

RESOLUTION 85- 174
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING THE FINANCIAL AND MANAGEMENT
POLICIES RELATING TO THE 1986 FINAL BUDGET

WHEREAS, the City Manager and City Council have reviewed various financial and management policies in conjunction with the annual budget process and five year plan; and

WHEREAS, the City of Fort Collins is committed to sound financial planning and direction; and

WHEREAS, these policies form the basis for various decisions affecting the 1986 final budget; and

WHEREAS, City Council wishes to formally adopt these financial and management policies in conjunction with the adoption of the budget ending fiscal year 1986.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the following financial and management policies be, and the same hereby are, adopted as the basis for the resolution adopting the 1986 Budget for the City of Fort Collins:

**FINANCIAL AND MANAGEMENT POLICIES
RELATING TO THE 1986 RECOMMENDED BUDGET
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The following section contains the Financial and Management Policies which form the foundation upon which the 1986 Recommended Budget is built.

Changes to the policies which were adopted by Council by Resolution 84-86, as a companion to the 1985 Budget are as follows:

I.5. CATEGORIZATION OF CITY SERVICES

Natural Resources has been added, under the category of Maintenance of Effort Services.

VIII.7. PARKLAND FUND POLICIES

This new section has been added to reflect Council direction relating to Parkland Fund.

II.2. SALES AND USE TAX DISTRIBUTION

Has been revised to reflect accounting mechanisms relating to Bond Anticipation Notes (BANs) to be issued in 1985 for the Pool/Ice Rink facility. Sales and Use Taxes from the 0.25 cent tax will be transferred to the Debt Service Fund, rather than the Capital Projects Fund, to repay the BANs.

GENERAL

I.1. FORM OF GOVERNMENT

The municipal government provided by the Charter of the City of Fort Collins is known as the "Council-Manager government." Pursuant to its provisions and subject only to the limitations imposed by the State Constitution and by the Charter, all powers of the City shall be vested in an elective Council, hereinafter referred to as "the Council." All powers of the City of Fort Collins shall be exercised in the manner prescribed by the Charter, or if the manner be not therein prescribed, then in such manner as may be prescribed by ordinance.

Powers of the City

The City shall have all powers granted to municipal corporations and to cities by the constitution and general laws of this State, together with all the implied powers necessary to carry into execution all the powers granted.

Powers of the City Council

All the powers of the City and the determination of all matters of policy shall be vested in the Council except as otherwise provided by the Charter of the City of Fort Collins.

I.2. CITY COUNCIL

Membership

As provided by the City Charter, the Council has seven members. Three of the Council members are nominated and elected from the City at large. The remaining four members are nominated by each of the City's four districts and are elected from each district by the City at large. The term of office of all members of the City Council is four years each.

The Council elects a Mayor and assistant Mayor from among Councilmembers, for a term of one year each.

Powers

As provided by the City Charter, all powers of the City and the determination of all matters of policy are vested in the Council except as otherwise provided by the City Charter. Without limitation of the foregoing, the Council shall have the power to:

- (a) Appoint and remove the City Manager;
- (b) By ordinance create, change, consolidate and abolish offices, departments or agencies, whether created by the Charter or otherwise, and to assign functions and duties to the same and to any offices, departments or agencies established by the Charter; provided that the functions established in the Charter for any department shall not be abolished;
- (c) Adopt the budget of the City;
- (d) Authorize the issuance of bonds by ordinance as provided by the Charter;
- (e) Inquire into and investigate any office, department, or agency of the City and the official acts of any officer or employee thereof, and to compel by subpoena attendance and testimony of witnesses and production of books and documents;
- (f) Adopt plats;
- (g) Adopt and modify the official map of the City;
- (h) Provide for independent audits of all funds and accounts of the City.

I.3. CITY MANAGER

Powers

As provided by the City Charter, the City Manager shall be responsible to the Council for the proper administration of all affairs of the City and to that end shall have power and be required to:

- (a) Appoint and, when necessary for the good of the service, remove all heads of departments and employees of the City except as otherwise provided by the Charter;
- (b) Prepare the budget annually and submit it to the Council and be responsible for its administration after adoption;
- (c) Participate in discussions of the Council in an advisory capacity;
- (d) Prepare and submit to the Council as of the end of the fiscal year a complete report on the finances and administrative activities of the City for the preceding year, and make written or oral reports to the Council when required by it as to any particular matter relating to the affairs of the City within his supervision;
- (e) Keep the Council advised of the financial condition and the future needs of the City, and make recommendations to the Council;

- (f) Enforce the laws and ordinances of the City;
- (g) Perform such other duties as may be prescribed by the Charter or required of him by the Council not inconsistent with the Charter.

I.4. BUDGET

On or before the first Monday in September of each year, the City Manager shall submit to the Council a proposed budget for the next ensuing budget year with an explanatory message. The proposed budget shall provide a complete financial plan for each fund of the City and shall include appropriate financial statements for each type of fund showing comparative figures for the last completed fiscal year, comparative figures for the current year, and the City Manager's recommendation for the ensuing year.

The budget estimates are open to the public for inspection and copy. Within ten days, Council sets times for public hearings, at which time the public may comment upon the proposed budget. After the public hearings, and before the last day of October of each year, the Council shall adopt the budget for the ensuing fiscal year.

I.5. CATEGORIZATION OF CITY SERVICES

In 1983, the City Council reviewed and categorized all City services in order to set priorities for allocating available money. These categories are:

Basic or Core Services - these are services that are best performed at the local level and are most closely linked to protecting the health and safety of citizens. Legally mandated services or commitments are also included in this category.

Maintenance of Effort Services - these are services which the City has traditionally provided or which reflect a major capital investment requiring an expenditure of funds to maintain.

Quality of life - these are activities which are provided for more specialized groups and enhance the desirability of Fort Collins as a place to live.

These categories were applied to City services in the following manner:

Basic or Core Services

Debt Payments
Fire
Light and Power
Police
Storm Drainage
Streets
Water and Sewer

Maintenance of Effort Services

Cemeteries
Engineering
Facilities
General Administrative Services
Internal Service Activities
Library
Natural Resources
Park Maintenance
Street Lighting
Transfort

Quality of Life

Community Services
Golf
Lincoln Center
Museum
Open Space
Recreation

REVENUES

II.1. REVENUE POLICY

Generally, the City reviews estimated revenue and fee schedules as part of the budget process. Estimated revenue is conservatively projected for five years and updated annually. Proposed rate increases are based upon:

- Fee policies applicable to each fund or activity.
- The related cost of the service provided.
- The impact of inflation in the provision of services.
- Equity of comparable fees.

The Revenue Policy of the City of Fort Collins includes these informal policies with the addition of:

- Maintenance of a diversified and stable revenue system to shelter the City from short run fluctuations in any one revenue source.

II.2. SALES & USE TAX DISTRIBUTION

In 1986, the City's Sales & Use Tax totals 2.75 cents, developed as follows:

1968-General City uses	1.00 ¢
1980-General City uses	1.00
1982-General City uses	.25
1984-"Necessary " General City Capital Projects	.25*
1985-Pool/Ice Rink Facility	.25*
	<hr/>
TOTAL	2.75 ¢
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*Excluding sales of grocery food.

Revenue generated by the Sales & Use Tax will be distributed based on adopted budgets, as follows:

TAX ON ALL SALES & USES: 2.25 cents

Sales & Use Tax Fund Reserves - fixed dollar amount
Debt Service Fund - fixed dollar amount
Fort Collins Loveland/Airport Authority - fixed dollar amount

Balance remaining after coverage of fixed dollar amounts distributed to:

General Fund

Seven Year Capital O & M	15%
Transfort	5%
Other	64%

Capital Projects Fund

General City Capital Projects (essential)	<u>16%</u>
TOTAL	100%
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Actual Sales & Use Tax revenue generated by the 2.25 cents tax in excess of budgeted amounts will be transferred to the General Fund.

TAX ON ALL SALES & USES - EXCLUDING GROCERY FOOD: 0.50 cents

Capital Projects Fund

General City Capital Projects (necessary)	50%
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Debt Service Fund

Pool/Ice Rink Facility	<u>50%</u>
TOTAL	100%
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Actual Sales & Use Tax revenue generated by the 0.25 cent tax for General City Capital Projects (necessary) will be transferred to, and be retained in, Capital Projects Fund until all authorized projects have been completed. Upon completion of the designated projects, excess revenue will be transferred to the General Fund to reduce property taxes.

Actual Sales & Use Tax revenue generated by the 0.25 cent tax for the Pool/Ice Rink facility will be transferred to, and be retained in, the Debt Service Fund until the \$9,000,000 of Bond Anticipation Notes (BANs) issued in 1985 to construct this facility have been retired. Upon retirement of the BANs, excess revenue will be transferred to the General Fund for operation of the facility.

II.3. GENERAL FUND FEES AND TAXES

The City of Fort Collins imposes a number of miscellaneous licenses, fees and taxes, which are reviewed annually in conjunction with the Revenue Policy, to determine rates and fee schedules for the ensuing year.

II.4. REVENUE SHARING

In order to avoid dependency upon federal funds, which may not continue, for basic or core service areas, the City currently utilizes Revenue Sharing monies only for one-time and/or capital costs. The exception to this policy is the use of Revenue Sharing funds for social service programs on an on-going basis (i.e., private non-profit agency contracts, Rebate Programs for Property Tax, Utility bills, Sales Tax on Food, and the Volunteer program).

II.5 PRIVATE CONTRIBUTIONS

The City's services in the category of Quality of Life consist of the following:

- Community Services
- Golf
- Lincoln Center
- Museum
- Open Space
- Recreation

Quality of Life programs represent an "extra" that we have been able to provide in Fort Collins in the past and may not be able to provide at the same level without additional support in the future. Therefore, efforts should be made to secure private contributions in support of these programs and services, as these contributions are an integral part of their successful operation.

EXPENDITURES

III.1. ADMINSTRATIVE CHARGES

The General Fund provides services to all funds, requiring a formula for the allocation of Administrative Charges. The formula utilized in the allocation is as follows:

- Allocation of 50% of the cost based upon the ratio of each fund's budget (operation, maintenance, and capital) to the total City budget (excluding Light & Power's Purchased Power); and
- Allocation of 50% of the cost based upon the number of City employees in each fund to the total number of City employees.

This policy is applied to all funds in 1986, with the exception of those funds which are subsidized by the General Fund.

III.2. AFFORDABLE HOUSING

There are many families within the City of Fort Collins who are unable to afford adequate housing. With the difficulty of reaching families in the lowest income range with private financing, and the low probability of renewed federal funds in the near future, the City has made a commitment to assist those families in need of Affordable Housing through the Housing Authority.

Based upon the availability of City resources, the City will provide the Housing Authority with funds to support a rental subsidy program, as well as a program to construct housing for low-income families in the City.

III.3 ART IN PUBLIC PLACES

The City of Fort Collins is encouraging the development of the arts not only as a highly satisfying end in itself, but also to improve the quality of life via creative surroundings in the community. Visually, a community is sterile until the quality of the environment is enhanced by the addition of visual arts to public buildings, parks, and plazas. To this end, City Council and staff have developed a program to provide art in public places for the City of Fort Collins.

1. Art in Public Buildings

An art acquisition program for the City's major public buildings housing employees and for public gathering places was developed in 1982. As appropriate works of art are identified, staff will make the necessary recommendations to Council.

2. Art in the Parks

The budget for each new park will include \$1,000 to \$5,000 for active sculptures and passive art as a part of the unique park experience. This is to be designed into the new park construction schedule.

3. Jury Policy

A policy for a jury of at least three persons with diversified professional arts backgrounds has been established to determine commissions and selections of artworks for public places.

4. Center for the Study of Contemporary Art

The City staff and community will be encouraged to become involved with CSU in the development of the Center for Contemporary Art. This should expand the community's awareness and appreciation of contemporary art.

III.4. BUILDING MAINTENANCE COSTS

As part of the 1985 Budget process, Council considered the City's policy relating to the maintenance of City buildings. Such maintenance has been classified into three categories:

1. General
2. Renovation
 - A. Minor
 - B. Major
3. Replacement

Priorities associated with the categories have also been established:

1. Life/Health and Safety
2. Repair
3. Protecting Capital Investment
4. Quality/Enhancement

III.5. ENERGY

The City recognizes a responsibility in energy management conservation. The City assumes a multi-faceted role in this area. The City's roles are: 1) a consumer of energy in municipal facilities, 2) a corporate agency of the community to facilitate energy objectives of the community, and 3) a supplier of energy and energy services.

As a consumer, the City does building retrofits, utilizes alternative fuels and modifies operating practices. These efforts save energy as well as money and/or enable the City to benefit from new technologies.

As a corporate agency of the community, the City has developed various ordinances and development guidelines to encourage energy conservation and the use of renewable energy.

As a supplier of energy and energy services, the City has initiated an aggressive outreach effort to provide energy education and facilitate the expanded use of conservation and renewable energy.

Toward these ends, the City Council will look for implementation of the following programs and policies:

1. The in-house Energy Management Program will continue to hold a high priority. The decentralized approach has worked well, and because this strategy promotes more innovation and greater departmental involvement, it remains the preferred approach.
2. The principal goal of the program is cost savings. To this end, funds are budgeted annually for energy conservation retrofit work in City facilities.
3. Whenever possible, and to the extent practical, life cycle costing will be used in developing bid specifications and awarding contracts.
4. The greatest long-term benefits from energy conservation will result from broad participation by the community. To facilitate this participation, the CHOICE program has been initiated. The program, which relies heavily upon a citizen's committee, provides the means to look at broad community energy concerns and provide citizen input and leadership.
5. To further encourage energy conservation, City Council will look for ways to channel community resources for community problems. The use of CDBG monies for the zero interest loan program is one example. The HOT SHOT program provides another example, wherein the electric utility front-ended the cost of this program and savings are used to pay off the "loan" and provide a rebate to participants. In addition, the Solar Conservation and Other Renewable Energy (SCORE) Loan Program was initiated in 1985. Low-interest loans are made available to residents for installation of energy-related improvements. The loans are financed through the sale of small denomination bonds (mini-bonds) to the public.
6. The City Council recognizes the important role of the private sector in long-term energy conservation and will take steps to be involved with the community in a way which encourages energy conservation in building design and community layout. In cooperation with Everitt Enterprises, a Fort Collins developer, and the American Public Power Association (APPA), the Fort Collins Light and Power Utility is trying to demonstrate an energy efficient, mixed-use community being developed on the

287-acre OakRidge property owned by the Everitt firm in southeast Fort Collins. The demonstration effort began in January, 1984 and will likely continue into 1986. It is being accomplished with the assistance of a \$20,000 grant from the APPA's Demonstrate Energy-Efficient Developments (DEED) Program.

7. The alternate fuels program will be continued and expanded, ensuring operation cost savings and a reduction of vulnerability through foreign oil reliance.

III.6. IMPROVEMENT DISTRICTS

The City occasionally determines that certain road and related improvements can best be accomplished through the creation of a Special Improvement District (SID). The costs of such districts are shared between the City and property owners in the district. The following outlines the benefits of creating SIDs:

- Improvements to arterial and collector streets are constructed in a coordinated manner. There are fewer gaps in the improvements and the motoring public has a better street system for travel.
- The Street Oversizing payments to developers can be more closely associated with the revenue derived from the completed developments. Districts give the City the opportunity to defer all or part of the repayment that it is obligated to make to developers who construct arterial streets. In effect, the oversizing payments become a part of the assessment. When the actual building permits are taken out, the normal oversizing fee is waived. This process can have a significant positive impact on the cash flow of the Street Oversizing Fund.
- The cost of development is reduced. At present, there is a measurable difference in the interest rates between an Improvement District and conventional financing. If districts are generally accepted and used, staff believes that the cost savings will be passed on to the ultimate buyer by market pressures.
- A less tangible, but still significant, benefit is a reduction in staff time required to administer a Special Improvement District compared to a standard district formed and administered by the City. In the Special Improvement District process, the developer and his engineers and attorneys do most of the work. City staff still is involved in the review; however, this is much less intensive than actual administration.

The result of the districts will be miles of improved arterial and collector streets that will be available to the public much sooner than if the developments had put in each segment on their own schedule.

By Resolution 84-91, dated June 5, 1984, Council adopted the following relating to SIDs:

1. All public improvements as described in Chapter 16 of the City Code shall be eligible for inclusion in an improvement district. However, the City may exclude certain improvements when it deems such improvements are not in the best interest of the City.

The improvements considered are water and sewer mains, storm drainage facilities, sidewalks, curb and gutter, pavement, street lighting, and bridges. All of these improvements must be included in dedicated public rights-of-way or easements. Gas, telephone, cable TV, and electrical lines are excluded.

Specific improvements that are otherwise eligible may be excluded, if their benefit to the public cannot be shown, the timing is not right, or for some other reason, the improvement would not be appropriate to include within the district.

2. The City reserves the right to deny for cause the creation of any district.

This policy gives the Council the opportunity to deny the petition to create a district for any reason it chooses. Developers have a concern that the reason for any denial not be arbitrary. Staff is certain Council would not abuse this power.

3. The proposed district should be consistent with the Master Street Plan and other planning documents of the City. The district should have an approved Master Plan. An approved preliminary plan may be required if local street or utility improvements are to be included within the district. The City may also require a storm drainage plan to be submitted.

This policy gives the staff and the Planning and Zoning Board an opportunity to consider the proposed improvements and their compatibility with surrounding and future infrastructure and environment of the City. The staff must have a certain amount of technical information in order to evaluate the proposed district.

4. The total cost of the district should not exceed the appraised value of the improvements and the land to be included in the district.

This policy prevents the overloading of future owners of the lands in the district with assessments that are greater than the value of the improvements and the land.

5. The amount of encumbrances on the land in the district including the assessments of the district should not exceed 90% of the value of the land including the improvements without being acknowledged by subordinate lien holders, or the posting of a surety from a recognized company for 100% of the principal and interest of the construction cost of the district.

Petitioners for the district should have a substantial equity interest in the lands of the district. This policy is intended to protect lenders who have liens that are prior in time to the district but are junior by operation of law.

6. The cost to be borne by the City in a district must be currently available or minimized and/or deferred through credits or other mechanisms.

The various costs to the City for water, sewer, or street oversizing must be available before the City can commit to a project. If the City does not have the funds, then some means of arranging for credits against projected fees must be provided.

7. The City has the option to require property owners within the district to manage construction of the improvements themselves or through professional engineers where it is to the City's advantage to do so and the proposed managers can demonstrate experience and competence.

Where developers are experienced in managing the construction activities, the City can avoid additional burden on the staff or having to increase staff, by allowing the developer to manage the actual construction either directly or through the services of a professional engineer. The City's role can be that of a coordinator or overseer of the process. The developer has a keen interest in swift completion of the project, and the City still retains control of the funds and has final approval of the work.

8. The City has the option to require privately-managed districts to bid and award contracts for construction of the public improvements when provided for in the District's Master Agreement and performed in conformance with the City Charter.

This policy is justifiable on the same basis as the preceding policy.

9. Construction activities of district improvements should not cause extraordinary inconvenience to properties choosing not to be a party to the district.

Frequently in large voluntary districts, there are smaller developed parcels that are not ready or able to participate in the cost of improvements. This policy protects the interests of those outparcels in terms of maintaining access to their property, reducing or mitigating environmental effects, or causing financial harm. This policy is not intended to forgive those excluded properties from paying for improvements installed by the district for which repay agreements have been submitted by the district property owners and approved by the City.

10. Should a default in the assessment payments of a district occur, the City shall have the right to immediately proceed with all legal remedies including a tax deed and sale of the affected land.

This policy commits the City to protecting the interests of the bondholders who have financed the district. It also protects the interests of the other citizens of the community who could be burdened by coming to the aid of property owners being assessed for improvements.

11. The City Manager may establish administrative policies and procedures for the improvement district process and may recommend appropriate fees to the City Council.

The City Manager would establish routine procedures such as submittal deadlines for documents, etc. related to the processing of applications. The City Manager may also bring to the Council recommendations for application fees or other charges. This was another very controversial policy statement to the development community. Staff wants to analyze the question of appropriate fees further.

12. Proposed improvements should be of benefit to the City within a reasonable timeframe.

Proposed districts should demonstrate some merit or benefit to the community in order to be considered for the district process. Such benefit could be completion of an integral segment of the street system, water distribution system, wastewater collection system, or contribute to some significant land use planning goal of the City.

III.7. LEASE/PURCHASE

The City of Fort Collins has used lease/purchase financing for the provision of new and replacement equipment, vehicles and rolling stock in order to ensure the timely replacement of equipment and vehicles.

Other advantages that lease/purchase financing can offer over the traditional cash method of financing are:

1. Decreasing the impact of inflation on the purchase of new and replacement equipment.
2. Reducing the initial impact of the cost to user departments by enabling acquisition costs to be spread over the useful life of the equipment.
3. Safeguarding the opportunity to use cash assets to earn higher interest than the interest cost of lease/purchasing.

Finally, it should be noted that the City is able to discontinue the equipment leases at its discretion so that future City Councils will have the option to continue or discontinue the policy of lease/purchasing City equipment.

III.8. MEDICAL INSURANCE

The City of Fort Collins entered into a partially self-funded medical insurance program in October, 1981. This program allowed the City to cut out profit paid to a private carrier, invest available money (at higher rates), and maintain better cash flow. The initial savings were as high as expected and the program continues to provide a cost effective and very desirable employee fringe benefit.

The partially self-funded insurance program is enhanced by a consortium of cities to collectively bid administrative services, stop-loss insurance for unexpected emergencies, and life and accidental death and dismemberment insurance, resulting in lower rates.

III.9 OPEN SPACE AND TRAILS - ACQUISITION AND DEVELOPMENT

The City of Fort Collins is committed to preserving valuable remaining open space resources.

In 1983, the Subcommittee on Open Space was formed in response to a need for effective action in preserving such valuable remaining open space resources. Each year, the committee recommends to Council specific applications of Colorado State Lottery funds for the acquisition and development of open space and trails, which is the Council-approved use of such lottery funds received by the City.

Resources are provided within the Capital Improvement Program (Conservation Trust Fund and General City Capital "Necessary" Improvements portion of the Capital Projects Fund) in the 1986 Budget for expenditures relating to the acquisition and development of open space and trails.

Amounts appropriated for expenditure in the Capital Projects Fund in the 1986 Budget are intended to supplement the expenditures authorized by Council from lottery funds in the Conservation Trust Fund.

III.10 PAYMENT IN LIEU OF TAXES (PILOT)

In accordance with the City Charter (Art.IX Sec.6) regarding municipal utility rates and finances, the water, sewer, and electric utilities "pay into the General Fund in lieu of taxes an amount at least equivalent to City taxes and franchise permits if the utility were privately owned."

The PILOT rate, as established by Council, for the Water, Sewer, and Light and Power Utilities is 5% of operating revenues per year for each utility. The 5% PILOT rate accomplishes the following objectives:

- Establishes a rate approximately one and one-half (1 1/2) times the rate that would be charged if the utilities were privately owned; and
- Provides a more consistent rate for all utilities.

III.11. PENSIONS

The City of Fort Collins contributes to five (5) pension plans, including:

- Police
- Fire
- General Employee Retirement
- State Pension - Police
- State Pension - Fire

The Police, Fire, and General Employee Retirement Plans are administered by the City of Fort Collins. The rate of contribution for the City administered plans is based upon an annual actuarial analysis for the the normal cost and unfunded liability of the number of employees participating in each pension plan.

The City's current pension consists of the following provisions:

1. The City will maintain contribution rates at a level sufficient to meet all current normal costs of each pension plan.
2. Any unfunded liability incurred by the individual pension funds will be amortized over a period not to exceed twenty (20) years.

3. A thrift plan for City employees is an adjunct to the general employee retirement plan, to maintain comparability with benefits provided by other Front Range communities. Employee participation in this plan is optional.

The 1986 Budget incorporates the following rate requirements to continue this policy:

<u>Normal Costs</u>	<u>Police</u>	<u>Fire</u>	<u>General Employee</u>	<u>Employee Thrift Plan</u> (estimated)
City Contribution	8%	8%	4.385%	3%
Employee Contribution	8%	8%	--	3%
TOTAL	16%	16%	4.385%	6%

<u>Unfunded Liability</u>	<u>Police</u>	<u>Fire</u>	<u>General Employee</u>	<u>Total</u>
City Contribution	\$46,000	\$125,000	\$227,000	\$398,000

III.12. PERFORMANCE PAY PLAN

The City's goal as an employer is to attract and keep quality employees. To help accomplish this goal, the City has established a performance pay plan. The performance pay philosophy has been maintained for five general reasons:

1. To attract quality employees,
2. to retain quality employees,
3. to operate the City with fewer employees than comparable jurisdictions,
4. to provide an incentive and a reward for productivity, and
5. to recognize cost savings generated by productive employees.

Every effort will be made to provide the economic adjustment necessary for the performance pay plan by January of each year. If this is not financially feasible, as much as can be provided (given the priority demands on available resources) will be given in January.

In the area of compensation, the City will initiate a three-year program, beginning in 1986, to address the issue of comparable worth, which is concerned with compensation of individuals based upon their comparable worth to the organization.

III.13. POUFRE FIRE AUTHORITY - REVENUE ALLOCATION FORMULA

In December, 1981, the City entered into an agreement with the Poudre Valley Fire Protection District, creating the Poudre Fire Authority (PFA), which provides fire protection services to the City.

By Resolution 83-7, passed on January 1, 1983, Council adopted the following Revenue Allocation Formula as the City's contribution to the PFA for the years 1983-1987:

REVENUE ALLOCATION FORMULA

Annual Operation and Maintenance Budget - the City will contribute to the Poudre Fire Authority a sum equal to .303 of 1 cent of existing Sales and Use Tax and 6 mills of existing property tax from the General Fund to provide for the annual operation and maintenance of Poudre Fire Authority. (These funds are in addition to funds contributed by Poudre Valley Fire Protection District.)

The City revised its property tax mill levy in 1984 and 1985, and, accordingly, the 1986 Budget includes an allocation of property tax to the PFA, maintaining the relative proportion of property tax mills as allocated to the PFA in Resolution 83-7.

The City also increased the Sales and Use Tax rate by 0.25 cent (excluding grocery food) on July 1, 1984, for "necessary" General City Capital projects and by another 0.25 cent (excluding grocery food) on January 1, 1985 for a Pool/Ice Rink Facility. Since the revenues generated by these increases are dedicated for the specific purposes intended, the 1986 Budget includes an allocation of 0.303 of 1 cent of the City's 2.25 cents Sales and Use Tax applicable to all taxable sales and uses to the PFA, in accordance with Resolution 83-7.

Since the Revenue Allocation Formula represents the City's contribution to the PFA for its operation and maintenance costs only, the City's 1986-1990 Capital Improvement Program provides for additional contributions to the PFA for capital expenditures, in the Capital Projects Fund.

III.14. REBATE PROGRAMS

The City is sensitive to the fact that certain segments of its population, specifically the handicapped and senior citizens on fixed incomes, may be unable to keep pace with increasing taxes and utility costs. The City also recognizes that the Sales Tax on Food has a relatively greater impact on low-income residents than it may have on other residents. In an effort to partially offset the cost of Property Taxes, utility billings and Sales Taxes on these segments of its population, the City has established several rebate programs, as follows:

Property Tax and Utility Charge Rebate Program

To provide financial assistance to those applicants (handicapped and senior citizens) who qualify under established guidelines (e.g., income, residential, disability certification, etc.). Income guidelines are adjusted periodically in accordance with State income levels established for such programs.

Sales Tax Rebate on Food Program

The City recognized the regressiveness of the Sales Tax on food and specifically excluded the sale of grocery food when enacting a voter-approved 0.25 cent Sales and Use Tax increase for Capital Projects, on July 1, 1984 and another 0.25 cent on January 1, 1985, for a Pool/Ice Rink Facility.

In addition to these measures, the City implemented a Sales Tax Rebate on Food Program with the 1985 Budget, providing for an annual rebate to members of qualifying households in the City, on the basis of residency and income guidelines.

III.15 TRANSFORT

The City's current Transfort System is financed by:

- A contract with CSU
- User fees (non-CSU)
- Federal Revenues
- A General Fund operating subsidy

The 1986 Budget includes a continuation of this City's commitment to the Transfort and Care-A-Van services. A General Fund subsidy of \$709,617 is expected to be partially offset by incoming Federal revenues of \$383,990, resulting in reduced City subsidies of \$315,127 for Transfort and \$10,500 for Care-A-Van. Federal mass transit funding (Surface Transportation Assistance Act of 1982) has been formally approved through 1986. Because of the uncertainties in the federal budget, our 1986-90 financial statements do not include federal funding beyond 1986. Marketing efforts are planned during 1986, with a goal of continuing to improve Transfort ridership and decreasing the needed City subsidy accordingly.

The City will continue to work toward establishing a Quality Transfort System as soon as is practicable, to be phased in as funds become available. Such a system could provide for the following:

- Nine peak-hour buses serving 85% of the community and all major service areas at reasonable intervals.
- Operation of the system 14 hours per day, 6 days a week.
- Operation of a downtown shuttle.
- Partial funding by fares.

Working toward the Quality Transfort System, the City designates Transfort to be an essential service to all the community, and will pursue coordination efforts with Care-A-Van and the School District, grant awards where available, and increased revenues through advertising and contracts.

IV. RESERVE POLICIES

Formally adopted reserve policies are an important factor in maintaining the City of Fort Collins in good fiscal health.

There are three primary types of reserves:

- A. Operating Reserves
- B. Capital Reserves
- C. Debt Reserves

The degree of need for these reserves differs based upon the type of fund or operation involved. However, one policy statement for each type of reserve can be uniformly applied to most funds. (Refer to Policies VIII.2 and VIII.3 for Light and Power and Water and Sewer Utilities' policies.)

A. OPERATING RESERVES

There are two types of operating reserves:

1. An appropriated contingency which provides for unexpected or unanticipated expenditures during the years. It is typically budgeted at an amount equal to 2% of the annual operating budget by fund, but may be a fixed amount depending upon available funds.
2. Revenue reserve of working capital is established to provide for unforeseen revenue losses. If something happens to the economy, there is flexibility without worrying that current expenditures will exceed the total revenue available. The revenue reserve is calculated at an amount equal to 2% of projected annual operating revenue by fund.

This revenue reserve is not appropriated as part of the annual budget, but may be utilized at the end of the fiscal year, if necessary.

B. CAPITAL RESERVES

Capital reserves are established in order to provide for normal replacement of existing capital plant and additional capital improvements financed on a pay-as-you-go basis.

The amount of the reserve is determined by averaging the dollar value of capital needs as shown in the Capital Improvement Program.

A second type of capital reserve is appropriated capital contingency, typically 5% of the amount annually appropriated for capital construction, which provides for the conceptual study and preliminary design of unanticipated capital improvements.

Debt financed capital improvements by definition are financed by the proceeds of bond issues and do not require capital reserves.

NOTE: Because of the incorporation of Project RECAP recommendations into the 1986 Budget process, the reserves retained annually in the General City Capital Projects portion of the Capital Projects Fund for the years 1986-1990 are determined by the excess of resources over identified expenditures.

C. DEBT RESERVES

Debt reserves are established to protect bond holders from payment defaults. Adequate debt reserves are essential in maintaining good bond ratings and the marketability of bonds.

The amount of debt reserves are established by bond ordinance in association with each bond issuance.

These policy statements are intended to apply to various funds of the City. However, it is recognized that various Federal, State, and local laws and regulations, and specific financial policies may supercede these policies.

V. INVESTMENT POLICY

The City operates under the following Investment Policies:

1. The City analyzes the cash flow of all funds on a regular basis to ensure maximum cash availability.
2. In order to obtain the best possible return on all cash investments, the City pools cash from several different funds for investment purposes.
3. Market conditions and investment securities are analyzed on a daily basis to determine the maximum yield to be obtained.
4. The City invests at least 99% of its idle cash on a continuous basis.
5. The City invests in quality issues and complies with the City Charter and State Statutes regarding investment requirements.
6. The City's investment decisions as to the types of investments purchased and the banks, trust companies, brokerage firms or other financial institutions utilized shall be made in accordance with Resolution 85-134 of the council regarding the Republic of South Africa.

VI. DEBT POLICY

The City of Fort Collins will use debt financing when it is appropriate. It will be judged appropriate only when the following conditions exist:

1. When non-continuous capital improvements are desired.
2. When it can be determined that future citizens will receive a benefit from the improvement.

When the City of Fort Collins utilizes long-term debt financing it will ensure that the debt is soundly financed by:

1. Conservatively projecting the revenue sources that will be utilized to pay the debt.
2. Financing the improvement over a period not greater than the useful life of the improvement.
3. Determining that the cost benefit of the improvement, including interest cost, is positive.

Additionally, the City has the following policies in relation to debt financing:

1. Total general obligation debt will not exceed 10% of assessed valuation in accordance with the City Charter.
2. Where possible, the City uses special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
3. Fort Collins maintains good communications with bond rating agencies about its financial conditions.

Annual budgets include debt service payments and reserve requirements for all debt currently outstanding for all proposed debt issues.

VII. CAPITAL IMPROVEMENT POLICY

Citizen participation

The development of the Capital Improvement Program was significantly modified in the 1984, 1985 and 1986 Budgets by Resolution #83-86, dated May 3, 1983. Council stated its intention "to develop and implement a program for soliciting citizen involvement and participation in formulating a Capital Improvements Program and the funding thereof." This was accomplished with the adoption of Resolution 83-94, dated June 7, 1983, creating a Citizens' Advisory Committee on Project RECAP (REevaluation of Capital Projects). Council directed the Citizens' Advisory Committee on Project RECAP to make recommendations on the capital improvement needs of the community. The Project RECAP Committee was instrumental in the determination of the General City Capital projects to be accomplished in the 1985-1989 Capital Improvement Program. On February 21, 1984, Council passed Resolution #84-38, indicating specific General City Capital projects to be incorporated into the 1985-1989 Capital Improvement Program. Appropriations for each year's expenditures will be authorized with the adoption of the City's annual budget for each of these years.

In addition, at the City's May 1, 1984 election, the City's voters approved the imposition of a 0.25 cent increase in the Sales & Use Tax rate (excluding grocery food), effective for a five-year period commencing July 1, 1984, to finance "necessary" General City Capital projects, as well as a 0.25 cent increase in the Sales & Use Tax rate (excluding grocery food), effective for a five-year period commencing January 1, 1985, to finance the construction of a Pool/Ice Rink Facility in the City.

Capital Improvement Policy

With the above-mentioned modifications to the process of identifying the City's capital needs, the City will continue to operate under its existing Capital Improvement Policy:

1. The City will develop a multi-year plan for capital improvements and update it annually.
2. The City will make all capital improvements in accordance with the adopted Capital Improvement Program and the Capital Project Management Control System.
3. The City will identify estimated costs and funding sources for each capital project requested before it is submitted to City Council.
4. The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Plan and City priorities and whose operating and maintenance costs have been included in the operating budget forecasts.

Capital Financing

The financing of capital projects is generally based upon the different types of capital improvements (see Section VIII of these policies for specifics on Water, Sewer, and Light & Power capital policies). Capital Projects are categorized as follows, with financing as noted for each category:

1. REPLACEMENT - capital expenditures relating to normal replacement of worn or obsolete capital plant.

In general, capital expenditures relating to the normal replacement of worn or obsolete capital plant will be financed on a pay-as-you-go basis, with debt financing considered where appropriate.

2. EXPANSION - capital expenditures relating to the construction of new or expanded facilities necessitated by growth.

Capital expenditures relating to the construction of new or expanded facilities necessitated by growth will be financed primarily on a pay-as-you-go basis, but when the City's share of the new improvements can be determined to benefit the overall population in the future, debt financing may be appropriate.

3. UNUSUAL - capital expenditures for improvements that enhance the quality of life in Fort Collins and are consistent with the City's goals but cannot be categorized as essential for the provision of basic services or maintenance of life.

The policy relating to unusual capital expenditures directs the City to look to the ultimate beneficiary of each capital improvement in order to determine the source of funding. As projects are identified, they will be funneled through a decision process in order to:

- a. determine whether projects are acceptable from the point of view of municipal goal achievements or cost benefit analysis,
- b. evaluate each capital project's relevant cash flow in order to determine if a project is financially viable, and
- c. prioritize capital improvements based upon these findings.

Prioritization of General City Capital Projects

With the incorporation of the recommendations of the Citizens' Advisory Committee on Project RECAP into the 1984, 1985 and 1986 Budget processes, a new mechanism for categorizing General City Capital projects was developed in order to determine priorities for the allocation of available funds to projects.

General City Capital needs are first identified as relating to one of the Council-adopted "categories of service," as detailed in Policy I.3.:

- I. Basic (or Core)
- II. Maintenance of Effort
- III. Quality of Life

Within each category, projects are then ranked as:

- A. Essential
- B. Necessary
- C. Desirable

The following matrix demonstrates the resulting order of priority in terms of access to available funds:

<u>BASIC SERVICES</u>	<u>MAINTENANCE OF EFFORT</u>	<u>QUALITY OF LIFE</u>
Essential (1)	Essential (2)	Essential (3)
Necessary (4)	Necessary (5)	Necessary (6)
Desirable (7)	Desirable (8)	Desirable (9)

Basic service essential projects are considered top priority and Quality of Life desirable projects last priority.

VARIOUS FUNDS

VIII.1. ENTERPRISE FUNDS

The City currently has six Enterprise Funds: Cemeteries, Golf, Light and Power, Sewer, Storm Drainage, and Water. The Enterprise Fund classification has been used to account for various services for which there exists a significant potential for financing through user charges. In many of these funds, a subsidy from the General Fund has been necessary to cover operating expenses. Historically, services were accounted for in an enterprise fund only if they were financed more than 50% by user charges. In the 1986 Budget, all Enterprise Funds, except for Cemeteries, are recovering 100% of their costs in 1986-1990. Cemeteries Fund anticipates recovery rates of 70 - 73% in the upcoming five-year period.

There has been a nationwide trend toward the regulation of the demand for governmental services through user fee mechanisms. The Fort Collins City Council supports this concept. The long term goal of all enterprise accounts is self-sufficiency. Toward this end, those funds which are not presently self-sustaining shall incrementally adjust their rate structures to achieve a positive income position.

Those operations which cannot achieve a positive income position within a five-year timeframe may be accounted for as subsidized operations and not as Enterprise Funds. In the case of the Cemeteries Fund, efforts will be undertaken to improve recovery rates in 1986, and beyond. Possible reclassification will be considered, if needed.

VIII.2. LIGHT AND POWER UTILITY

The financial policies of the Light and Power Utility are administered in accordance with the City Charter as more specifically defined in Resolution 77-68, as amended from time to time by City Council action.

The 1986 Budget/Five Year Plan was prepared in compliance with the following:

A. FUNDAMENTAL PURPOSE

"To efficiently manage the City of Fort Collins' energy systems and services with sensitivity to the environment, the community, and conservation of resources. To enhance the quality of life for the consumers and the community through provision of sufficient electrical energy, reliably and economically."

B. ELECTRIC RATES

Electric rates will be based upon the cost of service approach to reflect full distribution of costs to appropriate rate classes in order to effect equitable sharing of costs. Rates shall be established and maintained at a level sufficient:

1. To pay the full cost of operation and maintain the electric utility in good repair and working order;
2. To provide an operating reserve equal to eight percent (8%) of budgeted operating expenditures, excluding the cost of purchased power;
3. To provide a future capital improvements reserve in an amount which shall, as nearly as possible, be equal to the average annual cost (excluding debt financing) of the approved five-year capital improvement plan, considering any changes which, from time to time, may be made in such plan provided, however, that the amount in such reserve shall be permitted to vary from year to year if approved by the Council during the annual budget process for the purposes of achieving stability and predictability in rates and to minimize changes adverse to electric consumers;
4. To pay into the General Fund of the City of Fort Collins in lieu of taxes and franchise permits a percentage of revenue from the sale of electric energy equivalent to five percent (5%) of operating revenues.

C. EXCESS RETAINED EARNINGS

After retained earnings are reserved as specified above, any excess retained earnings shall be added to the future capital improvements reserve.

D. OPERATING RECORDS

1. The Light and Power Utility will maintain a standard system of accounting which shall, at all times, correctly reflect all financial operations of the system and keep other such records and data as are generally used by the electric utility industry.
2. The accounts of the Light and Power Utility shall be kept separate and distinct from all other accounts of the City and shall contain proportionate charges for all services performed by other departments as well as proportionate credits for all services rendered to other departments.

VIII.3. WATER AND SEWER UTILITIES

Formally adopted financial policies are an important factor in planning the financial operations of the Water and Sewer Utilities. Comprehensive financial policies include statements concerning:

- A. Net Income Requirements
- B. Rate Requirements
- C. Reserve Requirements
- D. Capital Cost Financing

Policy statements have been developed for each area listed above and incorporated into the five-year financial plans for the Water and Sewer Utilities as follows:

A. NET INCOME

The net income of the Water and Sewer Utilities shall be at least equal to the annual cost of the following:

- 1. Principal reductions of outstanding bonds,
- 2. Loan requirements to Federal or State agencies, and
- 3. Annual operating reserve increases.

B. RATE REQUIREMENTS

Utility rates shall be set at a level to provide for the net income requirement in each fiscal year. Levelized rate increases are preferred and, when possible, should be achieved through levelized expenditures.

C. RESERVES

The following reserves shall be established and maintained in the applicable utility.

- 1. Operating Reserve - at least equal to two percent (2%) of the projected annual operating revenue.
- 2. Plant Investment Fee Reserve - equal to the annual fees less annual cost allocated to System Expansions.
- 3. Capital Reserve - equal to the amount of bond proceeds available at the end of one fiscal year to be expended in the next fiscal year.
- 4. Debt Reserve - equal to the amount required by individual bond ordinance.

D. CAPITAL COST FINANCING

Annual capital cost shall be identified as one of three types, and financed as noted:

1. Normal replacement of the existing system.

Financed on a Pay-As-You-Go basis from a reserve for depreciation funded from current rates.

2. System improvements that benefit the existing and future population.

Debt financed over the life of the improvement and the annual debt service shall be funded from current rates.

3. System expansions that benefit future populations.

Debt financed over the life of the expansion, and annual debt service shall be funded from a combination of Plant Investment Fees and Contributions in Aid of Construction.

Federal and/or State grants may be utilized to fund portions of, or all of, capital costs.

VIII.4. STORM DRAINAGE FUND

The primary purpose of the Storm Drainage Fund is to meet the public need for effective stormwater management, including flood control, capital improvements and the operation and maintenance of drainage facilities. Financial policies have been developed for the following categories:

- A. Operation and Maintenance Requirements
- B. Capital Project Needs
- C. Capital Cost Financing
- D. Reserves

A. OPERATION AND MAINTENANCE REQUIREMENTS

Utility rates will be set at a level to provide for the operation and maintenance requirement for each fiscal year. The rate is structured on a base rate of \$.000384 per square foot per month and on a rate factor compiled at the category of development, such as very light, light, moderate, heavy and very heavy.

B. CAPITAL PROJECT NEEDS

A master plan has been developed for each basin to identify drainage needs, set fees, and determine capital improvement requirements. In the effort to balance storm drainage risk and liability, a 20-year storm drainage capital program has been developed that relates to the system requirements of each basin where a positive cost/benefit ratio exists.

To finance this capital program, a one-time basin fee is collected with new development and a monthly capital fee from property owners.

C. CAPITAL COST FINANCING

The financing of capital improvements will be accomplished through the following:

1. A one-time basin fee that is collected with new development.
2. Monthly capital fee collected from property owners.
3. Bond issues that will be financed over the life of the improvement.

The annual debt service will be provided from the existing monthly capital fees.

D. RESERVES

The following reserves have been established:

1. Capital Reserve - equal to the amount of bond proceeds, monthly capital fees, and one-time new development fees available at the end of one fiscal year to be expended in the next fiscal year.
2. Operating Revenue Reserve - equal to 2% of the projected annual operating revenue.
3. Debt Reserve - equal to the amount required by the individual bond ordinance.

VIII.5. CULTURAL SERVICES & FACILITIES FEE POLICY

The Cultural Services and Facilities Fund shall budget to recover a minimum of 40% of its total cost in revenue generated through implementing the following policy:

1. Total revenue from fees and charges shall cover a minimum of 55% of Lincoln Center operation and maintenance and Performing and Visual Arts Programming Budgets. This includes revenues generated at the Lincoln Center from rentals, equipment, concessions and other miscellaneous sources and all total direct revenues from the Performing and Visual Arts Programming. The difference between 55% and 100% will be funded by a transfer from the General Fund.

2. The Cultural Services and Facilities Administration and Museum budgets provide minimal financial support and will be funded by a transfer from the General Fund.
3. Major capital improvements and renovations will be financed through sources other than Cultural Services and Facilities Fund.
4. Solicitation of funds through donations, fund-raising events, and non-traditional sources shall be encouraged by the City staff, Lincoln Center League, the Cultural Resources Board and the City Council.

Funding collected for any special purpose shall be earmarked for that purpose and those funds will be processed through the Fort Collins Foundation.

VIII.6. PARKS AND RECREATION FEE POLICY

In 1981, the City Council adopted the following fee policy for Parks and Recreation, which continues in effect.

1. The Recreation Division shall recover a minimum of 50% of its total costs in revenue generated through fees and charges.
2. Total direct revenue from all Recreation programs shall not fall below a 100% recovery of total direct costs.
3. Categories have been created for the Recreation programs in order to evaluate which programs must cover total or partial expenditures. These categories are:
 - A. Total Support
 1. Sports
 2. Dance and Fitness
 - B. Partial Support
 1. Aquatics
 2. Outdoor Recreation
 3. Arts and Crafts
 4. Special Interests
 - C. Minimal Support
 1. Senior Citizens
 2. Special Events
 3. Therapeutics
 4. Youth Centers
 5. Northside Recreation

Total revenue from fees and charges shall cover a minimum of 80% of "Total" and "Partial" support program costs. The difference between 80% and 100% will be supported by the General Fund as well as for those programs requiring minimal support.

4. Revenue generated from rentals, concessions, and other miscellaneous sources shall be considered an equal priority with class registrations when establishing fees and charges.
5. The Recreation Division shall provide designated programs for senior citizens and developmentally disabled persons at 1/2 the established fee, and to low-income citizens at 1/3 the established fee.
6. The Recreation Division shall charge rental for rooms, pool time, gym, ball field, and special equipment, as specified in written policies.
7. An admission fee shall be charged at the Northside Community Center for use of the weight room, locker room, and gym, during drop-in hours.
8. Solicitation of funds through donations, fund raising events, non-traditional sources, and various other needs shall be encouraged by the Parks and Recreation Advisory Board and City Council.

Funding collected for any special purpose shall be earmarked for that purpose, and the utilization of foundations for the furtherance of this goal shall likewise be encouraged.

VIII.7. PARKLAND FUND POLICIES

The Parkland Fund was created by City Council in September 1969. The Parkland Fund receives a fee from developers for each new dwelling unit established within the city limits. Parkland fees are to be used primarily for the acquisition and development of neighborhood parks in those areas of the city that are contributing to the Parkland Fund. The acquisition and development of neighborhood parkland in growth areas is of critical concern. It is a goal that each square mile of the city should be served by a neighborhood park of five to 30 acres in size.

A. FEES

1. An average neighborhood park is generally 12 acres in size, and serves the residential development within one square mile. Parkland Fees are computed using an established base rate formula (established in 1980) which projects the average number of acres of parkland per square mile, multiplied by the average cost per acre of parkland acquisition and development, divided by the average number of dwelling units

per square mile. The 1980 base rate fee is to be adjusted periodically as future acquisition and construction costs change.

2. Outside of the city limits, but within the Urban Growth Area, Larimer County collects a park fee equivalent to the Parkland Fee collected by the City. According to the UGA Intergovernmental Agreement, the County holds these fees until the City annexes the land, at which time the City will receive the funding collected.
3. In lieu of paying fees, developers may negotiate for the dedication of lands to be used for park purposes. This could include construction of a neighborhood park site to meet City specifications, as well. In the event that a satisfactory agreement is reached for the dedication of such lands, the price established for such lands may be credited against the regular fees to be charged. A developer may also be allowed to construct and maintain a public neighborhood park as a part of a master plan (PUD) approved by the City, which could eliminate all or a portion of Parkland Fees. The park would then serve in-lieu of a City owned and maintained facility, but still fully accessible to the general public at all times.

B. ACQUISITION OF PARKLANDS

1. The acquisition of neighborhood parklands within the City and Urban Growth Area is a critical concern. To best serve the citizens of Fort Collins, and to maximize financial efficiency, the following general guidelines are set forth as acquisition standards for neighborhood park sites:
 - a. Each square mile of the city should be served by a neighborhood park of five to 30 acres.
 - b. Neighborhood parks should be centrally or strategically located within the square mile.
 - c. Park acreage should not necessarily include detention areas or drainage paths.
 - d. Parks should be served on at least two sides by local streets.
 - e. Pedestrian and bicycle access to park sites should be provided through residential areas.
 - f. List all easements and other restrictions on the property.
 - g. Secure a comparable cost or appraisal of the site.

- h. Review location criteria such as topography, vegetation, water amenities, views, etc.
 - i. Have a title search done and get the warranty deed.
 - j. Have a legal description drawn and verify this with a field survey.
2. If a park site appears favorable, the City pursues the acquisition. The site is reviewed by the Parks and Recreation Board, and brought to the City Council for final determination.
 3. As it is a land acquisition matter, there is generally no public discussion until a proposed acquisition reaches the Parks and Recreation Board or City Council. Park site acquisitions are not labeled by name and specific location as it would severely limit the ability of the City to realistically and fairly negotiate for land purchases. A proportionate amount of funding should be earmarked annually for acquisitions, with sites to be determined. It is a goal to acquire at least one to two neighborhood park site(s) annually especially during high growth years. In some years, it is possible that no new site may be acquired.
 4. Neighborhood park sites can be purchased several years before anticipated development of said sites. In certain approved instances, becoming more speculative in land purchases may be appropriate. A Neighborhood park site could be acquired with the intention of buying more acreage than needed, then selling off a portion of the site and using the proceeds for the development of that park site.

C. DEVELOPMENT OF PARKLANDS

1. The Community Development Department will annually provide to Parks and Recreation a count on the number of new permitted residential units which have paid Parkland Fees in each section of the City where an undeveloped park site exists.
 - a. Housing counts will be taken as of January 1 of each year, and the data will be incorporated into the budgetary process for the next fiscal year.
 - b. The section with the highest number of new units built since 1969 is rated as the first priority for park construction. The section with the next highest number of units built is rated as second priority, and so on.
 - c. Park sites will be annually prioritized and projected for construction in future budget years. However, actual development of parks in those later years are subject to change because the annual housing unit counts will objectively determine the fastest growing areas and those that have experienced setbacks.

- d. Park site development within a section will not begin until residential construction has reached at least 30 to 40 percent.
2. It is a goal to develop at least one neighborhood park site annually. Other factors which can influence when a neighborhood park site is developed include some of the following:
 - a. Economic conditions and funding ability.
 - b. The professional judgment, experience and expertise of the Parks and Recreation Department.
 - c. Input and requests from the Parks and Recreation Board, citizens and/or developers.
 - d. When the City Council and/or the City Manager designate a site for development.
 - e. It is also preferable to have the streets and utilities of the residential area installed prior to park development. This allows park contractors easier access and use of utilities for park construction.

D. FUND USAGE


1. Funds generated from the Parkland Fee shall be primarily spent for the acquisition and development of neighborhood parks in those areas of the city that are contributing to the Parkland Fund. Alternate methods and sources of financing other than Parkland Fee funds will be used for the acquisition and development of community parks, parks outside of growth areas, medians, streetscapes and frontage road development, major park renovation work, detention ponds, etc., unless they are serving as neighborhood parks.
 - a. Expenditures from the Parkland Fund may be made in community parks for partial acquisition and development to the extent that such expenditures accommodate the neighborhood park elements of a community park. A community park will in fact also serve the local area neighbors as their neighborhood park. Those residents within one square mile of the community park have either already contributed or will contribute fees to the Parkland Fund.
 - b. Expenditures from the Parkland Fund may be made in detention pond parks and other special use areas for development to the extent that these sites specifically serve as neighborhood parks.

2. All monies in the Parkland Fund shall be expended solely for the purposes of acquiring, developing and administering parklands in such a manner as shall be directed by the City Council of the City of Fort Collins. Expenditures for the acquisition and development of parklands may include purchases or new or replacement park site equipment, plantings, and administration costs relating to Parkland Fund management.

E. COST OF GROWTH

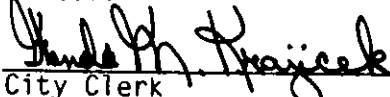
The cost of growth because of parkland acquisitions and developments is hereby recognized, and will be reflected in the operation and maintenance budgets to adequately maintain such Parklands to acceptable standards.

Passed and adopted at a regular meeting of the City Council held this 1st day of October, A.D. 1985.



Mayor

ATTEST:



City Clerk