

AGENDA ITEM SUMMARY

October 3, 2017

City Council

STAFF

Lawrence Pollack, Budget Director
Darin Atteberry, City Manager
Mike Beckstead, Chief Financial Officer
John Duval, Legal

SUBJECT

First Reading of Ordinance No. 130, 2017, Appropriating Prior Year Reserves and Unanticipated Revenue in Various City Funds and Authorizing the Transfer of Appropriated Amounts Between Funds or Projects.

EXECUTIVE SUMMARY

The purpose of this item 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 2017 annual 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.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

This Ordinance appropriates unanticipated revenue and prior year reserves in various City funds, and authorizes the transfer of appropriated amounts between funds and/or projects. The City Charter permits the City Council to appropriate unanticipated revenue received as a result of rate or fee increases or new revenue sources, such as grants and reimbursements. The City Charter also permits the City Council to provide, by ordinance, for payment of any expense from prior year reserves. Additionally, it authorizes the City Council to transfer any unexpended appropriated amounts from one fund to another upon recommendation of the City Manager, provided that the purpose for which the transferred funds are to be expended remains unchanged; the purpose for which they were initially appropriated no longer exists; or the proposed transfer is from a fund or capital project account in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

If these appropriations are not approved, the City will have to reduce expenditures previously appropriated even though revenue and reimbursements have been received to cover those expenditures.

The table below is a summary of the expenses in each fund that make up the increase in requested appropriations. Also included are transfers between funds and/or projects which do not increase net appropriations, but per the City Charter, require City Council approval to make the transfer. A table with the specific use of prior year reserves appears at the end of the AIS.

Funding	Unanticipated Revenue	Prior Year Reserves	Transfers between Funds	TOTAL
General Fund	\$590,677	\$597,161	\$0	\$1,187,838
Sales & Use Tax Fund	0	511,398	0	511,398
Capital Projects Fund	177,503	0	0	177,503
Light & Power Fund	3,500,000	0	0	3,500,000
Natural Areas Fund	70,000	0	511,398	581,398
Storm Water Fund	123,262	0	0	123,262
Transportation Fund	25,000	500,000	0	525,000
Water Fund	229,613	0	0	229,613
GRAND TOTAL	\$4,716,055	\$1,608,559	\$511,398	\$6,836,012

A. GENERAL FUND

1. Fort Collins Police Services (FCPS) has received revenue from various sources which are being requested for appropriation to cover the related expenditures. A listing of these items follows:

- a. \$4,500 - 2017 Click It or Ticket (aka Seatbelt) Grant - In 2017 FCPS was awarded a Click it or Ticket grant from the Colorado Department of Transportation to pay for officers to work overtime to conduct enforcement activities.
- b. \$12,000 - 2017 High Visibility Impaired Driving Enforcement (HVE) Grant - In 2017 FCPS was awarded a High Visibility Impaired Driving Enforcement grant from the Colorado Department of Transportation to pay for overtime for DUI enforcement during specific holiday time periods.
- c. \$8,000 - 2017 Law Enforcement Assistance Funds (LEAF) Grant - In 2017 FCPS was awarded a Law Enforcement Assistance Fund (LEAF) grant from the Colorado Department of Transportation to pay for overtime for DUI enforcement.
- d. \$500 - 2017 Victim Assistance and Law Enforcement (VALE) Grant - In 2017 FCPS received a supplemental award of \$500 to cover the travel costs associated with the Colorado Organization for Victim Assistance (COVA) conference in October.
- e. \$20,000 - Campus West Connections Facility - FCPS paid for the cost to renovate the new Campus West Connections facility. Since this will be a shared facility, CSU will be reimbursing the City for some of the setup expenses.
- f. \$19,660 - Revenue from Hosted Classes - While providing training, FCPS will rent additional seats for training to other law enforcement agencies. These class fees help offset some of the total training costs.
- g. \$262,795 - Police Overtime Reimbursement - FCPS helps schedule security and traffic control for large events. Since these events are staffed by officers outside of their normal duties, officers are paid overtime. The organizations that request officer presence are billed for the costs of the officers' overtime. 2017 activities included CSU football games, Tour de Fat, Brew Fest, New West Fest and other events. Additionally, FCPS partners with Larimer County to staff events at The Ranch.
- h. \$111,996 – Revenues from fees for requested FCPS records and other miscellaneous revenue - FCPS received revenue in the form of fees for FCPS reports along with other miscellaneous revenue.

FROM: Unanticipated Revenue (2017 Seatbelt Grant)	\$4,500
FROM: Unanticipated Revenue (2017 HVE Grant)	\$12,000
FROM: Unanticipated Revenue (2017 LEAF Grant)	\$8,000

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FROM: Unanticipated Revenue (2017 VALE Grant)	\$500
FROM: Unanticipated Revenue (Campus West)	\$20,000
FROM: Unanticipated Revenue (Miscellaneous Revenue)	\$394,451
FOR: 2017 Seatbelt Grant	\$4,500
FOR: 2017 HVE Grant	\$12,000
FOR: 2017 LEAF Grant	\$8,000
FOR: 2017 VALE Grant	\$500
FOR: Campus West Renovation	\$20,000
FOR: Police Services	\$394,451

2. This request is to appropriate \$477,727 to cover the payment of 2016 Manufacturing Equipment Use Tax rebates (MUTR) made in 2017. In accordance with Chapter 25, Article II, Division 5, Manufacturing Equipment Use Tax Rebates were paid out in July 2017. The rebate program was established to encourage investment in new manufacturing equipment by local firms. Vendors have until December 31st of the following year to file for the rebate. This item appropriates the use tax funds to cover the payment of the rebates.

FROM: Prior Year Reserves (Manufacturing Use Tax Rebate)	\$477,727
FOR: Manufacturing Use Tax Rebates	\$477,727

3. Environmental Services sells radon test kits at cost as part of its program to reduce lung cancer risk from in-home radon exposure. This appropriation would use test kit sales revenue for the purpose of restocking radon test kits.

FROM: Unanticipated Revenue (from radon kit sales)	\$6,462
FOR: Radon Test Kits	\$6,462

4. This request is intended to cover expenses related to land bank property maintenance needs for 2017. As expenses vary from year-to-year, funding is requested annually mid-year to cover these costs. Expenses for 2017 include general maintenance of properties, raw water and sewer expenses, electricity and other as applicable.

FROM: Prior Year Reserves (Land Bank Reserve)	\$11,850
FOR: Land Bank Expenses	\$11,850

5. The Fort Collins Convention and Visitors Bureau (FCCVB) has been awarded an \$87,764 grant from the Colorado Welcome Center through the State of Colorado. These funds will be disbursed by the State of Colorado and directed through the City, pursuant to State of Colorado requirements, then paid to the FCCVB. The grant period will run from July 1, 2017 through June 30, 2018.

FROM: Unanticipated Revenue (grant)	\$87,764
FOR: Fort Collins Convention and Visitors Bureau	\$87,764

6. The City received one metropolitan district application for its review and consideration. As per City policy, the application was accompanied by a non-refundable application fee of \$2,000 and a deposit of \$10,000 to be utilized for the reimbursement of staff, legal and consultant expenses. In order for the funds to be used as such they must be appropriated by City Council.

FROM: Unanticipated Revenue	\$12,000
FOR: Reimbursement of staff, legal and consultant expenses	\$12,000

7. The Parks department received a donation for the 4th of July Fireworks. This request appropriates the donation for the 4th of July celebration at City Park.

FROM:	Unanticipated Revenue	\$25,000
FOR:	4 th of July Celebration	\$25,000

8. The Municipal Court is requesting the use of reserves due to an increase in Court-Appointed Defense Counsel costs. These additional funds are needed due to unanticipated expenses (over and above the budgeted amount) for legal services provided by private attorneys appointed as counsel for indigent defendants on misdemeanor cases. The Court is obligated by law to make these appointments. The number of appointments being made has increased significantly due to a change in state law that occurred after our budget offers for 2017-2018 had been submitted.

FROM:	Prior Year Reserves (General Fund)	\$42,584
FOR:	Court-Appointed Defense Counsel costs	\$42,584

9. The Community and Public Involvement Office (CPIO) has received a Fort Collins Public Media Comcast Grant. In accordance with section 9.5 (A) of the current cable franchise, Comcast is obligated to provide a one-time grant of \$20,000 for streaming equipment and technology to FC Public Media. This grant has been received and equipment will be purchased this year.

FROM:	Unanticipated Revenue (grant)	\$20,000
FOR:	Fort Collins Public Media equipment & technology	\$20,000

10. This request is for the annual transfer from the General Fund to the Parking Fund for the City-paid portion of City employee garage parking permits. This transfer was overlooked during the 2017-2018 BFO budget load process.

FROM:	Prior Year Reserves (General Fund)	\$65,000
FOR:	Transfer to Parking Fund	\$65,000

B. SALES AND USE TAX FUND

1. The sales and use tax revenue received in 2016 was higher than projected and existing appropriations were not adequate to make the full transfer from the Sales and Use Tax Fund to the Natural Areas Fund for the one quarter cent Natural Areas tax. Adjustments to other funds are not needed because the tax revenues are recorded directly into those funds. This item appropriates additional funds in the amount of \$511,398 from prior year reserves for transfer from the Sales and Use Tax Fund to the Natural Areas Fund.

FROM:	Prior Year Reserves (Sales & Use Tax Fund)	\$511,398
FOR:	Transfer to Natural Areas Fund	\$511,398

C. CAPITAL PROJECTS FUND

1. As part of the Underpass Overlay at Foothills Parkway and College Avenue Project, additional funds have been received from the Colorado Department of Transportation (CDOT). The unanticipated revenue is related to construction of the underpass at Foothills Parkway and College Avenue as part of the redevelopment of Foothills Mall. These revenues and the associated cost are for completing the overlay of South College Avenue, which was completed by CDOT in 2016. A portion of the overlay was delayed due to the underpass project, and these funds will reimburse the Foothills Mall developer for those costs.

FROM:	Unanticipated Revenue (Contributions in Aid)	\$100,000
FOR:	Completion of overlay of South College Ave as related to the construction of the underpass at Foothills Parkway and College Avenue	\$100,000

2. As part of the North College Avenue Pedestrian Connection Project, additional funds have been received from a developer for its local street obligation for the improvements that were completed by the City.

Generally, these funds go back into the nearest capital project on the same corridor. The funds are necessary to complete the North College Pedestrian Connection Project.

FROM:	Unanticipated Revenue (Contributions in Aid)	\$77,503
FOR:	Construction of Pedestrian Connections on North College Avenue	\$77,503

D. LIGHT & POWER FUND

1. Based on the current trend of spending on purchased power, Light & Power will need an additional \$3.5M for 2017 to cover the purchases from Platte River Power Authority. This additional cost will be covered by revenues which will be collected from customers for their consumption of electric services.

FROM:	Unanticipated Revenue (fees)	\$3,500,000
FOR:	Purchased Power	\$3,500,000

E. NATURAL AREAS FUND

1. The sales and use tax revenue received in 2016 was higher than projected and existing appropriations were not adequate to make the full transfer from the Sales and Use Tax Fund to the Natural Areas Fund for the one quarter cent Natural Areas tax. (See Sales & Use Tax Fund Item #B1) This item appropriates funds in the amount of \$511,398 transferred from the Sales and Use Tax Fund to the Natural Areas Fund for Land Conservation expenses.

FROM:	Unanticipated Revenue (transfer from another fund)	\$511,398
FOR:	Natural Areas Expenses	\$511,398

2. The Natural Areas Department has been awarded a grant of \$20,000 from the Defenders of Wildlife. This grant will be used to expand our current bison range pasture at Soapstone Natural Area.

FROM:	Unanticipated Revenue (grant)	\$20,000
FOR:	Bison range pasture expansion Soapstone Natural Area	\$20,000

3. The Natural Areas Department received a donation of \$50,000 from Sarah Peacock. This donation will be used to expand our current bison range pasture at Soapstone Natural Area.

FROM:	Unanticipated Revenue (donation)	\$50,000
FOR:	Bison range pasture expansion Soapstone Natural Area	\$50,000

4. The Natural Areas Department is requesting a transfer of funds from a lapsing account to a non-lapsing Capital Project account. The appropriations for the shop expansion in the 2017-18 offer #86.6 were budgeted to the Natural Areas Fund instead of the Capital Projects Fund (amount \$123,750). In addition, this request moves funds loaded on 12/31/16 and from the PO Carryforward to the correct Capital projects fund (\$231,465). The expenses were already moved to the correct business unit. *There will be no increase in appropriations for this request, it is a transfer only.*

FROM:	Existing appropriation Natural Areas Facility Ops (Lapsing)	\$355,215
FOR:	Shop expansion project in the Capital Projects Fund (Non-lapsing)	\$355,215

F. STORM WATER FUND

1. The Utility Drainage System Division received unanticipated funds relating to an insurance reimbursement in order to replace a camera van in the amount of \$123,262

FROM:	Unanticipated Revenue (insurance reimbursement)	\$123,262
FOR:	Replacement of a camera van	\$123,262

G. TRANSPORTATION SERVICES FUND

1. As part of the Fort Collins Bike Share Program, Kaiser Permanente committed to sponsoring the program at \$25,000 for one year, with the possibility of renewing for a second year. This is the second year funding. This \$25,000 contribution will support a one-year sponsorship of 5 accessible bike share bikes and 10 bike docking stations through Zagster Inc., in addition to a bike share equity pilot program, and rider incentive programming.

FROM:	Unanticipated Revenue (grant)	\$25,000
FOR:	FC Bike Share Program	\$25,000

2. The 2017 snow budget has nearly been depleted due to the extremely cold conditions in January, an ice storm in February, and a late spring storm in May that resulted in a significant branch cleanup operation. Overall, there have been nine storms so far in 2017 with 25 inches of snow. Extremely cold temperatures require more deicer material to keep the roads safe, which drives up the cost of snow operations significantly. Extensive snow and ice cutting was required due to the weather pattern where daytime thawing and nighttime freezing caused ice dams, ice potholes, and build-up in gutters causing drain blockages. Additional funding of \$500,000 is requested to provide snow removal services during the winter months from October through December 2017.

FROM:	Prior Year Reserves	\$500,000
FOR:	Snow Removal	\$500,000

H. WATER FUND

1. The Utilities Water Resources Division rents water after first meeting the needs of its customers and other City departments. This adjustment would allocate the unanticipated revenue to offset the expense in the Water Resources Division. Rental revenue equaled \$428,321 and the expense to transfer the water was \$229,613. Only the expense of \$229,613 is being requested (as this was not budgeted for) to be appropriated with the additional \$198,708 going back to the water fund as revenue.

FROM:	Unanticipated Revenue	\$229,613
FOR:	Water Supply Projects	\$229,613

CITY FINANCIAL IMPACTS

This Ordinance increases total City 2017 appropriations by \$6,836,012. Of that amount, this Ordinance increases General Fund 2017 appropriations by \$1,187,838 including use of \$597,161 in prior year reserves. Funding for the total City appropriations is \$4,716,055 from unanticipated revenue, \$1,608,559 from prior year reserves and \$511,398 transferred from other funds.

The following is a summary of the items requesting prior year reserves:

Item #	Fund	Use	Amount
A2	General	Manufacturing Equipment Use Tax Rebate	\$477,727
A4	General	Land Bank Property Maintenance	11,850
A8	General	Court-Appointed Defense Counsel	42,584
A10	General	Transfer for City-paid portion of City employee garage parking permits	65,000
B1	Sales & Use Tax	Transfer of 2016 sales tax revenue for Natural Areas	511,398
G2	Transportation	Snow Removal	500,000
Total Use of Prior Year Reserves:			\$1,608,559

ATTACHMENTS

1. Council Finance Committee Presentation (PDF)



2017 Annual Adjustment Ordinance

Council Finance Committee – September 18, 2017

Mike Beckstead - CFO

The recommended 2017 Annual Adjustment Ordinance is intended to address:

- **2017 unanticipated revenues (e.g. grants)**
- **Appropriation of unassigned reserves to fund unanticipated expenditures associated with approved 2017 appropriations**
- **Should be routine and non-controversial**
- **Items approved by the ordinance need to be spent within fiscal/calendar year 2017**

City-wide Ordinance No. , 2017 increases total City 2017 appropriations by \$6,836k

- **This Ordinance increases General Fund 2017 appropriations by \$1,188k including the use of \$597k in prior year reserves**
 - **\$478k of that is for the Manufacturer's Use Tax Rebate**
- **Funding for the total City appropriations is:**
 - **\$4,716k from additional revenue**
 - **\$1,609k from prior year reserves**
 - **\$511k transferred between funds**

Summary of 2017 Adjustments by Fund

Funding (values in \$k)	Unanticipated Revenue	Prior Year Reserves	Transfers between Funds	TOTAL
General Fund	\$591	\$597	\$0	\$1,188
Sales & Use Tax Fund	0	511	0	511
Capital Projects Fund	178	0	0	178
Light & Power Fund	3,500	0	0	3,500
Natural Areas Fund	70	0	511	581
Storm Water Fund	123	0	0	123
Transportation Fund	25	500	0	525
Water Fund	230	0	0	230
GRAND TOTAL	\$4,716	\$1,609	\$511	\$6,836

Guidance Requested:

- What questions or feedback does the Council Finance Committee have on the 2017 Annual Adjustment Ordinance?
- Does the Council Finance Committee support moving forward with bringing the 2017 Annual Adjustment Ordinance to the full City Council?

ORDINANCE NO. 130, 2017
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING PRIOR YEAR RESERVES AND
UNANTICIPATED REVENUE IN VARIOUS CITY FUNDS
AND AUTHORIZING THE TRANSFER OF APPROPRIATED
AMOUNTS BETWEEN FUNDS OR PROJECTS

WHEREAS, the City has unanticipated revenue and prior year reserves available to appropriate; 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, City staff have determined that the appropriations as described herein are available and previously unappropriated in the funds named within this document; and

WHEREAS, Article V, Section 9 of the City Charter also permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, City staff has determined that the appropriation of the revenue as described herein will not cause the total amount appropriated in the Funds named within this document to exceed the current estimate of actual and anticipated revenues to be received in that fund during any fiscal year; and

WHEREAS, Article V, Section 10 of the City Charter authorizes the City Council to transfer by ordinance any unexpended and unencumbered appropriated amount or portion thereof from one fund or capital project to another fund or capital project, provided that the purpose for which the transferred funds are to be expended remains unchanged; the purpose for which the funds were initially appropriated no longer exists; or the proposed transfer is from a fund or capital project in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance; and

WHEREAS, the City wishes to provide for the expenditures listed below and the City Manager recommends that these expenditures be made.

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 the following funds are hereby authorized for transfer and appropriated for expenditure for the purposes stated below.

A. GENERAL FUND

1.	FROM: Unanticipated Revenue (2017 Seatbelt Grant)	\$4,500
	FROM: Unanticipated Revenue (2017 HVE Grant)	\$12,000
	FROM: Unanticipated Revenue (2017 LEAF Grant)	\$8,000
	FROM: Unanticipated Revenue (2017 VALE Grant)	\$500
	FROM: Unanticipated Revenue (Campus West)	\$20,000
	FROM: Unanticipated Revenue (Miscellaneous Revenue)	\$394,451
	FOR: 2017 Seatbelt Grant	\$4,500
	FOR: 2017 HVE Grant	\$12,000
	FOR: 2017 LEAF Grant	\$8,000
	FOR: 2017 VALE Grant	\$500
	FOR: Campus West Renovation	\$20,000
	FOR: Police Services	\$394,451
2.	FROM: Prior Year Reserves (Manufacturing Use Tax Rebate)	\$477,727
	FOR: Manufacturing Use Tax Rebates	\$477,727
3.	FROM: Unanticipated Revenue (from radon kit sales)	\$6,462
	FOR: Radon Test Kits	\$6,462
4.	FROM: Prior Year Reserves (Land Bank Reserve)	\$11,850
	FOR: Land Bank Expenses	\$11,850
5.	FROM: Unanticipated Revenue (grant)	\$87,764
	FOR: Fort Collins Convention and Visitors Bureau	\$87,764
6.	FROM: Unanticipated Revenue	\$12,000
	FOR: Reimbursement of staff, legal and consultant expenses	\$12,000
7.	FROM: Unanticipated Revenue	\$25,000
	FOR: 4th of July Celebration	\$25,000
8.	FROM: Prior Year Reserves (General Fund)	\$42,584
	FOR: Court-Appointed Defense Counsel costs	\$42,584
9.	FROM: Unanticipated Revenue (grant)	\$20,000
	FOR: Fort Collins Public Media equipment & technology	\$20,000
10.	FROM: Prior Year Reserves (General Fund)	\$65,000
	FOR: Transfer to Parking Fund	\$65,000

B. SALES & USE TAX FUND

1.	FROM: Prior Year Reserves (Sales & Use Tax Fund)	\$511,398
	FOR: Transfer to Natural Areas Fund	\$511,398

C. CAPITAL PROJECTS FUND

1.	FROM: Unanticipated Revenue (Contributions in Aid)	\$100,000
	FOR: Completion of overlay of South College Ave as related to the construction of the underpass at Foothills Parkway and College Avenue	\$100,000
2.	FROM: Unanticipated Revenue (Contributions in Aid)	\$77,503
	FOR: Construction of Pedestrian Connections on North College Avenue	\$77,503

D. LIGHT & POWER FUND

1.	FROM: Unanticipated Revenue (fees)	\$3,500,000
	FOR: Purchased Power	\$3,500,000

E. NATURAL AREAS FUND

1.	FROM: Unanticipated Revenue (transfer from another fund)	\$511,398
	FOR: Natural Areas Expenses	\$511,398
2.	FROM: Unanticipated Revenue (grant)	\$20,000
	FOR: Bison range pasture expansion Soapstone Natural Area	\$20,000
3.	FROM: Unanticipated Revenue (donation)	\$50,000
	FOR: Bison range pasture expansion Soapstone Natural Area	\$50,000
4.	FROM: Existing appropriation Natural Areas Facility Ops (Lapsing)	\$355,215
	FOR: Shop expansion project in the Capital Projects Fund (Non-lapsing)	\$355,215

F. STORM WATER FUND

1.	FROM: Unanticipated Revenue (insurance reimbursement)	\$123,262
	FOR: Replacement of a camera van	\$123,262

G. TRANSPORTATION SERVICES FUND

1.	FROM: Unanticipated Revenue (grant)	\$25,000
	FOR: FC Bike Share Program	\$25,000
2.	FROM: Prior Year Reserves	\$500,000
	FOR: Snow Removal	\$500,000

H. WATER FUND

1.	FROM: Unanticipated Revenue	\$229,613
	FOR: Water Supply Projects	\$229,613

Introduced, considered favorably on first reading, and ordered published this 3rd day of October, A.D. 2017, and to be presented for final passage on the 17th day of October, A.D. 2017.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 17th day of October, A.D. 2017.

Mayor

ATTEST:

City Clerk