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MEMORANDUM

Date: September 18, 2014

To: Mayor and City Council

Through: Darin Atteberry, City Manager 

From: Mike Beckstead, Chief Financial Officer 

Re: September 9, 2014 Work Session Follow-up Items for the 2015-16 Budget

The focus of the work session was to review the Community and Neighborhood Livability, Economic Health, Environmental Health, and High Performing Government Outcomes of the City Manager's Recommended Budget for 2015-16. These were the first four of the seven BFO Outcomes to be reviewed over three work sessions.

Council members raised various questions about the specific Offers in those four Outcomes. The following pages contain staff responses for many of those questions. Some of the questions asked may require additional time to adequately research and respond.

September 9th Council Member Requests re: Budget

Outcome: All

1) Request from Ross Bob Overbeck and Gerry Horak

In the final budget document, please display the percentages of 1) each outcome of the total pie charts and 2) each funding source in the Outcome Overviews. Also, please update the Parking Fund statement on page 426 so that it starts with a beginning balance in 2015.

Response from Lawrence Pollack

These requested changes will be included in the published Adopted 2015-16 Biennial Budget.

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**Outcome: Community and Neighborhood Livability**

**2) Request from Karen Weitkunat**

Please update the Offer Summary so that it is clear that the enhancement is only for 2 new gardens; one per year.

**Response from Michelle Provaznik**

The following revised Offer Summary has been entered into our budgeting system:

“As part of the Community Garden Outreach Program at the Gardens on Spring Creek, a pilot project to add community gardens in parks was created in 2013. This program built four community gardens in local parks, adding 54 plots to the existing 35 community garden plots at the Gardens on Spring Creek. Two plots at each garden were reserved for partnerships to educate youth about gardening and nutrition, or increase donations to service agencies including:

1. Buckingham Community Garden: Sprouting Up, a non-profit that educates children in low-income areas about growing and selling produce
2. Edora Community Garden: Riffenburgh Elementary
3. English Ranch Community Garden: Linton Elementary
4. Rogers Community Garden: a collaboration of Everyday Joes Coffee Shop volunteers to grow food for FOCO Café

All community garden plots are full for 2014 and a waiting list has been created for each garden. More than 30 residents are currently on waitlists.

This enhancement offer requests funding for two new community gardens in parks, one per year. Each garden costs \$20,000.”

### **3) Questions from Bob Overbeck, Ross Cunniff, and Gino Campana**

What progress have we made on Green Streets to date? How might this Offer be scaled back? What would be the cost to just connect Remington to the Spring Creek Trail?

#### Response from Aaron Iverson

##### **Progress to date (Prospect to Remington):**

The project initially slated to start construction in 2014 was pushed to a 2015 construction date. This allowed the ability to leverage a surface treatment (repaving for a nice fresh surface to restripe) under the Streets Maintenance Program budget, allowing the project budget to accomplish more, but required the project to wait for the Streets program to be available for the work in early 2015. Work completed to date includes all the design and engineering needed to prepare for construction including:

- Identified a few potential Low Impact Development (LID) areas
- In progress for securing an Artist for the project through APP
- A conceptual footprint for the mini roundabout at Remington and Laurel
- Developing a template and construction cost for pedestrian bulb outs at strategic locations along the corridor
- secured 2015 SMP money for a surface treatment prior to the new striping layout
- Working on adding some funds from the Pedestrian Needs program (sidewalk and curb ramp replacements)
- Working with FC Bikes to find a location for the bike counter – near the UCA is preferred
- Final Design Oct 2014 – Jan 2015
- Advertise for Construction March 2015

##### **How might this Offer be scaled back?**

The offer, as written, was intended to extend the Remington projects and to complete an additional **new** corridor. This offer could be scaled back by focusing just on the Remington Greenway project, completing that corridor and monitoring how it is working before starting a new greenway project. The cost to complete the Remington project is outlined below.

##### **What would be the cost to just connect Remington to the Spring Creek Trail?**

Design work on the Prospect to Spring Creek Trail segment has not been conducted yet. Assuming a surface treatment could be done under the Streets Maintenance Program budget (so there is a clean slate for new striping), a \$150k would work for the 2015 Offer. Assuming this Offer is approved in Nov 2014, we would work to integrate this in with the current design process. This would extend the same treatments planned for north of Prospect with improvements at the Prospect/Remington intersection and at the connection to the Spring Creek Trail.

A barebones signing and restriping could be done for an estimated \$20-\$30k (assuming once again that Streets does the resurfacing) which would go a long way to making the connection to the Spring Creek Trail safer and easier to use.

**4) Request from Wade Troxell**

Please describe the difference between the two offers for alley work (Alley Maintenance, 172.1 in Community and Neighborhood Livability, and Alley Improvement, 25.10 in Transportation) and why they are enhancement offers.

**Response from Larry Schneider**

Offer 172.1 – This offer will re-establish an annual program that was eliminated in 2009, to maintain the fundamental condition of existing unpaved and paved alleys. This will enable routine alley maintenance on the 241 blocks of alleys in the City. This offer is an enhancement offer because it seeks to restore funding eliminated in 2009.

Offer 25.10 – This is a new program which will provide chip seal surfaces in currently unpaved alleys. The chip seal surface will have more of the appearance of a paved street. This multi-year effort will create surfaces that are estimated to be durable for seven to ten years before re-treatment would be necessary. This treatment would decrease the need for an annual blading effort along with greatly reduced dust. This offer is an enhancement because it is a new program that would reduce alley maintenance and dust particles.

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Outcome: Economic Health

5) Question from Ross Cunniff and Gino Campana

How much has the DDA contributed to the operations and maintenance of the downtown parking structures?

Response from Randy Hensley

The DDA does not contribute to O&M in either Downtown parking structure. Under the terms in the written agreements between the City and the DDA, the City is responsible for all operations and maintenance. In return, the City receives all revenue. In the case of the Civic Center garage, revenues are sufficient to cover the necessary O&M. However, in the Old Town garage, revenues are not sufficient, and funds from Parking Reserves, General Fund, and KFCG have been used in the past, especially for major projects. In the 2015-2016 BFO process, Parking Services submitted two requests for funding for major maintenance in the Old Town garage. Offer 63.3, funded from Parking Reserves, is above the line. Offer 63.8, requesting KFCG, is below the line. This is problematic because Offer 63.8 is needed to mitigate a situation of deferred maintenance in the Old Town garage that has accumulated over many years.

6) Question from Bob Overbeck

What revenue diversification research and learnings have occurred over the past few years?

Response from Mike Beckstead

Mike Beckstead will schedule time with Councilmember Overbeck, and any other Councilmember who would like to attend, to review the work on Revenue Diversification that was previously shared with Council Finance.

7) Question from Gerry Horak

Why isn't this very small \$4K Offer for trash and recycling enclosure maintenance for the Montezuma Fuller Alley just included as part of ongoing operations?

Response from Bill Whirty

The Economic Health BFO Team supports the construction and providing space for a recycling/trash container in the Montezuma alley, however, committing to the maintenance of the enclosure sets a bad precedent and an unfair service not provided to other downtown businesses. Many other businesses in the downtown core have similar shared enclosures and the DDA pays the Parks department for maintenance. Using city funds to pay for private businesses recycling was not justified in the team's thinking.

8) Request from Bob Overbeck and Ross Cunniff

Please follow up with a breakdown of the \$140K in sponsorships.

Response from Josh Birks

As mentioned during the work session, a substantial portion of the Economic Health Office (EHO) budget supports partner efforts throughout the community. The on-going EHO budget offer 46.1 includes \$140,000 in donation/sponsorship funds. They include the following items:

Item:	Amount:
Rocky Mountain Innosphere	\$60,000
NCEDC	\$30,000 (\$10k sponsorship & \$20k contract)
UniverCity Connections	\$14,000
Winter Markets	\$15,000
Entrepreneurship Challenge	\$11,000
Workforce (WIB and Summit)	\$10,000
Total	\$140,000

9) Request from Bob Overbeck and Ross Cunniff

We should scale back the support to the Industry Clusters to prior levels. Please provide a history of this funding.

Response from Josh Birks

Since 2011, the City has provided \$200,000 in funding to support the Targeted Industry Program. The split by revenue source is provided in the table below. Historically, contributions to Clean Energy, Water Innovation, and Bioscience have accounted for a substantial portion of the funding (2011/2012 - \$90,000; 2013/2014 - \$75,000). The remaining funds have been earmarked for specific projects and emerging clusters. In 2014, \$50,000 was contributed to Clean Energy and Water Innovation equally with the remaining \$150,000 distributed through a competitive process. To date \$126,000 of the \$150,000 has been placed with nine different recipients. The plan for 2015/2016 includes \$10,000 for membership dues for Clean Energy and Water Innovation and the remaining \$190,000 will be distributed through a competitive process.

Year	General Fund	KFCG	Total
2011	\$100,000	\$100,000	\$200,000
2012	\$100,000	\$100,000	\$200,000
2013	\$100,000	\$100,000	\$200,000
2014	\$80,000	\$120,000	\$200,000
2015	\$0	\$200,000	\$200,000
2016	\$0	\$200,000	\$200,000

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**Outcome: Environmental Health**

**10) Question from Gerry Horak**

Why is Fort ZED paid out of the General Fund instead of Utilities?

**Response from Bruce Hendee**

This portion of Fort ZED is an economic health related cost to assist in marketing Fort ZED. The main costs of Fort ZED projects are through utilities.

**11) Request from Darin Atteberry**

Please submit an Offer to ensure we are adequately resourcing waste stream energy analysis unless you think an existing Offer already captures that. If the latter, please indicate what Offer that is and ensure that the Offer Summary clearly indicates that.

**Response from Bruce Hendee**

A draft Offer for a complete waste stream analysis will be reviewed with Councilmembers Wade Troxell and Gino Campana in a meeting scheduled for

September 30<sup>th</sup>. This preliminary information can be shared with any other Councilmembers who are interested. The final Offer will be shared with the entire Council thereafter, likely in the Thursday Council Pack on October 9<sup>th</sup>.

**12) Question from Gerry Horak**

Have we looked at changing this Offer for the Utilities Home Water Reports to a performance based contract with the provider paid a relatively small stipend with a share back from realized savings?

**Response from Kevin Gertig and Lance Smith**

- The current contract with Opower and Watersmart (via sub-contract) was based on a competitive RFP process in late 2013. Of the three proposals we received, Opower/watersmart was selected as the best option, including scoring for best value.
- The Home Energy and Water Reports programs use an experimental model, using test and control populations, which provides measured savings. The program approach and savings have proven to be cost effective (described in a separate memo).
- No other utilities have performance based contracts with this vendor.
- The City's budgeting process is not well aligned with a performance approach. The two-year budget is set ahead of time, with limited flexibility for performance adjustments.

**13) Question from Karen Weitkunat**

How could we support the concept of composting, but without the cost of a transfer facility?

**Response from Lucinda Smith**

Keeping organics out of the landfill represents a significant opportunity to reduce Fort Collins' waste stream; organics represent ~ 29% of material thrown into the landfill yearly.

Fort Collins could require trash haulers to collect curbside compost, but it would be preferable to provide a receiving facility first. The Road to Zero Waste Plan calls for first building a compost facility or a transfer station within 20 miles of Fort Collins. Having a compost option nearby (compost facility or transfer center) is an important prerequisite to addressing compost in the waste stream.

If Fort Collins did not build a transfer facility, we could look to other partners in the region to share the cost of a transfer facility, or to build one themselves. However, we would not have control over the timing or location of a facility. Close proximity to Fort Collins is very important in efficiently keeping organics out of the landfill while minimizing transportation impacts.

**14) Question from Gino Campana**

Could this Offer be scaled back to support the just the first 3 bullets listed in the Offer which are likely relatively low cost? What would be the cost to do that?

**Response from Lucinda Smith**

Yes, this offer could be scaled back to just address the first three bullets. The estimated costs for these items alone sum to \$56,000:

- Recycling and/or organics biodigesting containers in small City parks - \$30,000
- Incremental costs so the City can offer zero-waste City events (i.e., board meetings, City picnic, etc.) - \$8,000
- Incremental costs to achieve progress on the local food goal - \$18,000

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Outcome: High Performing Government

15) Request from Wade Troxell

Please succinctly summarize what we would specifically be getting if this Offer for the Community Research Fund is funded.

Response from Dan Weinheimer

The Community Research Fund would be controlled by the City but used to leverage private sector and/or university research that could either help achieve a practical strategic objective or to address long-term planning needs. If funded, the budget request could be used in many ways:

- i. Execute a City-issued request for proposals (RFP) – “solve a problem”
- ii. Be the Fort Collins match for a regional research project – leverage federal or foundation dollars
- iii. Partner with a research university to achieve a City objective – University of Oregon Sustainable City Year Program: <http://sci.uoregon.edu/> is an example that Fort Collins could use to stimulate partnership
- iv. Prize money for a successful innovation to address an operational challenge – issue a challenge to private sector and universities to solve a persistent issue

16) Question from Bob Overbeck

Could the Volunteer Program Manager position be half-time?

Response from Dan Weinheimer

This offer can be scaled down. Staff does not recommend a half-time position based on many identified needs and concern that a part-time employee could not effectively manage the demands on the position. This position will result in more volunteers, a better overall experience for volunteers (resulting in more repeat volunteers), and will work internally to improve program offerings and procedures from volunteer recruitment through recognition.

17) Question from Gino Campana

Is there a way that we can combine these two Offers for Telling Our Stories Strategic Video Outreach and the Fort Collins Public Access Network Executive Director into a single Offer at a smaller price tag?

Response from Timothy Allen

We appreciate the creative thinking, and we work with FCPAN when it makes sense. At the same time, one of the primary goals of “Telling Our Story” offer is enhancing the City brand. We are able to do that more effectively with our in-house staff as opposed to relying on volunteers who have varying degrees of expertise and knowledge of City initiatives.

That said, the “Telling Our Stories” offer 53.2 is extremely scalable. The full amount for the offer was \$134,506 (2015) and \$130,804 (2016). As little as \$35,000 would enable production and distribution of 14 High Definition Success Story videos across the two-year period that show how the City delivers on its commitments to the community in each of the Strategic Outcome areas.

Public Service Announcements (~two per month) to bring the latest news and information to the community quickly could be produced efficiently at \$15,000 per year to bring economies of scale to the production process.

18) Questions from Gerry Horak and Ross Cunniff

What is the anticipated cost savings from funding the Offer for the Director of Safety & Occupational Health Professional? What is the justification for hiring both positions at the same time instead of postponing the Occupational Health Professional position?

Response from Mike Beckstead

Below are the estimated cost savings and other benefits from this Offer:

- Historical workers compensation payments have averaged \$800k per year. Staff anticipates a 20%-30% reduction after two years at a savings of \$160K to \$240K per year after two full years of effort (savings fully realized by 2018).
- RAF (recordable accident frequency) rate has historically been 6.5 to 7.5 across the City. Private industry averages 2.0-3.0 and companies really focused on safety will often have rates of 1.0. Staff is currently collecting data on municipal RAF rates. Staff is initially looking to cut the RAF rate to 3.5-4.0 by 2018.
- DART (days away restricted or transferred) at the city over the last 3 years equals the equivalent of 12 staff not able to do their job all year. Targeting a 20% to 30% improvement in this metric by 2018 would allow the equivalent of 2.5 to 3.5 FTEs returning to the job they were hired to do.

Regarding the timing of the two hires, staff has modified the offer in anticipation of hiring the Safety Director by the end of Q1 2015 and the Occupational Health professional by the end of Q3 2015.

19) Questions from Ross Cunniff

How would this Offer for Utility Vehicle Storage Buildings decrease response time?
What other tangible benefits would be realized?

Response from Kevin Gertig and Lance Smith

- Reduction in emergency response time

This offer will decrease emergency response time due to the vehicles being clear of ice, snow and other elements which will allow personnel to complete pre-trip inspections and roll the response truck.

- Outdoor air quality - fine particulate matter
- Outdoor air quality - Ozone
- Percent decrease in municipal greenhouse gas emissions

We will be reducing the idle time while the vehicles are being cleared of the elements. Recognizing that newer vehicles don't require any idle time this could result in reduction.

A gallon of gasoline puts out approximately 18 - 20 lbs of GHG per gallon and diesel puts out approximately 22 lbs per gallon. We will reduce emissions based on less idling per vehicle.

- Recordable accident frequency rate
- Number of accidental slips/falls

The RAF will be affected based on statistics that we have had 65 slips, trips and falls (23% of our overall total number of injuries). Snow and icy surfaces create hazardous situations for staff. The vehicles will be stored out of the elements which should reduce the number of slips, trips and falls.

- Incidents of vandalism at the service center on nights and weekends

In the past few years we have had stolen copper and vehicles as well as incidents of trespassing. The storage of expensive equipment in enclosed buildings will reduce these occurrences as well as reduce the curiosity of vandals.

20) Request from Ross Cunniff

Please provide an update on the accomplishments of the Sustainable Purchasing initiative.

Response from Gerry Paul

Please refer to Attachment #1

21) Question from Ross Cunniff

How much would be saved if we kept PC replacement at 5 years instead of reducing it to 4? What other cost savings could be realized if other replacement schedules were lengthened?

Response from Dan Coldiron and Chris Banister

PC replacement equipment represents \$578,808, in 2015, and \$429,456, in 2016, of offer 10.2. Moving to a 5 year replacement cycle will reduce the offer by (\$115,762) in 2015, and (\$85,891) in 2016. This reflects only the hardware acquisition costs, a portion of the total cost of ownership.

Based upon industry financial cost analysis/studies, movement to a 5 year replacement cycle will increase break/fix repair activity related to hardware age, system architecture issues, and operating system obsolescence. In a study of over 100 organizations similar in size to the City, the total cost of ownership (acquisition, support, etc.)/unit/year increased over 5% for a 5 year cycle versus a 4 year cycle. A random review of Front Range cities found some variation in replacement cycles, including 5 and 4 year, but also 3 year replacements on laptops. Locally, Larimer County and the City of Loveland both have 4 year replacement cycles.

Server /Storage and Network equipment replacement cycles affect critical systems, serving large segments of the organization throughout the City and should not be lengthened. The schedules for server/storage and network equipment are 5 and 7 years respectively, and are based on equipment vendor's end of life support.

Server /Storage equipment replacement represent \$166,500, in 2015, and \$347,030, in 2016, of offer 10.2. Network equipment replacement represents \$572,600, in 2015, and \$762,100, in 2016, of offer 10.2.

22) Request from Gerry Horak

Please update the Offer Summary to reflect the unmet level of service that would be provided by the City Hall Technical Support System Specialist.

Response from Dan Coldiron

This offer proposes a new 1.0 FTE to provide application and technical support for Operation Services and City Hall. City Hall (West) is home to Cable 14, the City Clerk's Office, the City Manager's Office, City Attorney's Office, Sustainability Services and the City Council. Operations Services, located in City Hall East, includes departments such as fleet services, facility services, project management and real estate services. The technology needs of these departments have increased significantly recently. There is substantial demand for support for existing technologies, as well as support to assist these departments with further automation projects. Current, in-place technologies and new technology projects for these areas have been very minimally supported by utilizing IT staff assigned to other program areas. Unfortunately, this has resulted in lower levels

of program/project support for the areas where IT staff has been drawn from to meet the demand, as well as the City Hall departments.

Even within the capacity-constrained support model, the departments and work groups located at City Hall West and City Hall East logged over 2,600 IT project hours and over 2100 helpdesk tickets in 2013-14. One project resulted in a 370 hour commitment by IT managers that would have otherwise been handled by the proposed technician. Technology support included project management, video streaming workflow systems, tablet support, software support, audio visual support and technical training.



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Attachment #1

MEMORANDUM

September 16, 2014

To: Mike Beckstead

From: Gerry Paul

Subject: Sustainable Purchasing Accomplishments

The Sustainable Purchasing initiative funded in 2013-2014 achieved significant accomplishments and continues to make great strides addressing the recommendations of the independent Green Purchasing Report. During this period the Purchasing team built a strong foundation for the City to leverage and sustain green purchasing practices. While continuation of the additional headcount would be beneficial, the framework for continued achievement is in-place.

A few of the more noteworthy achievements for Sustainable Purchasing include:

- 1) Established definitions for Green Purchases and developed metrics for spend analytics. A new green spend metric will be added to the Community Performance Measurement Dashboard in Q4 2014. This data will be used to identify and prioritize project opportunities in 2015 and beyond.
- 2) Mandated Office Depot for office supplies and improved green spend by 12% (31% to 43%) in 2013.
- 3) Initiated 30% post-recycle content (PRC) paper mandate and drove improvement by 28% (57% to 85%) in 2013.
- 4) Launched internal Sustainable Purchasing webpage and integrated Sustainable Purchasing with the Enviro Portal.
- 5) Implemented DocuSign electronic signature workflow resulting in significant efficiencies in contract routing and tracking.
- 6) Selected and implemented new e-procurement bid and RFP system which was launched September 2, 2014. It is anticipated the new system will increase the pool of candidate vendors and increase competition.
- 7) Enrolled in the State Electronics Challenge and created a roadmap to achieve the program's goals. Purchasing will continue to participate in the State Electronics Challenge.

- 8) In collaboration with IT, initiated a project to drive City-wide improvement and reduction of desk-top printers, copiers and multifunction devices. The RFP is complete and vendor selection is pending. This initiative will continue into 2015.
 - 9) Identified and launched a new program for e-waste with Goodwill Industries in August 2014. Unlike the City's previous e-waste vendor, Goodwill is certified to Responsible Recycling Practices (R2) and repurposes the computers and laptops for both social and environmental sustainability.
 - 10) In collaboration with Social Sustainability, Sustainable Purchasing is developing a program to recycle printer cartridges City-wide. This program will continue into 2015.
 - 11) Managed a robust recycling program and recovered in excess of \$300K for scrap metal, vehicles and other surplus property. This program will continue into 2015.
- Going forward, Sustainable Purchasing will continue to partner with internal and external stakeholders to drive improvement in Sustainable Purchasing practices and outcomes.