

AGENDA ITEM SUMMARY

November 19, 2013

City Council

STAFF

Wanda Nelson, City Clerk

SUBJECT

Consideration and Approval of the October 15, 2013, Regular Council Meeting.

EXECUTIVE SUMMARY

The purpose of this item is to approve the minutes of the October 15, 2013 regular Council meeting.

ATTACHMENTS

1. : October 15, 2013 (PDF)

October 15, 2013

COUNCIL OF THE CITY OF FORT COLLINS, COLORADO

Council-Manager Form of Government

Regular Meeting - 6:00 p.m.

A regular meeting of the Council of the City of Fort Collins was held on Tuesday, October 15, 2013, at 6:00 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll call was answered by the following Councilmembers: Campana, Cunniff, Horak, Overbeck, Poppaw, Troxell and Weitkunat.

Staff Members Present: Atteberry, Nelson, Roy.

Agenda Review

City Manager Atteberry stated several amendments to the Ordinance for Item No. 15, *First Reading of Ordinance No. 141, 2013, Appropriating Unanticipated Revenue from the Public Service Company into the Capital Projects Fund for the Trail Acquisition and Development-Special Funds Project* are proposed. He stated staff is only recommending that \$1 million of the fund be appropriated for the Shields Trail. City Clerk Nelson read the Ordinance changes. Additionally, City Manager Atteberry stated an Executive Session will be proposed under Other Business.

Citizen Participation

Mel Hilgenberg, 172 North College, urged Council to revisit the Halligan Reservoir topic and suggested the site of the former Armadillo Restaurant be used for a winter farmer's market and co-op. Additionally, he opposed the design of the plan being proposed for the downtown tire store location and urged Council and CSU alumni to not support the on-campus CSU stadium. He supported ballot measures 64 and 1A.

Jack Daniels, 172 North College, stated he enjoys living in Fort Collins and commended the City.

Eric Sutherland, 3520 Golden Currant, opposed the Boxelder Stormwater Authority IGA and expressed concern regarding the loss of farm land.

Tarin Haas, CSU student, spoke on behalf of Ram Ride and discussed the program's anniversary and new app-based dispatch system.

James Day, 4625 East CR 52, stated his property lies below the Gray Lakes and has been in his family since the 1800s. He discussed the legality and ethics of unauthorized appraisals on his property and stated his family will litigate regarding the taking of his property for the Boxelder project.

Cheryl Distaso, Fort Collins Community Action Network and No Spray Fort Collins, opposed adulticiding as a West Nile mitigation treatment. She discussed the Fort Worth, Texas mosquito policy.

Attachment 1.1: October 15, 2013 (minutes)

Margaret Griffin, 3245 Honeysuckle Court, stated she owns pasture land on Mountain Vista and opposed the Boxelder Stormwater project.

Jan Day, 4625 East CR 52, stated she owns the Day Farm and opposed the condemnation of the property for the Boxelder Stormwater project.

Citizen Participation Follow-up

Councilmember Cunniff agreed with Mr. Hilgenberg that the City should not pay for the impacts of the on-campus stadium. He asked about the status of a report regarding the Boxelder Stormwater project. City Manager Atteberry replied the service area request response went out today.

Mayor Weitkunat requested a brief explanation of the Boxelder Stormwater District. City Manager Atteberry replied it is an intergovernmental relationship between Larimer County, the City of Fort Collins, the Town of Wellington, and the Town of Timnath to address regional flood issues. He stated the relationship has made significant stormwater improvements in the Wellington area and noted southern improvements are still in process. He acknowledged property-owner concerns but stated the authority is well run and has a plan.

Jon Haukaas, Water Engineering Field Operations Manager, stated, as per the service area request, he provided a number of background documents, including the executive summary of the Boxelder Stormwater Authority Master Plan, the original IGA, the Council presentation and amended IGA from May 2013, and a letter from the Boxelder Stormwater Authority addressing concerns from the Larimer County Commissioners. He discussed additional considerations regarding the project.

Mayor Weitkunat noted the Boxelder area is a drainage area near I-25 and the Mulberry corridor. She noted flood mitigation and stormwater drainage are of utmost importance for the City and the area.

CONSENT CALENDAR

- 6. Consideration and Approval of the Minutes of the September 17, 2013 Regular Meeting.

ANNUAL BUDGET-RELATED CONSENT ITEMS

- 7. First Reading of Ordinance No. 138, 2013, Authorizing the Appropriation of 2014 Fiscal Year Operating and Capital Improvement Funds for the Fort Collins-Loveland Municipal Airport.

The 2014 annual operating budget for the Airport totals \$783,750, and will be funded from Airport operating revenues, contributions from the Cities of Fort Collins and Loveland (\$177,500 from each City), and interest earnings. As in 2013, this amount for each City is \$92,500 greater than the prior years' contributions of \$85,000. For the City of Fort Collins, the original \$85,000 is funded from General Fund ongoing revenue, while the one-time increase of \$92,500 will be funded from General Fund reserves. This Ordinance authorizes the City of Loveland to appropriate the City of Fort Collins contribution, which is a 50% share of the 2014 Airport budget and totals \$391,875.

This Ordinance also appropriates the City's 50% share of capital funds, totaling \$757,480, for the Airport from federal and state grants; contributions from Fort Collins and Loveland; and the Airport General Fund. Most of the 2014 Airport capital funds, totaling \$1,514,960, will be used to complete major Airport improvements, such as the acquisition of an Aircraft Rescue and Fire Fighting apparatus, and the construction of a snow removal equipment storage facility.

8. Items Relating to the 2014 Downtown Development Authority Budget.

- A. First Reading of Ordinance No. 139, 2013, Being the Annual Appropriation Ordinance for the Fort Collins Downtown Development Authority Relating to the Annual Appropriations for the Fiscal Year 2014 and Fixing the Mill Levy For the Downtown Development Authority for Fiscal Year 2014.
- B. First Reading of Ordinance No. 140, 2013, Appropriating Proceeds from the Issuance of City of Fort Collins Downtown Development Authority Subordinate Tax Increment Bond, Series 2013A, for the Purpose of Making Certain Capital Improvements Within the Downtown Area of Fort Collins.

The Annual Appropriation Ordinance is presented for First Reading. Ordinance, No. 139, 2013 sets the Downtown Development Authority (DDA) 2014 Operations and Maintenance Budget amount of \$764,404 to be appropriated for fiscal year 2014 for the administrative operations budget, appropriates the 2014 Line of Credit Draw in the amount of \$1,000,000, sets the amount of \$3,197,101 for debt service payments to be appropriated for fiscal year 2014, and sets the 2014 Mill Levy for the Fort Collins DDA at five (5) mills (unchanged since tax year 2002). The approved Budget will become the Downtown Development Authority's financial plan for 2014.

Ordinance No. 140, 2013 appropriates bond proceeds in the amount of \$6,050,000.

NON-BUDGET CONSENT ITEMS

9. Second Reading of Ordinance No. 131, 2013, Appropriating Prior Year Reserves and Unanticipated Revenue in Various City Funds And Authorizing the Transfer of Appropriated Amounts between Funds or Projects.

The purpose of this annual Clean-Up Ordinance, unanimously adopted on First Reading on October 1, 2013, is to combine dedicated and unanticipated revenues or reserves that need to be appropriated before the end of the year to cover the related expenses that were not anticipated and, therefore, not included in the 2013 budget appropriation. The unanticipated revenue is primarily from fees, charges, rents, contributions and grants that have been paid to City departments to offset specific expenses. Prior year reserves are primarily being appropriated for unanticipated operational expenses.

10. Second Reading of Ordinance No. 132, 2013, Appropriating Unanticipated Grant Revenue from the Institute of Museum and Library Services in the Museum Fund for "Living with Fire: A Community Responds" Grant Project.

This Ordinance, unanimously adopted on First Reading on October 1, 2013, appropriates \$138,933 in grant funds awarded to Fort Collins Museum of Discovery by the Institute of Museum and Library Services.

11. Second Reading of Ordinance No. 133, 2013, Appropriating Prior Year Reserves in the Light & Power, Water, Wastewater and Stormwater Funds for the 800 MHz Radio Communication System Capital Project.

This Ordinance, unanimously adopted on First Reading on October 1, 2013, appropriates funding for the purchase and installation of an 800 MHz radio system for the Utilities Department. This system is similar to that used by police, fire and emergency medical personnel, and other Front Range utilities and will also allow for better communications between agencies during emergencies.

12. Second Reading of Ordinance No. 134, 2013, Appropriating Prior Year Reserves in the Water Fund for Two Water Main Replacement Projects.

This Ordinance, unanimously adopted on First Reading on October 1, 2013, appropriates funds for the project design for the water main replacement on College Avenue and for design and construction of water main replacement on Meldrum Street.

13. Items Relating to the Fort Collins-Loveland Water District Intergovernmental Agreement.

A. Second Reading of Ordinance No. 135, 2013, Authorizing the Mayor to Execute an Amended and Restated Intergovernmental Agreement with the Fort Collins-Loveland Water District, the Fort Collins-Loveland Water District Enterprise, and the City of Fort Collins Water Utility Enterprise for the Delivery of Potable Water.

B. Second Reading of Ordinance No. 136, 2013, Authorizing the Mayor to Execute an Intergovernmental Agreement for Water Treatment Services with the Fort Collins-Loveland Water District, the Fort Collins-Loveland Water District Enterprise, and the City of Fort Collins Water Utility Enterprise.

These Ordinances, unanimously adopted on First Reading on October 1, 2013, restructure the existing water sharing agreement with the Fort Collins-Loveland Water District (FCLWD) and enter into a separate agreement for the sale of excess water treatment capacity. The revisions to the existing agreement, as well as entering into the second agreement, will benefit the customers of Fort Collins Utilities through incremental revenues and the customers of FCLWD by increasing the amount of water that can be delivered to them.

14. Second Reading of Ordinance No. 137, 2013, Designating 1501 Peterson Street as a Fort Collins Landmark Pursuant to Chapter 14 of the City Code.

This Ordinance, unanimously adopted on First Reading on October 1, 2013, designates the Crane Property at 1501 Peterson Street as a Fort Collins Landmark. The owners of the property, Robert and Sally Linton, are initiating this request.

15. First Reading of Ordinance No. 141, 2013, Appropriating Unanticipated Revenue from the Public Service Company into the Capital Projects Fund for the Trail Acquisition and Development-Special Funds Project.

The purpose of this item is to appropriate \$1,250,000 from Public Service Company (PSCo or Xcel) into the Capital Project Trail Acquisition/Development - Special Funds.

The Public Service Company's (PSCo) West Main Pipeline Project required easements across City-owned Coyote Ridge, Colina Mariposa, and Hazaleus Natural Areas located along South Shields Street between Fort Collins and Loveland and on the Kingfisher Natural Area near Timberline Road. PSCo has agreed to provide \$2,000,000 as compensation for the easements, and as mitigation for the project's community wide impacts. From the PSCo revenues, funding in the amount of \$1,000,000 will be used for the construction of a ten-foot wide concrete regional trail on the east side of Shields Street from Fossil Creek Drive to Trilby Road. Funding in the amount of \$250,000 will also be used for the removal and relocation of the Poudre Trail at the Woodward Technology Center. The remaining \$750,000 of PSCo revenues will be used by Natural Areas for various projects along the Poudre River. These funds were appropriated in the Natural Areas Fund by Ordinance No. 090, 2013.

16. First Reading of Ordinance No. 142, 2013, Authorizing the Appropriation of Prior Year Reserves in the General Fund for the Police Dispatch Radio Console Replacement Project.

The purpose of this item is to appropriate \$250,000 from Camera Radar reserves and \$554,658 from the existing Police Services budget to fund the replacement of Police dispatch equipment that has reached the end of its useful life. The total cost to replace the equipment is approximately \$804,658. The equipment will be procured via City purchasing regulations and procedures to maximize the purchasing value of public funds following a fair and equitable process.

17. First Reading of Ordinance No. 143, 2013, Appropriation of KFCG Reserves for the Purchase of Additional Body Worn Cameras.

Police Services is seeking to appropriate \$182,000 out of the KFCG reserves for the purchase of 40 more body-worn cameras for on-duty police officers.

18. First Reading of Ordinance No. 144, 2013, Authorizing the Acquisition by Eminent Domain Proceedings of Certain Lands Necessary to Construct Public Improvements in Connection with the Horsetooth Road and Timberline Road Intersection Improvements Project.

The purpose of this item is to obtain authorization from City Council to use eminent domain, if deemed necessary, to acquire property interests needed to construct improvements at the Horsetooth Road and Timberline Road intersection.

The Horsetooth Road and Timberline Road Intersection Improvements Project will construct safety and congestion mitigation improvements at the intersection. The project

is planned to begin construction in the summer of 2014 and be completed in the fall of 2014. The project budget consists of both federal and local funds. To construct these improvements, the City will need to acquire certain property interests adjacent to the project area. The acquisitions include right-of-way and temporary easements from thirteen property owners. Timely acquisition of the property is necessary to meet the anticipated construction schedule. Staff fully intends to negotiate in good faith with all affected owners, and is optimistic that all property negotiations can be completed prior to the start of the Project. Staff is requesting authorization of eminent domain for all property acquisitions for the Project to comply with federal acquisition requirements. Eminent domain action will be used only if such action is deemed necessary.

19. Resolution 2013-087 Making an Appointment to the Downtown Development Authority.

This Resolution fills one vacancy on the Downtown Development Authority.

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

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

9. Second Reading of Ordinance No. 131, 2013, Appropriating Prior Year Reserves and Unanticipated Revenue in Various City Funds And Authorizing the Transfer of Appropriated Amounts between Funds or Projects.
10. Second Reading of Ordinance No. 132, 2013, Appropriating Unanticipated Grant Revenue from the Institute of Museum and Library Services in the Museum Fund for “Living with Fire: A Community Responds” Grant Project.
11. Second Reading of Ordinance No. 133, 2013, Appropriating Prior Year Reserves in the Light & Power, Water, Wastewater and Stormwater Funds for the 800 MHz Radio Communication System Capital Project.
12. Second Reading of Ordinance No. 134, 2013, Appropriating Prior Year Reserves in the Water Fund for Two Water Main Replacement Projects.
13. Items Relating to the Fort Collins-Loveland Water District Intergovernmental Agreement.
 - A. Second Reading of Ordinance No. 135, 2013, Authorizing the Mayor to Execute an Amended and Restated Intergovernmental Agreement with the Fort Collins-Loveland Water District, the Fort Collins-Loveland Water District Enterprise, and the City of Fort Collins Water Utility Enterprise for the Delivery of Potable Water.
 - B. Second Reading of Ordinance No. 136, 2013, Authorizing the Mayor to Execute an Intergovernmental Agreement for Water Treatment Services with the Fort Collins-Loveland Water District, the Fort Collins-Loveland Water District Enterprise, and the City of Fort Collins Water Utility Enterprise.
14. Second Reading of Ordinance No. 137, 2013, Designating 1501 Peterson Street as a Fort Collins Landmark Pursuant to Chapter 14 of the City Code.

24. Second Reading of Ordinance No. 128, 2013, Amending Article IV of Chapter 20 of the City Code Pertaining to the Outdoor Storage of Materials.

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

7. First Reading of Ordinance No. 138, 2013, Authorizing the Appropriation of 2014 Fiscal Year Operating and Capital Improvement Funds for the Fort Collins-Loveland Municipal Airport.
8. Items Relating to the 2014 Downtown Development Authority Budget.
 - A. First Reading of Ordinance No. 139, 2013, Being the Annual Appropriation Ordinance for the Fort Collins Downtown Development Authority Relating to the Annual Appropriations for the Fiscal Year 2014 and Fixing the Mill Levy For the Downtown Development Authority for Fiscal Year 2014.
 - B. First Reading of Ordinance No. 140, 2013, Appropriating Proceeds from the Issuance of City of Fort Collins Downtown Development Authority Subordinate Tax Increment Bond, Series 2013A, for the Purpose of Making Certain Capital Improvements Within the Downtown Area of Fort Collins.
15. First Reading of Ordinance No. 141, 2013, Appropriating Unanticipated Revenue from the Public Service Company into the Capital Projects Fund for the Trail Acquisition and Development-Special Funds Project.
16. First Reading of Ordinance No. 142, 2013, Authorizing the Appropriation of Prior Year Reserves in the General Fund for the Police Dispatch Radio Console Replacement Project.
17. First Reading of Ordinance No. 143, 2013, Appropriation of KFCG Reserves for the Purchase of Additional Body Worn Cameras.
18. First Reading of Ordinance No. 144, 2013, Authorizing the Acquisition by Eminent Domain Proceedings of Certain Lands Necessary to Construct Public Improvements in Connection with the Horsetooth Road and Timberline Road Intersection Improvements Project.
25. First Reading of Ordinance No. 145, 2013, Being the Annual Appropriation Ordinance Relating to the Annual Appropriations for the Fiscal Year 2014; Amending the Budget for the Fiscal Year Beginning January 1, 2014, and Ending December 31, 2014; and Fixing the Mill Levy for Fiscal Year 2014.
26. Items Relating to Utility Rates, Fees and Charges for 2014.
 - A. First Reading of Ordinance No. 146, 2013 Amending Chapter 26 of the City Code to Revise Electric Rates, Fees and Charges.

- B. First Reading of Ordinance No. 147, 2013 Amending Chapter 26 of the City Code to Revise Electric Development Fees and Charges. (**Option A or Option B**)
 - C. First Reading of Ordinance No. 148, 2013 Amending Chapter 26 of the City Code of the City of Fort Collins to Revise Water Rates and Charges. (**Option A or Option B**)
 - D. First Reading of Ordinance No. 149, 2013 Amending Chapter 26 of the City Code to Revise Water Plant Investment Fees.
 - E. First Reading of Ordinance No. 150, 2013 Amending Chapter 26 of the City Code to Revise Wastewater Rates and Charges. (**Option A or Option B**)
 - F. First Reading of Ordinance No. 151, 2013 Amending Chapter 26 of the City Code of the City of Fort Collins to Revise Sewer Plant Investment Fees.
 - G. First Reading of Ordinance No. 152, 2013 Amending Chapter 26 of the City Code to Revise Stormwater Plant Investment Fees.
 - H. First Reading of Ordinance No. 153, 2013 Amending Chapter 10 of the City Code of the City of Fort Collins to Revise Floodplain Permit Fees.
27. First Reading of Ordinance No. 154, 2013, Appropriating Funds from the City's General Fund Reserves for Transfer to the Fort Collins Urban Renewal Authority for the Purpose of URA Reimbursements for the Capstone Redevelopment Corporation Summit on College Project.

Councilmember Overbeck withdrew Item No. 17, *First Reading of Ordinance No. 143, 2013, Appropriation of KFCG Reserves for the Purchase of Additional Body Worn Cameras* from the Consent Calendar.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Poppaw, to adopt and approve all items not withdrawn from the Consent Calendar. Yeas: Weitkunat, Cunniff, Horak, Troxell, Poppaw, Campana and Overbeck. Nays: none.

THE MOTION CARRIED.

Consent Calendar Follow-up

Councilmember Cunniff expressed appreciation for staff examining Item No. 15, *First Reading of Ordinance No. 141, 2013, Appropriating Unanticipated Revenue from the Public Service Company into the Capital Projects Fund for the Trail Acquisition and Development-Special Funds Project*. He expressed concern the project builds a trail to nowhere and requested additional details regarding prioritization prior to Second Reading.

Councilmember Reports

Councilmember Cunniff reported on the City/County/PSD Liaison Committee meeting.

Mayor Weitkunat added PSD acknowledged it needs instant command disaster training and is hopeful to work with other agencies to incorporate that training. She also noted shared shop facilities were also discussed.

Councilmember Troxell noted the retail aspects of recreational marijuana will be discussed at future work sessions and added the school district will be providing input regarding the topic.

Mayor Pro Tem Horak reported on the first meeting of the Parking Advisory Board and stated the Board will be working on parking issues related to the MAX project.

**Ordinance No. 143, 2013,
Authorizing the Appropriation of Keep Fort Collins Great Reserves for the
Purchase of Additional Body-Worn Cameras, Adopted on First Reading**

The following is the staff memorandum for this item.

“EXECUTIVE SUMMARY

Police Services is seeking to appropriate \$182,000 from the KFCG reserves for the purchase of 40 more body-worn cameras for on-duty police officers.

BACKGROUND / DISCUSSION

In January 2012, Police Services began researching and testing camera systems worn by the individual police officers. In August 2012, District One Officers deployed two body-worn cameras for testing in the field. Due to the success of these devices, further deployment was presented to Council for approval. Following that approval, a total of 20 cameras were purchased and deployed for full time use by select officers. Those cameras began operation in January 2013. The intent was always to expand the use of the body-worn cameras to increase transparency, accountability and evidence collection offered by this tool. The current request would increase the number of cameras deployed to 60 and covers the cost of equipment, warranty on the equipment and video storage for a period of 5 years.”

Councilmember Overbeck discussed citizen concerns relating to security.

City Manager Atteberry noted a service area request response was provided to Council.

Police Chief Hutto stated the citizen concerns primarily relate to the policy of the body-worn cameras and the policies moving forward. He stated the new technology allows a body-worn camera to capture interactions with citizens. Policies are related to when the cameras will be used and on what types of calls, as well as the retention policies for captured video. The cameras have been used in the City on a trial basis for about a year.

Gerry Becker, Fort Collins resident, expressed concern regarding a lack of information and communication with the public and encouraged Council to provide additional details to citizens.

Cheryl Distaso, Fort Collins Community Action Network, stated the item deserves discussion and expressed concern regarding the current national climate surrounding surveillance. A

community discussion should be held regarding the topic and discussed an ACLU article she sent to Council. She encouraged Council oppose the item until additional public input can occur.

Rebecca Sorber, Fort Collins resident, expressed concern regarding invasion of property issues and asked who would have the responsibility to turn the cameras on and off. She encouraged Council to examine the ACLU article and consider further community input.

Mayor Pro Tem Horak requested information regarding the policies. Captain Christensen replied Fort Collins Police have been using video cameras in vehicles since 1992. He discussed the aforementioned ACLU article and the fact that the existing standard operating procedures meet many of the standards in the article. He stated videos are downloaded into a secure storage system with integrated deletion based on appropriate detention periods. Additionally, officers cannot view other officers' videos nor can an officer delete his own videos.

Councilmember Overbeck requested additional follow-up regarding the policy and suggested a public open house to discuss the technology.

Councilmember Poppaw asked if the policies are currently on the website. Captain Christensen replied the policy exists as a standard operating procedure and is not on the website. He stated it will become part of the policy realm and will then be placed on the website.

Councilmember Troxell made a motion, seconded by Councilmember Poppaw, to adopt Ordinance No. 143, 2013, on First Reading.

Mayor Pro Tem Horak agreed with Councilmember Overbeck regarding public participation and suggested other standard operating procedures be made as transparent as possible.

Councilmember Campana expressed appreciation for the efforts on this project and asked if there is any notification on an officers' body that he is videotaping. Chief Hutto replied there is no notice per se; however, it is obvious when the camera is on an officer and individuals should assume the cameras are on when an interaction is occurring.

Councilmember Cunniff requested an estimation of the schedule for public outreach prior to Second Reading.

Mayor Weitkunat commended the public outreach efforts made by Chief Hutto.

The vote on the motion was as follows: Yeas: Horak, Weitkunat, Troxell, Poppaw, Campana, Overbeck and Cunniff. Nays: none.

THE MOTION CARRIED.

**Ordinance No. 128, 2013,
Amending Article IV of Chapter 20 of the City Code
Pertaining to the Outdoor Storage of Materials, Adopted on Second Reading**

The following is the staff memorandum for this item.

“EXECUTIVE SUMMARY

This Ordinance, adopted on First Reading on September 17, 2013, by a vote of 4-1 (Nays: Troxell; Campana, Horak absent), addresses ongoing exterior residential property maintenance issues that create a negative impact on neighboring properties and that are not currently addressed by existing codes. On First Reading, Council directed staff to make some changes to the proposed ordinance and bring them back for Second Reading on October 15. The changes include:

- The title of the new provision has been changed from “excessive” storage to “improper” storage to clarify that improper storage is not solely a function of the quantity of materials stored.*
- The new provision has been incorporated into the same Code section as another, existing provision dealing with the outdoor storage of construction materials, since both provisions deal with the outdoor storage of materials.*
- The language dealing with health and safety concerns has been eliminated from the new provision since there is already a subsection of the rubbish provisions of the Code that deals with health and safety concerns resulting from an accumulation of materials.*
- The provision has been re-worded so that the presence of at least three of the enumerated problems will constitute a violation.”*

Beth Sowder, Neighborhood Services Manager, discussed the changes made to the Ordinance since First Reading, including the change of the title of the item from “Excessive Storage” to “Improper Storage,” which reflects the fact that improper storage does not necessarily reflect the amount of stored materials. Additionally, the new provision has been incorporated into the same Code section as an existing provision dealing with outdoor storage of construction materials. The language dealing with health and safety concerns has been eliminated from the new part of the Code and brought into an existing section of the rubbish provision. Lastly, the provision was reworded requiring the presence of at least three of the factors to constitute a violation. Sowder went on to discuss the enforcement and appeal process.

Tatiana Martin, Fort Collins resident, thanked staff and Council for the additional public outreach and acknowledged Sowder for securing funds from Larimer County Home Improvement Program ensuring dollars will be specifically set aside for necessary repairs needed by low-income homeowners.

Angie Spangler, Fort Collins Board of Realtors, stated the Board is generally in favor of this item but is concerned about a lack of specificity and fair enforcement.

Greg Ritner, Fort Collins Board of Realtors, stated the Board opposes the addition of the language related to the improper storage of personal property to the City Code due to a lack of specificity. He stated Council has received language changes proposed by the Board and.

Sandy Meckless, 2213 Coventry Court, discussed a dilapidated home in her neighborhood and stated there are raccoons living in the home.

John Stevens, 834 Foxtail Street, commended current Neighborhood Services staff and stated he will work with staff as necessary. He noted a home on his street sold within 30 days despite the concerns voiced by his neighbors.

Heidi Huber-Stearns, 918 Sitka, expressed support for the Code change.

Cindy Bolton, 918 Sitka, expressed support for the Code changes.

Councilmember Overbeck thanked Sowder for finding the resources for low-income residents. Sowder replied there is about \$15,000 available currently and noted a BFO offer could be submitted to increase those funds in the future.

Councilmember Overbeck asked what the average loan amount has been. Sowder replied there is a maximum loan amount of \$1,500 and all three loans distributed thus far have been for that amount.

Councilmember Campana supported the changes and asked if the property or owner is cited and if a lien could be placed on the property. Sowder replied original citations are presented to the property owner, and if not repaired, a civil citation with a fine is issued; however, a lien cannot be placed on properties.

Councilmember Campana asked about a potential postponement of Phase 2. Sowder replied staff has requested a postponement to December 17.

Councilmember Campana commended the work done by the Fort Collins Board of Realtors but supported the language created by staff.

Councilmember Cunniff asked why the language now requires three factors to be met in order for a citation to be presented. City Attorney Roy replied the number three was chosen based on input from Council regarding ensuring the combination of circumstances warranted a citation.

Councilmember Troxell commended the changes made to the Ordinance and requested future reviews of the Code changes. Sowder replied staff has committed to reviewing the effectiveness of the changes.

Councilmember Cunniff made a motion, seconded by Councilmember Overbeck, to adopt Ordinance No. 128, 2013, on Second Reading.

Councilmember Troxell requested staff input regarding the public process for Phase 2. Sowder replied staff will have an updated initial conversation with the stakeholder group and, once ideas are formulated, will return to the group for additional input.

Councilmember Cunniff made a motion, seconded by Councilmember Overbeck, to amend the motion by changing the wording in the Ordinance to require the presence of at least two factors, rather than three, to issue a citation.

Councilmembers Troxell and Campana opposed the amendment.

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

THE MOTION FAILED.

Mayor Pro Tem Horak stated he would support the Ordinance as written.

Mayor Weitkunat commended the changes made to the Ordinance.

The vote on the original motion was as follows: Yeas: Weitkunat, Campana, Overbeck, Troxell, Horak, Cunniff and Poppaw. Nays: none.

THE MOTION CARRIED.

**Ordinance No. 145, 2013,
Being the Annual Appropriation Ordinance Relating to the Annual Appropriations
for the Fiscal Year 2014; Amending the Budget for the Fiscal Year
Beginning January 1, 2014, and Ending December 31, 2014; and
Fixing the Mill Levy for Fiscal Year 2014, Adopted on First Reading**

The following is the staff memorandum for this item.

“EXECUTIVE SUMMARY

This Ordinance amends the adopted 2014 Budget and sets the amount of \$500,514,287 to be appropriated for fiscal year 2014. Including the 2014 adopted budgets for the General Improvement District (GID) No. 1 of \$194,001 and the revised Urban Renewal Authority (URA) budget of \$2,191,746 the total City appropriations amount to \$502,900,034. The Net City Budget, which excludes GID, URA, internal transfers between City funds, is \$398,157,679 for 2014. The Net City Budget, as amended, is allocated to (amounts stated in millions of dollars):

	<i>Original 2014</i>	<i>Amended 2014</i>	<i>Change</i>
<i>Operations</i>	<i>\$441.5</i>	<i>\$451.4</i>	<i>\$9.9</i>
<i>Debt Service</i>	<i>20.5</i>	<i>20.7</i>	<i>0.1</i>
<i>Capital*</i>	<i>26.6</i>	<i>30.8</i>	<i>4.2</i>
<i>Total City Appropriations**</i>	<i>\$488.6</i>	<i>\$502.9</i>	<i>\$14.3</i>
<i>General Improvement District (GID) #1</i>	<i>(\$0.2)</i>	<i>(\$0.2)</i>	<i>\$0.0</i>
<i>Urban Renewal Authority (URA)</i>	<i>(1.8)</i>	<i>(2.2)</i>	<i>(0.4)</i>
<i>Internal Service Funds</i>	<i>(57.5)</i>	<i>(57.7)</i>	<i>(0.3)</i>
<i>Less Transfers to Other Funds</i>	<i>(39.2)</i>	<i>(44.6)</i>	<i>(5.4)</i>
<i>Net City Budget</i>	<i>\$390.0</i>	<i>\$398.2</i>	<i>\$8.2</i>

* Capital dollars reflect non-lapsing capital project budgets

** This includes GID and URA which are appropriated in separate ordinances

This Ordinance also sets the 2014 City mill levy at 9.797 mills, unchanged since 1991.

BACKGROUND / DISCUSSION

City Council adopted the 2013-2014 Biennial Budget and appropriated monies for expenditure in fiscal year 2013. State statutes and the City Charter both require an annual appropriation to cover expenses for the ensuing year (2014) based upon the adopted budget. The Second Reading must be done before the last day of November and is currently scheduled for November 5, 2013.

2014 Revenue Update

The Sales and Use Tax revenue forecast model was updated in July, 2013 with data from the first six months of the fiscal year. Sales tax revenue is still projected to increase 2.6% in 2014 over 2013 collections based on the model and continued cautious optimism of the economy. This not only benefits the General Fund, but also the other dedicated sales and use tax revenues (e.g., KFCG). Light and Power revenue is also expected to come in higher than the original 2014 forecast due to a combination of energy sales and electric development fees. Development review fees collected in 2013 have also been strong and are anticipating similar revenue levels in 2014. A modest use of reserves has also been utilized to fund one-time expenditures.

The following revenue items have been modified since being presented to Council during the September 10, 2013 Work Session:

- Light and Power revenue is now projected to increase \$3.2M over the forecast included in the adopted 2013-2014 Budget. Previously, an increase of \$5.8M had been shown.
- The 4 dedicated Sales and Use Tax revenues have now been included for a total of \$667K. They had been excluded in the work session materials since there were no requests to use that additional revenue. The breakout of the 4 dedicated revenues are as follows:
 - o Open Space, Yes!/: \$104,185
 - o Building on Basics (BOB) Community Enhancements: \$104,185
 - o Pavement Management: \$104,185
 - o Keep Fort Collins Great (KFCG): \$354,229

This table displays a summary of incremental revenue, revision uses, and contributions to fund balance:

General Fund New Revenue		Other	Reserves				Utilities	Total	
Sales & Use Tax	Development Fees	Dedicated Sales & Use Tax	General Fund	KFCG	Utilities	Other	Light & Power Revenue		
Revised Revenue as of Sept. 17 th	\$ 2.0	\$ 1.6	\$ 0.7	\$ 5.2	\$ 0.9	\$ 0.2	\$ 0.1	\$ 3.2	\$13.9

Attachment 1.1: October 15, 2013 (minutes)

Recommended Budget Revisions	(1.5)	(0.3)	0.0	(4.3)	(0.9)	(0.2)	(0.5)	(1.0)	(8.7)*
Revenue saved in fund balance	\$0.5	\$1.3	\$0.7	\$0.9	\$0.0	\$0.0	\$(0.4)	\$2.2	\$5.2

* The total recommended budget revisions of \$8.7M differs from the change in the Net City Budget \$8.2M (shown above in the Executive Summary) due to one of the revisions occurring in an Internal Service Fund and the adjustments shown in the Miscellaneous section at the end of the AIS.

Recommended 2014 Budget Additions

After reviewing the 2014 Budget Revision requests at the September 10, 2013 work session and obtaining guidance from Council, the City Manager is recommending the adjustments listed below to the 2014 Budget. In addition to what was presented to Council the recommended revisions now include an additional \$92,500 for the Fort Collins-Loveland Municipal Airport. Staff was unaware of the continued need for the increased level of contribution included in the airport's 2013 budget until receiving the AIS for the airport.

During the work session a question was asked about the additional \$210K going to the Senior Center and whether that was the right level of incremental support. Staff will provide a follow up memo following the work session, as attached to this AIS. No changes have been included on this line item for First Reading.

Recommended General Fund adjustments total \$1,810,901 (ongoing of \$649,959 and one-time of \$11,160,942) and recommended adjustments to Other Funds total \$6,920,782 (ongoing of \$710,483 and one-time of \$6,210,299)

General Fund:

	<u>Ongoing</u>	<u>One-time</u>
Agenda Management System	\$25,000	
Arthur Ditch Culvert Replacement at Mulberry Pool		500,000
City Attorney Office Staffing (2.5 FTE)*	73,000	
Development Review - IT Systems Staffing (1.5 FTE Contractual)	147,270	
Development Review Staffing (3.0 FTE - Contractual)	200,000	
Fort Collins 150 Year Museum Exhibition		50,000
Medical Marijuana Licensing Expenses	20,000	
Nature in the City		129,700
Park Ranger Salary Revision	20,000	
Police Senior Systems Administrator (1.0 FTE)	108,536	
Potential November 2014 Special Election		175,000
School Resource Officer (1.0 FTE)	56,153	88,742
Train Horn Waiver - College to Laurel		125,000
Incremental Contribution to FC-Loveland Airport**	_____	92,500
Total General Fund Adjustments:	\$649,959	\$1,160,942

* A portion of this Offer is funded by the Water Fund and reflected below

**** The incremental airport contribution reflects the ongoing operational needs of the airport and mirrors the amount contributed in 2013. This was inadvertently omitted from the 2014 Budget Revisions previously reviewed by Council during the September 10th work session**

Other Funds:

	<u>Ongoing</u>	<u>One-time</u>
North College Improvements -- Conifer to Willox		\$4,300,000
PC Replacement Builds (1 FTE - Contractual)		97,000
PFA 2014 Budget Revision Offer		279,760
Senior Center Expansion		210,971
Climate Action Planning		60,000
Museum Local History Exhibit Cases		50,000
Forestry Work Backlog Catch-up		50,000
Inclusionary Zoning for Affordable Housing Analysis and Ordinance Recommendation		60,000
Oil and Gas Inspection and Monitoring Program		30,000
Triple Bottom Line (TBL) Decision Framework & Toolbox		20,000
Light and Power Payments in Lieu of Taxes		262,400
Light and Power Purchase Power		740,168
Fort Collins 150 Year Museum Exhibition		50,000
East-West Transit Connections	260,000	
Evening Hour Service for East-West Transit Connections	240,000	
City Attorney Office Staffing (2.5 FTE)*	<u>210,483</u>	
Total Other Fund Adjustments:	\$710,483	\$6,210,299

* A portion of this Offer is funded by the General Fund and reflected above

Miscellaneous

In addition to the recommended revisions, a few miscellaneous adjustments must be made to correct the 2014 appropriations for recent changes. The additional revenue projected to be received from Sales Tax must be appropriated for transfer to the Natural Areas Fund and Capital Projects Fund. Also, the following "clean-up" items are included in the Amended 2014 appropriations.

- **Art in Public Places (APP) Adjustment: \$20,163**
 - *The original 2014 APP offer was based on projects known at that time. The current proposed adjustment is based on the final 2014 budgeted capital projects and adjustments to how APP is recorded financially, which were approved by City Council in 2012.*

- **Fleet Services Bus Mechanic Position at Transfort: \$67,903**
 - *This position was included in the adopted 2013-14 Budget; specifically in the Transit Fund. This additional appropriation is for the accounting requirements to transfer the budget from the Transit Fund to the Equipment Fund where the expense will occur. This transfer had been inadvertently excluded from the 2013-2014 Budget.*

- *Unfund Offer 125.1 - Recreational Trail Development Funded through New Trail Impact Fee: (\$270,000)*
 - *The original 2013-2014 Budget included an Offer for Recreational Trail Development Funded through New Trail Impact Fee that had been anticipated to be implemented in 2013. That fee has not been approved by City Council so there is no revenue to support that Offer. In 2013 the \$270,000 appropriation in the Conservation Trust Fund was frozen so that budget amount could not be spent. For 2014 the Offer is being unfunded, so it is not included in the Annual Appropriation Ordinance.*

FINANCIAL / ECONOMIC IMPACTS

This Ordinance amends the City Budget for fiscal year 2014 and represents the annual appropriation for fiscal year 2014 in the amount of \$500,514,287. The Ordinance also sets the City mill levy at 9.797 mills, unchanged since 1991.”

City Manager Atteberry discussed the City’s budget process and noted these proposed revisions apply to the second year of the two-year budget cycle.

Lawrence Pollack, Budget and Performance Measurement Manager, reviewed the City’s budget and revision processes and the need to address Council priorities, emerging needs, and responding to operational changes. Pollack detailed the proposed budget revisions and the location of budget information on the City’s website.

Eric Sutherland, 3520 Golden Currant, expressed concern regarding the necessary budget for the MAX rapid transit system and opposed the \$250,000 appropriation for the Boxelder project.

Cheryl Distaso, Fort Collins Community Action Network, supported additional funding for transit and expressed concern regarding adequate east-west connectivity and scheduling for the MAX system.

Gerry Becker, Fort Collins resident, supported additional funding for the transit system.

Mayor Weitkunat emphasized the fact that funds are going to reserves and urgent needs have required some amendments. She requested an examination of Senior Center expansion funds. Marty Heffernan, Director of Community Services, replied the \$210,000 in additional Keep Fort Collins Great funding currently in the Ordinance, along with the funds raised by the fundraising committee, will allow for significant improvements to the original proposal. The unfunded items include approximately \$171,000 to finish the multi-purpose rooms, \$28,000 for an upstairs restroom, \$200,000 for higher-quality furniture and finishings, and \$146,000 for parking lot expansion. Additionally, \$245,000 would allow a glass atrium and an internet café, and \$400,000 would allow the multi-purpose room to be a media/theatre room.

Mayor Weitkunat requested Council consider those additions to the appropriations Ordinance.

Councilmember Campana noted the work session presentation involved different financial calculations in error and stated Council should take those changes into consideration. Mike Beckstead, Chief Financial Officer, discussed the revenue projections which led to the varying figures.

Councilmember Cunniff asked if staff is confident in its revenue projections in other areas. Beckstead replied staff is very confident about the revenue forecasts and noted they are done conservatively.

Councilmember Cunniff asked about the priority of east-west transit connections on the Transportation priority list. Kurt Ravenschlag, Transfort General Manager, replied the east-west connections and corresponding evening service are at the top of the priority list.

Mayor Pro Tem Horak requested the current funding level for Transfort in 2013. Ravenschlag replied it is \$9.6 million for 2013 and will be \$11.6 million in 2014 should this Ordinance pass, which would include seven months of enhanced service with MAX.

Mayor Pro Tem Horak requested the current reserve amount in the General Fund. Beckstead replied the reserve balance at the end of 2012 was approximately \$55 million.

Councilmember Poppaw requested information regarding the reserve policy. Beckstead replied the fund balance is healthy and a large contingency is factored into the figure.

Councilmember Poppaw requested information regarding Senior Center scholarships for low-income seniors. Bob Adams, Recreation Director, replied the program is similar to the youth scholarship program offering discounts; however, individuals are not turned away and are evaluated on a case-by-case basis. He noted a policy will be in place in writing within the next six months.

Mayor Pro Tem Horak supported the inclusion of an additional \$545,000 appropriation to fund the multi-purpose room, upstairs bathroom, furniture, fixtures, and increased parking.

Councilmember Cunniff asked where the new parking would be located. Heffernan replied it will be located on the property to the southwest of the current Senior Center.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Troxell, to adopt Ordinance No. 145, 2013, on First Reading.

Mayor Pro Tem Horak made a motion, seconded by Mayor Weitkunat, to amend the motion to place \$545,000 from General Fund reserves into Senior Center capital expansion.

Councilmember Poppaw commended the individuals who have been fundraising for the Senior Center.

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

THE MOTION CARRIED.

Mayor Pro Tem Horak supported transit but noted a significant change in funding level would be required in order to allow the system to meet community expectations, which would involve increased taxes or elimination of other services. He noted a community conversation will occur on the topic.

The vote on the motion was as follows: Yeas: Campana, Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

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

Items Relating to Utility Rates, Fees and Charges for 2014, Adopted on First Reading

The following is the staff memorandum for this item:

“EXECUTIVE SUMMARY

- A. First Reading of Ordinance No. 146, 2013, Amending Chapter 26 of the City Code to Revise the Electric Rates, Fees and Charges.*
- B. First Reading of Ordinance No. 147, 2013, Amending Chapter 26 of the City Code to Revise the Electric Development Fees and Charges. (Option A or Option B)*
- C. First Reading of Ordinance No. 148, 2013, Amending Chapter 26 of the City Code of the City of Fort Collins to the Revise Water Rates and Charges. (Option A or Option B)*
- D. First Reading of Ordinance No. 149, 2013 ,Amending Chapter 26 of the City Code to Revise the Water Plant Investment Fees.*
- E. First Reading of Ordinance No. 150, 2013, Amending Chapter 26 of the City Code to Revise the Wastewater Rates and Charges. (Option A or Option B)*
- F. First Reading of Ordinance No. 151, 2013, Amending Chapter 26 of the City Code of the City of Fort Collins to Revise the Sewer Plant Investment Fees.*
- G. First Reading of Ordinance No. 152, 2013, Amending Chapter 26 of the City Code to Revise the Stormwater Plant Investment Fees.*
- H. First Reading of Ordinance No. 153, 2013, Amending Chapter 10 of the City Code of the City of Fort Collins to Revise Floodplain Permit Fees.*

The purpose of this item is to adopt the 2014 Utility rates, fees and charges. The approved 2014 City Budget included small gradual rate increases in the electric, water and wastewater utilities. The rate increases being proposed in these Ordinances are consistent with or less than what is shown in the approved 2014 City Budget.

2014 Proposed Rate Adjustments			
Utility	Original 2013-14 Budget	Current Proposal	Fees to Be Adjusted?
Electric	3.5%	2.0%	Yes
Water	4.0%	4.0%	Yes
Waste Water	3.0%	3.0%	Yes
Storm Water	0.0%	0.0%	Yes

The table above shows the overall changes in the operational revenues for each utility. In the discussion below the rate class specific adjustments are given including modest reductions in water and wastewater rates for certain rate classes. At the request of City Council, two options are being presented for water and wastewater rate class specific adjustments (noted as “Option A” and “Option B”).

Fees changes are also being proposed. Increases are proposed for the electric development fees, the stormwater plant investment fees and the floodplain permit fees. Because part of the reason the electric development fees are being proposed to increase is due to a formula correction, two options are being presented for consideration here, (noted as “Option A” and “Option B”). Water and wastewater plant investment fees are being proposed to decrease for standard connections, due to reduced average usage per customer, although the unit costs are proposed to increase.

BACKGROUND / DISCUSSION

A. Proposed Monthly Utility Rate Adjustments

The recommended 2014 rate changes are consistent with or less than what is shown in the approved 2014 City Budget at a utility-wide level. Individual customer increases will vary by rate class and season. All proposed rates would be effective for meter readings on or after January 1, 2014.

Electric Rates - First Reading of Ordinance No. 146, 2013, Amending Chapter 26 of the City Code to Revise Electric Rates, Fees and Charges.

Staff proposes a 2.0% increase in electric rates. This increase is less than in the adopted 2014 budget due to Platte River Power Authority’s rate smoothing and anticipated increase in surplus power sales revenues. The 2.0% increase in Platte River Power Authority’s wholesale rates results in a retail increase of approximately 1.5% for Fort Collins Utility customers. The increased cost for purchased power is passed through to all customer classes in the energy charge for each rate schedule with no change in the associated demand charges. Because the energy charge makes up a larger portion of the overall costs of service for large customer classes, the retail rate increases will be greater for the large commercial and industrial customers than it is for the residential and small commercial classes. In addition, the 2014 retail increase includes the second phase of funding for the Fort Collins Solar Program. This is an additional \$500,000 per year for a total of \$1,000,000 in annual funding for the Council

approved renewable energy program. The \$500,000 is approximately equivalent to a 0.5% retail rate increase. The following graph shows the proposed retail increase by season for each customer class.

Water Rates - First Reading of Ordinance No. 149, 2013 (Option A or Option B) Amending Chapter 26 of the City Code to Revise Water Rates and Charges.

The water rate increases being proposed in these Ordinances are the same as those outlined in the adopted 2014 budget. For the Water Utility a 4.0% increase is requested, with 3.0% being for capital improvements and 1.0% being for ongoing potential expenses related to the High Park Fire. The proposed increase will vary by rate class.

The cost of service study, which forms the basis for allocating costs between rate classes and thereby the rate adjustment for each rate class, was updated in 2013. In the past these cost of service studies have been updated every four years. Going forward these studies will be updated every two years so that changes are smaller and more immediate. The previous cost of service study was done in 2009. In every study some of the operational costs are allocated to rate classes based on the average daily demand of the class. Conservation changes in recent years have varied by rate class resulting in some shifting of costs between rate classes. This has resulted in the proposed 2014 overall increase of 4.0%, varying more than expected by rate class.

Based on the 2013 cost of service study update, rate class specific adjustments have been determined as shown as Option B below. These changes are much larger than 4.0% for some rate classes. In keeping with the rate design principle of gradual adjustment, staff is recommending that the adjustments to the rate classes are introduced with the rate class specific adjustments shown as Option A below. Two options for this Ordinance are being presented for consideration on First Reading, Option A and Option B.

Wastewater Rates - First Reading of Ordinance No. 150, 2013 (Option A or Option B) Amending Chapter 26 of the City Code to Revise Wastewater Rates and Charges

The 3.0% overall rate increase being proposed in these Ordinances for wastewater is consistent with the adopted 2014 budget. As with the water increase, the proposed increase will vary by rate class based on an updated cost of service study and reflects some shifting of costs between rate classes based on average daily usage. The proposed 2014 overall increase of 3.0% based on the cost of service study results in the rate class specific adjustments shown as Option B below. These changes are much larger than 3.0% for the single family residential rate class. Just as in the case of the proposed water rate increase, staff is recommending that the adjustments to the rate classes are introduced with the rate class specific adjustments shown as Option A below. Two options for this Ordinance are being presented for consideration on First Reading, Option A and Option B.

Stormwater Rates

No changes are being proposed for 2014 stormwater monthly rates.

B. Proposed Utility Development Fee Changes

Electric Development Fees - First Reading of Ordinance No. 147, 2013 (Option A or Option B) Amending Chapter 26 of the City Code to Revise Electric Development Fees and Charges

The annual review of the Electric Development Fees indicates that a fee increase is necessary to ensure that development costs are reimbursed fairly and fully by development. The increase this year is the result of both an increase in material costs and the correction of an error in the prior fee calculation. The prior fee rate calculation model was downloading warehouse data for unjacketed 750 MCM cable; whereas, it should have been using data for 220 mil jacketed 750 MCM cable. This correction has a small contribution to the overall proposed increase shown in the tables below.

Staff is presenting the same two options here as were presented to the Energy Board. Option A reflects the full implementation of the increase in 2014. Option B proposes to smooth the portion of the overall increase that is due to the pricing error over a two year period - half in 2014 and half in 2015. The portion of the full 2014 development fee that would not be collected from the development would be subsidized by all electric customers. This fee is reviewed annually, and additional adjustments may be necessary in 2015.

Water Plant Investment Fees - First Reading of Ordinance No. 149, 2013 Amending Chapter 26 of the City Code to Revise Water Plant Investment Fees

The water plant investment fee model has also been updated in 2013. As a result of effective conservation efforts, average consumption per customer has decreased in recent years. The impact of this change in customer behavior is a decrease in the plant capacity necessary to treat the average customer. Because the best general indicator of how much water the average new customer will need is the current consumption of a similar current customer, the result is a decrease in the plant investment fees for standard tap sizes in 2014. Nevertheless, increased capital investments limited the overall benefit of this decrease as the cost per gallon of treatment and delivery will increase in 2014. For connections 3 inches and larger, it is recommended the plant investment fee be based on specific customer requirements. Currently any connection larger than 3 inches is treated this way. Staff is recommending extending this to 3 inch connections in order to maintain consistency between the water and wastewater plant investment fee calculations (see staff recommendation below for more explanation on why this change is being recommended).

Wastewater Plant Investment Fees - First Reading of Ordinance No. 150, 2013 Amending Chapter 26 of the City Code to Revise Wastewater Plant Investment Fees

The wastewater plant investment fee model has also been updated in 2013. As with water, effective conservation efforts have reduced the average consumption per customer in recent years resulting in a decrease in the proposed plant investment fees for standard tap sizes in 2014. The table below summarizes the proposed wastewater plant investment fees.

The second to last row of the table above is highlighted to show the significant increase in the average volume for 3 inch connections and the resulting model increase of 43.9% in the plant investment fee. Rather than treating every new 3 inch service connection by 43.9% through a standard plant investment fee, it is recommended that 3 inch connections be treated the same as larger connections by basing the plant investment fee on specific customer requirements. For

consistency in fee assessments, it is recommended that the same change is made for 3 inch water service connections.

Stormwater Plant Investment Fees - First Reading of Ordinance No. 152, 2013 Amending Chapter 26 of the City Code to Revise Stormwater Plant Investment Fees

Continued capital investment in the stormwater utility increases the value of the stormwater system year over year. This increased system value drives the plant investment fees paid by development to buy into the existing stormwater system up as well. Stormwater plant investment fees were last changed for 2012. The proposed increase for 2014 is 22%.

Floodplain Permit Fees - First Reading of Ordinance No. 153, 2013 Amending Chapter 10 of the City Code to Revise Floodplain Permit Fees

Chapter 10 (Flood Prevention and Protection) of the City Code specifies review fees associated with floodplain administration:

- *An applicant for a floodplain use permit shall pay twenty-five dollars (\$25), see Sec. 10-27(j). Floodplain use permit;*
- *An applicant who is required to furnish a floodplain modeling analysis shall pay an additional fee of three hundred dollars (\$300.), see Sec. 10-27(j). Floodplain use permit; and*
- *An applicant who is requesting a variance shall pay a variance processing fee of three hundred dollars (\$300), see Sec. 10-28(c) - Appeals/variance procedure.*

These fees and their respective dollar amounts have not increased since they were originally adopted (Ordinance No. 037, 2005, March 15, 2005). The current fees do not provide a mechanism to properly account for the significant review times associated with certain types of floodplain reviews including Conditional Letters of Map Revision (CLOMRs), Letters of Map Revision (LOMRs) and variance requests. Stormwater Master Planning and Floodplain Administrative (Stormwater), and staff recommends that a new fee structure be established to better assign costs to floodplain review applicants.

The intent of the proposed floodplain administration review fees is to institute a “user pay” approach wherein an applicant who is requesting floodplain review services pays for those instead of having those costs charged to stormwater utility customers, generally, through existing stormwater service fees. Stormwater staff performed an internal analysis using data collected over the last three years to determine the approximate average amount of staff time associated with specific floodplain reviews. The results show that the current review fees do not appropriately reflect the staff effort necessary to perform the review functions.

The floodplain permit application fee is proposed to increase from \$25 to \$50. The proposed fee structure has categories of review fees that would be collected based on the level of review. In order to promote more complete submittals and reduce the number of floodplain analysis/CLOMR/LOMR reviews, staff has proposed a fee structure that collects an initial fee for up to two reviews. Each additional floodplain analysis/CLOMR/LOMR review after the first two reviews would have a \$500 fee plus \$50 for each review hour over 10 hours. This concept is similar to that used by several other Colorado communities. The variance fee is also proposed at \$1,000 to better reflect the average number of hours (20) of staff review and preparation time

associated with presenting the variance to the Water Board. Please see the attached file named "Proposed 2014 Fort Collins Floodplain Permit Fees.xlsx" for more detail on the proposed fee adjustments.

C. Utility Bill Comparisons

The standard residential customer's bill will increase in 2014 under the proposed rate changes by 4.0% in the summer if Option A is approved for both water and wastewater or 5.0% if Option B is approved for both water and wastewater. During the rest of the year the increase with Option A is 3.4% or 4.2% with Option B. The tables below show the impacts of each of the proposed rate changes on the overall residential utility bill.

FINANCIAL / ECONOMIC IMPACTS

The proposed rate ordinances will increase costs of the typical residential customer receiving electric service by \$1.34 in the Summer and \$0.96 per month for the remainder of the year. The typical residential customer receiving water and wastewater service will see a Summer increase of either \$5.40 or \$7.12 per month and a monthly increase of either \$3.64 or \$4.71 per month for the remainder of the year, depending on which "option" Council adopts.

In general, more frequent and modest rate adjustments minimize the financial impacts of such adjustments to the community. Fort Collins Utilities strives to have such rate adjustments through intermediate and long term financial planning so as to avoid larger or more intermittent rate adjustments which can have more severe impacts to commercial customers on non-calendar fiscal years and residential customers on fixed incomes.

ENVIRONMENTAL IMPACTS

Funding from the proposed electric rate increase will directly increase the amount of solar energy utilized in Fort Collins and allow the Utilities to continue programs and services aimed at meeting the goals and objectives of the Energy Policy and Climate Action Plan. Water rate adjustments provide funding for conservation programs and environmental regulatory compliance.

BOARD / COMMISSION RECOMMENDATIONS

The Water Board was presented the same data as presented here as Options A and B however Staff recommended Option A only, rather than presenting two options. The Water Board did vote unanimously at the September Board Meeting to recommend approval of the proposed 2014 rate, plant investment and permit fee adjustments for the water, wastewater and stormwater utilities. The draft Board minutes are attached.

The Energy Board voted unanimously to support the 2014 Electric rate increase. Staff did present the same options as presented here for the 2014 development fees with the Board unanimously supporting the full increase or Option A for 2014. The draft Board minutes are attached.

Staff is scheduled to present the proposed rate increases to the Economic Advisory Commission on October 16, 2013.

PUBLIC OUTREACH

Notice of the proposed electric rate changes was published in the Coloradoan on October 5, 2013, and a mailing was sent to all city electric customers residing outside of the city limits in accordance with state requirements. Commercial customers have been advised of the proposed increases through community presentations and individual meetings and communications.

Staff plans to conduct outreach to all customers following the adoption of the Ordinances. Each customer's rate class specific adjustments will be presented along with the system average adjustment through social media, print media, and meetings. Commercial customers may contact customer service for specifically their estimated rate adjustments. Residential customers may do a rate comparison through the utility website.

Public meetings in October include a Key Accounts presentation on October 15th and a presentation to the Chamber of Commerce on October 4th."

Councilmember Campana withdrew from the discussion of these items due to a conflict of interest.

Lance Smith, Utilities Strategic Financial Planning Manager, discussed proposed monthly rate adjustments, proposed development fee changes, and rate comparisons with neighboring areas. He noted rate decreases will be proposed where appropriate and stated the proposed changes are being driven by an updated Cost of Service study. Smith detailed the two options for Council consideration, noting Option A is more gradual and therefore recommended by staff.

Smith discussed the two options for Council consideration regarding development fees and comparisons to other communities.

Eric Sutherland, 3520 Golden Curreant, opposed spending on Smart Meters as they do not save money.

Councilmember Cunniff noted multi-family incomes tend to be lower than those of single-family residences and supported lowering the multi-family rates as soon as possible.

Mayor Pro Tem Horak asked about the reserve policy. Smith replied the City has a Financial Management Policy which outlines the minimum required reserves, which are between \$40 and \$50 million. Additionally, there is a long-term capital investment plan and Electric Fund reserves are going to drop significantly over the next five years; however, the goal is to maintain balances higher than minimums.

Councilmember Troxell asked about the rate structure. Mike Beckstead, Chief Financial Officer, replied this rate is modeled on the anticipated price elasticity around tiered rates.

Councilmember Troxell asked about the plan going forward with respect to time of use rates. Smith replied time of use rates were not possible prior to having the Smart Meter AMI infrastructure in place. Staff anticipates proposing a time of use pilot program at some point in 2014.

Mayor Weitkunat asked about Option A versus Option B. Smith replied Option A involves the full implementation in one year, and is therefore the larger of the two increases.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Troxell, to adopt Ordinance No. 146, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Troxell, to adopt Option A of Ordinance No. 147, 2013, on First Reading.

Mayor Weitkunat stated she would not support Option A due to the calculation mistake made by the City; she supported spreading the increase over two years.

Councilmember Cunniff noted the difference would be made up from reserve funds should Option B pass.

The vote on the motion was as follows: Yeas: Cunniff, Horak, Troxell, Poppaw and Overbeck. Nays: Weitkunat.

THE MOTION CARRIED.

Councilmember Cunniff made a motion, seconded by Councilmember Poppaw, to adopt Option B of Ordinance No. 148, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Poppaw, to adopt Ordinance No. 149, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

Councilmember Cunniff made a motion, seconded by Councilmember Poppaw, to adopt Option B of Ordinance No. 150, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Troxell and Poppaw. Nays: Weitkunat.

THE MOTION CARRIED.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Poppaw, to adopt Ordinance No. 151, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Troxell, to adopt Ordinance No. 152, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Poppaw, to adopt Ordinance No. 153, 2013, on First Reading. Yeas: Overbeck, Cunniff, Horak, Weitkunat, Troxell and Poppaw. Nays: none.

THE MOTION CARRIED.

**Ordinance No. 154, 2013,
Appropriating Funds from the City's General Fund Reserves for Transfer to the Fort
Collins Urban Renewal Authority for the Purpose of URA Reimbursements for the
Capstone Redevelopment Corporation Summit on College Project, and Approving a Loan
Agreement for that Purpose, Adopted on First Reading**

The following is the staff memorandum for this item.

“EXECUTIVE SUMMARY

The purpose of this item is to approve a Loan Agreement between the City of Fort Collins and Fort Collins Urban Renewal Authority that will fund the approved \$5 million tax increment financing reimbursement to Capstone Development Partners.

BACKGROUND / DISCUSSION

In September 2011, the Fort Collins Urban Renewal Authority (URA) approved a Redevelopment Agreement with Capstone Development Partners (Developer) for The Summit on College, a mixed-use student housing project in the Prospect South Tax Increment Financing (TIF) District. The Redevelopment Agreement obligated the URA to reimburse the Developer up to \$5 million in a lump sum for eligible project costs. Knowing that the URA would not have sufficient fund balance to make this payment outright, it has been anticipated that the URA would seek a loan from the City of Fort Collins, repaid using tax increment revenue generated by the project over the life of the Prospect South TIF District.

Per the Redevelopment Agreement, the \$5 million reimbursement obligation is due to the Developer upon completion of the project, subject to verification of eligible costs by URA staff. The Developer obtained a Certificate of Occupancy for the project in August 2013, and subsequently submitted its reimbursement request to the URA. Although URA staff is awaiting additional documentation from the Developer to verify several of the costs, once received, the agreement requires the URA to make the reimbursement within 45 business days. The City and URA have negotiated a Loan Agreement, which requires adoption of an Ordinance by City Council and a Resolution by the URA Board; however, this Agreement deviates from the current City interagency loan policy because several estimates made at the time of the Redevelopment Agreement have proven inaccurate, details described below.

Estimates vs. Actuals

When the amount of tax increment generated by The Summit was estimated in 2011, the URA used a methodology based on project costs and assumed 1% appreciation each year, for a total of approximately \$8 million. It was anticipated that the URA would have to borrow from the City to pay the reimbursement to the Developer, and at the time, the financing charge on a \$5 million loan was estimated to be \$2.4 million.

Based on the most recent August 2013 preliminary valuation from Larimer County, the project is estimated to generate \$7 million of tax increment, creating a \$1 million revenue shortfall from the original projection. Additionally, a combination of rising interest over the past two years (adding 71 basis points) and the City’s new interagency loan policy (adding 25 basis points), have increased the expected interest rate on the loan from the City from 4.0% to 4.96%, increasing interest cost from \$2.4M to \$3.8M. Table 1 summarizes the difference between the original estimates and actual numbers:

Table 1

	2011 Estimates	2013 Actuals
Total Tax Increment	\$8 million	\$7 million
Reimbursement Obligation	\$5 million	\$5 million ¹
Financing Cost to URA	\$2.4 million	\$3.78 million
Balance	\$0.6 million	(\$1.78 million)

¹ Subject to final verification by URA staff.

Between the decrease in tax increment revenue and increase in financing charge, the URA would be unable to afford the full debt obligation of a \$5 million loan from the City under current investment policy interest rates. Consequently, City and URA staff have negotiated a loan agreement that allows the URA to uphold its reimbursement obligation to the Developer and remain financially solvent, while making a concerted effort to uphold the City’s interagency loan policy.

Proposed Loan Agreement Terms

The URA cash flow does not support a \$5 million loan from the City, based on current interest rates and the current interagency loan policy. A new loan structure was developed that assigns an interest rate based on the known revenue stream and term, which turns out to be 2.68%. Since City policy would require 4.96% interest, this leaves a gap of \$1.78 million. To fill this gap, the URA commits to pledge 50% of future unencumbered revenue from the Prospect South TIF District to the City.

For example, assume the URA collects \$1 million in revenue from the Prospect South TIF District in a given year, and owes the City a \$400,000 payment (principal and interest) on the Capstone loan; 50% of the remaining \$600,000, or \$300,000, would be paid to the City to help pay down the \$1.78 million interest rate gap. This revenue share structure would continue for the life of the Prospect South TIF District, or until the \$1.78 million is paid in full, whichever happens first.

While City and URA staff support the negotiated loan terms, the variation from current policy is duly acknowledged. Several practices have been put into place since approval of the Capstone Redevelopment Agreement to prevent the need for additional policy exceptions, including:

- *Tax increment estimates are based on Larimer County's estimate of valuation that the Developer provides to the URA; the estimates assume 1% appreciation over the life of the associated TIF District.*
- *Establishing a maximum percentage of tax increment that would be available to reimburse a project that includes a combination of both reimbursable costs to the developer and URA financing costs.*
- *Establishing a maximum tax increment contribution percentage of the total project cost.*

These items, particularly the last two bullets, have been the topic of recent discussions between the City and URA, and staff is scheduled to present more detail to the Finance Committee on October 21, 2013 for further vetting.

Next Steps

Second Reading of this Ordinance is scheduled for November 5, 2013. Also on that night, the URA Board is scheduled to consider a Resolution approving the Loan Agreement, as well as a Resolution that would appropriate the loan revenue to reimburse the Developer.

FINANCIAL / ECONOMIC IMPACTS

Adopting this Ordinance would approve a \$5 million loan from the City of Fort Collins to the Fort Collins Urban Renewal Authority (URA). Funding from the City will come from the General Fund reserves. The URA would be charged an interest rate of 2.68%. Principal and interest payments will be made to the City from tax increment revenue generated by the Prospect South TIF District through 2037. Additionally, the URA will pay the City 50% of the annual unencumbered revenue collected from the Prospect South TIF District, up to \$1.78 million, to repay the difference between agreed-upon 2.68% interest rate and the City's current policy interest rate of 4.96%."

Josh Birks, Economic Health Director, stated this action is part of the final step to fully execute the URA's financial commitment to The Summit project. He discussed the advantages of the project in terms of the City's goals for the area and noted a discussion will be held regarding continual improvement of the process.

Megan Bolin, Economic Health Analyst, stated The Summit project is a catalytic project for the Midtown Area and the Prospect South Tax Increment Financing District. The redevelopment agreement signed in 2011 obligated the URA to reimburse Capstone up to \$5 million for eligible costs once the project is complete. The reimbursement is going toward stormwater infrastructure, energy efficiency upgrades, utility infrastructure improvements and land dedications for easements. Bolin noted this loan agreement deviates from the City's current interagency loan policy because the tax increment generated by the project will be less than estimated and because the methodology is different than that used today, which resulted in a \$1 million revenue shortfall. Additionally, in 2011 the anticipated interest rate the URA would be charged was 4%; however, since that time interest rates have increased to approximately 4.96%.

Bolin stated the City and the URA have negotiated an adjusted interest rate which would allow the URA to remain financially solvent with regard to this project, but still uphold the City's

policy. The proposed loan agreement would commit the City to provide \$5 million to the URA over a 24 year term with an interest rate of 2.86%. This will allow the cost to the URA to match the anticipated revenue. In order to make up the revenue gap for the City, the URA agrees to share future unencumbered revenue that is generated from the Prospect South TIF District.

Eric Sutherland, 3520 Golden Currant, stated the TIF was overestimated on this project as well as the Innosphere project and disagreed that The Summit project provides \$8 million worth of public benefit.

Councilmember Overbeck asked how the 2.86% interest rate was derived. Bolin replied the rate was based on the known revenue stream and the loan term and was made so the URA could afford it.

Councilmember Overbeck asked about the outcome should this item not pass. City Attorney Roy replied he would respond to Council at a later time.

Councilmember Campana commended the creativity of the solution and noted the obligation needs to be fulfilled.

Councilmember Troxell made a motion, seconded by Councilmember Campana, to adopt Ordinance No. 154, 2013, on First Reading.

Councilmember Cunniff opposed this project and the mistake in calculating net revenues and stated the project has not had its desired catalytic effect. He stated he would not support the motion.

Councilmember Overbeck expressed concern regarding the item and stated he would not support the motion.

Councilmember Troxell stated he would support the motion as it is incumbent upon Council to fulfill its obligation.

Councilmember Campana stated Councilmember Cunniff has brought up good points and noted lessons have been learned and can be applied to future projects.

Mayor Weitkunat noted mistakes have been made and will be corrected in the future.

Councilmember Campana noted money is still being made, albeit a lesser amount.

Mayor Pro Tem Horak noted this is a loan agreement and voting against it because of the project's looks is inappropriate. He also argued this item has nothing to do with TIF.

The vote on the motion was as follows: Yeas: Weitkunat, Horak, Troxell, Campana and Poppaw. Nays: Cunniff and Overbeck.

THE MOTION CARRIED.

Other Business

Councilmember Troxell commended the work session visit by Dr. Frank, President of Colorado State University and stated the stadium issue is one of land use within the city and will have an impact on the city. He suggested visiting cities with similar situations in order to allow Council to be better informed. Additionally, he would like Council to direct staff to negotiate with CSU regarding public process, a mitigation agreement, a meeting with the Board of Governors, and visits to other municipalities to learn about impacts.

Councilmember Campana commended the CSU work session and supported Councilmember Troxell's suggestions.

Mayor Pro Tem Horak requested feedback from City Manager Atteberry. City Manager Atteberry replied he believes Dr. Frank is open to any of these suggestions and his team is currently working on a public process plan.

Councilmember Campana noted CSU is hoping to mirror the City's development review process, particularly with regard to public outreach and stated CSU is budgeting for fair impact mitigation.

Councilmember Overbeck discussed the potential of an enforceable intergovernmental agreement with CSU and stated the University of Minnesota would be a good model to examine.

Mayor Pro Tem Horak stated the public process is the most important aspect and questioned whether or not a Council meeting with the Board of Governors would be beneficial; he suggested a smaller meeting with perhaps the Mayor and City Manager.

Councilmember Cunniff stated he does not want to commit the City to spending taxpayer dollars on CSU's project and stated he is uncertain about the necessity for visits to other communities.

Councilmember Troxell stated the Board of Governors needs to understand the importance of the community in this decision.

Councilmember Overbeck stated CSU is having other impacts on the community as well which need to be discussed.

Mayor Pro Tem Horak made a motion, seconded by Councilmember Cunniff, to adjourn until the completion of the URA, GID No. 1, and Skyview GID meetings. Yeas: Horak, Weitkunat, Troxell, Poppaw, Campana, Overbeck and Cunniff. Nays: none.

THE MOTION CARRIED.

Extension of the Meeting

Councilmember Troxell made a motion, seconded by Mayor Pro Tem Horak, to extend the meeting past 10:30 p.m. Yeas: Weitkunat, Troxell, Campana, Horak and Overbeck. Nays: Poppaw and Cunniff.

THE MOTION CARRIED.

Other Business

Mayor Pro Tem Horak made a motion, seconded by Councilmember Troxell, that the Council go into Executive Session for the purpose of meeting with the City Attorney, City Manager, and other affected members of the City staff to discuss potential litigation and related legal issues as permitted under Section 2-31(a)(2) of the City Code. Yeas: Weitkunat, Troxell, Campana, Horak and Overbeck. Nays: Poppaw and Cunniff.

THE MOTION CARRIED.

Adjournment

The meeting adjourned at 11:01 p.m.

Mayor

ATTEST:

City Clerk

Attachment 1.1: October 15, 2013 (minutes)