate relief for American workers, help communities that are struggling in the wake of COVID-19, and ensure that our transportation system keeps running.” Due to the wide variation in size, services, and operation of transit agencies, Covid-19 affected different agencies in dramatically different ways. Because of this, the intent of these two Federal acts is to provide financial relief for those agencies most negatively impacted, and to provide funding for projects and activities that will keep transit systems moving forward and aid in economic recovery. Transfort’s projected use of these funds fit in the latter category.

The Department of Transportation has “flexed” this new funding to the existing 5307 and 5310 FTA grants programs. These two programs are the mechanism by which Federal formula funding is apportioned annually to transit systems nationwide, including

Transfort. These apportionments are determined using census and transit system data. Each program has specifically outlined purposes and eligible projects. For example, eligible activities for the 5307 program are as follows:

5307: Eligible activities include planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs. For urbanized areas with populations less than 200,000, operating assistance is an eligible expense.

FTA “Fact Sheets” for each of these programs are attached for reference. Staff are currently working on programming each of these grants with eligible activities. Once a program of projects for these funds has been vetted internally, staff will bring a proposed budget to the Council Finance meeting on July 7th, 2021 for Council input before programming the grants in the FTA system. Staff will also present these projects to the Transportation Board on July 21st.

The FTA has mandated these funds must be appropriated, and the program of projects entered in the Federal grant management system, by the end of the Federal fiscal year, September 30th, 2021. It is critical that the appropriation is performed quickly so that apportionments can be made to the other TMA agencies and that staff have ample time to gain approval from FTA and program these grants in the Federal accounting and grant management system.

Conclusion/Recommendation

Staff will present a program of projects to the Council Finance Committee on July 7th, 2021 for input before programming these grants in the FTA system. Due to the FTA deadline of September 30th, 2021 for grant entry and approval, staff recommends adoption of the Ordinance at the June 15th, 2021 City Council meeting.

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Drew Brooks

Date: July 7th, 2021

SUBJECT FOR DISCUSSION Transfort – CRRSAA & ARP Funding Proposed Projects

EXECUTIVE SUMMARY

At the June 15th City Council Meeting, Council adopted Ordinance No. 073, 2021, appropriating \$8.9 million in grant funding from the CRRSAA & ARP grant programs to the Transfort budget. These funds are provided at 100% Federal share and do not require any local matching funds. Staff committed to presenting a program of projects for these funds to the Council Finance committee and the Transportation board.

The strategy for these projects include a focus on safety and security improvements, as well as typical operating and maintenance expenses. The program also accounts for general funds, replaced by these Federal grants, to be placed in Transfort reserves as local grant match for anticipated grant applications for Transit Master Plan build out projects.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff presents these projects for discussion and input from Council before the grant execution deadline of the end of the Federal Fiscal Year, September 30th, 2021.

BACKGROUND/DISCUSSION

On June 15th, Council adopted Ordinance No. 073, 2021, appropriating \$8.9 million in CRRSAA and ARP funds designated for Transfort through the Federal Transit Administration (FTA) 5307: Urbanized Area Formula Program and 5310: Enhanced Mobility of Seniors and Individuals with Disabilities grant programs. (see attached previous AIS, follow up memo, fact sheets, and adopted ordinance).

The following table provides an overview of the total appropriation:

Funds Provided by FTA	
FY21 CRRSAA 5307 Funds	\$1,477,651.00
FY21 CRRSAA 5310 Funds	\$31,597.00
FY21 ARP 5307 Funds	\$8,933,175.00
FY21 ARP 5310 Funds	\$31,598.00
Total Funding Provided	\$10,474,021.00
Less local dollars pass through to North Front Range Metropolitan Planning Organization (NFRMPO)	\$(1,377,623.00)
Less local dollars pass through to Berthoud Area Transit System (BATS)	\$(185,111.00)
Net Transfort Financial Impact	\$8,911,287.00

CRRSAA Funding

The table below provides a brief overview of projects for which the Transfort 5307 CRRSAA apportionment will be allocated:

2021 CRRSAA 5307		
	Federal	Project Type
Total Allocation	\$ 1,257,621	
1% Security Projects	\$ 12,576	Security Improvements
Operations	\$1,245,045	Future Grant Match

The majority of this grant will fund normal Transfort operational expenses to include payroll and typical administrative expenses. FTA requires that 1% of all 5307 funds be spent on Security related projects, which will include technology improvements, such as camera upgrades, Transit Service Officer (TSO) salaries, and security services contracts.

As outlined in the June 15th appropriation, these funds will replace \$1.2 million in general funds previously appropriated in the 2021 budget process. The \$1.2 million in general funds has been appropriated to a new Transfort reserve account specifically allocated for future grant match. A discussion of possible future grants for which these funds may be used will be discussed later in this memo.

The 5310 portion of the CRRSAA grant (\$26,892) will be combined with the 5310 portion of the ARP grant (\$26,893), and previously apportioned 5310 grants, to fund a technology project to install mobile & touchless fare systems in all Dial-a-Ride vehicles. This system is currently in use on Transfort fixed route buses and will provide a safer, more sanitary fare system for customers and staff.

ARP Funding

The table below provides a brief overview of projects for which the Transfort 5307 ARP apportionment will be allocated:

2021 ARP 5307		
	Federal	Project Type
Total Allocation	\$ 7,599,880	
Transfort Maintenance Facility (TMF)		Safety
Safety Improvements	\$ 4,800,000	Improvements
1% Security Projects	\$ 75,999	Security Improvements
Maintenance Technicians	\$ 276,773	Maintenance
Operations	\$ 1,723,227	Future Grant Match
Preventative Maintenance - Vehicles	\$ 400,000	Future Grant Match
Preventative Maintenance - Facilities	\$ 323,881	Future Grant Match

A detailed explanation of each project is as follows:

A significant portion of this grant, \$4.8 million, will be used for critical safety improvements to the Transfort Maintenance Facility (TMF) located in south Fort Collins on Portner Rd. Transfort is currently installing a new methane detection system at TMF to replace a system that has exceeded useful life and is no longer functional. This critical and required system is designed to alert operations and maintenance staff of any compressed natural gas emissions in the event of a leak or other failure of bus and fueling systems. While performing the engineering and design work for this project, it was found that the older HVAC system, and many electrical components for the building, could no longer support the new methane detection system. This crucial project will upgrade the HVAC system and electrical components to be in compliance with the methane detection system, and provide a safe work environment for operations and maintenance staff, as well as the nearby community. This project was previously included as a 2022 Budget Offer and if unfunded, would have required staff to seek additional grant funding that would require at least a 20% local match.

As mentioned above regarding the CRRSAA grant, FTA requires that 1% of all 5307 funds be spent on security related projects, which will include technology improvements, such as camera upgrades, Transit Service Officer salaries, and security services contracts.

Currently, maintenance for most Transfort shelters and bus stops are contracted for service as part of the existing advertising agreement. This agreement sunsets at the end of 2021. Through a competitive Request for Proposal (RFP) process, Purchasing and Transfort staff received no proposals that met the current need for shelter and bus stop maintenance through a similar agreement to the sunseting contract. Initial staff analysis determined that there was a 60%

savings to bringing bus stop maintenance “in house” by purchasing needed snow removal equipment and hiring internal staff as opposed to contracting these services outside of the advertising agreement. Funding this project for one year using ARP dollars will allow staff to further evaluate maintenance needs and provide a detailed budget offer for 2022. This project was previously included as a 2022 Budget Offer and if unfunded, would have required staff to seek additional grant funding that would require at least a 20% local match.

The remaining projects proposed of this grant will fund normal Transfort operational expenses to include payroll and typical administrative expenses, as well as maintenance expenses for vehicles and facilities. As with the previously described CRRSAA grant funding, these funds will replace \$2.4 million in general funds previously appropriated in the 2021 budget process. At the end of the 2021 budget year, the remaining \$2.4 million in general funds will revert to the new Transfort reserve account specifically allocated for future grant match.

To further advance the Transit Master Plan adopted by Council in 2019, Transfort currently has several large projects in various stages of development that will soon be eligible for Federal grants but will require at least a 20% local match. These projects include, but are not limited to:

- West Elizabeth Bus Rapid Transit (BRT) – This project is currently in the 30% design phase and should be eligible for a Small Starts Grant in the next 12 months. Small Starts is the same Federal grant program that funded MAX.
- North Transit Maintenance Facility – Further expansion of service will require a new bus maintenance facility to the north of town. The current facility on Portner Rd. is beyond capacity and requires significant retrofit to support the conversion of the fleet to zero-emission vehicles over the next fifteen years.
- North College Bus Rapid Transit (BRT) – A current Transit Oriented Development study is being performed for the North College area. This study is expected to complete in the next 18 months and will provide preliminary work for the extension of MAX service to north College.

Recent discussions with FTA have informed staff that projects are more attractive for grant funding if the grantee can point to previously allocated funding sources for local match.

ATTACHMENTS (numbered Attachment 1, 2, 3,...)



Transfort – CRRSAA & ARP Funding

Proposed Projects

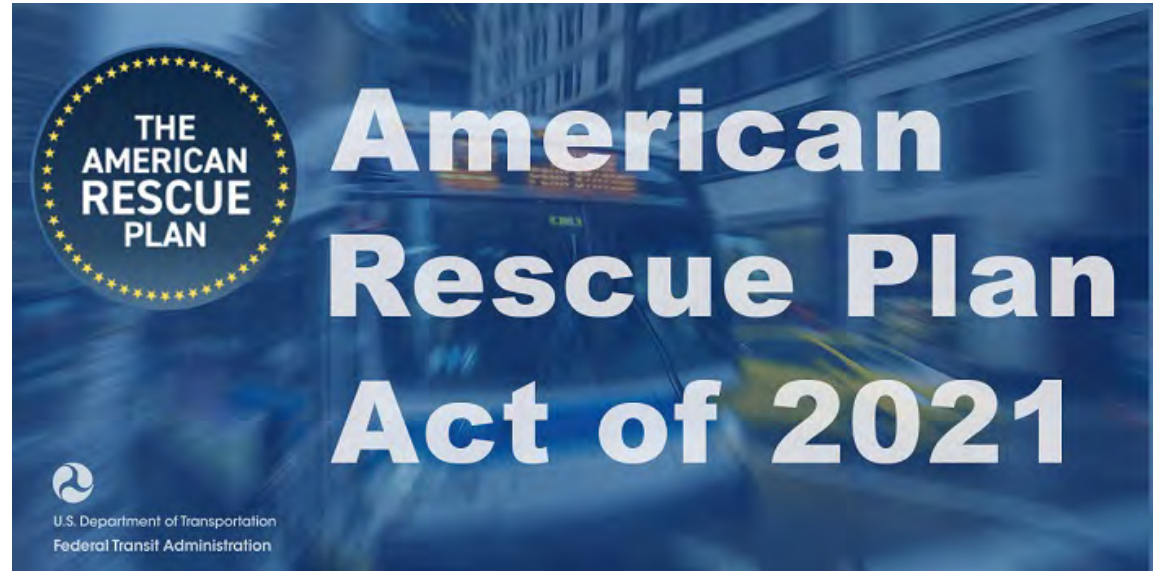
Drew Brooks, Transfort & Parking Services Director

July 7th, 2021

Coronavirus Response and Relief Supplemental Appropriations Act



American Rescue Plan



“...provide immediate relief for American workers, help communities that are struggling in the wake of COVID-19, and ensure that our transportation system keeps running.”



Federal Transit Administration

5307 Urbanized Area Formula Program:

- Eligible activities:
 - Transit capital and maintenance projects
 - Operating assistance
 - Transportation related planning

5310: Formula Program for Seniors & Individuals with Disabilities:

- Eligible activities include:
 - Improved mobility for seniors and individuals with disabilities .
 - Traditional capital investment
 - Nontraditional investment beyond the Americans with Disabilities Act (ADA) complementary paratransit services



- Safety & security Improvements
- Operations & maintenance of existing assets
- Positioning funding for future grant match for Transit Master Plan build out projects

Funds Provided by FTA	
FY21 CRRSAA 5307 Funds	\$1,477,651.00
FY21 CRRSAA 5310 Funds	\$31,597.00
FY21 ARP 5307 Funds	\$8,933,175.00
FY21 ARP 5310 Funds	\$31,598.00
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Less local dollars pass through to North Front Range Metropolitan Planning Organization (NFRMPO)	\$(1,377,623.00)
Less local dollars pass through to Berthoud Area Transit System (BATS)	\$(185,111.00)
Net Transfort Financial Impact	\$8,911,287.00

100 % Federal Share, No Local Match Required
Grant Execution Deadline: Sept. 30th 2021

Electronic Faring for Dial-A-Ride



This project will allow for the purchase of electronic touchless ticketing for Dial-A-Ride clients.

Funding will include CRRSAA & ARP 5310, plus additional 5310 that Transfort has available.

One-time costs: \$130,112

Total CRRSAA 5307 Breakdown

2021 CRRSAA 5307		
	Federal	Project Type
Total Allocation	\$ 1,257,621	
1% Security Projects	\$ 12,576	Security Improvements
Operations	\$1,245,045	Future Grant Match

As part of the appropriation ordinance adopted on June 15th, \$1.2 million in previously budgeted general fund will be placed in a new transit reserve account as grant match for future discretionary grant opportunities.

Total ARP 5307 Breakdown

2021 ARP 5307

	Federal	Project Type
Total Allocation	\$ 7,599,880	
Transfort Maintenance Facility (TMF) Safety Improvements	\$ 4,800,000	Safety Improvements
1% Security Projects	\$ 75,999	Security Improvements
Maintenance Technicians	\$ 276,773	Maintenance
Operations	\$ 1,723,227	Future Grant Match
Preventative Maintenance - Vehicles	\$ 400,000	Future Grant Match
Preventative Maintenance - Facilities	\$ 323,881	Future Grant Match

Safety Improvements at Transfort Maintenance Facility



The methane detection system has failed, and a new one is currently being installed (CARES funding).

This project requires upgrades of Transfort's electrical and HVAC system to support the methane detection system compliance.

Total project cost: \$4,800,000

Maintenance Technicians & Equipment



The need for maintenance is a result of the sunsetting advertising and maintenance contract (concludes 12/31/2021) and the inability to obtain a contractor to perform the full scope of maintenance needed.

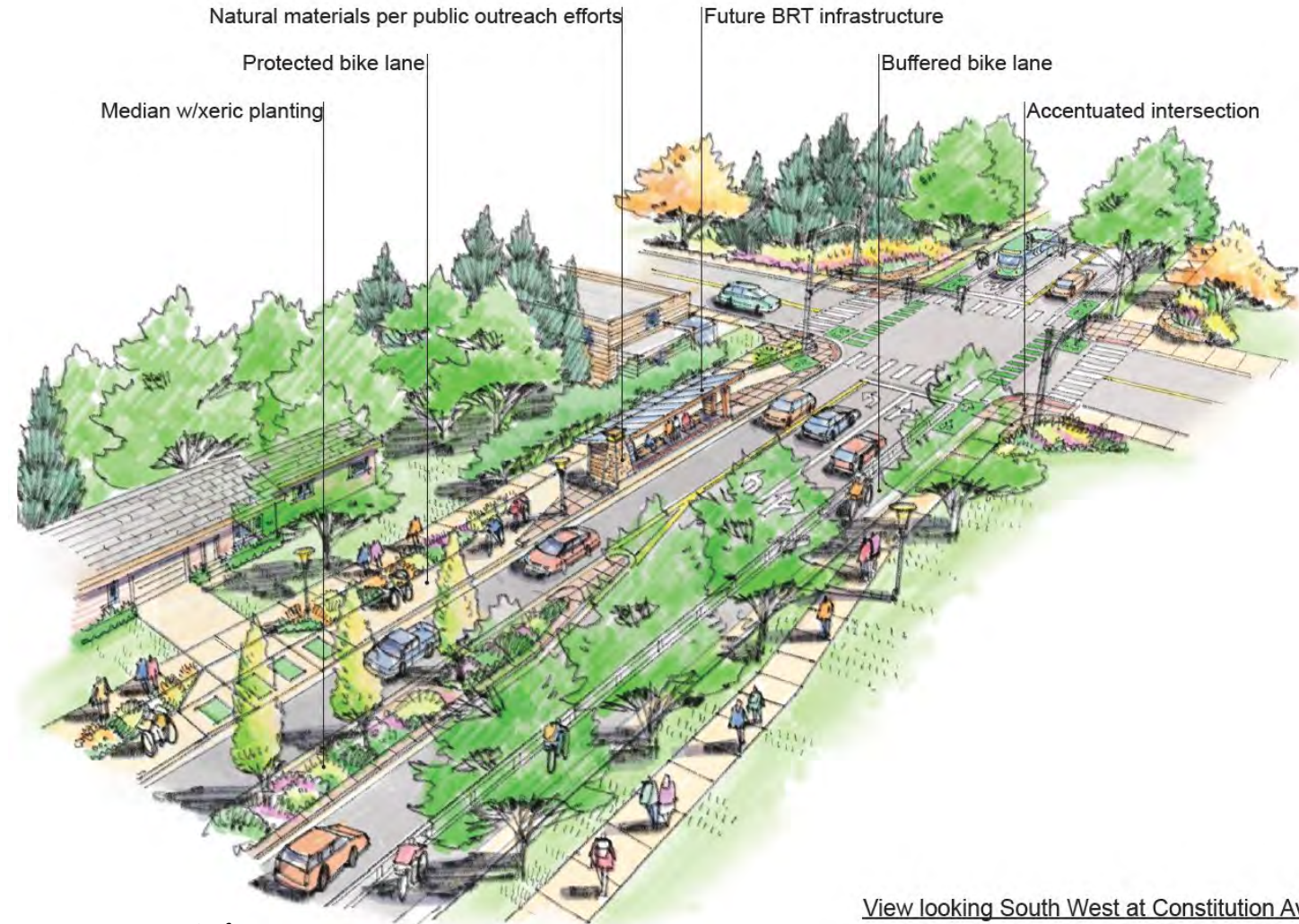
- FTEs (1.5) \$101,310
- Equipment: \$120,093 (\$95,500 is one-time)
- Contracted Snow Removal: \$55,000

Total: \$276,773

Transit Master Plan Implementation

At the end of the 2021 budget cycle \$2.4 million in general fund will revert to the transit reserve fund designated for local match for future grants. Projects include, but not limited to:

- West Elizabeth BRT Small Starts Grant
- North Transit Maintenance Facility
- North College BRT design



View looking South West at Constitution Ave.

QUESTIONS?





For Questions or Comments, Please Contact:

Drew Brooks, Transfort & Parking Services Director

dbrooks@fcgov.com

