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**Minutes  
City of Fort Collins  
Futures Committee Meeting  
Regular Meeting  
CIC Room, City Hall  
300 LaPorte Ave  
November 24, 2014  
3:00–5:00pm**

**Committee Members Present:**

Gerry Horak  
Bruce Hendee  
Darin Atteberry  
Gino Campana

**Committee Members Absent:**

Wade Troxell, Chair

**City Staff:**

Dianne Tjalkens, Admin/Board Support  
Andrés Gavaldón, Strategic Finance Manager  
Mike Beckstead, Chief Financial Officer  
Sam Houghteling, Graduate Management Assistant  
Travis Machalek, Graduate Management Assistant

**Invited Guests:** none

**Community Members:**

Kevin Jones, Fort Collins Area Chamber of Commerce

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**Gerry Horak called meeting to order at 3:15pm**

**Member Comments:** none.

**Approval of October Minutes:**

Not discussed.

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**Think Tank Item 20: Long Term Financial Plan Status Review—Mike Beckstead and Andrés Gavaldón**

Andrés gave a presentation on the ten year forecast. The data used to drive the model includes 13 years of account history and 30 years of sales and use tax revenue. Staff is creating unique data sets to drive the model including capital improvement plans, debt service projections and an FTE

headcount database. Mike added that the capital improvement plan has not existed. Once it is complete and vetted by Council, it will be helpful. Staff can show how much has been spent historically on capital and how much debt could be held for capital improvements. The goal is to complete that plan by 2015 and update the forecast at that time. The result is a plan to incorporate the long term financial plan into the City's strategic plan process. 533 active accounts are being summarized into 32 revenue line items. Seven have been identified as driving revenue. There are 346 active accounts on expense side, with 10 drivers. Andres showed a sample chart that illustrates what kind of information will come from the long term financial plan. Some scenarios they are thinking of modelling include mimicking recession economics, savings in a favorable economy, implementation of capital projects, maxing out the debt policy without affecting credit rating, etc. They will also model what could happen if certain revenue sources are not renewed. Expense uncertainties that can be modelled include healthcare, headcount assumptions, climate action planning, east Mulberry annexation, etc. Mike added that staff met with the CFO of Boulder, and his recommendation was to go macro on revenue and expenses to find the gap. Andres' modelling is more sophisticated than others in the industry. Staff is meeting with service areas to finalize the capital improvement plan and verify expense drivers. The projection is to review the data over the next month, do programming in January, and present to Council in February.

#### **Comments/Q & A:**

- What software is being used to do the modelling?
- It is Excel based, but was developed by a programmer for this type of modelling.
- Part of the challenge is getting the systems used in various departments to speak to each other to share information. JDE Edwards is our universal financial system.
- What percentage of Andres' time is used on this?
- Fifty percent or more.
- Can the expense of creating this model be calculated?
- It is something we have to have, with the CIP, and strategic risk assessment, and then we can do the strategic planning necessary. To truly understand the issues we are facing, we need this data.
- This is a foundational tool that is necessary. The opportunity cost could be significant, but we have matured to a level where this is critical.
- Once we get the database built and the models working, it will be a reduced effort to keep it up to date.
- This model was bought by the City five years ago and enhancements were made to get this project going.
- How do you fund these types of things in your department?
- We have discretionary funds. There was a position open for a few months that left available funds. This was under \$4000.
- Is this part of your department plan? People should know about this. It's odd that this didn't exist already, and that other communities don't have it either.
- Regarding long range planning, ten to twelve years ago, there was a ten-year shadow budget so that the City Manager and Council could make projections, but that went away with the introduction of the BFO process. If you talk to Utilities about their long range planning, it is far from a wish list. This group would like more rigor, process, and

alignment around these strategic plans. We should be leveraging opportunities between departments, such as Streets and Utilities.

- I see rigor in the CIP as similar to BFO. There are a lot of things we'd like to do, but there is a process to prioritize and select. There is a big gap between what we have spent historically and what we'd like to do. The list must be thorough and vetted. If there is a gap between what should be done and the funding available, we need to work on that.
- The work done around build out shows projections for growth, which could be used in this model.
- We are using that kind of data for revenue projections.
- Andrés has done correlation a between CPI and population growth, which becomes the basis for revenue.
- If we have growth projections that are at a certain point, if the growth does not happen in the northeast quadrant, and happens instead along the Mason Street corridor, what kinds of changes does that make to the financial planning? These need to be integrated to make better long range decisions.
- That is the scary part about moving into areas like social sustainability and affordable housing. Every two years we have a free for all for general funds. The ten year capital improvement plan isn't a plan so much as a list. What kinds of businesses should we be involved in?
- Regarding overall management, does the City want to grow or have in-migration? Do we encourage satellite cities and invest in transportation? These are the types of planning conversations that need to happen.
- These models will help show the effects of various choices, such as growing into the northeast quadrant or not.
- At the February 10 Council work session staff will present a couple of scenarios, but would like direction from Council on other scenarios to play with.
- How does this tie into other plans? We have a bike plan, a transportation plan, etc. They all have plans for what is going to happen, maybe, but we clearly don't have the money to do all these things.
- We can get into affordable housing at whatever level Council decides, but that is an opportunity cost that prevents another project from happening. Funds are limited. These are the hard conversations we need to have.
- This tool resources how we prioritize.
- How you leverage other resources is a wild card: private development, grants, etc.
- Think how much time and effort we have put into talking about a couple of FTEs, when we could have been discussing what direction the community can take over the next five to ten years. The assumption is we can do everything all the time.
- That is one reason we have levels for various funds such as Natural areas, KFCG, etc. Staff will model discrete primary funds.
- Two things people said were on their minds in the citizen survey were transportation and housing affordability. How did we do on those two things now that we have a budget? What kind of impact did that survey have?
- It would be interesting to do that survey again.
- The strategic plan ought to identify the major changes we'd like to see. That should drive our BFO offers, and we should be able to show progress in those areas. The more

intentional Council can be at the beginning, it drives department plans and offers. We should get good at honing in on Council, with input, to make priorities for two years.

- Be careful how you craft the survey. There is not a lot we can do about housing affordability. Two studies showed this. How are we going to measure our offers and outcomes against that? We need to be careful what is on that list. What can we really influence directly for housing affordability? It's very small, so we shouldn't tailor our budget around that.
- We should put our money into things we are in charge of and do well. We can maximize the transit routes for housing. Students are picking housing based on bus stops. That is what we can do.
- We came out with 72 objectives, but if in the strategic plan we came up with 3 or 4 main objectives where we could make real change, that would be powerful.
- Everything the City does is generally good, but we have not done enough thinking on what we can really do well, instead of trying to do everything people ask us to do. Social Sustainability is one such area. I want a housing capital fund; sell the land we have, and have that available for people with meaningful projects that address housing, especially for the lower end. It can be priming the pump. I'd rather have the money there than have to backfill. Then we don't even deal with it.
- These tools help us do that. The real question is if we are willing to prioritize. Because it means we chose something not to do.
- Council says housing is important and CDBG has done a great job.
- We are getting more information that directly relates to Council making informed decisions to prioritize.
- Who in the community will have access to this? How will the results or tool be made publically available?
- That is something we will work through by February.
- It is good to get the message out to the public that we are working on this.
- We are anticipating taking the long term financial plan to the Chamber after Council.
- We are trying to create too many products with not enough revenue coming in, which is not a successful business model.
- Vancouver has completed a 100 year plan. Everything you've been talking about with modelling is about where we want to be and who we want to be. We have discussed top population at 250,000 people. Should we start there and see what it takes to achieve that?
- If at 2025 we are at 250,000 people and we want to preserve the lifestyle we have, and one attribute is that you can live, work and play in Fort Collins, then we are going to need X number of primary jobs. You can start thinking along those lines. Then we can stop debating primary jobs, and make a plan. The plan can be dynamic.
- If you backward plan, it can inform the models staff does.
- We have a vision and policies, but these have a lot of grey area. You can refine that vision based on population numbers.
- Aren't there assumptions for what certain areas will look like if 250,000 is the right number?
- Cameron will come to talk about that next month. But if you go vertical, that changes everything.

- If the 250,000 is based on current zoning for density and height, is it still correct?
- That number is based on student population growth projections, build out of Mason corridor, maximum density in areas that haven't been developed based on current zoning, etc.

**DO 20: Next Steps**

- Not discussed.
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**Future Meeting Topics Discussion**

- December 8—Land Use Planning & Build Out Revisited
  - January 12—Social Sustainability
  - February 9—Community Dashboard
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*Meeting adjourned at 4:13pm.*