

November 1, 2016

COUNCIL OF THE CITY OF FORT COLLINS, COLORADO

Council-Manager Form of Government

Regular Meeting – 6:00 PM

● **ROLL CALL**

PRESENT: Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak
Staff Present: Atteberry, Daggett, Winkelmann

● **AGENDA REVIEW: CITY MANAGER**

City Manager Atteberry stated there were no changes to the published agenda.

● **CITIZEN PARTICIPATION**

Mayor Pro Tem Horak made a motion, seconded by Councilmember Cunniff, to suspend the rules to permit citizens to speak about the budget under Citizen Participation with the understanding that speakers may only speak once under Citizen Participation, must speak early because of transportation and/or time constraints, and may not speak again when the budget item is considered at its regularly scheduled time on the agenda. Yeas: Cunniff, Horak, Martinez, Stephens, Troxel, Campana and Overbeck. Nays: none.

THE MOTION CARRIED.

Chrissy Krumm spoke in favor of funding Sunday Transfort service.

Nancy York spoke in favor of funding Sunday Transfort service to reduce vehicle miles travelled and greenhouse gas emissions throughout the city.

Maggie Wesley, ARC of Larimer County, spoke in favor of funding Sunday Transfort service.

Mike Devereaux, Sunday Service Now Coalition, spoke in favor of funding Sunday Transfort service.

Lynn Thompson, Sunday Service Now Coalition, spoke in favor of funding Sunday Transfort service and supported the pilot program.

Elizabeth Hudetz expressed concern that funding for the Climate Action Plan has gone backward, and supported funding Sunday Transfort service.

Deborah James spoke in favor of funding Sunday Transfort service.

Steve Ramer spoke in favor of funding Sunday Transfort service.

Kevin Jones, Fort Collins Area Chamber of Commerce, spoke in favor of Fort Collins ballot issue 2A.

Eric Sutherland discussed constitutional considerations of taxing matters and discussed the Downtown Development Authority budget.

Wes Kenney, Fort Collins Symphony, discussed performances of the Symphony.

Ethan Hecht, Fort Collins Symphony, played a viola piece.

Virginia Farver expressed concern regarding Fort Collins' Smart Meters and potential fires.

Kevin Harper expressed concern regarding drag racing on College Avenue.

Diane Jones spoke in favor of Fort Collins ballot issue 2A.

Mike Pruznick discussed trust in the community and opposed the Poudre School District ballot issues.

Rob Kagan spoke in favor of Fort Collins ballot issue 2A and the science and cultural tax. He commended the work of Diane Jones and Gary Thomas for their work on the 2A issue.

Rob Pederson, Poudre School District Board of Education, spoke in favor of the Poudre School District ballot issues.

Jeff Morisette supported funding Sunday Transfort service as being smart growth and announced the Community Creative Center window mural reveal.

Nate Donovan spoke in favor of the Poudre School District ballot issues.

● **CITIZEN PARTICIPATION FOLLOW-UP**

Councilmember Martinez requested input regarding DDA accounting. Matt Robenault, Downtown Development Authority Executive Director, replied budgets are not double-counted and stated the ordinance reflects the cumulative sum of the DDA's debt service fund, which Council is required to appropriate annually, the operations and maintenance fund, which is derived from the property tax levy, the revolving line of credit draws, and the debt service fund.

Councilmember Martinez asked if any accidents or fires have been reported because of Smart Meters. Tim McCullough, Light and Power Operations Manager, replied in the negative and stated the project made the community safer by taking care of maintenance issues with meter installations.

Councilmember Overbeck thanked the speakers and stated the City will soon be addressing the drag racing issue on College Avenue.

● **CONSENT CALENDAR**

Mayor Pro Tem Horak made a motion, seconded by Councilmember Campana, to adopt and approve all items on the Consent Agenda.

RESULT:	CONSENT AGENDA ADOPTED [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Gino Campana, District 3
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

1. **Consideration and Approval of the Minutes of the October 4, 2016 Regular City Council Meeting. (Adopted)**

The purpose of this item is to approve the minutes from the October 4, 2016, Regular Council meeting.

2. **Second Reading of Ordinance No. 113, 2016, Authorizing the Conveyance of a Permanent Stormwater Easement on City Property at the Gardens on Spring Creek to Colorado State University. (Adopted)**

This Ordinance unanimously adopted on First Reading on October 18, 2016, authorizes the conveyance to Colorado State University of a permanent stormwater easement on City property at the Gardens on Spring Creek. Colorado State University (CSU) needs to construct a water quality pond to handle the flows from its new construction at CSU, including the new stadium. The Center Outfall Water Quality Pond (Pond) will be constructed on land owned by CSU, as well as on a portion of the City's property at the Gardens on Spring Creek previously identified as the location of a City Water Quality Pond in the 2013 Water Quality Master Plan. The Pond will handle flows from both entities.

3. **Second Reading of Ordinance No. 116, 2016, Appropriating Unanticipated Revenue in the General Fund to Be Remitted to the Fort Collins Housing Authority to Fund Affordable Housing and Related Activities. (Adopted)**

This Ordinance, unanimously adopted on First Reading on October 18, 2016, refunds the Payment in Lieu of Taxes (PILOT) for public services and facilities received from the Fort Collins Housing Authority in 2015 with respect to a HUD financed Public Housing Program that provides low income rental units. The Authority paid the City of Fort Collins PILOT of \$10,906 in 2015 under a previously approved Cooperation Agreement and requests that the City return the PILOT to fund needed affordable housing related activities. The City may spend the PILOT revenues as it deems appropriate in accordance with law, including remitting the funds to the Authority if the Council determines that such remittal serves a valid public purpose. The Council has returned the PILOT payment to the Authority since 1992.

4. **First Reading of Ordinance No. 118, 2016, Being the Annual Appropriation Ordinance for the Fort Collins Downtown Development Authority Relating to the Annual Appropriations for the Fiscal Year 2017 and Fixing Mill Levy for the Downtown Development Authority for Fiscal Year 2017. (Adopted)**

The purpose of this item is to set the Downtown Development Authority ("DDA") Budget.

The following amounts will be appropriated:

DDA Public/Private Investments & Programs	\$1,665,408
DDA Operations & Maintenance	\$ 835,283
Revolving Line of Credit Draws	\$2,450,000
DDA Debt Service Fund	\$4,938,036

The Ordinance sets the 2017 Mill Levy for the Fort Collins DDA at five (5) mills, unchanged since tax year 2002. The approved Budget becomes the Downtown Development Authority's financial plan for 2017.

5. **First Reading of Ordinance No. 119, 2016, Adopting the 2017 Budget and Appropriating the Fort Collins Share of the 2017 Fiscal Year Operating and Capital Funds for the Northern Colorado Regional Airport. (Adopted)**

The purpose of this item is to appropriate the City of Fort Collins' 50% share of the Northern Colorado Regional Airport budget. The Airport's total budget is comprised of an operating budget and a capital budget. The 2017 annual operating budget is \$1,099,030, and will be funded using Airport operating revenues and non-operating revenues derived through contributions from the Cities of Fort Collins and Loveland (\$260,000 from each City). The proposed capital budget is \$1,493,302, and is funded through federal grants, state grants, and Airport operating revenue.

This Ordinance appropriates the City of Fort Collins 50% share of the 2017 Airport operating budget, which totals \$549,515 and the City of Fort Collins 50% share of the 2017 capital budget which totals \$746,651. The City of Loveland will be appropriating the other 50%. The Airport operating budget is used to maintain and operate the Airport in compliance with all regulatory standards for safety and security and to achieve the Council-approved Airport Strategic Plan. The Airport capital budget will be used to complete Airport improvement projects including runway and taxiway rehabilitation and preservation, taxiway sign safety modifications, an Airport Master Plan update, and acquisition of snow removal equipment.

6. **Items Relating to Various Amendments to Chapter 26 of the Code of the City of Fort Collins Pertaining to Utilities - Fall 2016. (Adopted)**

- A. First Reading of Ordinance No. 120, 2016, Amending Chapter 26 of the Code of the City of Fort Collins Pertaining to Water Meter Requirements and Installation.
- B. First Reading of Ordinance No. 121, 2016, Amending the Code of the City of Fort Collins to Clarify Utility Accounts, Billing and Collection Practices.

The purpose of this item is to update Chapter 26 of the City Code to address the following:

- Identify requirements for location and installation of water service meters
- Clarify accounts and billing practices involving billing and collection dates and practices, and services provided to leased premises.

Starting in 2015, Fort Collins Utilities instituted a semi-annual cycle for City Code amendments in order to manage regular housekeeping and routine updates. This is the second set of ordinances presented under the 2016 City Code review cycle, which is designed to present changes as needed to City Council in the spring and fall of each year. These updates are separate from annual service rate adjustments, which will be brought forward under a separate City Council agenda item.

7. **Resolution 2016-083 Approving an Art Project for the Mulberry Gateway Project and Authorizing Expenditures from the Art in Public Places Wastewater Utility Account to Commission an Artist to Create the Art Project. (Adopted)**

The purpose of this item is to approve expenditures from the Art in Public Places Wastewater Utility Account to commission an artist to create art for the Mulberry Gateway Project. The expenditures of \$274,000 will be for design, materials, fabrication, installation, plantings, lighting, and contingency for Robert Tully to create gateway sculptures for this site. The site is near the northeast corner of Mulberry Street, and Riverside Avenue. The art will wrap around the corner and extend north along Riverside.

8. **Resolution 2016-084 Making an Appointment to the Citizen Review Board. (Adopted)**

The purpose of this item is to appoint Mark Partridge to the Citizen Review Board to fulfill the remaining term of resigning board member Claudia McGee, whose term was set to expire on December 31, 2018.

- **END CONSENT**

- **COUNCILMEMBER REPORTS**

Councilmember Martinez reported on a photography project and exhibit related to the Fort Collins homeless community and the coats and boots events at local elementary schools.

Councilmember Campana reported on the Movember facial hair movement to raise awareness of men's health issues and discussed a public service announcement for the It's On Us campaign.

Councilmember Stephens report on the Water Now Alliance's Fostering Resilience conference on sustainable water solutions in Orange County and her volunteer experience at Catholic Charities.

Mayor Troxell reported on the ribbon cutting for the new Fort Collins Utilities administration building.

- **DISCUSSION ITEMS**

9. **Second Reading of Ordinance No. 115, 2016, Appropriating Prior Year Reserves and Unanticipated Revenue in Various City Funds and Authorizing the Transfer of Appropriated Amounts between Funds or Projects. (Adopted on Second Reading)**

This Ordinance, adopted on First Reading on October 18, 2016, by a vote of 6-0 (Campana recused) combines dedicated and unanticipated revenues or reserves that need to be appropriated before the end of the year to cover the related expenses that were not anticipated and, therefore, not included in the 2016 annual budget appropriation. The unanticipated revenue is primarily from fees, charges, rents, contributions and grants that have been paid to City departments to offset specific expenses. This item was reviewed by the Council Finance Committee on September 30, 2016 and the Committee recommended moving forward for Council consideration.

Councilmember Campana withdrew from the discussion of this item due to a conflict of interest.

Councilmember Martinez requested an explanation of the unanticipated revenue amount. Lawrence Pollack, Budget and Performance Measurement Manager, replied the unanticipated revenue can come from a number of sources, including revenue over the forecasted budget or from grants received by the City which are not budgeted as part of the biannual budget process.

Councilmember Martinez asked if there would be a better way of anticipating unanticipated revenue. Pollack replied those revenue streams cannot be accurately forecasted or assumed and amounts vary significantly year to year.

Councilmember Martinez suggested the creation of some type of reserve fund for those kinds of things in future budgets.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Stephens, to adopt Ordinance No. 115, 2016, on Second Reading.

RESULT:	ORDINANCE NO. 115, 2016, ADOPTED ON SECOND READING [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Kristin Stephens, District 4
AYES:	Martinez, Stephens, Overbeck, Troxell, Cunniff, Horak
RECUSED:	Campana

10. **Second Reading of Ordinance No. 117, 2016, Authorizing the Acquisition by Eminent Domain of Additional Real Property Interests Necessary to Construct Public Improvements as Part of the Prospect Road and College Avenue Intersection Improvements Project. (Adopted on Second Reading)**

This Ordinance, adopted on First Reading on October 18, 2016, by a vote of 4-3 (nays: Campana, Cunniff, Overbeck) authorizes the use of eminent domain, if necessary, to acquire property interests needed to construct improvements to the intersection of Prospect Road and College Avenue. This authorization is for a partial acquisition affecting 1535 Remington Street at the east end of the project. On First Reading, Council adopted Option 2 - Modified Dual Left Alternative.

Pat Aloise-Young commended Council's earlier action to direct staff to work with the homeowners to arrive at a mutually acceptable solution and stated this Ordinance undoes that positive good faith step.

Kevin Harper, 1535 Remington, urged Council to reconsider Option 3 of the Ordinance and cited a study indicating accident rates decrease with congestion.

Councilmember Campana stated the use of good faith negotiations is in regard to negotiating a fair price for the land, not to negotiate whether or not that land should be used in the design. In the event fair compensation negotiations fail, the eminent domain process could be utilized while still using good faith and fair market value. He discussed other similarly-utilized intersections throughout the city and noted intersections are to be designed as closely as possible to the proper design when redevelopment opportunities arise and supported the original staff-recommended intersection design option.

Councilmember Cunniff supported Option 3 as being the best for managing the relationship with the homeowner, maintaining safety, and mitigating congestion to a point.

Councilmember Campana noted the objective of the City is to have a design at least at the modified arterial street standard in situations with a constrained cross-section.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Stephens, to adopt Ordinance No. 117, 2016, Option 2, on Second Reading.

Councilmember Campana made a motion, seconded by Councilmember Martinez, to amend the motion to change Option 2 to Option 1.

City Attorney Daggett noted Option 1 is in reference to the Option 1 presented in connection with First Reading.

Councilmember Martinez discussed the importance of safety at the intersection stating the narrower lanes pose a safety risk. He questioned why the intersection should be improved at all if congestion is not going to be improved. Good faith efforts have been made throughout the process by staff and Council.

Councilmember Cunniff asked if all three options have congestion reduction impacts. Dean Klingner, Engineering, replied in the affirmative.

Councilmember Stephens asked if there are significant safety concerns on the part of staff regarding Option 2. Klingner replied the design does have some compromises; however, there will not be a predictable substantial difference in accidents between the designs.

Councilmember Stephens supported Option 2 as a compromise which will best serve the community and neighboring properties.

Councilmember Martinez asked Klingner if he would consider Option 1 to be safer. Klingner replied there are trade-offs for both options and Option 1 cannot be unilaterally categorized as being safer. Staff can support Option 2 with the compromises that are necessary.

Councilmember Cunniff stated he does not support Option 1.

Councilmember Campana stated Option 1 provides wider sidewalks by four feet for both bicycles and pedestrians at a major intersection across from the CSU campus and noted buses will have to utilize the gutter in order to fit in the narrowed lane.

Councilmember Martinez asked Klingner to address Councilmember Campana's comments. Klingner replied the outside lane at the Option 2 width is not optimal for buses or larger vehicles; however, compromises are required in this situation.

City Manager Atteberry stated it is difficult to put aside the notion of compromise in an infill setting. Rick Richter, Engineering, stated the full arterial design is the City's preference for arterial roadways. A constrained arterial standard is used around the city on arterials such as Prospect, Shields, and Taft that are already developed on both sides. In the case of this intersection, there is no history of bike accidents and there is no data to support a 10-foot sidewalk being safer than a 6-foot sidewalk; however, a 10-foot sidewalk is going to feel safer than a 6-foot sidewalk.

Mayor Troxell stated he would support the motion to amend given the City staff's professional advice and Councilmember Campana's questions.

The vote on the motion to amend was as follows: Yeas: Martinez, Campana and Troxell. Nays: Cunniff, Overbeck, Stephens and Horak.

THE MOTION WAS DEFEATED.

Councilmember Cunniff stated he would support Option 2, noting eminent domain is a factor in all three options.

Mayor Troxell stated he would support the motion as a compromise allowing the project to proceed.

Councilmember Martinez stated he would support the motion given staff's comments.

Mayor Pro Tem Horak stated he would support the motion and though he would normally agree with Councilmember Campana's comments, most pedestrians and bicycles do not use the intersection.

Councilmember Martinez emphasized the amount of compromise in the process thus far and noted intersection usage will be changing in the future with the new stadium and medical center.

Councilmember Stephens expressed her gratitude to staff for being patient throughout this process.

RESULT:	ORDINANCE NO. 117, 2016, ADOPTED ON SECOND READING [5 TO 2]
MOVER:	Gerry Horak, District 6
SECONDER:	Kristin Stephens, District 4
AYES:	Martinez, Stephens, Troxell, Cunniff, Horak
NAYS:	Overbeck, Campana

(Secretary's Note: The Council took a brief recess at this point in the meeting.)

11. **Items Relating to 2017 Utility Rate Ordinances. ()**

- A. *First Reading of Ordinance No. 122, 2016, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Electric Rates, Fees and Charges. (Option 1 or Option 2)*
- B. *First Reading of Ordinance No. 123, 2016, Amending chapter 26 of the Code of the City of Fort Collins to Revise Water Rates, Fees and Charges. (Option 1 or Option 2)*
- C. *First Reading of Ordinance No. 124, 2016, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Wastewater Rates, Fees and Charges.*
- D. *First Reading of Ordinance No. 125, 2016, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Stormwater Rates, Fees and Charges. (Option 1 or Option 2)*

The purpose of this item is for Council to consider adopting rate changes for electric, water, wastewater and stormwater monthly charges beginning in January 2017. It is unusual to have all four utilities request a rate increase in a single year. It may also seem counterintuitive that the utility budgets are decreasing in 2017 yet rate increases are being proposed. However, the extensive capital improvement planning and long term financial planning processes ahead of this Budgeting For Outcomes cycle have identified the need for rate increases in each utility in 2017 despite the budget reductions.

The proposed rate increases for 2017 and 2018, as well as the primary driver behind the requested increases, are outlined in the table below.

Proposed Revenue Adjustments			
Utility Service	2017	2018	Primary Driver
Electric	3.45%	1.80%	Insufficient Operating Income
Water	5.00%	5.00%	Inadequate Available Reserves to support 10 year Capital Improvement Plan
Wastewater	3.00%	3.00%	Revenue shortfalls in 2015 and 2016
Stormwater	5.00%	0.00%	Inadequate Available Reserves to support 15 year build-out of infrastructure

Kevin Gertig, Utilities Executive Director, discussed the Utilities budget and its challenges.

Lance Smith, Strategic Financial Planning Manager, stated the 2017 rate increases are being driven by long-term revenue needs. He reviewed the proposed rate increases.

Gertig reviewed upcoming capital project needs and discussed various reasons for the rate increases.

Smith reviewed the approximate rate increase amounts per household.

Eric Sutherland discussed the Boxelder Stormwater Authority, Smart Meters, and time-of-use rates.

Rebecca Hill, Fort Collins Water Board Chair, supported the budget offer for a supply vulnerability assessment as being critical for this budget cycle. She stated the assessment would only be funded if Council approves a 5% water rate increase.

Councilmember Campana asked why the supply vulnerability assessment did not come forward as a stand-alone budget offer. Smith replied it is a stand-alone offer; the water fund revenue assumed a 5% increase, making those funds part of the revenue available for appropriation.

Councilmember Campana questioned what the target maximum increase amount should be in terms of smoothing rate increases.

Councilmember Cunniff stated big picture needs for water and electric are coming from a built up deficit. He stated the smoothing for one-time costs might be a different curve than the smoothing for energy costs and supported a 3% increase as the cost of the deferred maintenance could be amortized differently. He supported keeping base rates the same.

Councilmember Campana asked if modeling was completed at a 4% water increase. Smith replied he programmed in those conditions in the long-term financial models; there was sensitivity analysis, but not traditional deterministic modeling.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Campana, to adopt Ordinance No. 122, 2016, Option 1, on First Reading.

Councilmember Cunniff made a motion, seconded by Councilmember Overbeck, to amend the motion to replace Option 1 with Option 2.

Councilmembers Cunniff and Overbeck withdrew their motion.

RESULT:	ORDINANCE NO. 122, 2016, OPTION 1, ADOPTED ON FIRST READING [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Gino Campana, District 3
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

Mayor Pro Tem Horak made a motion, seconded by Councilmember Overbeck, to adopt Ordinance No. 123, 2016, Option 2, on First Reading.

Councilmember Stephens expressed concern regarding the ability of lower income residents to pay these types of increases and, while she understands the needs of deferred maintenance, she urged Council to identify solutions for lower income residents.

Councilmember Cunniff stated he would like the smallest rate increase possible which will still keep the system safe and reasonably well maintained.

Councilmembers held a discussion regarding rates and City Manager Atteberry stated Utilities costs need to be recovered through a rate structure.

Smith discussed possible positions which would not be able to be hired without the 5% increase.

Councilmember Martinez asked about the need for the positions. Liesl Hans, Water Conservation Manager, replied the conservation coordinator position is needed to meet the needs of the adopted water efficiency plan. The result would be a savings for customers in terms of water bills. Hans noted there is also excess capacity at the water treatment facility due to water conservation efforts. That extra capacity is leased to neighboring water districts.

Councilmember Martinez asked why rates are increasing when usage is dropping. City Manager Atteberry replied fixed costs remain despite water reduction. Hans noted long-term savings are also part of water conservation efforts and rates will increase at a slower pace with conservation.

City Manager Atteberry stated this request aids in operationalizing the target for the adopted water efficiency plan.

Councilmember Martinez asked if the City is getting a return on its Smart Meter program investment. Hans replied the AMI data is being used to track possible leaks for customers, to evaluate existing programs for efficiency, and for a variety of programs to help commercial businesses and HOAs. Tim McCullough, Light and Power Operations Manager, stated there is a direct financial benefit of Smart Meters in terms of reductions of manual meter reading staff. Indirect benefits include a higher quality of service due to early failure identification and automated turn-ons.

Councilmember Campana thanked Ms. Hill for her comments and commended Hans for her work. He stated conservation goals have costs associated with them and requested additional transparency in the model indicating the need for capital projects.

Councilmember Overbeck requested clarification regarding where leaks are being seen in the city. Jon Haukaas, Water Engineering Field Operations Manager, replied leaks are being seen in a certain age of home.

Councilmember Cunniff stated he would support the 5% increase and supported the maintenance plan and accomplishing it with as little shock to the ratepayer system as possible.

Councilmember Stephens stated she would reluctantly support the 5% increase because the infrastructure improvements are important; however, she encouraged staff and Council to look for relief for low-income residents and encouraged the conservation position to do a concerted outreach to those populations.

Councilmember Martinez agreed with Councilmember Stephens and suggested the possibility of adding water conservation regulations for landlords. He expressed concern about consistent rate increases.

Mayor Pro Tem Horak discussed household water usage stating the largest portion of that is outdoor water use.

Councilmember Campana stated he does not like the 5% rate increase; however, he will support it given the plan in place for capital improvements.

Mayor Troxell stated he would support the 5% increase. He thanked the Water Board for its input and noted deferring infrastructure investment can be quite costly.

RESULT:	ORDINANCE NO. 123, 2016, OPTION 2, ADOPTED ON FIRST READING [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Bob Overbeck, District 1
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

Mayor Pro Tem Horak made a motion, seconded by Councilmember Campana, to adopt Ordinance No. 124, 2016, on First Reading

RESULT:	ORDINANCE NO. 124, 2016, ADOPTED ON FIRST READING [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Gino Campana, District 3
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

Mayor Pro Tem Horak made a motion, seconded by Councilmember Cunniff, to adopt Ordinance No. 125, 2016, Option 1, on First Reading.

Councilmember Martinez asked what the 5% increase will accomplish. Smith replied it will increase the operating revenues of the stormwater fund by approximately \$800,000 which will increase the debt service capacity. Haukaas stated the majority of the projects in the 15-year capital plan address drainage deficiencies in older parts of town, deal with the remaining floodplains in more populated areas, and protect transportation infrastructure and address safety

in floodplain areas. In the 2-year budget, the City will be setting itself up for some of the long-term infrastructure needs, including construction phasing and public outreach.

RESULT:	ORDINANCE NO. 125, 2016, OPTION 1, ADOPTED ON FIRST READING [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Ross Cunniff, District 5
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

12. **First Reading of Ordinance No. 126, 2016, Being the Annual Appropriation Ordinance Relating to the Annual Appropriations for the Fiscal Year 2017; Adopting the Budget for the Fiscal Years Beginning January 1, 2017, and Ending December 31, 2018; and Fixing the Mill Levy for the Fiscal Year 2017. (Adopted on First Reading)**

The purpose of this item is to present the Annual Appropriation Ordinance for First Reading. This Ordinance sets the City Budget for the two-year period (2017-18) which becomes the City's financial plan for the next two fiscal years. This Ordinance sets the amount of \$612,825,136 to be appropriated for fiscal year 2017. However, this appropriated amount does not include what is being appropriated by separate Council actions to adopt the 2017 budget for the General Improvement District (GID) No. 1 of \$68,107, the 2017 budget for General Improvement District (GID) No. 15 (Skyview) of \$1,000, and the Urban Renewal Authority (URA) 2017 budget of \$8,328,759. This results in the City having a total operating appropriation of \$621,223,002 in 2017.

This Ordinance also sets the 2017 City mill levy at 9.797 mills, unchanged since 1991.

City Manager Atteberry stated there is a direct link between this budget and the City's strategic objectives. He discussed the key budget themes.

Lawrence Pollack, Budget and Performance Measurement Manager, discussed budget public outreach efforts which are aimed at reaching a wider community audience. Efforts included mobile outreach booths, an interactive online tool, and community events.

Mike Beckstead, Chief Financial Officer, discussed the overall budget and detailed the neighborhood-focused offers. In terms of available funds left for use in this budget, there is a total of \$150,000 of one-time general fund money and about \$31,000 of other funds. There are also some funds available in restricted funds. Beckstead discussed the \$750,000 funding for a pilot Sunday Transfort service program, noting the City is still seeking a funding partner for half of that amount.

(Secretary's Note: The Council took a brief recess at this point in the meeting.)

Councilmember Campana stated he has a conflict of interest with the Sidehill Community Park and recused himself from the citizen comment portion of the meeting.

Carrie Brown, ARC of Larimer County, thanked Council for budgeting for ADA upgrades and Sunday Transfort service.

Kevin Cross, Fort Collins Sustainability Group, thanked Council for budgeting for Sunday Transfort service but expressed disappointment that no additional budget offers were included which would have made more significant contributions toward reducing greenhouse gas

emissions. He recommended using reserves for funding modified versions of offers 3.17 and 94.1 in order to meet the 2020 greenhouse gas emissions reduction goal.

Hunter Buffington, Fort Collins Sustainability Group, stated more funding needs to be dedicated toward the reduction of greenhouse gas emissions and long-term goals of the Climate Action Plan.

Eric Sutherland discussed the DDA budget and opposed economic activity subsidies. Traffic congestion needs to be addressed in terms of livability.

Cheryl Distaso, Fort Collins Community Action Network, thanked Council for addressing the overwhelming community support of Sunday Transfort service; however, she stated Sunday service needs to be fully funded in the first quarter of 2017 even if a funding partner is not secured. She suggested pulling the funds from general fund reserves or the Lincoln Avenue improvements project.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Stephens, to remove the Sidehill Neighborhood Park item from general consideration of the budget.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Cunniff, to adopt Ordinance No. 126, 2016, removing the Sidehill Neighborhood Park item from the Ordinance.

City Attorney Daggett made a suggestion regarding the item.

Mayor Pro Tem Horak withdrew his motions.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Cunniff, to adopt Ordinance No. 126, 2016, on First Reading.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Cunniff, to amend the Ordinance by removing the Sidehill Neighborhood Park appropriation and budget item for separate consideration.

The vote on the motion to amend was as follows: Yeas: Troxell, Martinez, Cunniff, Overbeck, Stephens and Horak. Nays: none.

THE MOTION CARRIED.

Councilmember Cunniff thanked the citizens who have participated in the budget process and commended staff and Council work on the budget. He noted the Lincoln Corridor \$750,000 improvements would only proceed once a matching amount has been secured. City Manager Atteberry replied in the affirmative and stated staff will return before Council if the matching funds are not secured.

Councilmember Cunniff requested a memo prior to Second Reading regarding health plan costs and employee percentages compared to the market. He also requested a list of the offers being funded out of KFCG for both years.

Councilmember Overbeck requested information regarding the highlights of the neighborhood livability section. Beckstead replied details on each of the offers varies and discussed the various offers and programs.

Councilmember Overbeck requested staff input regarding new issues including drag racing on College Avenue and Prospect Road, neighborhood noise, traffic flow issues, and traffic calming. Mike Trombley, Police Deputy Chief, replied the drag racing issue is more of a tactical issue and an offer is included in the recommended budget for increasing capacity in the patrol group.

Councilmember Overbeck commended the use of community policing. City Manager Atteberry replied that was a pilot program which has been successful.

Councilmember Overbeck asked if the budget will allow the City to address issues of homeless individuals relocating from Jefferson Park. Trombley replied any issues will be addressed as needed and resources will be allocated as appropriate. City Manager Atteberry stated no additional offer is needed; however, Council will be asked for additional resources if necessary.

Mayor Pro Tem Horak asked about the Energy Board recommendation to fund the coordinator/supervisor position versus funding the battery program. Tim McCullough, Light and Power Operations Manager, replied the Energy Board recommended defunding the battery pilot offer which exists in the Light and Power fund and use that savings to fund the program coordinator position. Staff does support that recommendation; however, the battery pilot savings cannot fund the complete position.

Mayor Pro Tem Horak requested additional information regarding a recommendation and options prior to Second Reading.

Councilmember Campana commended the budget and budgeting process as a whole.

Councilmember Martinez asked about the solid waste inspection position which is being recommended for funding. City Manager Atteberry replied that position was the result of Council direction at a work session. Lucinda Smith, Environmental Services Director, replied this offer was the result of a recent work session during which staff noted Council was interested in adding it. The offer was prepared collaboratively with Neighborhood Services and Code Enforcement for one FTE to do code enforcement and education focusing on the solid waste reduction ordinances, with focus on construction and demolition debris recycling. The position also supports the road to zero waste goals.

Councilmember Campana expressed concern with the position being specifically focused on the construction industry. Smith replied the position does focus on aspects other than construction.

Councilmember Cunniff made a motion, seconded by Councilmember Overbeck, to amend the budget to remove item 42.12 which would fund a leadership training program.

Councilmember Martinez requested input from staff. City Manager Atteberry urged Council not to remove the item as the City organization has over 350 managers at all levels. He commended past investments in these training programs and stated continued leadership training is a cost of doing business in any organization. Teresa Roche, Chief Human Resource Officer, replied the \$100,000 each year will cover increased costs for the City's management staff with a focus on first-level leaders through department managers who have yet to be trained in management fundamentals.

Councilmember Cunniff stated he would like to see a way to track the success and development of the leaders prior to putting forth \$200,000. Roche replied 50% of the graduates of the emerging leader program went on to take on new accountabilities or were promoted.

Councilmember Martinez asked if any of the leadership training is outsourced. Roche replied some is outsourced because of unique content and some of the City's own leaders also participate.

Councilmember Cunniff stated he wants to ensure the City is not funding the consultants' welfare program and he is not yet comfortable with the metrics presented.

Councilmember Martinez asked about the leadership retention rate in the City. City Manager Atteberry replied the overall turnover rate in the City is consistently under 10%. Kelly DiMartino, Assistant City Manager, replied those metrics are tracked; however, she stated she would need to do more specific research prior to Second Reading.

Councilmember Martinez stated he would like to see the item remain in the budget assuming additional information prior to Second Reading.

Councilmember Stephens stated professional development opportunities are standard and expected and she supported leaving it in the budget.

Councilmember Campana asked how many people are anticipated to participate in the program in 2017. Roche replied the largest emphasis is for first level up through department head level, which would address approximately 100 people. Emerging leader and executive programs will also be ongoing and each of the 350 managers will be affected.

Councilmember Campana supported creating metrics in order to make the process easier for the next budget. City Manager Atteberry stated quantifying the benefits of training is difficult; however, he stated staff will return with as much information as possible.

Councilmember Overbeck asked if leaders or managers are surveyed as to how they feel they have performed or could improve. Roche replied that is one of the enhancements for the program: meetings prior to training with a manager to determine what results are desired and how the training will aid in enhancing those results, midway meetings and end of training meetings. City Manager Atteberry noted managers are expected to lead, coach, and mentor on a daily basis and these programs are an augmentation of that. He discussed the upward feedback program for employees to rate managers.

Councilmember Overbeck requested additional information on how the program could be scaled back prior to Second Reading.

Councilmembers Cunniff and Overbeck withdrew the motion to amend and requested a plan for creating metrics which would demonstrate higher quality service to citizens prior to Second Reading.

Mayor Troxell thanked the citizens who have been engaged with the budget process, commended staff for their work on the budget, and stated the budget responds to community priorities.

Councilmember Martinez commended the work of Mike Beckstead and his team.

RESULT:	ORDINANCE NO. 126, 2016, ADOPTED AS AMENDED ON FIRST READING [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Kristin Stephens, District 4
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

- **CONSIDERATION OF CITIZEN-PULLED CONSENT ITEMS**

Motion to Extend the Meeting

Councilmember Cunniff made a motion, seconded by Councilmember Overbeck, to suspend the rules to extend the meeting past 10:30 PM to consider other business as may come before Council.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Ross Cunniff, District 5
SECONDER:	Bob Overbeck, District 1
AYES:	Martinez, Stephens, Overbeck, Campana, Troxell, Cunniff, Horak

- **OTHER BUSINESS**

Mayor Troxell withdrew from the discussion of the 3D printing funding item due to a conflict of interest.

Councilmember Campana reviewed the budget offer in question and asked if the City is already contributing some amount to the 3D printing lab. Josh Birks, Economic Health Advisor, replied the City has contributed in the past through the industry cluster competitive process in the amount of \$40,000 in 2016.

Councilmember Campana noted the lab is looking to expand. He supported providing the funding from an economic development perspective.

Councilmember Cunniff requested additional information regarding matching funds. Birks replied he would return with additional detail prior to any action being taken.

Councilmember Cunniff suggested directing the City Manager to develop a modified budget offer for the next Council meeting for possibly making the match contingent or possibly adding some funding for a scholarship grant.

Councilmember Martinez asked about the funding source for this item. Beckstead replied there is \$150,000 of one-time general funds available, and about \$50,000 of one-time KFCG "other community priorities" available. He noted this is a scalable offer if desired by Council.

Councilmember Stephens stated she can support the funding and suggested working with Base Camp or other after-school programs to get children to the lab. Birks replied moving the lab off campus will help place it in a more visible, readily-available location for non-CSU students.

Councilmember Overbeck supported modified funding for the lab as long as it does not come at the cost of neighborhood livability items.

Councilmember Campana noted software and training are also provided free of charge at the lab.

Councilmember Martinez discussed an email he received regarding transients living behind the Aggie Theater and requested information regarding Police and staff response. Deputy City Manager Mihelich replied the Outreach Fort Collins team was on the scene talking with those individuals prior to the photograph being received by Council and staff. Police also issued two open-container tickets.

Councilmember Martinez asked how this will be addressed proactively in the future. Police Chief Hutto replied proactive patrols will be stepped up in the future.

● **ADJOURNMENT**

The meeting adjourned at 11:38 PM.



ATTEST:

W Winkelmann
City Clerk

A handwritten signature in black ink, appearing to be "D. R. ...", is written over a horizontal line. Below the line, the word "Mayor" is printed.