



AGENDA ITEM SUMMARY

City Council

STAFF

Kelly DiMartino, City Manager
Travis Storin, Chief Financial Officer
Lawrence Pollack, Budget Director
John Duval, Legal

SUBJECT

Items Pertaining to the Annual Adjustment Ordinance.

EXECUTIVE SUMMARY

A. First Reading of Ordinance No. 102, 2022, Making Supplemental Appropriations from Various City Funds.

B. First Reading of Ordinance No. 103, 2022, Appropriating Prior Year Reserves in Various City Funds.

The purpose of these Annual Adjustment Ordinances is to appropriate dedicated and additional revenues or prior year reserves that need to be appropriated before the end of the year to cover related expenses that were not anticipated, and therefore, not included in the 2022 annual budget appropriation. The additional revenue is primarily from fees, charges for service, rents, contributions, donations, and grants that have been paid to City departments to offset specific expenses.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinances on First Reading.

BACKGROUND / DISCUSSION

These Ordinances appropriate additional revenue and funds received this fiscal year and from prior year reserves in various City funds and authorize the transfer of previously appropriated amounts between funds and/or capital projects. The City Charter permits Council at any time during a fiscal year to make supplemental appropriations of additional revenue and other funds received as a result of rate/fee increases or new revenue sources, such as grants and reimbursements. The Charter also permits Council to provide, by ordinance, for payment of any expense from prior year reserves through a supplemental appropriation. Additionally, it authorizes Council to transfer any unexpended and unencumbered appropriated amount from one fund or project to another fund or project upon recommendation of the City Manager, provided that the purpose for which the transferred funds are to be expended 1) remains unchanged; 2) the purpose for which they were initially appropriated no longer exists; or 3) the proposed transfer is from a Fund or project account in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

The City Manager is recommending the proposed appropriations in these Ordinances and has determined that they are available and previously unappropriated from their respective Funds and will not cause the total amount appropriated from such Funds to exceed the current estimate of actual and anticipated revenues and all other funds to be received in each such Fund during this fiscal year.

If these appropriations are not approved, the City will have to reduce expenditures 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 of unappropriated funds which must be appropriated for expenditure but the transfer will be done administratively. A table with the specific use of prior year reserves appears at the end of this Agenda Item Summary.

Funding	Additional Revenue	Prior Year Reserves	TOTAL
General Fund	\$903,898	\$692,164	\$1,596,062
Data & Communications Fund	0	12,500	12,500
Equipment Fund	104,000	314,847	418,847
Sales & Use Tax Fund	48,076	0	48,076
Natural Areas Fund	48,076	0	48,076
Golf Fund	0	368,348	368,348
CCIP Fund	25,000	0	25,000
Cultural Services Fund	25,000	0	25,000
Water Fund	80,000	0	80,000
Light & Power Fund	4,500,000	0	4,500,000
Transportation Services Fund	442,094	0	442,094
GRAND TOTAL	\$6,176,144	\$1,387,859	\$7,564,003

A. GENERAL FUND

1. Security Classes provided by Emergency Preparedness and Security (EPS)

Revenue collected from security class participants is intended to help offset the cost of providing security training from FRCC for a 3-day Crime Prevention Through Environmental Design (CPTED) class in April and a 5-Day CPTED training in August 2022. This request includes revenue collected between December 2021 - July 2022 and helps offset all class incurred expenses for 2022. This model uses initial investment to prime the pump, using collected fees to supplement ongoing training.

FROM:	Prior Year Reserves (2021 class revenue)	\$13,621
FROM:	Unanticipated Revenue	\$14,290
FOR:	Security Classes	\$27,911

2. Land Bank Operational Expenses

This request is intended to cover expenses related to the land bank property maintenance needs for 2022. Since expenses vary from year to year, funding is requested annually mid-year to cover these costs. Expenses in 2022 include general maintenance of properties, raw water and sewer expenses, electricity, repairs, and other as applicable.

FROM:	Prior Year Reserves (Land Bank reserve)	\$2,750
FOR:	Land Bank Expenses	\$2,750

3. Fort Collins Police Services (FCPS) has received revenue from various sources. A listing of these items follows:

- a. \$36,516 – 2022/2023 BATTLE Grant (Beat Auto Theft Through Law Enforcement) Grant: Police Services was awarded a grant from the Colorado State Patrol to help prevent auto theft in Colorado.
- b. \$44,805 – 2022/2023 Black Market Marijuana Grant: Police Services was awarded the Marijuana grant to support the investigation and prosecution of black market or illegal marijuana cultivation and distribution in the city.
- c. \$75,152 – 2022 Body Worn Camera Grant: In December of 2021, Police Services was awarded a grant to help fund the upgrade of body worn cameras because of the passing of HB 21-1250. This item is to appropriate the money that was received in 2022.
- d. \$11,400 - 2022 Click it or Ticket Grant: In 2021 Police Services 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.
- e. \$7,868 - Contribution to Northern Colorado Drug Taskforce: As a part of the City of Fort Collins contribution to the Northern Colorado Drug Taskforce, any Drug Offender Surcharge, or Court Ordered Restitution that is remitted from Larimer County Court to Fort Collins Police, is then passed along to the NCDTF. Any additional restitution that is collected by FCPS is additionally passed along to the NCDTF.
- f. \$11,400 - 2021/2022 High Visibility Enforcement (HVE) Grant: Police Services was awarded a grant from the Law Enforcement Assistance Fund to pay for overtime for DUI enforcement.
- g. \$15,000 – 2022/2023 HVE Grant: Police Services was awarded a grant from the Law Enforcement Assistance Fund to pay for overtime for DUI enforcement
- h. \$7,682 – 2021 ICAC Grant (Internet Crimes Against Children): In June of 2021 Police Services was awarded the ICAC grant, but the corresponding appropriation was inadvertently excluded from last year's Annual Adjustment Ordinance.
- i. \$300,000 - Northern Colorado Regional Communication Network (NCRCN) Police Radios Upgrades and Repairs: Police Radios have been failing on an increasing level due to aging infrastructure for the Radio Towers in the surrounding area. Information Services is currently working with Motorola and Bearcom to assess the current need, which is still in process. This request is utilizing the dedicated reserves within the General Fund for NCRCN.
- j. \$208,465 - Police Reimbursable Overtime: Police Services help 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 organization who requested officer presence is then billed for the costs of the officers' overtime. Fort Collins Police Services (FCPS) partners with Larimer County to staff events at The Ranch. Police receives reimbursement from Larimer County for officers' hours worked at Ranch events.
- k. \$42,022 - School Resource Officers: Police Services have a contract with Poudre School District to provide officers on location at a majority of the schools for safety and support. The school district pays Police Services based on a predetermined contract amount and also partially reimbursing for overtime incurred. This request is for the previously billed overtime and anticipated overtime for the remaining year.
- l. \$8,962 - DUI Enforcement: Proceeds that have been received for DUI enforcement from Larimer County.

- m. \$96,243 - Police Miscellaneous Revenue: Police Services receives revenue from the sale of Police reports along with other miscellaneous revenue, like restitution payments, evidence revenue and SWAT training.

TOTAL APPROPRIATION

FROM:	Unanticipated Revenue (2022/2023 BATTLE Grant)	\$36,516
FROM:	Unanticipated Revenue (2022/2023 Black Market Marijuana Grant)	\$44,805
FROM:	Unanticipated Revenue (2022 Body Worn Camera Grant)	\$75,152
FROM:	Unanticipated Revenue (2022 Click it or Ticket Grant)	\$11,400
FROM:	Unanticipated Revenue (Northern Colorado Drug Taskforce)	\$7,868
FROM:	Unanticipated Revenue (2021/2022 HVE Grant)	\$11,400
FROM:	Unanticipated Revenue (2022/2023 HVE Grant)	\$15,000
FROM:	Unanticipated Revenue (2021 ICAC Grant)	\$7,682
FROM:	Prior Year Reserves (NCRCN Police Radios Upgrades & Repairs)	\$300,000
FROM:	Unanticipated Revenue (Police Reimbursable Overtime)	\$208,465
FROM:	Unanticipated Revenue (School Resource Officers)	\$42,022
FROM:	Unanticipated Revenue (DUI Enforcement)	\$8,962
FROM:	Unanticipated Revenue (Police Miscellaneous Revenue)	<u>\$96,243</u>
		\$865,515

FOR:	Help prevent auto theft	\$36,516
FOR:	Support the investigation of illegal marijuana cultivation	\$44,805
FOR:	Upgrade body worn cameras	\$75,152
FOR:	Overtime for Seat Belt enforcement	\$11,400
FOR:	Contribution to Northern Colorado Drug Task Force	\$7,868
FOR:	Overtime for DUI enforcement	\$11,400
FOR:	Help prevent Internet Crimes Against Children	\$15,000
FOR:	Police Radios Upgrades & Repairs	\$7,682
FOR:	Police Reimbursable Overtime for events	\$300,000
FOR:	Overtime for School Resource Officers	\$208,465
FOR:	DUI enforcement	\$42,022
FOR:	Police Miscellaneous Revenue	\$8,962
		<u>\$96,243</u>
		\$865,515

4. Radon Kits

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 recover kit sales for the purpose of restocking radon test kits.

FROM:	Unanticipated Revenue (radon kit sales)	\$1,471
FOR:	Radon test kit purchase	\$1,471

5. Manufacturing Equipment Use Tax Rebate

Finance requests the appropriation of \$109,010 to cover the amount due for the 2021 Manufacturing Equipment Use Tax Rebate program as established in Chapter 25, Article II, Division 5, of the Municipal Code. 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 Assignment)	\$109,010
FOR: Manufacturing Use Tax Rebates	\$109,010

6. Restorative Justice Grant

A grant in the amount of \$67,612 has been awarded and received from the Colorado Division of Criminal Justice (DCJ) Juvenile Diversion fund for the continued operation of Restorative Justice Services, which includes the RESTORE program for shoplifting offenses, the Restorative Justice Conferencing Program (RJCP) and Reflect Program for all other offenses. No match is required for this grant. The grant period is July 1, 2022 to June 30, 2023. Restorative Justice Services and its three programs has been partially grant-funded since its inception in 2000. The Council yearly accepts grant funds from Colorado Division of Criminal Justice to support Restorative Justice Services. This grant helps fund youth referred to the program from the 8th Judicial District Attorney’s Office or in lieu of a summons. Since it began, Restorative Justice Services has provided a restorative justice alternative to more than 3,300 young people who committed chargeable offenses in our community.

FROM: Unanticipated Revenue (Restorative Justice Grant)	\$67,612
FOR: Restorative Justice Services	\$67,612

7. Appropriation from prior year reserves for IRS alternative fuel vehicles refund in the Equipment Fund (refer to item C34)

Operation Services applied for, and received, a refund from the IRS for alternative fuel vehicles. These funds were received in 2021 but were inadvertently not included in the 2022 annual appropriation ordinance. This will appropriate these funds from the prior year reserves of the General Fund for an administrative transfer to and expenditure from the Equipment Fund of Operation Services.

FROM: Prior Year General Fund reserves (IRS refund)	\$266,783
FOR: Equipment Fund - Alternative fuel vehicles	\$266,783

8. Unanticipated Revenue and Expense associated with Purchase of Civic Center Condos

In January of 2022 the City of Fort Collins purchased the Civic Center Condos on Mason Street. These condos are leased out with rental payments coming into the City. The management of the condos have come with costs for operations and maintenance (O&M), and additional appropriation is being requested to cover the O&M costs.

FROM: Unanticipated Revenue	\$255,010
FOR: Operations and Maintenance costs	\$255,010

B. DATA & COMMUNICATIONS FUND

1. Accela Permitting System Upgrade

The Information Technology (IT) Department is requesting funds from the Development Tracking Systems (DTS) restricted reserves to fund this unanticipated expense request to upgrade the City's permitting platform system. The City's IT Department recently received notice that the Accela permitting platform will no longer be supported based on the current version the City is utilizing. This is requiring the City to upgrade to the latest version to avoid losing software support and any potential security risks associated with being out-of-date. Upon initiating the upgrade process, staff identified the need for consultant support to assist the City in upgrading its Development, Test, and Production Accela Civic Platform environments. The City intends to contract with TruePoint Solutions, a vendor that has provided Accela support in the past, to provide services as needed, including software installation, pre-installation/upgrade preparation assistance and post-upgrade support. Once completed, the City's permitting platform will be up to date. It

will include a new user interface that offers additional features and functionality not currently available, as well as improve the overall performance of the platform.

FROM: Prior Year Reserves (DTS assignment)	\$12,500
FOR: Accela Permitting System Upgrade	\$12,500

C. EQUIPMENT FUND

1. Unanticipated Fuel Revenue from Price Increase

The price of wholesale fuel has been higher than budgeted. This has in turn also increase the price at which the various City departments will pay for fuel provided by Operation Services. With the anticipated elevated fuel prices for the remainder of the year.

FROM: Unanticipated Revenue	\$50,000
FOR: Fuel price increase	\$50,000

2. Charge Ahead Grant 2022

This is a State of Colorado Charge Ahead grant to install multiple electric vehicle chargers at multiple locations. This grant requires a 20% local match which will come from the Operations Services 2022 operating budget.

FROM: Unanticipated Revenue (Charge Ahead Grant)	\$54,000
FOR: Electric vehicle chargers	\$54,000

3. IRS alternative fuel vehicles refund from General Fund to Equipment Fund (refer to item A7)

Operation Services applied for, and received, a refund from the IRS for alternative fuel vehicles. These funds were received in 2021 but were inadvertently not included in the 2022 annual appropriation ordinance. This will appropriate these funds from the prior year reserves of the General Fund for an administrative transfer to and expenditure from the Equipment Fund of Operation Services.

FROM: Prior Year Reserves (IRS refund)	\$266,783
FOR: Alternative fuel vehicles	\$266,783

4. Equipment Fund Debt Service Payment

The original appropriation for these Certificates of Participation (COPS) was done through Ordinance No. 73, 2022. This request is for the first interest payment owed under the COPs, which payment is due in December 2022. This amount is a one-time payment and will come out of Equipment Fund reserves. This amount was not included in the original Ordinance because it was not anticipated that the first interest payment would be due in 2022.

FROM: Prior Year Reserves	\$48,064
FOR: 2022 interest payment on loan	\$48,064

D. SALES & USE TAX FUND

1. Sales Tax to Natural Areas (refer to item E1)

Sales tax collections were higher than expected in 2021, this is to transfer remaining amount due to Natural Areas Fund.

FROM: Unanticipated Revenue (Sales tax collections)	\$48,076
FOR: Natural Areas Fund land purchase and operations	\$48,076

E. NATURAL AREAS FUND

1. Sales Tax to Natural Areas (refer to item D1)

Sales tax collections were higher than expected in 2021, this is to transfer remaining amount due to Natural Areas Fund.

FROM: Unanticipated Revenue	\$48,076
FOR: Natural Areas land purchase and operations	\$48,076

F. GOLF FUND

1. Golf Fund Debt Service Payment

The original appropriation for the payment of these Certificates of Participation (COPs) was done through Ordinance No. 72, 2022. This request is for the first interest payment owed under the COPs, which is due in December 2022. This amount is a one-time payment and will come out of Golf Fund reserves. This amount was not included in the original Ordinance because it was not anticipated that the first interest payment would be due in 2022.

FROM: Prior Year Reserves	\$80,022
FOR: 2022 interest payment on loan	\$80,022

2. Golf Player Assistant Pay

This is the cost associated with contractual labor payment increases to Golf Professionals for fees associated with the required payment of Player Assistants. The Golf Fund is an enterprise fund and receives no tax dollar support. In 2022, the Golf Division required the contracted golf professionals at all three of the City's golf courses to pay for Player Assistants on the golf course. In the past these positions were filled by volunteers that were reimbursed only with playing privileges. Recent changes in labor laws have required these individuals be paid for the work.

FROM: Prior Year Reserves	\$288,326
FOR: Contractual Labor payment increases	\$288,326

G. COMMUNITY CAPITAL IMPROVEMENT PROGRAM (CCIP) FUND

1. Carnegie Library renovation operations & maintenance support (refer to item H1)

This is the 2022 amount for the operations and maintenance support for the Carnegie Library renovation as part of the Community Capital Improvements Program.

FROM: Unanticipated Revenue	\$25,000
FOR Cultural Services (Carnegie Library)	\$25,000

H. CULTURAL SERVICES FUND

1. Carnegie Library renovation operations & maintenance support (refer to item G1)

This is the 2022 amount for the operations and maintenance support for the Carnegie Library renovation as part of the Community Capital Improvements Program.

FROM: Unanticipated Revenue via transfer	\$25,000
FOR Carnegie Library Operations & Maintenance	\$25,000

I. WATER FUND

1. Bureau of Reclamation 2019 additional amount - Grant Xeriscape Incentive Program

This Bureau of Reclamation grant R19A00169 was awarded to Water Conservation for the Xeriscape Incentive Program. The Bureau has increased that award by \$5,000. The Bureau released the additional funds after having retained the amount for administrative costs. This money goes toward Xeriscape Incentive Program reimbursements for customers.

FROM: Unanticipated Revenue (Bureau of Reclamation grant)	\$5,000
FOR Xeriscape Incentive Program	\$5,000

2. Bureau of Reclamation 2022 - Grant Xeriscape Incentive Program

A Bureau of Reclamation grant was awarded to Water Conservation for the Xeriscape Incentive Program. The full grant award of \$75,000 will be used as customer reimbursements for the program. The match funding requirement will be met by the program participants' required match.

FROM: Unanticipated Revenue (Bureau of Reclamation grant)	\$75,000
FOR Xeriscape Incentive Program	\$75,000

J. LIGHT & POWER FUND

1. Wholesale Purchased Power

Through July 2022 the amount of wholesale purchased power needed for Residential, Commercial & Industrial sales has exceeded the budgeted amount of \$1,833,680. One of the factors for this increase in cost, besides increased demand, is the amount of intermittent energy sold to Fort Collins Utilities as opposed to dispatchable energy. Intermittent energy costs just over twice the amount of dispatchable energy costs. While our costs for wholesale purchased power have exceeded budget, so has our revenue generated by sales of that energy to the rate payers. Through July 2022 revenues are in excess of budget by \$4,469,729.

FROM: Unanticipated Revenue (sales of purchased power)	\$2,000,000
FOR Wholesale purchased power	\$2,000,000

2. Systems Additions & Replacement

Through July 2022 the system additions & replacement budget, which is comprised of several business units, is over budget by \$1,297,000. The related revenues generated from development and upgrades to the electric system are over budget by \$3,894,735 through July 2022.

FROM: Unanticipated Revenue (electric capacity charge)	\$2,500,000
FOR Electric systems additions & replacements	\$2,500,000

K. TRANSPORTATION SERVICES FUND

1. South Timberline Corridor - Fort Collins-Loveland Water District - Reimbursement for Water Line Improvements

Fort Collins-Loveland Water District (FCLWD) agreed to reimburse the City for water line improvements within the footprint of the City's South Timberline Corridor project. FCLWD asked that the City perform the water line improvements as part of the transportation capital improvement project to minimize traffic disruptions. The water line improvements were not required as part of the City's transportation project. The total amount of the reimbursement is \$132,094 and will be credited to the South Timberline Corridor project.

FROM:	Unanticipated Revenue (reimbursement)	\$132,094
FOR	South Timberline Corridor project	\$132,094

2. Shift Your Ride Transportation Demand Management (TDM) Program: Electric Micromobility Pass and Education Series Pilot

The contract with SPIN requires them to pay \$10,000 to the City annually for transportation programs deemed appropriate by staff. These funds will be used to cover printing costs, payroll taxes on the employee SPIN passes, and other expenses associated with the program.

FROM:	Unanticipated Revenue (Vendor payment (SPIN))	\$10,000
FOR	Shift Your Ride TDM Program	\$10,000

3. Streets: Work for Others

The Planning, Development and Transportation Work for Others program is a self-supported program for all "Work for Others" activities within Streets. Expenses are tracked and billed out to other City departments, Poudre School District, CSU, CDOT, Larimer County, developers and other public agencies. The original budget of \$3.0M was an estimate based on scheduled projects and anticipated rates. Due to increased cost of asphalt, fuel, parts, and other materials, an additional \$300,000 is requested to cover costs through the end of 2022. Revenue for performing the work will offset the expense (note: expense will not be incurred without offsetting revenue).

FROM:	Unanticipated Revenue (reimbursement for work done)	\$300,000
FOR	Work for Others program	\$300,000

CITY FINANCIAL IMPACTS

This Ordinance increases total City 2022 appropriations by \$7,564,003. Of that amount, this Ordinance increases General Fund 2022 appropriations by \$1,596,062, including use of \$692,164 in prior year reserves. Funding for the total increase to City appropriations is \$6,176,144 from unanticipated revenue and \$1,387,859 from prior year reserves.

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

Item #	Fund	Use	Amount
A1	General Fund	Emergency Preparedness and Security (EPS) Security Classes	\$13,621
A2	General Fund	Land Bank Operational Expenses	2,750
A3i	General Fund	NCRCN Police Radios Upgrades and Repairs	300,000
A5	General Fund	Manufacturing Equipment Use Tax Rebate	109,010
A7	General Fund	IRS alternative fuel vehicles refund from General Fund to Equipment Fund	266,783
B1	Data & Comm. Fund	Accela Permitting System Upgrade	12,500
C3	Equipment Fund	IRS alternative fuel vehicles refund from General Fund to Equipment Fund (refer to item A7)	266,783
C4	Equipment Fund	Equipment Fund Debt Service Payment	48,064
F1	Golf Fund	Golf Fund Debt Service Payment	80,022
F2	Golf Fund	Golf Player Assistant Pay	288,326
Total Use of Prior Year Reserves:			\$1,387,859

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Not applicable.

PUBLIC OUTREACH

Not applicable.

ATTACHMENTS

1. Ordinance A for Consideration
2. Ordinance B for Consideration