

October 5, 2010

COUNCIL OF THE CITY OF FORT COLLINS, COLORADO

Council-Manager Form of Government

Regular Meeting - 6:00 p.m.

A regular meeting of the Council of the City of Fort Collins was held on Tuesday, October 5, 2010, at 6:00 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Councilmembers: Hutchinson, Manvel, Ohlson, Poppaw, Roy and Troxell.

Councilmembers Absent: Kottwitz

Staff Members Present: Atteberry, Krajicek, Roy.

Citizen Participation

Eric Sutherland, 3520 Golden Currant, discussed Public Power Week and opposed the Smart Grid project.

Stacy Lynne, 216 Park Street, discussed bicycle riding in Fort Collins and asked about bicycle boxes in town.

Bev Thurber, Early Childhood Council Director, opposed budget cuts to youth programs.

Walter Daukshor, 6106 Ashton Court, thanked Council and staff for City services and maintenance and opposed the proposed closure of Mulberry Pool. He suggested using a free email service for City employees as a potential cost-saving measure.

Bryce Hawk, 201 Linden Street, Homeward 2020, discussed a plan to end homelessness in Fort Collins and stated a census of homeless individuals will be taken on November 15 -19.

Nancy York, 130 South Whitcomb, opposed budget cuts to youth programs, Dial-a-Ride, and Transfort. She suggested increasing City employee furlough days.

Calvin Spangler Young, 316 North Impala Drive, Vortex Swim Club, opposed the proposed closure of Mulberry Pool.

Cheryl Distaso, Center for Justice, Peace, and Environment, asked that the budget hearings be placed first on future agendas and opposed budget cuts to Dial-a-Ride, Transfort, and youth programs.

Gail Marie Kimmel, Be Local Northern Colorado, thanked Council for its support of uniquely Fort Collins businesses and discussed Be Local member businesses.

Patty Filby, 5400 Ziegler Road, opposed the proposed closure of Mulberry Pool.

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Terry Schlichting, 1400 West Elizabeth, opposed cuts to Dial-a-Ride and nighttime Transfort services.

Jenny Tauchman, National MS Society, opposed the proposed closure of Mulberry Pool and suggested limiting hours or increasing fees to increase revenue.

Geneva Smith, 2921 Timberwood Drive, opposed the proposed closure of Mulberry Pool.

Jay Klassen, Poudre Fire Authority Union Treasurer, supported Ballot Initiative 2B.

Gary Thomas, spoke on behalf of the Keep Fort Collins Great movement and urged citizens to support Ballot Initiative 2B.

Ross Cunniff, 2267 Clydesdale Drive, supported Ballot Initiative 2B.

Renee Haynes, 1620 Fantail Court, opposed the proposed closure of Mulberry Pool.

Bruce Lockhart, 2500 East Harmony Road, suggested finding alternative funding sources to keep Mulberry Pool open.

Maureen George, 425 West Mountain Avenue, opposed the proposed closure of Mulberry Pool.

Citizen Participation Follow-up

Councilmember Poppaw thanked the citizens who spoke and asked for information regarding the placement of the budget hearings in the agenda order. City Manager Atteberry confirmed the budget hearings will be placed agendas as the first item on Discussion.

Councilmember Poppaw thanked Bev Thurber for her input and work at the Early Childhood Council.

Councilmember Roy thanked the citizens who spoke in support of Ballot Initiative 2B.

Councilmember Manvel noted citizens concerned about budget cuts have a choice to support Ballot Initiative 2B.

Mayor Hutchinson asked for information regarding the City's email agreement with Poudre School District. City Manager Atteberry replied the City has recently migrated to a new email system hosted by Poudre School District. PSD administers the City's email accounts, which decreases City staffing needs. It is anticipated that many other consolidations with PSD and Larimer County will be forthcoming.

Agenda Review

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

CONSENT CALENDAR

6. Consideration and Approval of the Minutes of the September 7, 2010, Regular Meeting.
7. Second Reading of Ordinance No. 103, 2010, Appropriating Unanticipated Revenue in the General Fund for the Coca-Cola/ Angell's Delicatessen Sign Restoration on the J. L. Hohnstein Block, 220 East Mountain Avenue.

This Ordinance, unanimously adopted on First Reading on September 21, 2010, appropriates unanticipated revenue in the amount of \$44,694 for the restoration of the Coca-Cola and Angell's Delicatessen sign on the J. L. Hohnstein Block, 220 East Mountain Avenue. The City was awarded a \$22,200 State Historical Fund grant in 2009 by the Colorado Historical Society to restore the deteriorating historic 1958 sign. Matching funds in the amount of \$22,494 will be provided by the Downtown Development Authority, the building's owner, Progressive Old Town Square, LLC, the City of Fort Collins, and the Fort Collins Historical Society. The City will be responsible for managing the project and administering the grant and the cash match funds.

8. First Reading of Ordinance No. 104, 2010, Appropriating Unanticipated Grant Revenue in the General Fund for the East Building Roof Rehabilitation of the Paramount Cottage Camp, 1544 West Oak Street.

This Ordinance appropriates unanticipated revenue in the amount of \$67,100 for the east building roof rehabilitation of the Paramount Cottage Camp, 1544 West Oak Street. A grant in the amount of \$33,550 is provided by the Colorado Historical Society's State Historical Fund. The building's owners, Maureen Plotnicki and Stephen Weber are providing matching funds. The State Historical Fund grant is in addition to the previous grant the City received in early 2010 for this property. The City will not be responsible for any monetary contribution, but will only be responsible for administering the grant and the cash match funds.

9. First Reading of Ordinance No. 105, 2010, Amending Ordinance No. 100, 2009, for the Purpose of Removing the Requirement to Rezone the Property Known as the Riverwalk Annexation Within One Year.

When the Riverwalk property was annexed and zoned T, Transition on October 27, 2009, the zoning ordinance included a requirement that the property be rezoned within one year. This item is a staff-initiated proposal to remove the deadline for rezoning the property, allowing the property to remain in the Transition "T" zone district.

10. Resolution 2010-062 Adopting the Eighth Amendment to the City of Fort Collins General Employees' Retirement Plan as Amended and Restated December 31, 2001, Allowing Active Members to Continue Membership in the Plan or to Cease Membership in the Plan and Participate Exclusively in Other City Retirement Plans.

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Recent actuarial studies have established that, due primarily to financial market conditions over the past several years, the General Employees' Retirement Plan (GERP) is significantly underfunded and will be unable to meet its long-term financial obligations under current funding levels and reasonably anticipated financial market conditions. The Council Finance Committee, at its April 19, 2010 meeting, stated it was committed to continuing the GERP. However, in light of the current economic and budgetary challenges facing the City, it appeared prudent to seek additional funding from the members to ensure the solvency of the GERP. The General Employees' Retirement Committee (GERC), its actuary, and the City's Finance Director have extensively studied and considered GERP design and funding alternatives that would strengthen and improve the long-term financial condition of the GERP, and have consulted with active GERP members to seek input into such GERP design and funding alternatives.

The best alternative to improve the GERP's funding is to redirect to the GERP, on a uniform percentage basis, employer contributions currently made on behalf of active GERP members to other City retirement plans (i.e., the City's 401(a) money purchase plans and 457 deferred compensation plan), effective as of January 1, 2011. The City also intends to make additional employer contributions to the GERP, effective January 1, 2011, with such contributions based on a percentage of compensation of active GERP Members, and with an initial targeted contribution rate of three percent (3%) of member compensation, dependent on inclusion in subsequent budget and appropriation ordinances. At the request of the GERC, two alternatives to ongoing membership in the GERP will be provided to GERP members: (1) terminating active membership in the GERP, freezing the member's GERP benefit (for later distribution under the terms of the GERP at the election of the member), and participating exclusively in other City retirement plans; or (2) ceasing membership in the GERP and participating exclusively in other City retirement plans, with the member's GERP benefit to be rolled over into one such other City retirement plan. The options will limit the growth of the City's liability for future benefits while allowing those employees flexibility with respect to ongoing participation in the GERP and with their GERP benefits.

This Resolution amends the GERP to allow for the continuation of GERP membership (including benefit accrual) for those willing to have the City's contribution on their behalf made to other retirement plans reduced by 3%, and as an alternative allows GERP members the option to exit the GERP and participate exclusively in other City retirement plans, if they so desire. Any necessary changes to the other retirement plans (401(a) money purchase plan and 457 deferred compensation plan) will be accomplished by administrative action of the City Manager, who is charged by the City Code with establishing the benefits of employment for City employees, subject to appropriation of funds by City Council.

11. Resolution 2010-065 Approving an Amendment to the Asset Allocation Parameters of the City's Investment Policy.

The proposed revision to the 2008 Investment Policy includes the following significant change:

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Councilmember Reports

Councilmember Poppaw discussed an open house and tour at CASA.

Mayor Hutchinson stated the deadline for Boards and Commissions applications has been extended to October 15th. The Air Quality Advisory Board, Human Relations Commission, Women's Commission, and Zoning Board of Appeals did not receive enough applications to fill vacancies.

Resolution 2010-062

Adopting the Eighth Amendment to the City of Fort Collins General Employees' Retirement Plan as Amended and Restated December 31, 2001, Allowing Active Members to Continue Membership in the Plan or to Cease Membership in the Plan and Participate Exclusively in Other City Retirement Plans, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

Recent actuarial studies have established that, due primarily to financial market conditions over the past several years, the General Employees' Retirement Plan (GERP) is significantly underfunded and will be unable to meet its long-term financial obligations under current funding levels and reasonably anticipated financial market conditions. The Council Finance Committee, at its April 19, 2010 meeting, stated it was committed to continuing the GERP. However, in light of the current economic and budgetary challenges facing the City, it appeared prudent to seek additional funding from the members to ensure the solvency of the GERP. The General Employees' Retirement Committee (GERC), its actuary, and the City's Finance Director have extensively studied and considered GERP design and funding alternatives that would strengthen and improve the long-term financial condition of the GERP, and have consulted with active GERP members to seek input into such GERP design and funding alternatives.

The best alternative to improve the GERP's funding is to redirect to the GERP, on a uniform percentage basis, employer contributions currently made on behalf of active GERP members to other City retirement plans (i.e., the City's 401(a) money purchase plans and 457 deferred compensation plan), effective as of January 1, 2011. The City also intends to make additional employer contributions to the GERP, effective January 1, 2011, with such contributions based on a percentage of compensation of active GERP Members, and with an initial targeted contribution rate of three percent (3%) of member compensation, dependent on inclusion in subsequent budget and appropriation ordinances. At the request of the GERC, two alternatives to ongoing membership in the GERP will be provided to GERP members: (1) terminating active membership in the GERP, freezing the member's GERP benefit (for later distribution under the terms of the GERP at the election of the member), and participating exclusively in other City retirement plans; or (2) ceasing membership in the GERP and participating exclusively in other City retirement plans, with the member's GERP benefit to be rolled over into one such other City retirement plan. The options will limit the growth of the City's liability for future benefits while allowing those employees flexibility with respect to ongoing participation in the GERP and with their GERP benefits.

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“Allow for an increase in the allocation amount of Certificate of Deposit investments from 5 percent to 15 percent. This change will allow for additional flexibility to maximize investment returns while minimizing investment risk and align the CD Investment category with the CDARS (CD Account Registry Service) investment category which is currently at 15 percent.”

*****END CONSENT*****

Ordinances on Second Reading were read by title by City Clerk Krajicek.

7. Second Reading of Ordinance No. 103, 2010, Appropriating Unanticipated Revenue in the General Fund for the Coca-Cola/ Angell's Delicatessen Sign Restoration on the J. L. Hohnstein Block, 220 East Mountain Avenue.

Ordinances on First Reading were read by title by City Clerk Krajicek.

8. First Reading of Ordinance No. 104, 2010, Appropriating Unanticipated Grant Revenue in the General Fund for the East Building Roof Rehabilitation of the Paramount Cottage Camp, 1544 West Oak Street.
9. First Reading of Ordinance No. 105, 2010, Amending Ordinance No. 100, 2009, for the Purpose of Removing the Requirement to Rezone the Property Known as the Riverwalk Annexation Within One Year.

Eric Sutherland, 3520 Golden Currant, withdrew Item No. 11, *Resolution 2010-065 Approving an Amendment to the Asset Allocation Parameters of the City's Investment Policy.*

Councilmember Troxell withdrew Item No. 10, *Resolution 2010-062 Adopting the Eighth Amendment to the City of Fort Collins General Employees' Retirement Plan as Amended and Restated December 31, 2001, Allowing Active Members to Continue Membership in the Plan or to Cease Membership in the Plan and Participate Exclusively in Other City Retirement Plans.*

Councilmember Troxell made a motion, seconded by Councilmember Poppaw, to adopt and approve all items not withdrawn from the Consent Calendar. Yeas: Hutchinson, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

Staff Reports

City Manager Atteberry congratulated Emma McArdle and Christina Vincent for being recognized among the top 25 most influential young professionals in Colorado by Colorado Business Magazine. Atteberry noted Ryan Kieffer, Beet Street Executive Director, was appointed to the Colorado Work Force Development Council.

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This Resolution amends the GERP to allow for the continuation of GERP membership (including benefit accrual) for those willing to have the City's contribution on their behalf made to other retirement plans reduced by 3%, and as an alternative allows GERP members the option to exit the GERP and participate exclusively in other City retirement plans, if they so desire. Any necessary changes to the other retirement plans (401(a) money purchase plan and 457 deferred compensation plan) will be accomplished by administrative action of the City Manager, who is charged by the City Code with establishing the benefits of employment for City employees, subject to appropriation of funds by City Council.

BACKGROUND/DISCUSSION

The GERP was established in 1971 by the City of Fort Collins as the primary retirement plan for city employees. It is a Defined Benefit Plan, which is a retirement plan set up to pay a fixed monthly amount to eligible employees during their retirement years and provides employees an opportunity to build retirement assets as a reward for long-term service. The GERP has been closed to new employees since January 1, 1999.

The City of Fort Collins has amended the GERP from time to time and adopted seven amendments to the GERP since its restatement in 2001.

This Resolution, coupled with money purchase retirement plan changes to be made by the City Manager, provides current GERP members with the following options:

OPTION 1 (default option):

Continue membership in GERP with benefits continuing to accrue based on the formula and the terms and conditions of the GERP document. The current City contribution to the GERP of 4.5% of earnings would be increased to 7.5% by a new City contribution of 3.0%. The current "Employer" contribution of up to 3% of earnings to other retirement plans would be reallocated from those plans to the GERP. The total contribution to the GERP for each member under Option #1 will be 10.5% of earnings.

OPTION 2 (freeze GERP benefits):

Benefits in GERP would freeze as of December 31, 2010. The current City GERP contribution of 4.5% of earnings would be reallocated to an existing money purchase retirement plan.

OPTION 3 (exit GERP completely):

Participation in GERP would be terminated completely and the actuarially-determined lump sum amount of the Member's GERP benefit would be rolled over into an existing City money purchase retirement plan.

Eligible employees will be provided with an information and election form, and will be required to submit the election form by November 19, 2010. If it is determined that implementing the election

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results would harm the GERP's ability to meet future benefit obligations as a result of providing Options 2 or 3, either the GERC or the City Finance Director may cancel implementation of either or both Options.

Finally, the funding intentions set forth in the Resolution are contingent upon the appropriation of funds for future years."

Rick Richter, General Employees' Retirement Council Committee Chairman, stated the GERP benefit does not include cost of living increases. The average age of GERP members is 54. He encouraged Council's approval of the item.

Angelina Sanchez Sprague, Retirement Committee member and City employee, encouraged Council to approve the Resolution.

Bruce Lockhart, 2500 East Harmony Road, discussed underfunded liability and asked about the City Manager's retirement plan.

Councilmember Manvel asked for information regarding defined benefits versus defined contributions and current employees versus older employees. City Manager Atteberry stated his retirement benefit includes 10% of his income being paid by the City to a defined contribution program with an additional 3% going to a 457 program, only if matched by his personal 3%. Most City employees receive a defined contribution.

Mike Freeman, Chief Financial Officer, stated defined benefit programs are often not used because of the liability associated with them over time. The GERP was closed to new employees in January 1999 and currently includes approximately 200 employees. Freeman discussed the option to fully fund the program, which would cost \$36 million, versus the option being discussed, which would cost approximately \$29.3 million. Freezing the program would cost approximately \$22.3 million. The date range for these figures is from 2011 to 2040. Councilmember Troxell stated he pulled the item to clarify information and asked if ICMA manages the City's defined contribution plan. Freeman replied in the affirmative.

Councilmember Troxell asked for information regarding the plan. Freeman replied the use of a defined benefit program is no longer typical in public or private sectors. The defined contribution to the City's plan has been lowered from 7.5% to 6.5% as a market adjustment. The proposed budget includes the GERP payment.

Councilmember Ohlson clarified there are no cost of living increases or medical benefits for retirees in the defined benefit program.

Councilmember Roy made a motion, seconded by Councilmember Poppaw, to adopt Resolution 2010-062.

Mayor Hutchinson discussed Fort Collins' collective bargaining process and the comparison of staff salaries and benefits to those in other communities.

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The vote on the motion was as follows: Yeas: Hutchinson, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

Resolution 2010-065
Approving an Amendment to the
Asset Allocation Parameters of the City's Investment Policy, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

The proposed revision to the 2008 Investment Policy includes the following significant change:

“Allow for an increase in the allocation amount of Certificate of Deposit investments from 5 percent to 15 percent. This change will allow for additional flexibility to maximize investment returns while minimizing investment risk and align the CD Investment category with the CDARS (CD Account Registry Service) investment category which is currently at 15 percent.”

BACKGROUND/DISCUSSION

The City updated its Investment Policy in 2008. Going forward, the Investment Policy will be reviewed by the Council Audit and Finance Committee at a minimum of every three years to determine whether it is properly serving the City and, most importantly, ensuring the safety of the public funds entrusted to the City for delivering the services to the community.”

Eric Sutherland, 3520 Golden Currant, suggested an amendment to provide safeguards to prevent the loaning of public funds through interfund loan agreements. He suggested that any interfund loan agreement be accompanied by a business plan provided by the recipient and any loan over a certain amount should be reviewed by a citizen advisory group.

Councilmember Roy made a motion, seconded by Councilmember Poppaw, to adopt Resolution 2010-065.

Councilmember Ohlson suggested bringing the item before the Council Finance Committee.

The vote on the motion was as follows: Yeas: Hutchinson, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

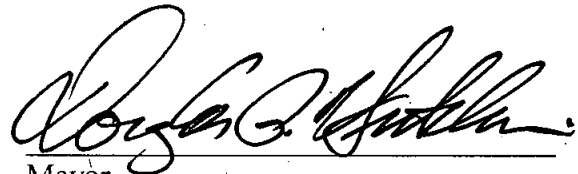
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Other Business

Councilmember Roy noted the Community Environmental Handbook provided by PRPA discusses the two bison herds located at the Rawhide Power Plant and asked whether bison management could occur at Soapstone. City Manager Atteberry replied John Stokes, Natural Resources Manager, has examined the issue and many difficulties have yet to be overcome before attempting to place a bison herd at Soapstone. There are many differences between the Rawhide Power Plant and Soapstone Prairie properties.

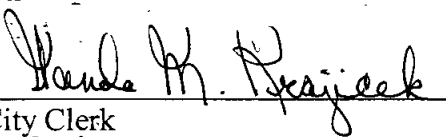
Adjournment

The meeting adjourned at 7:35 p.m.



Mayor

ATTEST:



City Clerk