

City Manager's Office 300 LaPorte Avenue PO Box 580 Fort Collins, CO 80522

970.221.6505 970.224.6107 - fax fcgov.com

Minutes
City of Fort Collins
Futures Committee Meeting
Regular Meeting
300 LaPorte Ave
City Hall
February 11, 2013
4:00 – 6:00 p.m.

Committee Members Present:

Committee Members Absent:

Wade Troxell - Chair Gerry Horak Lisa Poppaw Darin Atteberry Bruce Hendee

Guests:

Jessica Ping Small, Mike Beckstead, Lawrence Pollack, Lori Frank

Agenda Item 1: Approval of Minutes

The minutes from December and January were approved.

Agenda Item 2: Revenue Diversification

- 1. Revenue Policy Update
 - Revenue comparison analysis presented to Council Finance and Futures Committee in September 2012
 - Staff received feedback to articulate a policy or "philosophy" to which revenue decisions could be made in the future
 - Revenue principles and next steps presented to Council Finance in January 2013
 - Task Develop Principles of a Revenue Policy that Promote Revenue Sustainability
- 2. Revenue Policy Update Approach
 - Reviewed existing City of Fort Collins revenue policy
 - Researched cities and organizations locally and nationally for revenue diversification and/or sustainable revenue policies
 - Analyzed various policies to create 5 principles that staff recommend be incorporated into existing City revenue policy document and adopted by City Council
 - o Staff is recommending 5 revenue principles based on their research
 - 1. Maintain Diverse Revenue base



- a. 51% coming from sales and use tax, fluctuates based on grant revenue each year
- b. Sales and use tax is the primary source of revenue
- 2. Maintain a stable revenue base
 - a. The largest decline in combined sales and use tax was 6.2% from 2008 to 2009
- 3. Cultivate revenue sources that are equitable among all economic levels
- 4. Generate adequate revenue to maintain service levels
 - a. The challenge is to find the right balance of service levels to meet the "needs vs. wants" of the community
- 5. Maintain healthy reserves
 - a. The City meets and generally exceeds all reserve policies
- The principles will serve as the foundation for revenue decisions in the future to keep Fort Collins great.

Next Steps:

- 1. Near Term Action: BOB and Pavement Management ½ cent taxes expire on December 31, 2015
 - a. Timeline to replace ½ cents for November election
- 2. Near Term Option: Transportation Utility Fee
 - a. City had one in 1992...
 - b. Pavement Management easier to understand
- 3. Long Term Action
 - a. Replace not increase, needs to be the key message. Promoting a stable, less volatile revenue stream, not an increase in total revenue
- 4. Sales Tax on Revenues
 - a. Reasons to tax services:
 - i. Assumes the sales tax rate would be reduced to accommodate the revenue generated from taxing services
 - ii. Significant revenue potential with potential for less volatility
 - National data establishes service levels.
 - Vendor Information gives us some information
 - Given the data for services, you have to be careful not to underestimate
- 5. Raise the property tax
 - a. The current mill levy is average amongst our peers and hasn't been increased since 1992
- 6. Make the ½ cent taxes permanent
 - a. Sales Tax is funded by everyone, not just property owners as a Transportation Utility Fee is

Final Thoughts:

• Staff will be drafting Revenue Policy around 5 principles



- Staff will be initiating TUF fee study Q2 2013
 - Also included in fee study will be Park Maintenance Fee and Transit Fee
- Future initiatives to consider:
 - Sales Tax on Services
 - Increase Mill Levy
 - Ask voters to make ½ cent permanent
 - Differential Sales Tax Rate (restaurants/liquor)
 - Occupational Privilege Tax

Feedback:

Example is the PRPA organic model: goes 5 years and then gets renewed

Need to have more BOB's in place for improvements: ex Prospect: BOB should have no stadium impacts

Revenue Diversification originally was here to reduce sales tax, but we have seen that that will not happen. Will require voter approval as well – Pavement Maintenance fee is in place of Revenue Diversification (and that is our street improvement?) Voters do not have to approve the fee, voters only approve taxes.

Timing – Strategic thinking – confident the fee can be implemented.

Agenda Item 3: Performance Metrics: Community Dashboard Review

- 1. Continuation of Quarter 1 2012 Futures Committee Meeting
- 2. Website Tour
 - Website address shortened to www.fcgov.com/metrics
- 3. Process and Publication Timeline
 - Published about 6 weeks after quarter end
 - Notification with link will be sent to Council
 - Quarterly reviews by management with dialogue and action cascading through the organization
 - Consistent Quarterly Process with Systematic Organizational Focus on Metrics
- 4. Current State
 - Every metric has targets and results thresholds
 - Systematic process with each metric has data owner & SIT owner
- 5. Next steps
 - Add applicable benchmarks and goals
 - Refinement of metrics, targets, and thresholds
 Community Dashboard will evolve as part of Continuous Improvements
 - Launch Phase II BFO Performance Review

Other communities are doing scorecards, but only a few midsize cities are doing any metric reporting to this extent.