

Finance Administration

215 N. Mason 2nd Floor PO Box 580 Fort Collins, CO 80522

970.221.6788 970.221.6782 - fax fcgov.com

AGENDA

Council Finance & Audit Committee November 3, 2021 3:00 - 5:00 pm

Zoom Meeting https://zoom.us/j/8140111859

Julie Pignataro; I conferred with the City Manager and the City Attorney and have determined that the Committee should conduct this meeting as a remote meeting because meeting in person may not be prudent for some or all persons due to the current public health situation.

Approval of Minutes from the October 6, 2021, Council Finance Committee meeting.

| 1. | Utility Long-term Financial & Capital Improvement Planting | an (Part 1 of 2) 60 mins. | L. Smith |
|----|--|------------------------------|---------------------|
| 2. | Natural Areas Land Acquisition Financing NOTE: (pages 50-62 added to packet) | 30 mins. | T. Storin |
| 3. | Long Term Financial Plan | 30 mins. | Z. Mozer D. Lenz |

Other Business

Council Finance Committee

Agenda Planning Calendar 2021-2022 RVSD 10/27/21 ck

| Nov. 3 rd | 2021 | | |
|----------------------|---|--------|-----------|
| | Utility Long-term Financial and Capital Improvement Plan (part 1/2) | 60 min | L. Smith |
| | Natural Areas Land Acquisition Financing | 30 min | T. Storin |
| | Long Term Financial Plan | 30 min | Z. Mozer |
| | Long Term Financial Plan | | D. Lenz |

| Dec. 1 st | 2021 | | |
|----------------------|--|--------|----------------------------|
| | Utility Long-term Financial Plan and Capital Improvement Plan (part 2/2) | 60 min | L. Smith |
| | Consideration of New Revenue Sources | 30 min | J. Poznanovic G. Sawyer |
| | 2019 Hail Damage Claim | 30 min | T. Ochsner B. Hergott |

| Jan. 5th | 2022 | | |
|----------|--------------------------|--------|-----------|
| | EPIC | | J. Phelan |
| | 2.10 | | C. Conant |
| | Financial Policy Updates | 30 min | B. Dunn |
| | | | |

| Feb. 2 nd | 2022 | |
|----------------------|------|--|
| | | |
| | | |
| | | |
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Future Council Finance Committee Topics:

- 2022 Development Review and Capital Expansion Fee Updates
- Golf Debt Issuance
- Revenue Diversification
- Front Range Financial Comparison



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Finance Committee Meeting Minutes October 6, 2021 3:00 – 5:00 pm

Hybrid Meeting - 222 Colorado River Community Room / Zoom

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

Staff: Kelly DiMartino, Carrie Daggett, Kyle Stannert, Travis Storin, Blaine Dunn, Brad

Buckman, Jim McDonald, Ryan Malarky, Gerry Paul, Dave Lenz, Amanda Newton, Ken Mannon, Nina Bodenhamer, Lance Smith, Carolyn Koontz

Meeting called to order at 3:01 pm

Julie Pignataro; I conferred with the City Manager and the City Attorney and have determined that the Committee should conduct this meeting as a hybrid meeting allowing both in person and remote participation because meeting in person may not be prudent for some or all persons due to the current public health situation.

Approval of minutes from the September 1, 2021, Council Finance Committee Meeting. Emily Francis 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 Francis.

A. Community Capital Improvement Plan (CCIP) Status Update

Blaine Dunn, Accounting Director

EXECUTIVE SUMMARY

The purpose of this item it to provide Council Finance Committee information on the Community Capital Improvement Program.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Inform and educate Council Finance Committee on Community Capital Improvement Program Does Council Finance desire any additional information?

Does Council Finance support move forward with an appropriation for Carnegie?

BACKGROUND/DISCUSSION

Fort Collins is fortunate to have a long history of voter-approved sales tax initiatives to fund major capital projects. Since 1973, these voter approved sales tax capital programs have supported efforts to build the city we know and love today.

The current initiative, Community Capital Improvement Program (CCIP), was approved in 2015. CCIP is a quarter cent (0.25%) tax which equates to 25-cents on a \$100 purchase. Over the 10-year period of the tax (2016-2025),

CCIP was originally projected to collect \$83.3 million dollars. After the first five years, CCIP is now projected to collect \$88.6 million over the 10-year period.

City Council and the community went through an extensive process to determine the 17 projects that ultimately ended up on the ballot. This process started with a call for projects with the community and Council. The project list started with over \$500 million in projects identified. Through extensive high-touch community and stakeholder engagement, including multiple Council work sessions and a Council off site meeting, the list was narrowed down to its final form.

After the passage of the ballot measure, staff worked to determine the cadence of the various projects and programs approved by the voters. The cadence of how items would be funded was not part of the ballot language. All the projects and programs on the ballot are guaranteed, at a minimum, to get the amount approved by the voters. This happens through the BFO process each year and ties back to the original ballot amounts. Council can appropriate funds for the original 17 projects in a different manner than staff has outlined, based on funding availability. Once all projects have been completed Council has the authority to appropriate residual funds for virtually any purpose. Below is a listing of projects with their total cost and current project status.

PROJECT LISTING

1 – Affordable Housing (\$4,000,000) – Ongoing

This was set up as a program to accumulate funds throughout the life of CCIP. Staff works with community partners and across departments to identify projects for development and rehabilitation in the affordable housing space. To date these funds have been utilized for project fee offsets in relation to affordable housing.

2 - Arterial Intersection Improvements (\$6,000,000) - Ongoing

This was set up as a program to accumulate funds and identify arterials in need of improvement. The goal of the program is to update major arterial intersections to improve safety and reduce congestion. To date the funding has improved the Vine and Shields intersection and the Horsetooth and College intersection. The next project that will be worked on is the College and Trilby intersection.

3 - Bicycle Infrastructure Improvements (\$5,000,000) - Ongoing

This program was built to align with the 2014 Bicycle Master Plan. The projects being completed include infrastructure improvements to enhance safety, provide wayfinding, and improve comfort and access for bicyclists. Completed projects include a protected bike lane on Mulberry, and the Laporte and Loomis intersection crossing.

4 - Bike/Pedestrian Grade Separated Crossing Fund (\$6,100,000) - Ongoing

This was set up as a program receiving funds in certain years to be used toward grade separated crossings. The funds will be used for construction of top priority crossings across arterial roadways. Current projects that will be utilizing these funds include power trail over Harmony, Siphon overpass south of Harmony, and an underpass at Timberline north of Zephyr.

5 – Bus Stop Improvements ADA Upgrades (\$1,000,000) – Ongoing

This program receives annual appropriations set aside for bus stop upgrades. Part of the Safe Routes to Everywhere program, this project aligns with ADA accessibility to improve bus stops throughout the City. The improvement of these bus stops in a continuing project.

6 – Carnegie Building Renovation (\$2,343,000) – Scheduled

This project is currently scheduled to receive CCIP funding in 2024. The project will renovate the historic 1904 Carnegie library building to enhance its use as a community center.

7 - City Park Train (\$350,000) - Delayed

This project was to bring back the City Park train in a new and expanded location in City Park. The project has run into some additional challenges and is currently delayed while staff work through alternatives.

8 - Club Tico Renovation (\$250,000) - Completed

This projected renovated Club Tico at City Park. The renovation included adding restrooms and a second story deck overlooking Sheldon Lake and City Park Pool.

9 – Poudre River Whitewater Park (\$4,494,000) – Completed

This project was for a new whitewater park east of Vine on the Poudre River. The whitewater park includes a viewing/picnic area and pedestrian bridge over the river. The work done lowered the river channel and improved flood mitigation.

10 - Gardens on Spring Creek Visitor's Center Expansion (\$2,385,000) - Completed

This project renovated and expanded the Garden's visitor center. The square footage of the visitor's center doubled in size and added additional amenities for visitors and staff.

11 – Lincoln Avenue Bridge (\$5,721,000) – Completed

This project was for funding to design and construct right-of-way improvements to the west segment of Lincoln Avenue, including the Poudre River Bridge.

12 - Linden Street Renovation (\$3,521,000) - In Progress

This project will renovate Linden Street between Jefferson Street and Walnut Street. The design recommends transforming this section of Linden into a "convertible street," which can be closed to vehicular and bicycle traffic and transformed into a pedestrian gathering space during special events. Construction was originally planned for 2020 but had been postponed to 2021 due to the coronavirus outbreak. In January 2021, the City announced that the bulk of the project will be postponed due to ongoing economic recovery efforts.

13 - Nature in the City (\$3,500,000) - Ongoing

This is a program to support projects that connect people and wildlife to high-quality habitat and diversity of experiences in nearby nature. Funds are transferred to the program on an annual basis and staff determines the best projects to apply funding towards.

14 - Pedestrian Sidewalk ADA Compliance (\$14,000,000) - Ongoing

This program is to implement compliance across the City's pedestrian network. The projects selected help eliminate gaps in the network and improve ADA compliance. Projects completed to date include widening of the sidewalks on Drake and new sidewalks on South Timberline and Harmony roads. Upcoming projects include widening of the sidewalks on East Prospect.

15 - Southeast Community Center with Pool (\$18,811,000) - Scheduled

This project is scheduled to receive CCIP funding starting in 2022. The project will include the construction of a community center in southeast Fort Collins including a large outdoor leisure pool, water slide, and open swimming area.

16 - Transfort Bus Replacement (\$2,000,000) - Ongoing

This program is for replacement of buses during the lifetime of CCIP. Funds are leveraged to receive an 80% of federal and state grant funding.

17 – Willow Street Improvements (\$3,487,000) – Completed

This project completed the design and construction of improvements to Willow Street between College Avenue and Linden Street.

DISCUSSION / NEXT STEPS:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Inform and educate Council Finance Committee on Community Capital Improvement Program Does Council Finance desire any additional information?

Does Council Finance support moving forward with an appropriation for Carnegie?

Kelly Ohlson; ballot timing concern resolved – 2025 at latest So, an experienced Council would have input on projects after ballot process

Projects received at a minimum the amount projected

Current fund balance of \$7.5M due to favorability in revenue

Within the 10-year interval when a project is completed and closed out we can allocate to another project

Kelly Ohlson; Slide 5 on projects list and original budget – well done



Projects List & Original Budget

| | | | | | | oject Cost + |
|---|--------------|------------------|-----|-----------|------|--------------|
| | | Anticipated Year | 201 | 5 Project | Infa | Iltion + O&M |
| Project | Year Started | of Completion | Cos | t (000's) | | (000's)* |
| 1 - Affordable Housing | 2016 | 2025 | \$ | 4,000 | \$ | 4,000 |
| 2 - Arterial Intersection | 2016 | 2025 | \$ | 6,000 | \$ | 6,000 |
| 3 - Bicycle Infrasturcture Improvements | 2016 | 2025 | \$ | 5,000 | \$ | 5,000 |
| 4 - Bike/Ped Grade Separated | 2016 | 2024 | \$ | 6,000 | \$ | 6,100 |
| 5 - Bus Stop Improvements | 2016 | 2025 | \$ | 1,000 | \$ | 1,000 |
| 6 - Carnegie Building Renovation | | 2024 | \$ | 1,700 | \$ | 2,343 |
| 7 - City Park Train | 2016 | 2016 | \$ | 350 | \$ | 350 |
| 8 - Club Tico Renovation | 2016 | 2017 | \$ | 250 | \$ | 250 |
| 9 - Poudre River Whitewater Park | 2017 | 2018 | \$ | 4,000 | \$ | 4,494 |
| 10 - Gardens on Spring Creek | 2018 | 2019 | \$ | 2,000 | \$ | 2,385 |
| 11 - Lincoln Ave Bridge | 2016 | 2018 | \$ | 5,300 | \$ | 5,721 |
| 12 - Linden Street Renovation | 2019 | 2021 | \$ | 300 | \$ | 3,521 |
| 13 - Nature in the City | 2016 | 2025 | \$ | 3,000 | \$ | 3,500 |
| 14 - Pedestrian Sidewalk/ADA Compliance | 2016 | 2025 | \$ | 14,000 | \$ | 14,000 |
| 15 - Southeast Community Center | | 2025 | \$ | 14,000 | \$ | 18,811 |
| 16 - Transfort Bus Replacement | 2018 | 2025 | \$ | 2,000 | \$ | 2,000 |
| 17 - Willow Street Improvements | 2018 | 2020 | \$ | 3,070 | \$ | 3,487 |
| Total | | | \$ | 71,970 | \$ | 82,962 |

*Toal amount approved by ballot Ongoing programs; not individual projects Denotes completed projects Southeast Community Center – going up \$4.8M – updated construction costs

Travis Storin; these were the projected amounts in 2015 - When we layered them out and added inflation and additional O&M - Not updated for current construction costs - BFO offers always tie out to the ballot – if there is a cost overrun we have to come back

Kelly Ohlson; BOB 1 - BOB 2 - Was BCC before that- Council built 3-5 years of O&M in How many years of O&M did you build in? An example would be the Southeast Community Center - O&M could be as much as \$1M per year once it is open

Blaine Dunn; we built in 5 years

Emily Francis; we are projected to collect an extra \$5M from the tax How is that allocated and where does it go?

Blaine Dunn; collected on an annual basis and at this point it has not been directed by Council to go anywhere so we have not directed any of that

Emily Francis; how does Council know that they have the option to direct that money to allocate?

Blaine Dunn; on an annual basis, we give Council an update on all Fund Balances. That would be the first place for Council to ask questions – thinking we would want to have a Work Session before

Travis Storin; staff gave the Fund Balance presentation in June of this year - we are working through BFO process upstream of recommending it to Council – here are the reserve balances we are working with and here are the strings attached to those reserve balances

At the end of the ballot period – you would see it as a funding source within the City Manager's Recommended Budget - \$5M is sort of building up as a residual –that cannot be tapped until all 17 projects are completed

Carrie Daggett; under the ballot language Council needs to expressly approve the uses for the funding. As those expenditures came forward

Travis Storin; the process is designed based on the condition you just outlined

Kelly DiMartino; this is why the conversation about the City Park train is going to be a big decision point for this Council - because the funding won't be freed up for other uses until all 17 items on this list are complete - then it becomes an available revenue stream

Travis Storin; an example – we were waiting on the completion of the restrooms at City Park which had to take place and be completed before Vine & Lemay - Unable to recommend you access the funds tied to projects – the \$5M of overage is locked up until each of these projects is addressed

Emily Francis; What does completion of the train look like? Is it the \$- still committed / limited to just the train?

Travis Storin; the staff application has been around the actual delivery of the project so in this case an operational train

Carrie Daggett; that is correct – it is interesting because the train has raised so many issues as the project was more specifically developed – that is why there are mechanism in the ballot language related to determining that it is not feasible any longer

I believe the finding of not being feasible is something that Council can make as their own decision. If Council wanted to extract the project out - there would also be the option to go back to the voters to ask for approval to modify.

Emily Francis; if we completed all projects – we would have the \$5M to spend on any purpose that Council sees fit. When we went through the reserves and balances it was not clear there was an overage – it could be made a little clearer on what is means when we have overages - Feedback would be how do we make that clearer to Council members?

Julie Pignataro; this is a great update – exactly what I was hoping for I thought we were going to bring Carnegie forward again at the same time.

Travis Storin; there are some fund-raising needs for Carnegie over and above the CCIP contribution from the philanthropic community. The level of consent I am hoping for from the committee today is when we have the fund-raising questions sorted out would Carnegie need to come back to Council Finance or if it could go directly to Council?

The proposal was to take the 2024 amount of \$2.2M which is the guaranteed legal minimum per the ballot – so the question was when does it get to that minimum – we had suggested bringing that amount forward to this year since the facility is closed – since that time we have identified a couple fund raising gaps we want to address

Jim McDonald; there is an opportunity that is in front of us which is a state revitalization grant. Carnegie fits perfects – the Governor is awarding the one-time grant which is \$65M across the state. I have met with the Director of CCI and others – there is a lot of interest. Of course, grants are never guaranteed. The application deadline is December 1st If we can get approval in November from Council and you are supportive of this allocation On the budget issue, we are working with architects and with Operations Services to revisit the numbers. Hoping to get it to Council on November 2nd.

Ken Mannon; we have a meeting tomorrow to further understand the gap

Julie Pignataro; I would be comfortable going directly to Council - if timing worked out possibly bring it back to Council Finance for an update. But the next Council meeting is November 2nd and next Council Finance Committee Meeting is November 3rd.

Emily Francis; I am in agreement

Kelly Ohlson; I am fine with Carnegie coming to Council because of the grant and because nothing else suffers.

Juie Pignataro: When you are working over a 10-year period - what are the risks of having a project that simply becomes outdated or irrelevant.

Kelly Ohlson; the City Park train could possibly be the first time we have had anything go from \$350K to \$5M. I believe we have always completed every project - a 98.7 score

Kelly DiMartino; that is absolutely accurate. I had looked back to the Building Community Choices days and all of those items were completed. The \$5M number for the City Park train includes relocating pickle ball and tennis courts. The costs escalation is partly due to the fact that we don't think it is viable to remove pickle ball and tennis courts and not put newer ones in a different location. The reality is that this project was a last-minute addition that was chosen to be added to the list for very good reasons - so there was a fast assessment done just for replacing the train anticipating it would be in its original location but due to subsequent learnings about ADA requirements and the actual amount of space that would be required for the train and that it would not fit in its original location – that led to a much bigger planning process – determining the best place for the train – the scope changed significantly from what was originally envisioned.

Julie Pignataro; if we continue to do these types of taxes, we will apply what we learn - what works and what doesn't.

We have had a lot of discussion about what we want to do regarding Transit.

Travis Storin; that item is on the Council Finance December 1st agenda

Julie Pignataro; what is the definition of a capital project?

Travis Storin; a defined beginning and end - time bound and the budget does not lapse at end of year

Julie Pignataro; for the capital part – would transit fit into something like this or is it totally different?

Travis Storin; consistent with things like affordable housing and other ongoing items (in blue) that have come forward - I would think that Transit items could come forward as a ballot item in the next 10-year cycle –that is one of the options - In December we are going to talk about dedicated revenue over and above the existing ¼ cent – there are several other configurations there – short answer is yes we would have that flexibility

Kelly DiMartino; when we bring this forward in December – we have a history of putting fleet bus replacement in these capital taxes – because it is a physical thing and although we have O&M

associated with these capital projects it is more which comes first – the capital comes first then we acknowledge there is an O&M component – if we are thinking of switching this to a Transit O&M that will be completely different – if it is constructing certain pieces of transit it would be different than an ongoing transit tax.

Kelly Ohlson; I would like to see an update of the complete current costs of the Vine / Lemay interchange even though it is not completed - Currently \$8.8M over 10 years but things are changing – higher than 10 years ago

Kelly Ohlson; what is our 2022 guess of what ¼ cent brings in?

Travis Storin; \$9.5M

Kelly Ohlson; When we get to the revenue source discussion in December – in my opinion, other than hiring a new City Manager and the budget, the biggest things this Council will try to tackle some serious affordable housing costs, serious transit and gaps in parks and recreation maintenance. The December agenda – it doesn't get much bigger than this – could be a 30–50-year impact. Sometimes there is a real lag on spending unless you know exactly what the O&M will be.

Travis Storin; at the end of every year, we can give you reserve balances - O&M is prescriptive to ballot – we would do a set aside

Kelly Ohlson; It mentions that we are going to do sidewalks on East Prospect – what about West Prospect – life and safety issues – are we looking at sidewalk on the southside on West Prospect.

Brad Buckman; sidewalks on Prospect Road have a lot of Hollywood 2 ½ feet sidewalks - We consider that totally inadequate - a missing sidewalk on our inventory - East Prospect – just east of College – east of Remington and Prospect - We went all the way to the school – 1 mile down the road – widened both sides - We are kind of incrementally doing this with some arterial roads

We did this with both sides of Drake - We widened it to 8 feet where possible – good path for both peds and bikes. We are also looking at doing those other sections of Prospect that need it - we are incrementally moving through the program - between Shields and College within the next 2 years

Travis Storin; we did receive the report on Vine and Lemay recently – we are on time and on budget

Carrie Daggett; when that measure was put on the ballot in 2015 - there had been a lot of learning from the prior measures – so the language was written very intentionally that does give Council a certain amount of discretion that maybe was not there in previous ballot measures. I wanted to note in particular – the language about revenues that remain unspent or unencumbered are freed up under the ballot measure once all of the projects have been completed unless Council has made a formal finding that it is not feasible -it frees that money up - there is a fair amount of latitude written into the ballot language.

B. GERP Review

Blaine Dunn, Accounting Director

SUBJECT FOR DISCUSSION

General Employee Retirement Plan Review

EXECUTIVE SUMMARY

The General Employee Retirement Plan "the Plan" was established in 1971 and was closed to new members in 1999. There are currently 3687 total members left in the Plan including active employees, terminated vested employees, and employees receiving a benefit. In 2020 the total pension liability was \$60.5M and the fiduciary net position for the Plan was \$51.4M, leaving a net pension liability of \$9.1M.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Inform and educate Council Finance Committee on the Plan Does Council Finance desire any additional information?

BACKGROUND/DISCUSSION

The Plan is overseen by the General Employees Retirement Committee (GERC). The GERC is comprised of 6 members, 1 from financial services and 5 current or former employees covered by the Plan. The GERC administers the Plan including setting the investment policy and making any changes to assumptions used in the actuarial valuations. In 2020 the GERC decided to reduce the assumed rate of return from 6.25% to 6.00%. The 20-year average return for the plan is currently 6.3%.

In 2013 Council approved increasing the supplementary contribution to \$1.12M annually. This was to help reach full funding of the plan sooner than previously projected. It is currently estimated the plan will meet full funding by 2031. This is when the City supplemental contributions will end.

The current net pension liability of \$9.1M is the lowest amount the Plan has had since 2007. The current funding ratio of 85% is the highest the Plan has had since 2007 and compares favorably with other public sector plans. The Plan continues to be able to meet all obligations and overall is in a healthy financial status.

DISCUSSION / NEXT STEPS:

Kelly Ohlson; wasn't always as clear as is appears now

There are many pension plans with billions in liability.

Request to use more realistic salary for examples - 40 year utility line worker example

Travis Storin; \$1.1M is high watermark - comes proportionally from the fund from the department where the employee worked - From the city side there is very much positive – so many pension plans around the country that keep folks in roles like mine awake at night – there are some that bankruptcy judges will have to fix. We are left with a very manageable plan because of what was done in the 90's.

Spousal benefits are based on what members select – single life annuity would be highest payment out on a monthly benefit - but if f the member predeceases their spouse would not receive benefits but we also offer 100% joint survivor where spouse continues to receive benefit – benefits indexes

Kelly Ohlson; Looked at investments – are we investing in China / Russia - other bad players? international Or tobacco stocks - If we are supposedly a progressive city government

Blaine Dunn; the pension plan has a different investment policy than the city. It allows us to invest in mutual funds whereas the city itself cannot invest in mutual funds. We don't invest in any individual stocks - We have international holdings that would have exposure in China through mutual funds - not sure about Russia but can check on that. As far as tobacco and sin stocks – high probability that we have some exposure via mutual funds.

Kelly Ohlson; I would like to get this on the GERC agenda at the appropriate time so the committee can discuss.

Meeting adjourned at 4:20 pm



WORK SESSION AGENDA ITEM SUMMARY TEMPLATE

Staff: Lance Smith, Utilities Strategic Financial Director

SUBJECT FOR DISCUSSION – Utilities 2021 Capital Improvement Plans and Strategic Financial Plan Updates for the Light & Power and Stormwater Utilities

EXECUTIVE SUMMARY

The purpose of this agenda item is to provide the Council Finance Committee with an overview of the planning processes underway within Fort Collins Utilities. This agenda item will focus on the Light & Power and Stormwater Enterprise Funds. The Water and Wastewater Enterprise Funds will be presented for discussion in December. The 2021 Capital Improvement Plans (CIPs) and the 2021 Strategic Financial Plans for each utility are outlined. The resulting investment projections set the basis for beginning the 2023-24 Budgeting For Outcomes (BFO) cycle. The overall 10 year rate projections for both utilities is also presented here along with the forecasted debt issuance needs.

Through active management of O&M expenses, modest rate adjustments and the issuance of some debt, the Light & Power Enterprise Fund is expected to be able to meet its operational objectives through targeted capital investments over the coming decade.

The Stormwater Enterprise Fund has a significant amount of capital investment required to complete the initial buildout of all the needed infrastructure. Given the high operating ratio (operating income / operating revenue) and the amount of capital investment needed, this utility will require the issuance of significant debt over the next 25 years as this initial infrastructure is built. Modest rate adjustments allow for some increase in the debt capacity of this Fund but not enough to accelerate the build out. Timely debt issuances will allow for rates to remain close to current rates while completing build out over the next 25 years. Funding the Stream Rehabilitation Program at a higher level of investment could allow for 25 years of such work to be completed in 16 years.

The electric utility portion of the Light & Power and Telecommunications Enterprise Fund has an increased level of capital investment primarily driven by anticipated annexations which will require a new substation and associated equipment. Tightly managing the operating expenses will be necessary going forward to ensure adequate operating income is being generated to meet system renewal needs with modest rate adjustments. The climate action goals set by both the City and Platte River Power Authority will require rate increases as well during this same time period. A single debt issuance is anticipated as being necessary ahead of beginning the Mulberry annexation conversion work.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Council Finance Committee support the Utilities Strategic Financial Plan assumptions ahead of the 2023-42 BFO cycle? In particular, the projected rate increases necessary to meet anticipated revenue requirements?

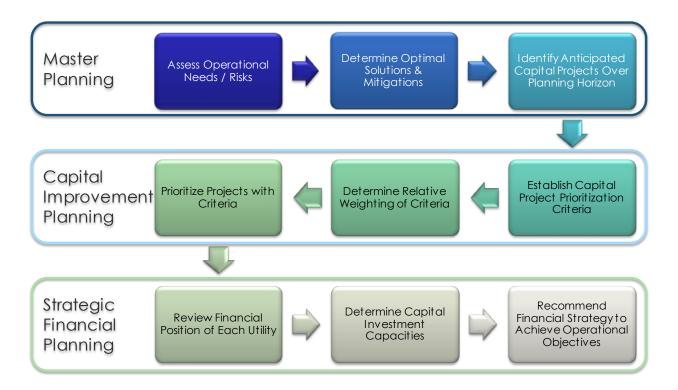
BACKGROUND/DISCUSSION

The financial health of each utility Enterprise Fund depends on active management of ongoing operating and maintenance expenses as well as planning for large capital expenditures. In some years it is expected that the capital investment alone may exceed the annual operating revenues for an Enterprise Fund even before considering operating expenses. Thus the capital investment required to maintain the current levels of service provided by each of the four utility services to the community requires a long planning horizon and consistent reevaluation and prioritization. Additionally the expected operating and maintenance expenses must be forecasted and managed so that the financial sustainability of each utility

is ensured while continuing to provide the levels of service expected without large rate increases being necessary in any given year.

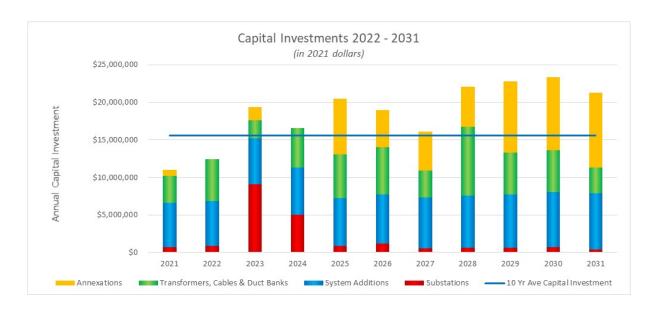
10 Year Capital Improvement Plans

The capital improvement planning process begins with periodically developing and updating Operational Master Plans for each utility. These plans assess current infrastructure for needs and risks and review expected growth and regulatory requirements. The Master Plans generate a list of recommended capital projects over the planning horizon which are then included in the Capital Improvement Plans (CIP). The Utility Asset Management program is developing a standardized process to prioritize necessary capital investments. This prioritized list will provide the associated annual capital investment which becomes an input into the long term Strategic Financial Plan. This list is updated ahead of the two year BFO process and will be prioritized using metrics intended to measure the levels of service that each utility is targeting to provide to the community. The financial position of each utility is also reviewed in this step with the output being a recommended path forward which may involve rate adjustments and future debt issuances in order to achieve the operational objectives and needs of each utility.

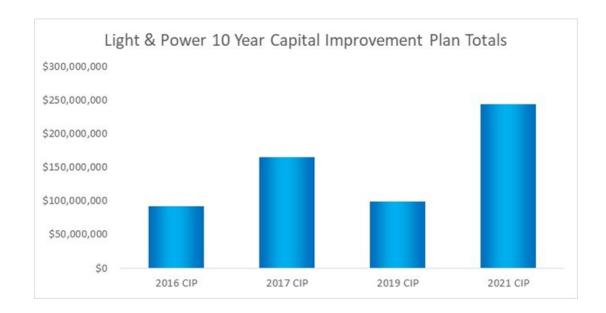


Light & Power Enterprise Fund

The 10 year Capital Improvement Plan (CIP) for the Light & Power Fund consists of projects needed to provide adequate substation and distribution capacity to developing areas of the City, anticipated annexations including the Mulberry Corridor, operational technology improvements and system renewal of existing substations and underground distribution assets.

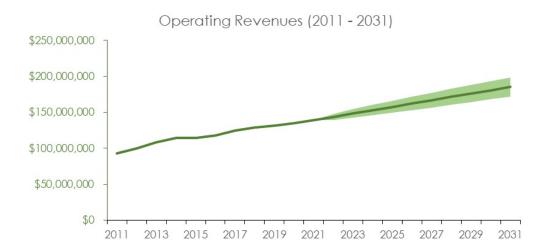


The 2021 CIP for Light & Power at \$221M includes a significant increase in identified capital work over the 2019 CIP. The 2017 CIP identified \$165M as being needed to meet the capital investments needed over the next decade. The 2019 CIP included \$99M of capital investments. This is due in part to new growth and load projections which are anticipated to require the addition of a new substation, as had previously been forecasted. A more stable 10 year capital investment plan will allow for more modest rate adjustments when required and efficient use of bond revenues.



Light & Power Operations

Operating revenues have grown significantly over the past decade through rate increases while total energy sales have remained flat. Based on the projected revenue requirements for O&M and capital investment revenues are projected to grow at a rate slower than the past decade.



The colored area represents the 95% confidence band around the expected operating expense.

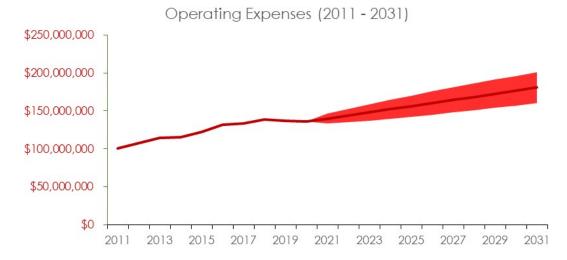
Strong revenue growth in residential sales have increased operating revenues and thereby operating income over the past decade. This revenue growth is being driven entirely by the rate increases as increased customer growth has been offset by increased efficiency. The operating revenue growth is slightly below the annual rate increases suggesting that it is not realistic to expect to fully realize the revenue growth of a proposed rate increase.

FUND: 501 - Light & Power Enterprise Fund

| | Budget | | | | |
|-------------------------------------|-------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Year | 2021 | 10 Yr Annualized Trend | 5 Yr Annualized Trend | 3 Yr Annualized Trend | 1 Yr Annualized Trend |
| | | | | | |
| Customers | 77,741 | 1.61% | 1.70% | 1.94% | 1.54% |
| Annual Rate Adjustment | 3.00% | 4.15% | 3.69% | 3.93% | 5.00% |
| | | | | | |
| Residential Elec Services | \$ 53,070,000 | 4.85% | 5.52% | 6.38% | 12.39% |
| Commercial Elec Services | \$ 43,450,000 | 2.89% | 1.17% | 0.42% | -3.35% |
| Industrial Charges for Services | \$ 33,230,000 | 4.66% | 3.26% | -0.27% | -2.92% |
| Green Energy Program | \$ 340,000 | -7.05% | -8.74% | -15.40% | -33.52% |
| PILOTs | \$ 7,810,000 | 4.09% | 3.47% | 2.64% | 3.02% |
| Operating Revenue | \$ 137,900,000 | 4.10% | 3.46% | 2.65% | 3.04% |
| | | | | | |
| Development Fees/PIFs/Contributions | \$ 2,895,000 | 8.46% | -5.48% | -15.22% | -4.21% |
| Interest Revenue | \$ 247,660 | -7.51% | -6.76% | -2.67% | -11.84% |
| Transfers In | | | | | |
| Other Misc | \$ 1,155,000 | -1.75% | -8.53% | -18.93% | -40.47% |
| Non-Operating Revenue | \$ 4,297,660 | 3.41% | -5.44% | -14.41% | -17.88% |

Light & Power O&M expenses have increased at an unsustainable rate over the past decade. This has begun to be addressed through active management (a flattening of the curve can be seen in 2018-20).

The rate and debt issuance forecasts in the plan assume that O&M will increase at a rate close to the rate of inflation.



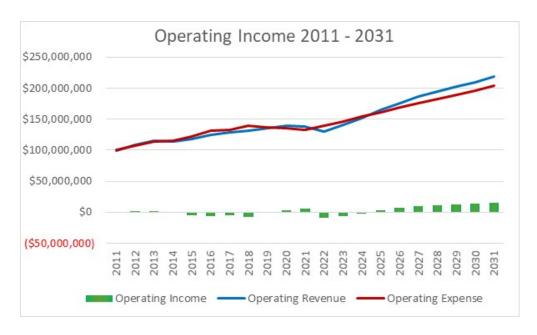
The colored area represents the 95% confidence band around the expected operating expense.

The table below shows the recent trends in expenses along with the relative size of each line through the 2021 budgeted expenses. Positive trends in purchased power expenses and L&P Operations are driving the overall trend. Fort Collins electric customers have benefited from lower wholesale purchased power increases the past few years due to some flattening of the overall load curve through load shifting under time of day rates as our contribution to the coincident peak has diminished.

FUND: 501 - Light & Power Enterprise Fund

| | | Budget | | | | |
|-------------------------------------|----|-------------|------------|------------|------------|------------|
| | | | 10 Yr | 5 Yr | 3 Yr | 1 Yr |
| Year | | 2021 | Annualized | Annualized | Annualized | Annualized |
| | | | Trend | Trend | Trend | Trend |
| | | | | | | |
| Annual Demand (KWH) | 1, | 495,938,741 | 0.1% | -0.2% | -0.9% | -1.8% |
| | | | | | | |
| Purchase Power -Tariff 1 PRPA | \$ | 96,550,000 | 3.4% | 1.7% | 0.0% | -2.5% |
| Purchase Power - Renewables PRPA | \$ | 1,900,000 | 0.4% | 0.1% | 0.0% | 0.0% |
| Purchase Pwr - Community Renewables | \$ | 2,257,900 | 36.3% | 10.4% | 17.7% | 32.2% |
| L&P Operations | \$ | 9,973,705 | 3.7% | 1.5% | -1.0% | -1.3% |
| Energy Services | \$ | 5,723,389 | 1.7% | -4.0% | -7.6% | -1.6% |
| PILOTs | \$ | 7,810,000 | 4.1% | 3.5% | 2.6% | 3.0% |
| Admin Services - CS&A | \$ | 7,263,617 | 3.9% | 6.8% | 7.9% | 16.1% |
| Admin Services - General Fund | \$ | 1,090,628 | 1.4% | -5.1% | -0.8% | 2.5% |
| Other Payments & Transfers | \$ | 902,398 | -2.4% | -7.6% | -16.2% | -8.5% |
| Depreciation | \$ | 12,000,000 | 4.6% | 5.7% | 3.4% | -0.8% |
| Total Operating Expenses | \$ | 145,471,637 | 3.6% | 2.1% | 0.6% | -0.5% |
| | | | | _ | | |
| | | | | | | |
| Debt Service | \$ | 12,660 | -12.0% | -58.2% | -76.7% | 0.0% |
| System Addition/Replacement | \$ | 5,559,120 | -6.5% | -17.3% | -15.2% | -17.0% |
| Capital (other than Sys Add) | \$ | 7,647,504 | -7.1% | -4.5% | -23.2% | -29.6% |
| Total Non-operating Expenses | \$ | 13,219,284 | -6.8% | -14.2% | -22.9% | -24.0% |
| | | | | | | |
| Total Expenses | \$ | 158,690,921 | 2.6% | 0.6% | -1.5% | -2.2% |

By limiting O&M to a more modest rate of growth it is expected that the L&P Fund will generate positive operating income consistently which will be available for capital investments. This will limit the amount of debt issuance that is necessary over the coming decade.



Light & Power Rate and Debt Forecasts

Rate increases above those necessary to cover wholesale purchased power increases are not anticipated to be significant over the coming decade although any significant change in the necessary capital investments may require modest adjustments to ensure adequate operating revenue is generated to support the system renewal investments. Some debt is anticipated to be needed for capital investments over the next decade.

| Year | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-------------------|------|--------|------|------|------|------|------|------|------|------|
| Rate Increase | 2.0% | 3.0% | 4.1% | 4-5% | 4-5% | 3-5% | 2-3% | 2-3% | 2-4% | 2-5% |
| Debt Issued (\$M) | | \$55.0 | | | | | | | | |

The overall debt capacity of the fund is determined by the net pledged revenues and targeted debt coverage ratio. The table below shows the debt capacity at various coverage ratios as well as the current outstanding debt.

Debt Capacity Estimation
Interest Rate: 2.50%

Net Pledged Revenue (5yr ave): \$15,296,600

| - | Debt Coverage Ratio | Debt Capacity (10 yr Debt) | Debt Capacity (15 yr Debt) | Debt Capacity (20 yr Debt) |
|---|------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 1.0 | \$136 | \$193 | \$244 |
| | 1.2 | \$113 | \$161 | \$204 |
| | 1.4 | \$97 | \$138 | \$175 |
| | 1.6 | \$85 | \$121 | \$153 |
| | 1.8 | \$75 | \$107 | \$136 |
| | 2.0 | \$68 | \$96 | \$122 |
| | 2.2 | \$62 | \$88 | \$111 |
| | 2.4 | \$57 | \$80 | \$102 |
| | 2.6 | \$52 | \$74 | \$94 |
| | 2.8 | \$48 | \$69 | \$87 |
| | 3.0 | \$45 | \$64 | \$82 |
| | | | | |

Outstanding Debt in 2021: \$129.6 M

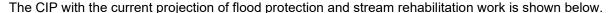
Stormwater Enterprise Fund

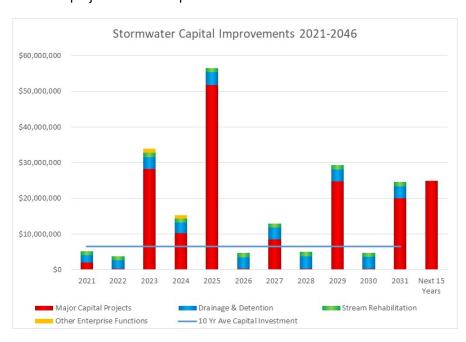
Stormwater CIP

The Capital Improvement Plan for the Stormwater Fund includes new cost estimates for all anticipated initial buildout projects. Updating the cost estimates, along with some preliminary design refinements to some of the project requirements, increased the anticipated capital investment needed to build out the stormwater infrastructure from \$374M in the 2019 CIP to \$568M. Cost adjustments for stream restoration projects are also included in the model which now shows \$30M in stream restoration projects in addition to the water quality and flood protection projects. The CIP is now being proposed to be built over a 25 year period which as the graph below shows will still require investing almost 4 times as much each year in capital infrastructure than the previous decade's level of investment. In addition, City Council has established acceleration of the Stream Rehabilitation program as a priority. In 2016 when the Stream Rehabilitation Program was established 16% of the revenue was to be dedicated to Stream Rehabilitation Projects or \$650,000. The most recent CIP projections have been allocating \$800,000 per year. Because of the nature of these projects, that means some years \$3,100,000 is allocated for a project like in 2021 to and some years there is not an allocation like 2022. On average approximately \$800,000 per year is spent in the Stream Rehabilitation Program. The options to accelerate this program include:

- 1. Increase the allocation within the CIP by \$400,000 a year which would bring the total allocation to \$1,200,000 each year. This allows flexibility to address either larger projects or taking on concurrent projects depending on the size of the project.
- 2. Instead of doing one project every two years, do two projects every three years by having one in design while another is in construction. This may take additional staff resources to manage additional projects within the program.

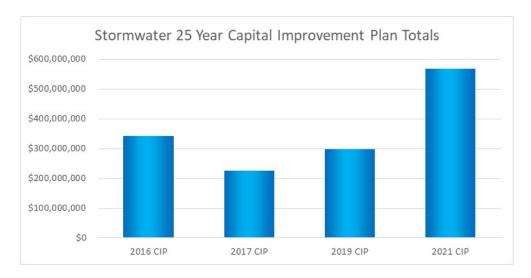
The additional financial resources for Stream Rehabilitation can either be generated through a rate increase of 2.5 percent to generate the additional \$400,000 each year needed to cover those costs or the time period for the flood protection capital work can be extended. A modest 2.5% rate increase would not limit other suggested rate increases while remaining below the 5% ceiling in the next few years and would establish the incremental revenues going forward. Taking an additional \$400,000 from the current operating income allocation for the CIP would not necessarily delay any capital project but rather would more likely lead to issuing higher revenue bonds when an issuance is needed. Please see that attached memorandum on the Stream Rehabilitation program (Attachment 2).





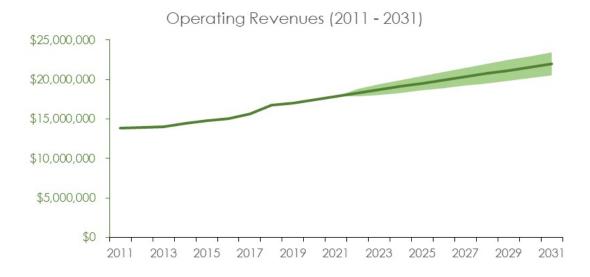
The amount of anticipated capital investment is much greater than what has been made over the previous decade. This will require significant operational planning and project management to ensure that the bond revenue is utilized efficiently.

The trend in the anticipated capital investments is cautionary. With each review and update of the capital improvement plans there is an escalation of the estimated total investment required. This is being driven primarily by higher cost estimates for known capital projects rather than from new projects being identified.



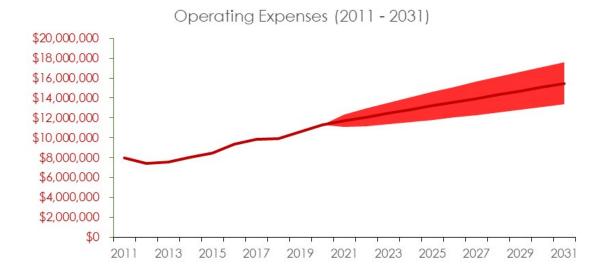
Stormwater Operations

Operating revenues have grown modestly over the past decade primarily through annexations and infill development along with some modest rate adjustments.

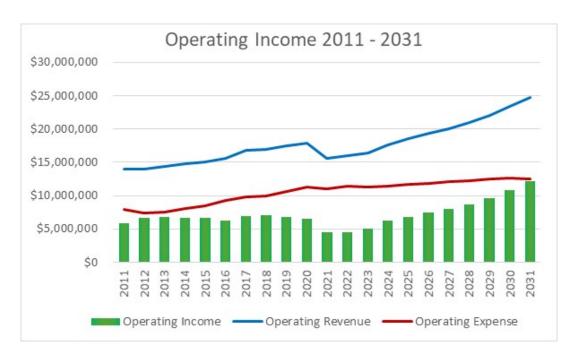


The colored area represents the 95% confidence band around the expected operating expense.

Stormwater O&M has increased as more infrastructure is built requiring O&M. The financial forecast recognizes this but assumes that the growth can be managed to increase at the rate of inflation. The largest increases were seen in drainage and detention as well as in the administrative charges.



The colored area represents the 95% confidence band around the expected operating expense.



The growing divergence between the operating revenue and operating expense is necessary to increase the net pledged revenues necessary to cover the increased outstanding debt over the next few decades.

Stormwater Rate and Debt Forecasts

With the strong operating income being generated every year in this utility only providing a fourth of the anticipated capital investment required to fully build out the infrastructure for the community over the next 25 years it will be necessary to issue significant debt to complete the remaining flood mitigation infrastructure. Significant rate increases could be implemented rather than, or in conjunction with, issuing debt, however, the capital needs are not ongoing capital needs. Rates are usually adjusted to fund ongoing operational and capital needs. There is significant debt capacity in this fund that operates with an operating margin of 40%. Increasing rates would increase the operating margin but not necessarily

allow for the initial infrastructure to be built on an accelerated schedule because of the relative scale of the capital investment compared to the operating revenues. The anticipated levelized annual capital investment required to complete the initial build out over the next 25 years along with minor capital investments required on existing infrastructure is \$20M per year. Infrastructure that is expected to last for at least 50 years into the future could be financed over that time period with those customers benefiting from the new investment paying for its cost rather than increasing rates substantially. The table below shows the amount of debt that would need to be issued over the next decade to establish this 25 year build out schedule while adhering the financial boundary conditions of gradual, modest rate adjustments, positive operating income and a debt coverage ratio of at least 2.0.

As the table below shows, there will be the need to issue debt for several capital investments over the next decade. The first such issuance should be done in 2023 as part of the 2023-24 BFO cycle. Modest rate adjustments can be made to increase the net pledged revenues available for debt service as the debt is issued or more modestly over two or three years ahead of the next issuance.

| Year | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-------------------|------|------|--------|------|------|------|--------|------|------|------|
| Rate Increase | 0.0% | 2.0% | 2.0% | 3-5% | 3-5% | 3-5% | 2-3% | 2-3% | 2-4% | 2-5% |
| Debt Issued (\$M) | | | \$80.0 | | | | \$43.0 | | | |

Debt Capacity Estimation

Interest Rate: 2.25%

Net Pledged Revenue (5yr ave): \$12,011,600

| Debt Coverage Ratio | Debt Capacity (10 yr Debt) | Debt Capacity (15 yr Debt) | Debt Capacity (20 yr Debt) |
|------------------------|-------------------------------|-------------------------------|-------------------------------|
| 1.0 | \$107 | \$152 | \$192 |
| 1.2 | \$89 | \$126 | \$160 |
| 1.4 | \$76 | \$108 | \$137 |
| 1.6 | \$67 | \$95 | \$120 |
| 1.8 | \$59 | \$84 | \$107 |
| 2.0 | \$53 | \$76 | \$96 |
| 2.2 | \$48 | \$69 | \$87 |
| 2.4 | \$44 | \$63 | \$80 |
| 2.6 | \$41 | \$58 | \$74 |
| 2.8 | \$38 | \$54 | \$69 |
| 3.0 | \$36 | \$51 | \$64 |

Outstanding Debt in 2021: \$2.1 M

The debt capacity should be sufficient to meet the anticipated cost of the buildout o the protective infrastructure assuming a 25 year build out period rather than the 10 year schedule. The need to issue debt will drive some rate increases over the next 10 years in order to maintain the targeted debt coverage ratio of at least 2.0.

Conclusions and Next Steps

Updating the ten year Capital Improvement Plans ahead of the budget cycle allows for an assessment of potential rate adjustments and debt issuances that may be necessary in the near future. The Strategic Financial Plan provides a financial path forward to meet the operational needs of each utility.

Through active management of O&M expenses, modest rate adjustments and the issuance of some debt, the Light & Power Enterprise Fund is expected to be able to meet its operational objectives through targeted capital investments over the coming decade.

The Stormwater Enterprise Fund has a significant amount of capital investment required to complete the initial buildout of all the needed infrastructure. Given the high operating ratio (operating income / operating revenue) and the amount of capital investment needed, this utility will require the issuance of significant debt over the next 25 years as this initial infrastructure is built. Modest rate adjustments allow for some increase in the debt capacity of this Fund but not enough to accelerate the build out. Timely debt issuances will allow for rates to remain close to current rates while completing build out over the next 25 years. Funding the Stream Rehabilitation Program at a higher level of investment could allow for 25 years of such work to be completed in 16 years.

The electric utility portion of the Light & Power and Telecommunications Enterprise Fund has an increased level of capital investment primarily driven by anticipated annexations which will require a new substation and associated equipment. Tightly managing the operating expenses will be necessary going forward to ensure adequate operating income is being generated to meet system renewal needs with modest rate adjustments. The climate action goals set by both the City and Platte River Power Authority will require rate increases as well during this same time period. A single debt issuance is anticipated as being necessary ahead of beginning the Mulberry annexation conversion work.

Attachments

Attachment 1 - PowerPoint presentation

Attachment 2 - Memorandum to City Council on Stream Rehabilitation Program Update



Utilities Long Term Financial and Capital Improvement Plans

Lance Smith – Utilities Strategic Finance Director



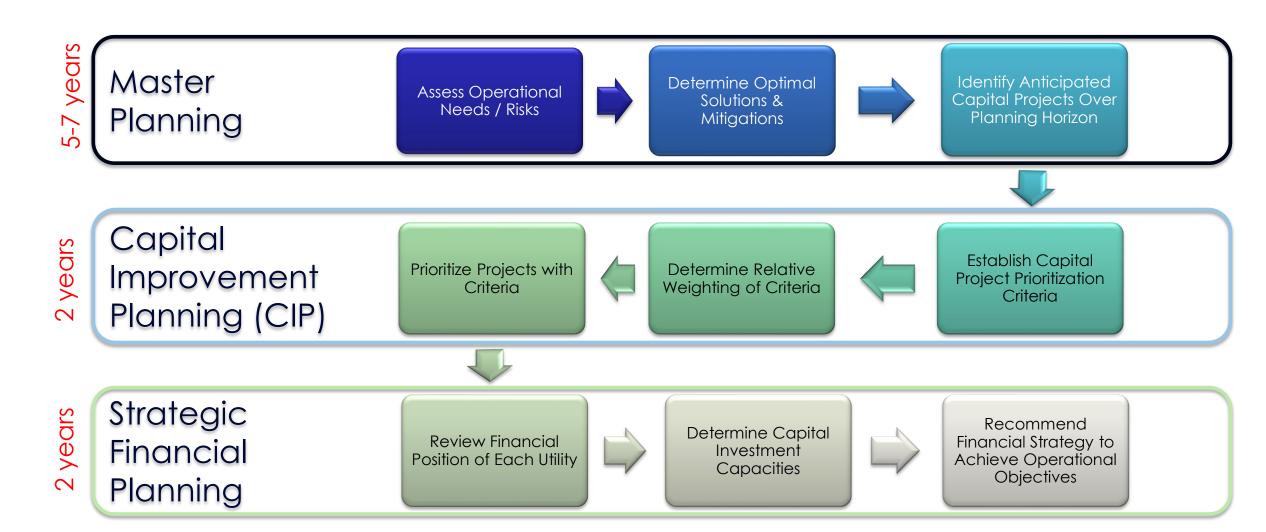
Objective:

- Provide an update on the Capital Improvement Plans and Strategic Financial Plan for the Light & Power and Stormwater Enterprise Funds
- Recommend strategic path forward to meet 10 year operational and financial objectives ahead of the 2023-24 Budget cycle

Direction Sought:

 Does the Council Finance Committee support the Utilities Strategic Financial Plan assumptions ahead of the 2023-24 BFO cycle? In particular, the rate increases associated with the anticipated revenue required?







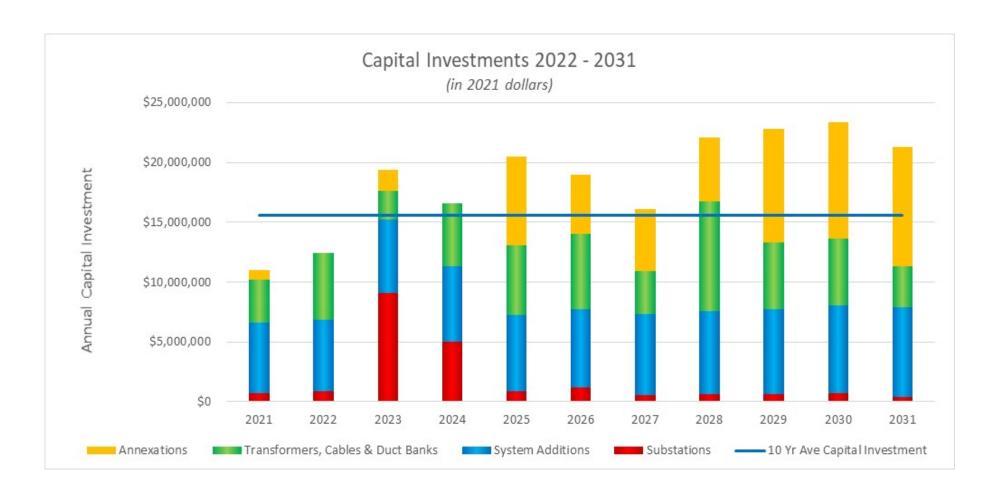
Objectives

- Maintain adequate reserve balances such that:
 - Meet Minimum Reserves Policy
 - Reserves and revenues adequate to cover near term capital requirements
- Maintain current credit ratings for each Enterprise Fund and the City
- Avoid rate spikes by limiting rate increases to no more than 5% annually



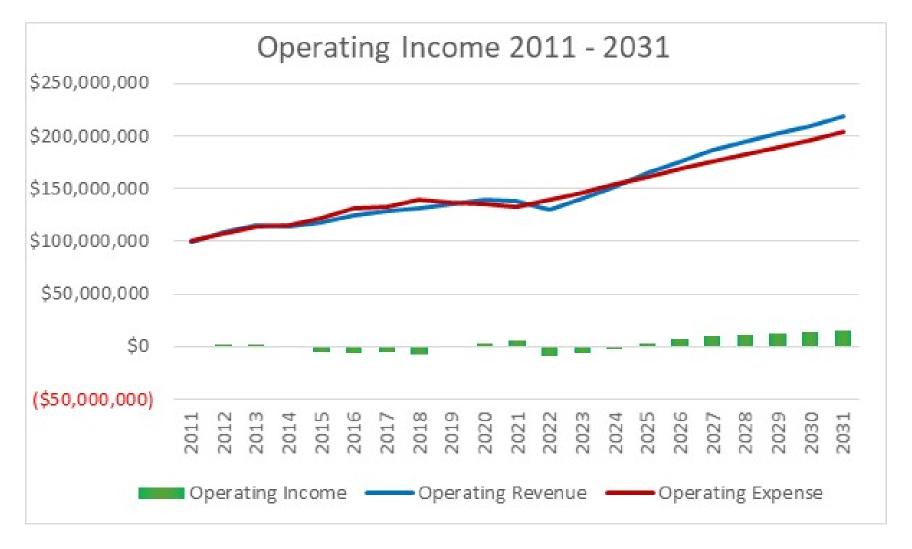
Light & Power Enterprise Fund





2016 Operating Revenue not used for Purchased Power expense was \$36M











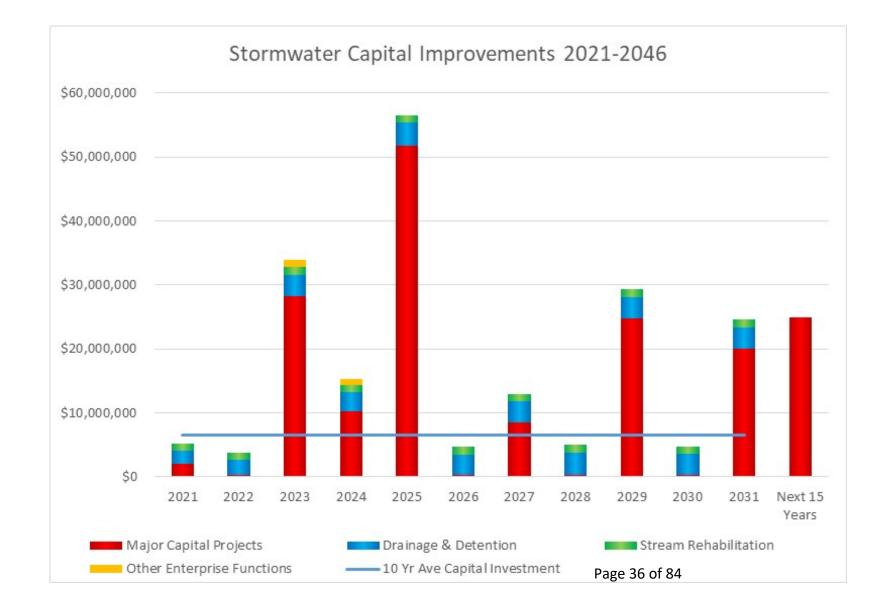
| Year | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-------------------|------|--------|------|------|------|------|------|------|------|------|
| Rate Increase | 2.0% | 3.0% | 4.1% | 4-5% | 4-5% | 3-5% | 2-3% | 2-3% | 2-4% | 2-5% |
| Debt Issued (\$M) | | \$55.0 | | | | | | | | |

- Only debt issuance necessary for electric infrastructure is projected in 2023.
- Use of Available Reserves could defer this issuance for a year or possibly two
- Delaying improvements related to the Mulberry Annexation could also delay this issuance.
- Remaining near term debt capacity is available for broadband initiative



Stormwater Enterprise Fund





First 10 Years:

- \$110M for Downtown Water Quality and Flood Protection
- \$30M in small capital replacement programs
- \$20M North College Water
 Quality and Flood Protection
- \$12M Stream Rehabilitation Program

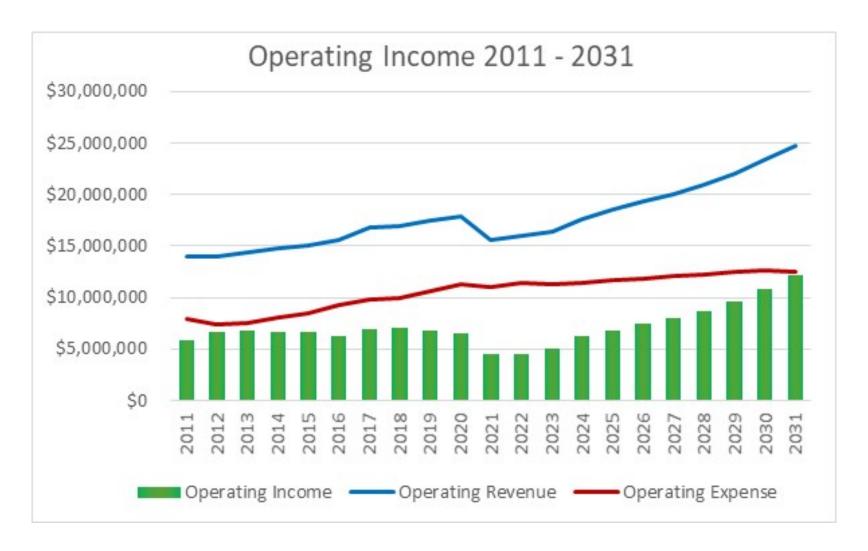
Next 15 Years:

- \$320M Water Quality and Flood Protection Projects
- \$34M in small capital replacement programs
- \$18M Stream Rehabilitation Program

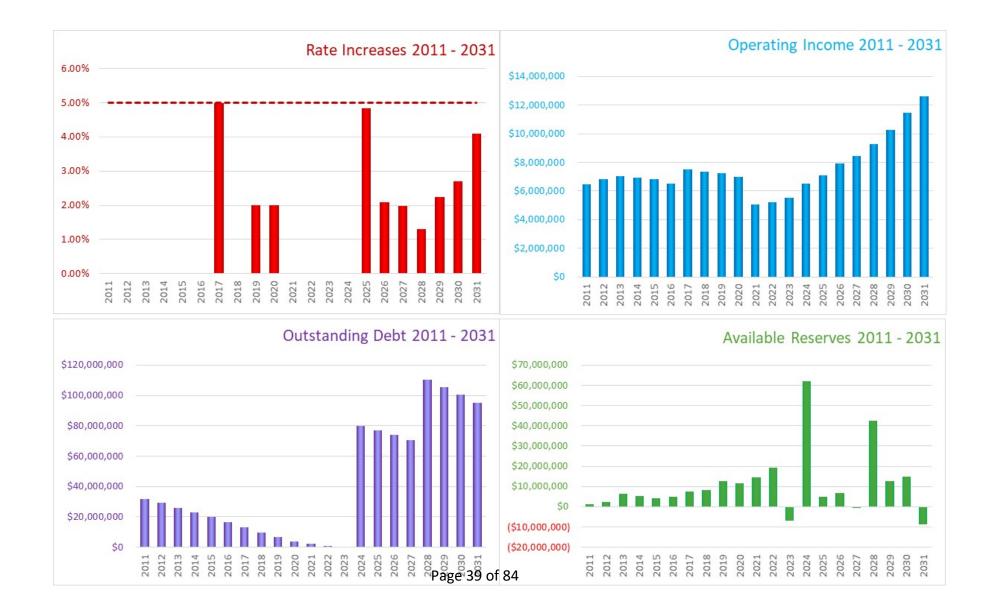


- Currently funded at \$800,000 per year
- City Council priority to expand this program by at least 50%, or \$400,000 per year
 - A one-time 2.5% rate increase would fund this step increase into the future
 - Over the 25 year CIP buildout being proposed here, it would include \$30,000,000 for stream rehabilitation











| Year | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-------------------|------|------|--------|------|------|------|--------|------|------|------|
| Rate Increase | 0.0% | 2.0% | 2.0% | 3-5% | 3-5% | 3-5% | 2-3% | 2-3% | 2-4% | 2-5% |
| Debt Issued (\$M) | | | \$80.0 | | | | \$43.0 | | | |

- Near term capital needs are met with a debt issuance for 2023-24
 BFO cycle
- Initial buildout of infrastructure would be on schedule to be completed by 2047



Objective:

- Provide an update on the Capital Improvement Plans and Strategic Financial Plan for the Light & Power and Stormwater Enterprise Funds
- Recommend strategic path forward to meet 10 year operational and financial objectives ahead of the 2023-24 Budget cycle

Direction Sought:

 Does the Council Finance Committee support the Utilities Strategic Financial Plan assumptions ahead of the 2023-24 BFO cycle? In particular, the rate increases associated with the anticipated revenue required?

THANK YOU!





Utilities

nj F

700 Wood Street PO Box 580 Fort Collins, CO 80522

KS

970.221-6700 970.221-6619 - fax fcgov.com

MEMORANDUM

DATE: September 29, 2021

TO: City Council Members

THROUGH: Kelly DiMartino, Interim City Manager

Theresa Connor, Interim Utilities Executive Director

FROM: Matt Fater, Interim Deputy Director Water Engineering

Ken Sampley, Director, Stormwater Engineering and Development Review

RE: Stream Rehabilitation Program Update (Council Priority #22)

SUMMARY

Improving and accelerating the stream rehabilitation program has been identified as a 2021 City Council Priority. City Council funded \$3.1M to support the Mail Creek Stream Rehabilitation project in the 2021 budget. This project will take through 2022 to complete, so there is not funding in the 2022 budget as the funds are already appropriated. Staff will present options for systematically accelerating the program at the Council Finance Committee in November as part of the discussion on Utility Rates and Strategic Financial Plans to assure alignment as we are moving forward.

BACKGROUND

The City is divided into thirteen stormwater basins each with a master plan addressing the unique set of stormwater challenges for that basin. In 2012, the City updated these basin master plans to incorporate stream rehabilitation and water quality best management practices. The updates were based on an urban stream health assignment, completed by Colorado State University on behalf of the City. The following ten stream sections within the city limits were evaluated:

- Burns Tributary
- Fossil Creek
- McClellands Creek
- Boxelder Creek
- Clearview Channel
- Mail Creek
- Spring Creek



- Foothills Creek
- Stanton Creek

The study identified detailed habitat, susceptibility to erosion, and baseline geomorphic data for approximately 18 miles of channels across ten City streams. These streams have been impacted and degraded over time due to agricultural practices and urban development. The information was utilized to identify and prioritize rehabilitation projects to be incorporated into the stormwater capital improvement plan. The study did not evaluate the Poudre River as the river has been evaluated with other efforts led by the Natural Areas Program. A Multi-Criterion Decision Analysis (MCDA) tool for prioritizing stream rehabilitation projects was developed to identify areas where the greatest opportunities exist for simultaneously improving habitat and stream connectivity while stabilizing high-risk, erosion-susceptible reaches.

Based on 2012 Council direction, 16% of stormwater capital funding was to be budgeted for stream rehabilitation and water quality best management practices. The remaining funding was to be budgeted for flood mitigation (64%) and opportunity projects such partnerships with new developments and other agencies (20%). This translated to approximately \$650,000 annually for stream rehabilitation and water quality BMP's. To date, we've been appropriating an average of \$1,150,000/year.

Projects Completed

Since 2013, four stream rehabilitation projects have been complete. All four projects were identified as high priority based on the stream health assessment. Stream rehabilitation is an emerging science and success of projects is dependent upon site specific criteria. A lot has been learned through the initial projects to build a solid foundation for accelerating the program. The following table outlines the projects completed:

| Stream | Location | Reach Length (feet) | Completed | Total Cost |
|--------------|---|---------------------|-----------|-------------|
| Fossil Creek | Upstream Lemay through Fossil Creek Community Park | 2,250 | 2015 | \$1,370,000 |
| Spring Creek | Union Pacific RR to Riverside Ave. | 810 | 2019 | \$1,342,000 |
| Spring Creek | Riverside Ave. to Edora Park Dam | 780 | 2019 | \$575,000 |
| Mail Creek | North of Meadow Passway | 980 | 2020 | \$1,541,000 |
| Total | | 4,820 feet | | \$4,848,000 |



Future Projects

The 2021 budget identified \$3.1M for continuing the stream rehabilitation program. The next high priority project is the 3,200 feet reach of Mail Creek within the Two Creeks Natural Area. The design is underway with construction planned for the fall of 2022. Staff from Natural Areas is part of the multi-disciplinary design team. Staff has also been partnering with the developer of the Gateway at Prospect development at the intersection of I-25 and Prospect Road. Boxelder Creek borders the eastern edge of the site and is identified as part of the stream rehabilitation program. The construction of the development may be leveraged to also accomplish rehabilitation goals for Boxelder Creek. If the project moves forward, a budget offer for the 2023 budget would be submitted.

There is significant work remaining for the stream rehabilitation program with 55 projects to be completed with an estimated cost of approximately \$70M (based on 2019 estimate). Utilities is in the process of updating the overall Stormwater Capital Improvement Plan which includes flood mitigation, water quality, and stream rehabilitation projects. This plan and associated financing options will be reviewed with the Council Finance Committee in November 2021. Options to accelerate the build out of the program will be discussed at that time. Accelerating the stream rehabilitation projects can be done either by delaying the implementation of other stormwater projects or by increasing fees so that we can accomplish more work.

Some of the options that can be considered for accelerating this program include:

- Combining two segments to make larger projects that allow us to complete more linear feet of stream rehabilitation in any given project. This could be more efficient administratively and with staff resources.
- Have a segment in design while we are constructing another segment. This could take additional staff resources to administer.
- Currently the Stormwater CIP assigns \$800,000 to Stream Rehabilitation each year. That could be increased to \$1,200,000 each year that allows flexibility to address larger projects or partnerships depending on conditions that exist at the time.

Attachment: Prioritized List of Stream Rehabilitation Projects



Attachment 1: Prioritized List of Stream Rehabilitation Projects

| 7 111001111 | | ILLEG LIG | or Otrour | II Kenabilitatioi | 1110,000 | |
|-------------|-------------|-----------|--------------|----------------------|---|-----------------|
| Rank | Creek Name | Reach | Subreach | Reach Length (ft) | Location | Status |
| 1 | Fossil | 4 | 1 | 2,250 | Upstream of Lemay through Fossil Creek Community Park | Completed |
| 2 | Spring | 1 | 5 | 810 | Between RR tracks and Riverside | Completed |
| 7 | Spring | 1 | 6 | 780 | Between Riverside Ave and Edora Dam | Completed |
| 3 | Mail | 3 | 1 | 980 | Directly north of Meadow Passway | Completed |
| 4 | Mail | 1 | 1 | 3,240 | Confluence with Fossil Creek, northwest from Fossil Park | Under Design |
| 5 | Fossil | 1 | 1 | 1,120 | Between RR tracks and Trilby Rd | |
| 6 | Spring | Remove | Edora Dam | NA | Along north side of Edora Park, west of Riverside Ave | |
| 8 | Spring | 3 | 2 | 1,040 | Directly west of Lemay Ave | |
| 9 | Fossil | 2 | 1 | 1,880 | North of Trilby Rd partway through Paragon Point open space | |
| 10 | Spring | Reconnect | to Poudre | NA | From confluence with Poudre River through Cattail Chorus NA | |
| 11 | Fossil | 9 | 1 | 2,130 | From Applewood Estates pond through neighborhood to Shields | |
| 12 | Fossil | 8 | 1 | 2,020 | From RR tracks through open space to Applewood Estates pond | |
| 13 | Stanton | 1 | 1 | 4,630 | From confluence with Fossil Creek to Carpenter Rd | |
| 14 | Mail | 2 | 1 | 1,370 | Between Mail Creek Ln and Meadow Passway | |
| 15 | Boxelder | 3 | 3 | 1,180 | Directly west of I-25 crossing | |
| 16 | Fossil | 3 | 1 | 1,130 | Runs southeast partly through the gold course | |
| 17 | Spring | 5 | 1 | 1,590 | Just east of Stover St to just southwest of Stuart St | |
| 18 | Spring | 1 | 4 | 870 | Between Timberline Rd detention Pond and RR tracks | |
| 19 | Fossil | 3 | 2 | 1,210 | From Lemay Ave southeast partly through the golf course | |
| 20 | Spring | 6 | 2 | 1,150 | Between Centre Ave and Hillpond | |
| 21 | McClellands | 7 | 2 | | From RR tracks west of Timberline Rd east through neighborhood | |
| 22 | Fossil | 6 | 2 | 3,530 | From College Ave east through HOA open space | |
| 23 | McClellands | 5 | 2 | | Through Stetson Creek HOA open space | |
| 24 | Fossil | 2 | 2 | 3,430 | Through Paragon Point HOA open space | |



Attachment 1: Prioritized List of Stream Rehabilitation Projects (continued)

| / ttacili | 1.1 11011 | uzou List | | Reach | tion Projects (continued) |
|-----------|-------------|-----------|----------|--------|---|
| Rank | Creek Name | Reach | Subreach | Length | Location |
| | | | | (ft) | |
| 25 | Clearview | 2 | 1 | 1,440 | Between Castlerock Dr and Taft Hill Rd |
| 26 | Spring | 4 | 1 | 1,550 | Just west of Lemay Ave to just east of Stover St |
| 27 | Boxelder | 6 | 1 | 1,330 | Through private property south of Vine Dr |
| 28 | Spring | 2 | 1 | 1,070 | Between Edora Dam and Welch St |
| 29 | Spring | 1 | 3 | 1,180 | Between Prospect Rd and Timberline Rd |
| 30 | Foothills | 1 | 1 | 1,470 | Between confluence with FCRID and Chase Dr |
| 31 | McClellands | 7 | 1 | | From White Willow Dr west through HOA open space |
| 32 | Mail | 3 | 2 | 1,490 | From Fairway Estates dam south through HOA open space |
| 33 | McClellands | 6 | 1 | | Through Stetson Creek HOA open space |
| 34 | Burns | 1 | 1 | 1,780 | From confluence with Fossil Creek north to Shields St |
| 35 | Boxelder | 3 | 1 | 2,860 | Directly north of Prospect Rd through provate property |
| 36 | Fossil | 6 | 1 | 2,410 | Through HOA open space along Fossil Creek Pkwy |
| 37 | Foothills | 2 | 1 | 1,530 | Between Chase Dr and Rigden Pkwy |
| 38 | Boxelder | 1 | 4 | | Through open space south of Prospect Rd |
| 39 | McClellands | 3 | 1 | 1,250 | Between Ziegler Rd and Corbett Dr through HOA open space |
| 40 | Spring | 3 | 1 | 1,600 | Between Welch St and Lemay Ave |
| 41 | Spring | 5 | 2 | 1,890 | From just SW of Stuart St to RR tracks west of College |
| 42 | McClellands | 4 | 1 | 630 | Between Corbett Dr and Rabbit Creek Rd through HOA open space |
| 43 | Boxelder | 4 | 1 | 1,410 | Directly east of I-25 crossing through private property |
| 44 | Boxelder | 1 | 3 | 2,340 | Through open space south of Prospect Rd |
| 45 | Boxelder | 5 | 1 | 770 | Through private property north of Mulberry St |
| 46 | Spring | 1 | 1 | 520 | From entrance to Cattail Chorus NA west to bike trail crossing |
| 47 | Fossil | 7 | 1 | 2,610 | Between College and RR tracks through natural area |
| 48 | Spring | 7 | 1 | 820 | From entrance to Hill Pond west through open space |
| 49 | Boxelder | 1 | 2 | 1,270 | Through open space south of Prospect Rd |
| 50 | Boxelder | 5 | 2 | 1,240 | Through private property north of Mulberry St |
| 51 | Boxelder | 1 | 1 | 1,770 | From confluence with Poudre River north adjacent to BE Sanitation |



Attachment 1: Prioritized List of Stream Rehabilitation Projects (continued)

| | | | | | ion rejecte (centinaea) |
|------|-------------|-------|----------|-------------------------|--|
| Rank | Creek Name | Reach | Subreach | Reach Length (ft) | Location |
| 52 | Boxelder | 6 | 3 | 1,450 | Through private property south of Vine Dr |
| 53 | McClellands | 5 | 1 | 2,200 | Through private property SE of Stetson Creek neighborhood |
| 54 | Spring | 1 | 2 | 580 | Through open space directly north pf Prospect Rd |
| 55 | Boxelder | 5 | 3 | 1,880 | Through private property north of Mulberry St |
| 56 | Boxelder | 6 | 2 | 1,460 | Through private property south of Vine Dr |
| 57 | Clearview | 1 | 1 | 360 | Between Avery Park pond and Castlerock Dr |
| 58 | Foothills | 3 | В | | From Horsetooth Rd NE through HOA property to Power Trail |
| 59 | Clearview | 3 | D | | Between Taft Hill Rd and Hillcrest Dr |
| 60 | Foothills | 2 | С | | Between Rigden Pkwy and Power Trail |

| Page | 49 | of | 84 |
|------|----|----|----|
|------|----|----|----|





Land Purchase Financing Options

• Travis Storin, CFO
• November 3, 2021



- Review options for financing the acquisition of Hughes parcel
 - Financing Mechanism(s)
 - Source Fund(s)
- November 23 Work Session to review policy and engagement approach, inclusive of financing

Other concurrent priorities:

- Review additional Natural Areas acquisitions in the pipeline
- Financing of Golf irrigation improvements



"Shall the City enact an ordinance requiring the City Council of the City of Fort Collins to immediately rezone upon passage of the ordinance a 164.56-acre parcel of real property formerly home to the Hughes Stadium from the Transition District to the Public Open Lands District, and requiring the City to acquire the property at fair market value to use said property for parks, recreation, and open lands, natural areas, and wildlife rescue and restoration, and further prohibiting the City from de-annexing, ceasing acquisition efforts or subsequently rezoning the property without voter approval of a separate initiative referred to the voters by City Council, and granting legal standing to any registered elector in the City to seek injunctive and/or declaratory relief in the courts related to City noncompliance with said ordinance."



- Natural Areas funded through dedicated sales tax
 - City sales tax of 0.25% (Open Space Yes!) Currently set to expire in 2030
 - \$9.25M— Current yearly projection of tax generated by quarter cent tax
 - County sales tax Currently set to expire in 2043
 - \$5.0M Current yearly projection of tax received through County
- Natural Areas purchases land parcels every year
 - 46,900 acres have been conserved to date
 - From 2004 through 2020 have spent between \$192k \$19.7M per year on acquisition
- Previous Natural Area land purchases using debt financing
 - Bobcat Ridge Natural Area-\$6.0M
 - Soapstone Prairie Natural Area-\$13.5M



- Old Hughes stadium site
 - Purchasing from CSU per April 2021 ballot measure
 - Current agreed upon price is \$12.5M
 - Recommend splitting cost of land across City Funds based on prorated land usage
 - Options include Open Space, Developed Parks Facilities, Tribal Nations Land Back, etc.
 - Anticipate a robust public engagement process to understand community expectations
- Second larger Natural Areas land purchase to consider
 - Currently in discussions with landowner
 - Projected cost of \$6M \$7M to be paid over 3 years

• Irrigation improvements at Southridge Golf Course -- \$3M



- Option 1 Cash financing
- Option 2 Debt finance both purchases
- Option 3 Hybrid cash and debt financing



Projected 2021 Fund Balances based on revenue and expense projections through September 2021

| General Fund | 2 | 2021 | Appropriated, Min. Policy, or Scheduled | | Available but with some Constraints | | Available for Nearly Any Purpose | |
|------------------|----|------|---|-----------|---|----------|--|----------|
| Non-Spendable | \$ | 2.9 | \$ | 2.9 | | | | |
| Restricted | | 22.0 | | 7.3 | | 14.7 | | |
| Committed | | 0.6 | | 0.4 | | 0.2 | | |
| Assigned | | 51.6 | | 50.2 | | | | 1.4 |
| Unassigned | | 10.4 | | | | | | 10.4 |
| | \$ | 87.5 | \$ | 60.8 | \$ | 14.9 | \$ | 11.8 |
| Natural Areas Fu | nd | | Appro | opriated, | Avail | able but | Avail | able for |
| | | | Min. P | olicy, or | with | some | Near | rly Any |
| | 2 | 2021 | Sch | eduled | Con | straints | Pu | rpose |
| Restricted | \$ | 14.9 | | | \$ | 14.7 | | |
| Assigned | | 0.5 | | 0.5 | | | | |
| | \$ | 15.4 | \$ | 0.5 | \$ | 14.7 | \$ | _ |

Denotes Amounts Available to be used for Land Purchase



- Hughes property would be cash financed according to land usage
- Second land purchase would be cash financed by Natural Areas
- Golf would be deferred to a future debt issuance

- 50% / 50% scenarios would contribute \$6.25M each from General Fund and Natural Areas, true up once land use determinations are made
- Natural Areas covers full cost of second land purchase \$6-7M over 3 years with ongoing revenue



- \$22M borrowed for Hughes, additional property, and golf irrigation; 20-year term debt
 - Larger offering can be more attractive in the market
 - General Fund would pay debt service for portion of Hughes purchase
 - Natural Areas would pay debt service for remaining Hughes balance and all of second property
 - Possibly include contingency in offering documents related to 2030 ballot renewal of Open Space Yes!
 - Recommend including Golf irrigation financing
- Debt Service
 - 20-year term
 - 2.31% interest rate (Current Aa rates + 0.5% buffer)
 - \$1,386k per year total debt service
 - \$787k for Hughes, funded by Natural Areas and/or General Fund
 - \$410k for additional parcel, funded by Natural Areas
 - \$189k from Golf



- \$11.5M borrowed for Hughes property
 - Natural Areas and General Fund would each contribute \$2M cash
 - Remaining land debt service would be split between Natural Areas and General Fund
 - Include Golf irrigation financing

Additional land purchased by Natural Areas utilizing ongoing revenue

- Debt Service
 - 10-year term
 - 1.95% interest rate (Current Aa rates + 0.5% buffer)
 - \$1,277k per year total debt service
 - \$944k for Hughes funded from Natural Areas and/or General Fund
 - \$333k from Golf



Risks to depleting Natural Areas Department reserves

- Lack of funding for future priority land acquisitions, habitat conservation, restoration, asset management, and trail connections
- Compounds existing challenges within operations and maintenance funding

Costs to restore and open Hughes to the public

- Current low habitat value and compacted soils means higher than typical restoration costs (\$2.4 M/ 140 acres)
- Amenities to be determined by public engagement process
 - Typically provided- soft surface trail, vault toilet, trailhead kiosk, and parking lot (\$400k)
- These additional costs could be included in a debt financing

Risk to depleting General Fund reserves Council Priorities, Strategic Plan, etc.



Pursue hybrid financing option:

- Upfront payments toward Hughes from General Fund and Natural Areas at \$2M apiece
 - True up payments across Funds pending land use determinations
- 3-year payments from Natural Areas at \$2.2M per year
- Borrow \$11.5M at estimated 1.95% for 10-year term
 - Payments of \$1.277M per year
 - \$333K of payments from Golf
 - \$944K of payments from Natural Areas and General Fund pending land use determinations



• Questions?

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Zack Mozer, Analyst II, Financial Planning & Analysis

Dave Lenz, Director, Financial Planning & Analysis

Date: November 3, 2021

SUBJECT FOR DISCUSSION

2022 Long Term Financial Plan

EXECUTIVE SUMMARY

The City updates the Long-Term Financial Plan (LTFP) outlook every two years as part of the Strategic Planning Process. The objective is to highlight potential challenges facing the City and aid in philosophical decision-making on strategies that span the longer term (5-10 plus years). Over the past two years, the City was faced with unprecedented levels of uncertainty related to the COVID-19 pandemic. As a result of numerous management activities that curtailed spending, and a quicker than anticipated economic bounce-back that kept revenue losses to manageable levels, the City's finances remain in excellent condition. Moody's just re-affirmed the City's Aaa credit rating in October.

In spite of the near-term conditions, the City still faces significant challenges to its' finances as it looks forward – primarily associated with future funds for park life-cycle and maintenance costs; transit and other transportation infrastructure; affordable housing options and other asset management needs. This update to the LTFP will contemplate the impacts of taking on these additional expenses and explore options to fund these programs and services. The 2022 LTFP provides a Baseline Scenario and builds up three additional scenarios.

• Baseline Scenario:

• Scenario A: Adjust for Historic Budget Underspend

• Scenario B: Added Services, Life-Cycle and Maintenance Costs

• Scenario C: New Revenue Sources – Gap Closure

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee have any questions related to the 2022 Long-Term Financial Plan?

BACKGROUND/DISCUSSION

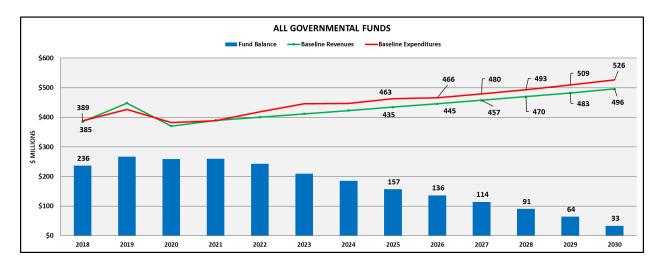
The LTFP Baseline Scenario assumes current operating conditions and service level delivery, as well as no outlier impacts. The COVID-19 pandemic, a true, Black Swan event, has been one of

these impacts but is not something that was "expected" to occur in long range planning models. However, the near-term impacts and City responses to the pandemic are factored into the current LTFP update. The underlying analysis utilizes historic data from the past 21 years, macroeconomic outlooks, correlation analysis and unique drivers at an organizational level to provide a view of what leadership needs to plan for the long-term growth of the city.

Baseline Scenario:

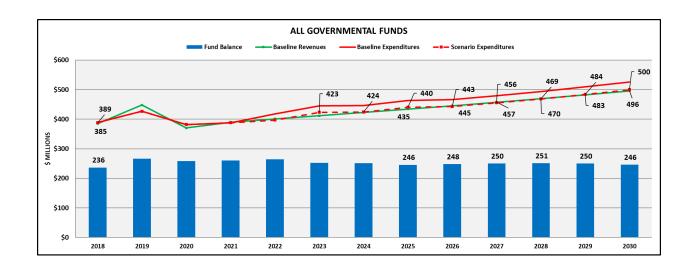
In comparing the prior 2020 LTFP with the current 2022 LTFP, there has been an improvement in overall fund balances which was primarily realized in the difference between the both the 2019 and 2020 forecasts vs. actuals results. This was caused by additional revenues in 2019, as well as the 2020 COVID-19 cost containment efforts that overcompensated for the actual revenue shortfall. Additionally, this established a new baseline from which to project estimates going forward, thereby improving the long-term outlook.

The Baseline Scenario also assumes underspend and higher revenues vs. the budget to maintain overall governmental fund balances by year-end 2021. 2022 utilizes the City Manager recommended budget for revenues and expenses as the starting point to forecast into the future. Presented below are the yearly revenue and expense projections, with the resulting year-end fund balances.



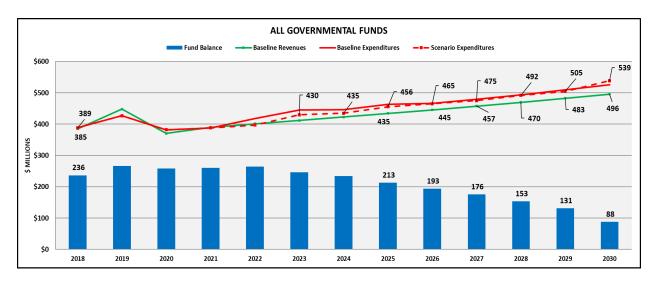
Scenario A: Adjust for Historic Budget Underspend

In looking at the City's historical financial data, there has been an approximately 5% average underspend vs. budgeted expenses each year. Given the nature of our budgeting process, whereby we may not deficit spend above expected revenues and available reserves, this result is not unexpected. By removing this budgeted 5% from the analysis, the Baseline Scenario is adjusted, and the resulting fund balances are stabilized at much higher levels.



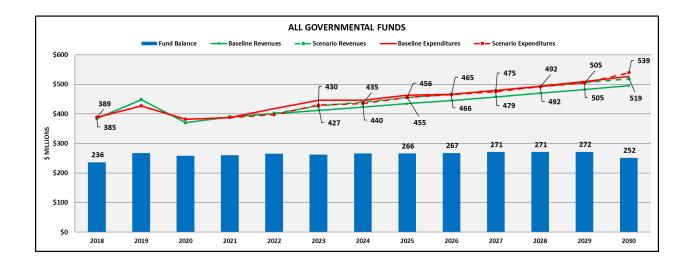
Scenario B: Added Services, Life-Cycle and Maintenance Costs

As has been highlighted in the current 2022 Budgeting For Outcomes (BFO) process, significant offers for asset management, maintenance costs, capital refreshes and other initiatives were not all able to be funded. This scenario adds in specific project costs to account for identified needs such as parks refresh, transit additions, affordable housing, City Hall refresh and future commitments on new neighborhood parks and Community Parks. In total, these projects add approximately \$160 million in cumulative expenses by the year 2030.



Scenario C: New Revenue Sources - Gap Closure

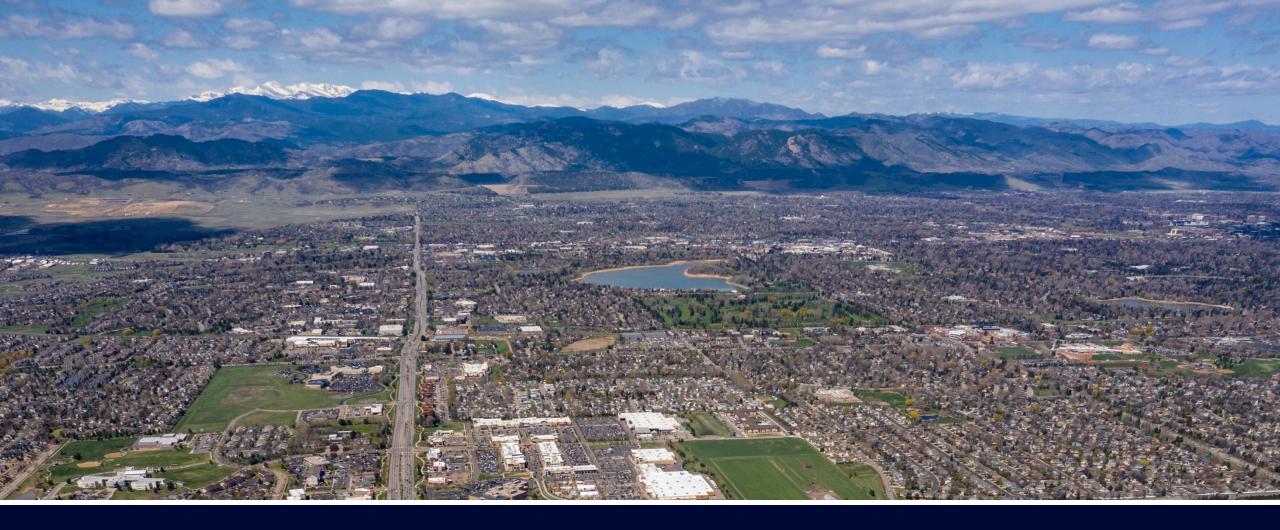
In addition to cost containment, the potential solutions to the funding shortfalls from Scenario B include exploring new revenue streams. The City has put together a cross-functional working team to investigate the feasibility, impacts and timelines for a wide variety of alternatives. For illustrative purposes here, Scenario C below includes the impacts of an incremental 0.25% Sales Tax increase, a property tax mill addition and an added maintenance/improvement use fee to support ongoing maintenance for parks and neighborhood livability. The impacts from such measures provide greater stabilization of overall fund balances.



The City has significant, unfunded longer-term operating cost and capital needs. While the City has a long track record in successful delivery of world class services to its' stakeholders, it likely will require additional revenue streams to address some of the items highlighted above. Longer term degradation to service delivery is a risk if these needed investments continue to be deferred.

ATTACHMENTS

Attachment 1: PowerPoint Presentation: 2022 LTFP





2022 Long Term Financial Plan

Council Finance Committee Update

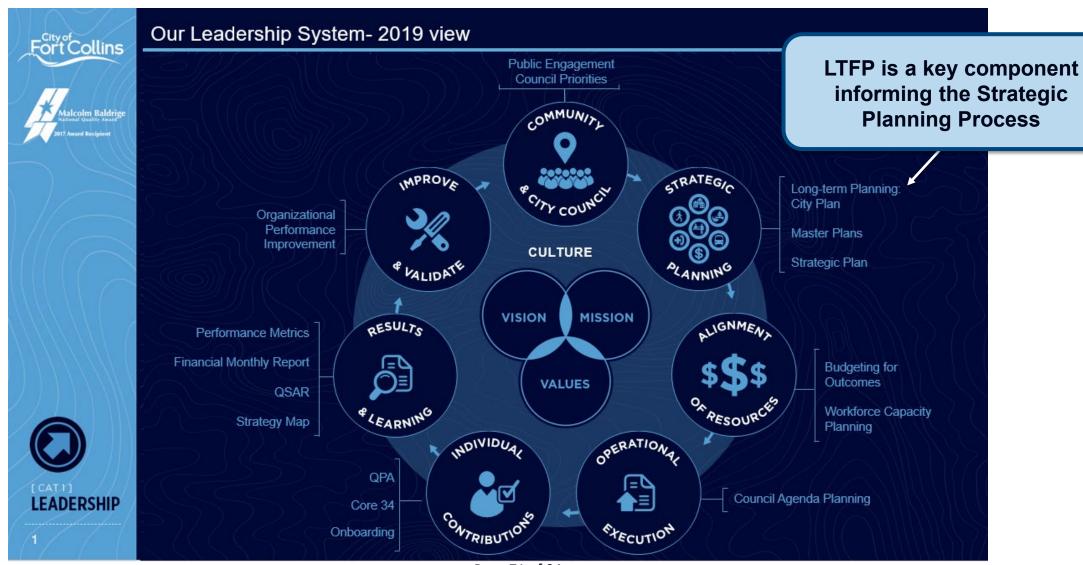


- Long Term Financial Plan (LTFP) Background
- Comparison of 2022 LTFP Baseline to 2020 LTFP
- Revenue and Expense Assumptions
- LTFP Scenarios
- Discussion / Questions



- Underspend in 2021 Primarily benefits the General Fund balance. Overall, expectation is to maintain governmental fund balances in 2021.
- ➤ 2022 Estimated Revenues and Expenses are projected in line with 2022 City Manager recommended budget. This sets new levels of spending after the budget cuts in 2021.
- Designated projects such as CCIP will progress according to the original funded amounts.
- ARPA Revenues and Expenses are excluded from the analysis as these funds are targeted to be used for one-time items.





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Objective:

➤ Highlight potential challenges and aid in philosophical decision-making on strategies that span the longer term (5 to 10+ years) specifically for the governmental side of the city

What it is:

- Methodology to identify macro issues to be addressed in the strategic plan
- Process of aligning financial capacity with long-term service level objectives
- > Framework to stimulate discussion around a long-range thought perspective
- Attempt to provide a balanced, base case scenario with 50/50 probability of occurring

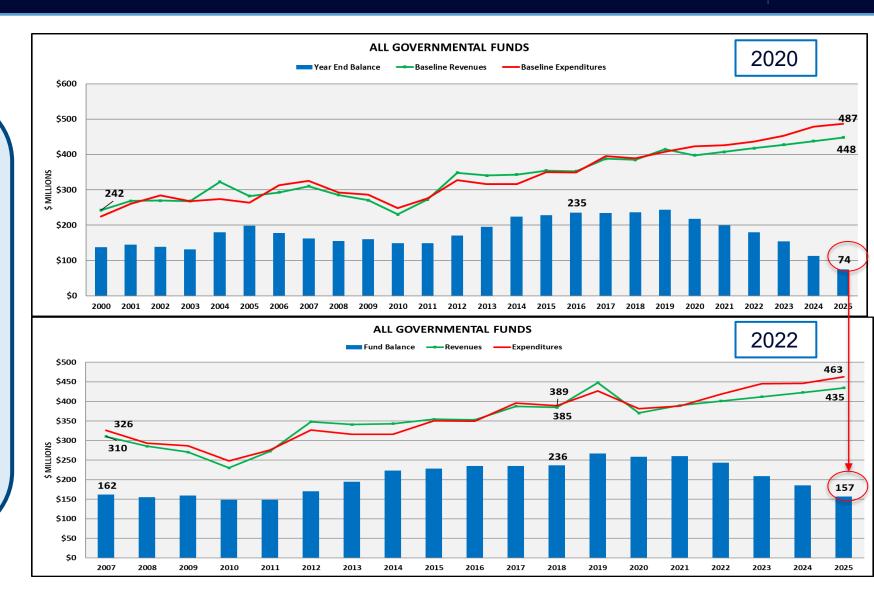
What it's not:

- ➤ Detailed 10-year budget
- Project Specific Initiatives Analysis
- Operational Next Steps



\$83M difference by 2025 in fund balance is driven by:

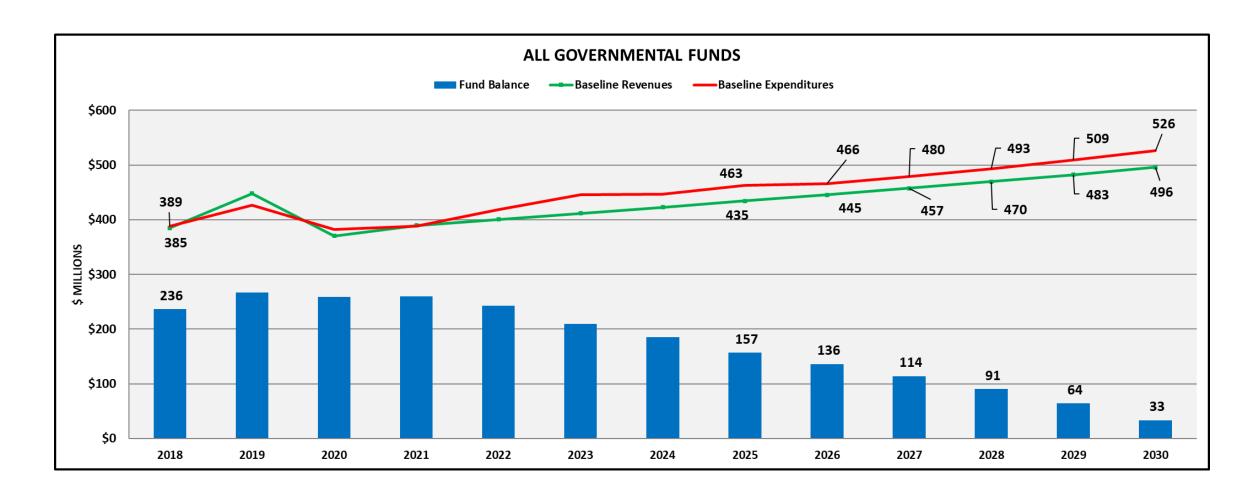
- \$14M favorable margin (Rev-Exp) generated in 2019
- (\$28M) in 2020 actual lower revenue caused by the pandemic
- \$42M in 2020 lower expenses realized by cost cutting efforts
- Average annual margin improvement of \$10M vs. previous LTFP.





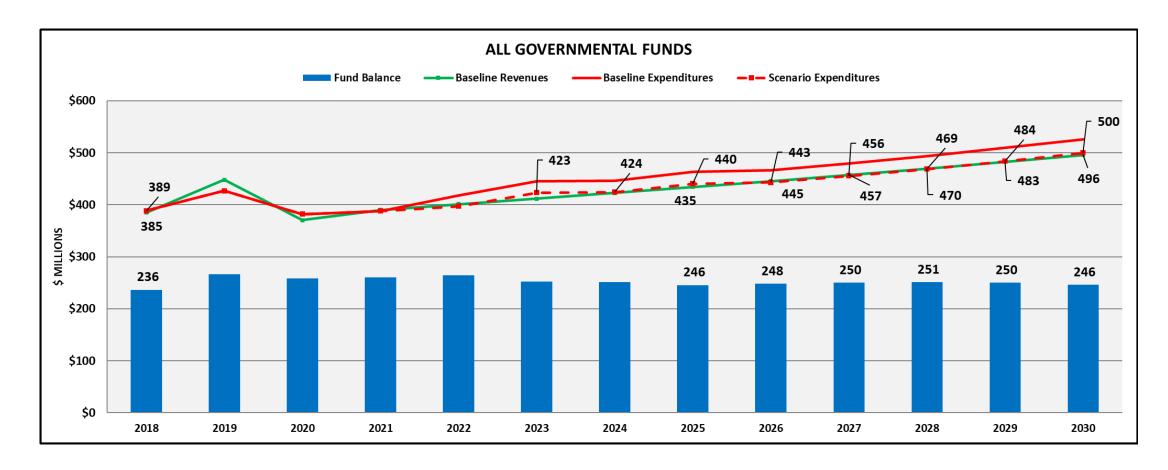
| Item | Growth | Rationale |
|--------------|--------|--|
| Population | 1.3% | Per Economic Development figures – slowing rate of growth over forecast period. |
| Sales Tax | 3.0% | Updated assumption to bring revenue in line with growth over 2020 and then grow slightly higher than prior projections at 3% |
| Use Tax | 3.6% | Similar % increase expected from prior estimates. Variability in Use Tax does not suggest any need to update the assumption. |
| Property Tax | 6.0% | Forecast correlated with growth in per capita income and growth in Larimer County. |
| Salaries | 3.7% | Assumptions made the same from the previous LTFP because of lower reported CPI in 2020 pared with upward inflationary pressure in 2021. Police increases are still higher than other salaries. |
| Benefits | 4.7% | Assumptions made the same from the previous LTFP because of lower reported CPI in 2020 pared with upward inflationary pressure in 2021. Police increase are still higher than other benefits. |







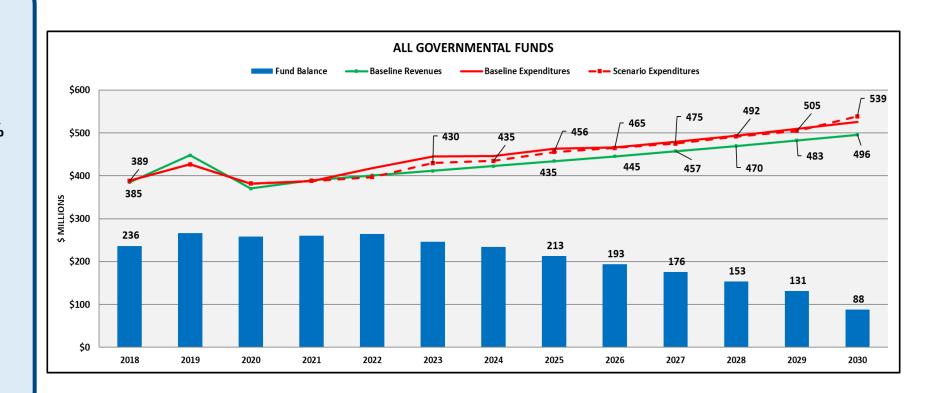
➤ Historic underspend across governmental funds shows spending ~95% of budget. Using this assumption, the LTFP - Baseline was adjusted going forward.





2022 LTFP – Scenario B: Added Services, Life-Cycle and Maintenance Costs

- Increased Costs for Parks Life Cycle needs. Build up to \$7M in excess of baseline in 2026 and grow at 4% per year.
- Additional Transit related costs.
 Build up to \$2.5M in excess of baseline in 2026 and growth at 4% thereafter.
- Debt Service for Civic Center Campus (Block 32/42) assumed
 ~\$4M per year starting in 2025.
- Affordable Housing assumed
 ~\$5M per year starting in 2023;
 growth at 3% per year.
- Build up Schedule of new Neighborhood and East Community Park





Expenses and Capital

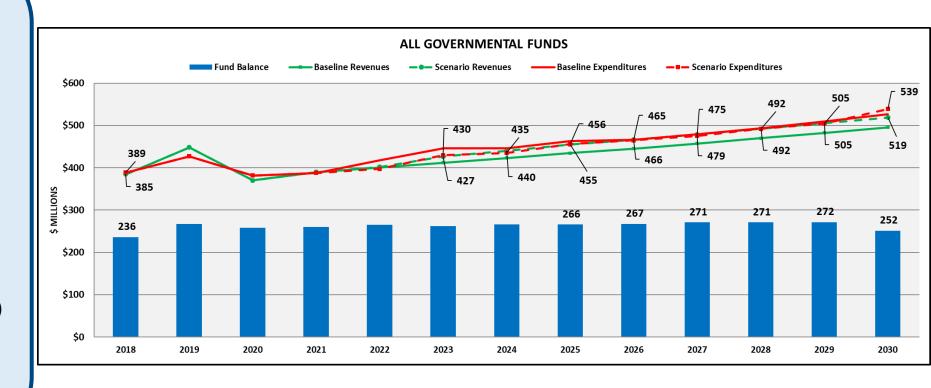
- > Expense acceleration in excess of revenue growth
 - > Expenses grow at 4% vs. 3% for revenue
- > FTE levels in conjunction with service level objectives
- Capital refresh timing / capability

Revenue Generation - Potential Solutions

- > Exploration of alternatives to increase and diversify revenues:
 - Sales Tax
 - Property Tax
 - Maintenance and Improvement User Fee
 - Parking Meter Fees
 - Fund Raising



- Additional 0.25% Sales Tax (~ \$9M per year) starting in 2023.
- New Property Tax Mill assessed (~ \$4M per year) starting in 2023.
- Implement New
 Maintenance and
 Improvement use fee to
 support Lifecycle projects
 (builds up to ~ \$7M per year)
 in 2026 to offset gap in
 ongoing maintenance
 needs.





- City Finances have survived the pandemic impacts in relatively good shape:
 - Cost containment initiatives and deferrals
 - Less severe than anticipated revenue impacts
- Significant asset management, initiatives, and life-cycle costs remain unfunded
- Additional revenue sources will likely be required to fund long-term service level delivery at world class levels



Does Council Finance Committee have any questions related to the 2022 Long-Term Financial Plan?



Appendix



Total City View = All Fund Groups

- Includes: Primary Funds, Secondary Funds and Internal Service Funds
- Excludes: Utilities

Model Data:

- 21 years of history at the individual account level
- > 30+ years of Sales and Use tax revenue
- Service Area Capital Estimates / Debt Service Projections

Revenue / Expense Forecast Inputs:

- 293 revenue accounts summarized into 36 revenue line items
- > 597 expense accounts summarized into 39 expense line items
- Correlation analysis
- Historical Trend Perspective
- Unique drivers at the organizational line-item level
- Service area and analyst knowledge/input regarding future projects

