

AGENDA ITEM SUMMARY

July 18, 2017

City Council

STAFF

Lawrence Pollack, Budget Director
Mike Beckstead, Chief Financial Officer

SUBJECT

Second Reading of Ordinance No. 090, 2017, Reappropriating Funds Previously Appropriated in 2016 But Not Expended and Not Encumbered in 2016.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on July 5, 2017, reappropriates 2016 appropriations authorized by City Council that lapsed at the end of 2016. The authorized expenditures were not spent or could not be encumbered in 2016 because:

- there was not sufficient time to complete bidding in 2016 and, therefore, there was no known vendor or binding contract as required to expend or encumber the monies
- the project for which the dollars were originally appropriated by Council could not be completed during 2016 and reappropriation of those dollars is necessary for completion of the project in 2017
- to carry on programs, services, and facility improvements in 2017 with unspent dollars previously appropriated in 2016.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, July 5, 2017 (PDF)
2. Ordinance No. 090, 2017 (PDF)

AGENDA ITEM SUMMARY

July 5, 2017

City Council

STAFF

Lawrence Pollack, Budget Director
 Mike Beckstead, Chief Financial Officer

SUBJECT

First Reading of Ordinance No. 090, 2017, Reappropriating Funds Previously Appropriated in 2016 But Not Expended and Not Encumbered in 2016.

EXECUTIVE SUMMARY

City Council authorized expenditures in 2016 for various purposes. The authorized expenditures were not spent or could not be encumbered in 2016 because:

- there was not sufficient time to complete bidding in 2016 and, therefore, there was no known vendor or binding contract as required to expend or encumber the monies
- the project for which the dollars were originally appropriated by Council could not be completed during 2016 and reappropriation of those dollars is necessary for completion of the project in 2017
- to carry on programs, services, and facility improvements in 2017 with unspent dollars previously appropriated in 2016.

In the above circumstances, the unexpended and/or unencumbered monies lapsed into individual fund balances at the end of 2016 and reflect no change in Council policies.

Monies reappropriated for each City fund by this Ordinance are as follows:

Fund	2016 Amended Budget	Reappropriation Ord. No. 058, 2017	Additional Reappropriation Request	% of 2016 Amended Budget
General Fund	\$144,587,414	\$948,174	\$360,768	0.7%
Keep Fort Collins Great Fund	30,582,621	691,195	5,000	2.3%
Light and Power Fund	144,568,778	107,933		0.1%
Data and Communications Fund	11,544,230	301,600		2.6%
Utility Customer Service and Administration	18,168,083		40,608	0.0%
TOTAL	\$349,451,126	\$2,048,902	\$406,376	0.7%

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

During the February Council Finance Committee meeting, the Committee requested that the executive team (ELT) review all 2017 reappropriation requests to ensure they were still organizational priorities and compare

those with the other potential 2017 additional funding needs which were also presented during that same meeting.

During the March Council Finance Committee meeting, the Committee voiced concerns with year-to-date sales tax collections and questioned whether all 2016 Reappropriation requests had to be brought forward at that time before having a better understanding of the City's overall revenue picture. ELT then evaluated the original requests and separated them out into those brought forward (totaling \$2,048,902) and those that could be postponed.

In May, Council approved the Reappropriation items brought forward in Ordinance No. 058, 2017. That ordinance contained the majority, but not all the original requests. The remaining items have been further vetted and remain as priorities to be considered for reappropriation. In the vetting process, several items were excluded from consideration due to not being able to complete the work within fiscal year 2017 due to the timing of the second ordinance. All the items included in the remaining 2017 reappropriation request are considered organizational priorities and can be completed in 2017.

The postponed requests were discussed with the Council Finance Committee in its May 2017 meeting, when an update of overall City revenue was discussed. Council Finance Committee is supportive of bringing the remaining 2017 Reappropriation items forward for full Council consideration.

GENERAL FUND

Community Development & Neighborhood Services

1. Development of Transition Standards for Old Town and Downtown Plans - \$30,000 (plus an additional \$5,000 in KFCG totals \$35,000 for request)

Purpose for funds: During the course of both the Old Town Neighborhoods Plan and the Downtown Plan, the community identified several concerns specifically related to architectural design, building height, parking, and other development impacts in the areas of transition between the Downtown and the adjacent Old Town Neighborhoods. The new transition standards created with these funds implement one of the highest priority issues identified in the two Plans.

Reason funds not expensed in 2016: Funds were not fully expended by December 2016 for the Downtown Plan and Old Town Plan since the Downtown Plan vendor did not accomplish specific goals established, and they experienced scheduling issues with respect to delivering their final product. Staff has determined that focusing on this high priority action item, identified in both Plans, would be a fiscally responsible use of the remaining funds and address an issue of community concern.

Environmental Services

2. Advanced Waste Stream Optimization - \$118,785

Purpose for funds: This offer proposed four general tasks to enable the City to become more systematic about managing the community's waste stream for optimal benefit that included systematically evaluating "waste" materials using Sustainable Materials Management (SMM) framework, supporting innovation in waste to clean energy, and focusing on organics, including building regional partnerships/infrastructure. The funds will be used to further these objectives through:

1. Support economic development of recycling businesses/industry cluster in Fort Collins using a competitive process for issuing small grants. (\$60K)
2. Conduct extensive community educational campaign to reduce food waste at the source. (\$20k)
3. Create toolkit and protocol for conducting waste sorts (residential, business, etc.) to easily and regularly audit waste materials and improve diversion practices through reliable local data. (\$10K)
4. Pilot systems analysis research to identify waste-related GHG reduction opportunities (\$28k)

Reason funds not expensed in 2016: The funds that were used supported a broad and diverse number of projects and programs in 2015 and 2016. Several additional strategies that are central to further advancing Sustainable Materials Management were identified but delayed based upon staff availability and alignment with regional planning efforts.

Parks

3. East Park Satellite Shop - \$59,000

Purpose for funds: Funds will be used to purchase supplies and equipment for the satellite shop that will serve the new east park district and Forestry crew. The shop is located at the Bacon park site next to Bacon Elementary school on Timberline Road. When the permanent facility is constructed on the new East Park site these items will be transferred and used at the new permanent location to be built in 2018 or 2019.

Reason funds not expensed in 2016: Funds were not spent in 2016 because the existing house that is being repurposed as a satellite shop will not be available until the tenant moves out in spring 2017.

4. Parks Lifecycle Projects - \$93,655

Purpose for funds: Funds will be used to renovate restroom/storage area at Edora Park and tennis courts at Troutman Park.

Reason funds not expensed in 2016: Funds were not spent at the Edora restroom/storage area because the complexity of the project delayed the bidding process. There were not sufficient funds remaining to replace the tennis courts at Troutman Park. Reappropriated funds will be added to 2017 funds to complete this project.

Social Sustainability

5. Neighborhood Renewal Project - \$59,328

Purpose for funds: These funds were for the Renewal of Neighborhoods in a State of Change BFO Enhancement administered by the Social Sustainability Department. The intent of the offer is to focus public investment in older neighborhoods “in order to stabilize them or begin a restoration process”.

Reason funds not expensed in 2016: Staff planned and implemented a variety of projects from this fund in 2016 which met the goals defined in the original offer. There were additional projects identified to utilize the remaining funds; however, time ran out towards the end of the calendar year and staff was not able to begin the required procurement process needed to utilize the funds. Staff has been working with Purchasing to create an RFP early in 2017 to facilitate a pilot “asset mapping” project in the North College corridor area to design and implement a robust community engagement process and design a strategy document. This will result in a neighborhood vision which will allow immediate action once the funds are re-appropriated.

With recent feedback from residents in the Alta Vista neighborhood regarding the proposed sidewalk construction project, staff envisions a portion of these reappropriated funds will go towards making additional improvements in that neighborhood.

KEEP FORT COLLINS GREAT FUND

Community Development & Neighborhood Services

- 6. **Development of Transition Standards for Old Town and Downtown Plans - \$5,000 (plus an additional \$30,000 in General Fund totals \$35,000 for request)**

Please see description in #1 under General Fund.

UTILITY CUSTOMER SERVICE AND ADMINISTRATION

Utility Technology & Customer Service

- 7. **Cyber Security Consulting Services - \$40,608**

Purpose for funds: IT Application Services for Utilities is currently working with a third party cyber security consultant to help identify any risks in the computing environment/infrastructure that needs to be mitigated for the Utilities Billing System. This vendor will also be performing a cyber security assessment on the Electric SCADA System. The third party consultant (AESI) will be working with Utilities to recommend a good Cyber Security Governance Framework. Staff is now using the previously committed funds after working through a cyber security assessment of the Utilities Billing System. Staff would like to have the remaining \$40,608 of the original BFO approved offer reappropriated for work focused on additional Utilities critical systems. Being able to use these funds would help Utilities to stay ahead of ongoing risks, and improve the cyber security maturity level of the overall Utilities Service Area.

Reason funds not expensed in 2016: During the initial BFO year that the Cyber Security funds were approved (2015), the staff member responsible for carrying out the cyber security program for Utilities was seriously injured in a non-work related accident. She missed many months of work initially, and was not able to return to full-time work until September 2016. As a result, staff was only able to finalize an RFP and select a vendor in late 2016. In addition, staff believes the current vendor did not understand the full requirements of the project, which required additional negotiation and led to further delay. Having these funds will help staff keep moving in this vitally critical area.

CITY FINANCIAL IMPACTS

This Ordinance increases 2017 appropriations by \$406,376. A total of \$360,768 is requested for reappropriation in the General Fund, \$5,000 from the Keep Fort Collins Great Fund and \$40,608 is requested from Utility Customer Service and Administration. Reappropriation requests represent amounts budgeted in 2016 that could not be encumbered at year-end. The appropriations are from prior year reserves.

ATTACHMENTS

- 1. Powerpoint presentation (PDF)

ORDINANCE NO. 090, 2017
OF THE COUNCIL OF THE CITY OF FORT COLLINS
REAPPROPRIATING FUNDS PREVIOUSLY APPROPRIATED IN 2016
BUT NOT EXPENDED AND NOT ENCUMBERED IN 2016

WHEREAS, City Council authorized expenditures in 2016 for various purposes in the General Fund, Keep Fort Collins Great Fund, and the Utility Customer Service and Administration Fund, portions of which were not spent or encumbered in 2016; and

WHEREAS, Article V, Section 9 of the City Charter permits the City Council to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated; and

WHEREAS, Article V, Section 11 of the City Charter requires that all appropriations unexpended or unencumbered at the end of the fiscal year lapse to the applicable general or special fund, except that appropriations for capital projects and federal or state grants do not lapse until the completion of the capital project or until the expiration of the federal or state grant; and

WHEREAS, City staff have determined that the amounts to be appropriated as described herein are available and currently unappropriated; and

WHEREAS, it is in the best interests of the City and its residents to re-appropriate funds for the expenditures below, in furtherance of these expenditures authorized in 2016 for which such appropriated funds were not expended and not encumbered during 2016.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the sum of THREE HUNDRED ONE THOUSAND FOUR HUNDRED FORTY DOLLARS (\$301,440) for the following purposes:

Development of Transition Standards for Old Town and Downtown Plans	\$30,000
Advanced Waste Stream Optimization	118,785
East Park Satellite Shop	59,000
Parks Lifecycle Projects	93,655
Total General Fund	<hr/> \$301,440

Section 3. That there is hereby appropriated for expenditure from prior year reserves in the Keep Fort Collins Great Fund the sum of FIVE THOUSAND DOLLARS (\$5,000) for the following purposes:

Development of Transition Standards for Old Town and \$5,000
Downtown Plans

Introduced, considered favorably on first reading, and ordered published this 5th day of July, A.D. 2017, and to be presented for final passage on the 18th day of July, A.D. 2017.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 18th day of July, A.D. 2017.

Mayor

ATTEST:

City Clerk