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Finance Committee Meeting Minutes
July 7, 2022, 4-6 pm
Zoom

Council Attendees: Kelly Ohlson, Emily Francis (Acting Chair), Susan Gutowsky

Absent: Julie Pignataro

Staff: Kelly DiMartino, Travis Storin, Tyler Marr, Carrie Daggett, John Duval, Teresa Roche, Clay Frickey, Rachel Rogers, Jennifer Poznanovic, Nina Bodenhamer, Terri Runyan, Ginny Sawyer, Victoria Shaw, Gerry Paul, Sheena Freve, Blaine Dunn, Amanda Newton, Jo Cech, Lance Smith, Dave Lenz, Zack Mozer, Erik Martin, Carolyn Koontz

Others: Jacy Marmaduke, Coloradoan
Kevin Jones, Chamber
Rachel Selby
Jeff Byler, Manager, Pacific North Enterprises
Tamara Seaver and Karlie Ogden, from Icenogle Seaver Pogue

Meeting called to order at 4:00 pm

Approval of minutes from the June 2, 2022, Council Finance Committee Meeting. Kelly Ohlson moved for approval of the minutes as presented. Emily Francis seconded the motion. Minutes were approved unanimously via roll call by; Kelly Ohlson and Emily Francis.

A. Rudolph Farms - Metro District

Clay Frickey, Redevelopment Program Manager
John Duval, Deputy City Attorney

SUBJECT FOR DISCUSSION

Inclusion of Paradigm property into Rudolph Farm Metro District

EXECUTIVE SUMMARY

The purpose of this item is to consider the inclusion of the Paradigm property into the Rudolph Farm Metropolitan District (Metro District) located at Prospect and I-25. The developer of the Paradigm property is also seeking through the City's land use process to change the land use mix for the Paradigm property. This inclusion would allow the District to levy on the Paradigm property a Debt Service Mill Levy of 50 mills and an Operations and Maintenance Mill Levy of 20 mills, or a total of 70 mills, which property taxes would be used by the Metro District to fund the construction, operation and maintenance of public improvements. There is already levied on the Paradigm property by the I-25/Prospect Interchange Metro District a 10 mill levy to be

B. Grocery Tax Rebate Program

Nina Bodenhamer, Director, City Give

Jennifer Poznanovic, Sr. Manager, Sales Tax & Revenue

EXECUTIVE SUMMARY

Established in 1972, the Grocery Tax Rebate is intended to provide financially insecure residents relief from City sales tax charged on purchased food. The program was expanded to include residents within the City's Growth Management Area in 2017.

Per a 2020 Performance & Program Evaluation, participation in Grocery Tax Rebate would benefit from:

- City-wide Centralization of Administration
- City-wide Coordination of Program Outreach
- Simplified Document and Income Verification
- Increased Alignment with Other City Benefit Programs

CURRENT STATE

In 2021, 1,800 Residents applied and received the Grocery Rebate Tax. 89% of applicants are repeat participants from the prior year.

- 2022 Annual Benefit: \$69 Per Resident
- Eligibility: 50% Area Media Income

In spite of robust community outreach and investments in marketing, the Grocery Tax Rebate has historically lackluster enrollment.

Outreach and marketing efforts include but are not limited to:

- Spanish-language Translation of Outreach Materials and Application
- Direct mail, Community Promotion and Marketing
 - Community-wide Poster Distribution
 - Two (2) Ads Per Year, Coloradoan, Op-Ed
- 50+ Community Partners: Distribution of Applications & Promotion

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Council input and the findings of the 2020 Performance & Program Evaluation affirm a commitment to:

- Increase Participation in Income-qualified Programs
- Reduce Barriers to Enrollment
- Realize the Potential of the City's Investment in Get FoCo
- Embed Best Practices & Resident Input

Adjusting the income eligibility from 50% AMI to 30% AMI would reduce the overall pool of applicants. However, would the increased ease in income verification result in a higher response rate?

BACKGROUND/DISCUSSION

Over the past years, revisions to the Code language which govern the Grocery Tax Rebate have been made to demonstrate responsiveness to resident input and program design:

- Revision to the Payment Definition to Allow Future Alternatives
- A Shift in Window of Service from Seasonal to Annual
- Adjusted Definition of "Households"
- Removed Federal Income Tax as the Sole Income Verification Source

Yet, the program continues to represent low participation rates. Four (4) options are presented with the rationale, risks and benefits of each:

- Option #1: Maintain Grocery Tax Rebate Income Eligibility at 50% AMI
 - Outstanding Benefit: An estimated resident pool of 18,000
 - Potential Risk: Income Tax Returns serve as the Sole Option for Income Verification: 30% - 50% AMI
- Option #2: Adjust Grocery Tax Rebate Income Eligibility to 30% AMI
 - Outstanding Benefit: Applicants Immediately Eligible for other City Benefits: Recreation, Spin Access, Reduced Cost Internet via Get FoCo
 - Potential Risk: A Reduced Participant Pool: 12,000 Eligible Residents
- Option #3: Adjust Grocery Tax Rebate Income Eligibility at 60% AMI
 - Outstanding Benefit: Income Verification Piggybacks on State Program
 - Potential Risk: Resident Familiarity with Low Energy Assistance Program (LEAP)
- Option #4: Adjust Grocery Tax Rebate Income Eligibility to 80% AMI
 - Via Household Addresses Linked to Affordable Housing Properties
 - Additional Financial, Technological and Operational Exploration Required

DISCUSSION / NEXT STEPS:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

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Kelly Ohlson; I do prefer a higher number like 60% AMI. I have lived most of my life in that demographic so that is kind of a minimal number for me. I don't think we have put new taxes on food since the 80's. Can you confirm?

Travis Storin; yes, that is correct - Restaurant consumption is on the whole amount 3.85%

Kelly Ohlson; we are trying to balance that out - we get quite a bit of revenue from the base – I am interested in 60%. I don't follow at all how we are going to verify that

Nina Bodenhamer; the success of the Get FoCo app depends on piggybacking – so we are using federal, state, or regional benefit programs. A resident who is participating in SNAP has an EBT card. They log into their account while they are at Get FoCo – take a snapshot of that screen and the verification of that account tied to the resident verification qualifies them at 30% AMI. With the 60% AMI option, that is also the standard for LEAP – so someone who qualifies for LEAP would receive a notice from the Colorado Low-income Energy Assistance Program - they upload the LEAP confirmation letter they received via email and when the text reader sees it and they are established at 60%.

The other option is Income Qualified Assistance Program (IQAP) for Fort Collins Utilities which also uses LEAP as a 3rd party verification/ qualifier. The LEAP letter opens the door to city benefits. If they are enrolled in the reduced utility rate program, it is natural for them to enroll for the Grocery Store Rebate at the same time.

Kelly Ohlson; I am focused at the moment on Option 3. I am curious what staff would recommend.

Nina Bodenhamer; I am excited about the 60% AMI and my reason is for one it was illuminated by your and Emily's hard questions at Council. I love the challenge to come back with another pathway. My operational goal is to make the application process easy for residents and 60% accomplishes that. Increasing the ceiling and making it easy, means we may have many more applicants than the current budget plans for.

Jen Poznanovic; I would say it really depends on what the Council is looking for - the income tax returns are a big barrier, and we aren't seeing as many families participate. Historically, over 80-90% are repeat applicants, over 50% are 65 and older so typically folks who have more time on their hands and are used to the process of giving us their tax return as part of the application process.

Kelly Ohlson; if this is the direction a majority of Council approves then it is up to us to prioritize the budget because we do bring in a lot of money from sales tax on food maybe some of the revenue from food goes back to those who need it the most.

Travis Storin; when I think about the 18,000 residents who are eligible for today's program relative to the 1,800 who participate - we can do a lot better than that (10%). We have really reached our limit on outreach - we have done everything we can in terms of promotion and awareness of this program, yet we still see low participation rates. I support the conclusion that the application verification process itself is creating barriers to participation. The more we can peg our programs to state and regional programs like LEAP then we are making it easier for our resident and expedites the process. 30% AMI is easy street - 31-60% AMI tranches can be tricky but I think Option 3 is viable right out of the shoot and you can keep Option 4 in mind. Once we see the efficacy at 60% AMI the dollars do start to grow. It is a humble \$100K program today and we want to daylight for Council's consideration that it would come at a cost to drive to substantially higher participation. I think we can manage that at 60% and that would be a good place to monitor to see if we could do 80%.

Emily Francis; when we send a rebate it is city funds, correct.

Nina Bodenhamer, yes

Emily Francis; I don't understand why we make people prove to us they are low income. How much does it cost for us to administer this program?

Travis Storin; we have one staff member with a 25-hour part time schedule for 12 months. \$50K range - so relative to the \$100K of benefits going out it is costly.

Nina Bodenhamer; the current benefit is \$69 per resident. So, a single parent with 4 children would receive 5x \$69 (\$345)

Emily Francis; there are not a lot of people who would game the system for \$60.

As a city, we say we want to reduce barriers, yet we are still going to make you prove that you are low income. It is just counter intuitive to me. If we don't have state and federal limitations on how we administer the program, and the funds then why are we putting that on ourselves?

Travis Storin; I assess a different risk around the potential for abuse – they are people who qualify technically because a business can run on a different tax return, etc. A person can qualify on the face of the form but can actually be a person who has means. I would worry that by having no qualification, we would open ourselves up to larger levels of abuse.

Emily Francis; I just doubt that there would be enough abuse that we would need to warrant the staff time to do this. Which will cost us more, the 20 people who abuse it or having full time staff work on it. I don't understand how we say we want to remove barriers and we have complete control of these programs, yet we are still going to make people prove they are low income. I just think it is something for us to think about and consider.

My other question is related to the grocery bag waiver – why can't we just follow the same guidelines at the register and not charge them sales tax on food.

Nina Bodenhamer; this has come up with our Get FoCo partners as well - we aren't there yet with the technology. To address your other question regarding income verification – your philosophical position is that we may not be there yet as a city, yet it is the same direction we were heading with the development of Get FoCo. How do we make it easiest for our residents, non-threatening, warm, responsive, and not a burden in terms of time? So, right now the benefit of the Get FoCo app in its entirety is that when a resident establishes a need – that is a gateway to a host of other programs not just the grocery tax rebate. We have the recreation discount which is a gateway to reduced cost childcare so there is a lot that happens once someone does establish need. The reason we designed this app was to reduce repetitive proving of income, to reduce the uncomfortable cultural barriers that we place on residents. We are moving in a positive direction – we have made this easy – if you were applying for the recreation discount, to apply for the grocery tax rebate program would simply be a click on a box because your income is already verified. We have this whole section to quick apply for a list of programs. If I qualify for one then I qualify for all - so we are moving in this progression. In a future world, how else can that designation be used – for example the grocery tax - how do we create that space where we could eliminate the tax instead of rebating it?

Emily Francis; we spend so much time talking about how we operate to get to our goals – those processes aren't necessarily serving us – how do we get to the same end goal but in a different way. The 4 options are great, but they don't address the larger issue, the larger policy direction. So, with the 60% AMI – SNAP is one way but can be a pain to qualify for in the first place. I think it would be helpful to list all of the ways a person can qualify. During Covid with all the rent assistance, if you were a case manager for someone you could provide a letter saying someone was being paid in cash.

Nina Bodenhamer; right now, in the app, we accept the SNAP EBT card, Women, Infants and Children (WIC) card, American Connectivity Program formerly Emergency Broadband Benefit (EBB), a PSD free or reduced lunch program letter, LINK the income qualified assistance program in our own utilities Medicaid – we are warming up to – cards have no expiration date so that represents a separate issue but is a simple approach, a letter from a provider from county, state, or other benefit programs. And SPIN (bike and scooter share) community access pass and their verification is at 30% AMI. Their verification is through their own platform which was created by Code for America.

Emily Francis; we need to think about other verifications that aren't tied to government.

Nina Bodenhamer; I accept that challenge

Emily Francis; we could do a pilot with the grocery food tax rebate and see how it goes

Kelly Ohlson; that is where I am at -I would be open to what you are suggesting - a pilot using the grocery store tax rebate- I like to have some recourse to go after the cheaters and eliminate them from the system.

Nina Bodenhamer; I do think they are some important gates

I would like to leave today with a recommendation for verification. We have a team in place with rebate. The 60% option still leverages the Get FoCo app. What does the success rate look like when we just make it easy on applicants? What if we relieved the income verification? How does that operationalize? I am looking for direction today on a percentage with our idea of 60% AMI

Kelly Ohlson; let's put this in some type of resolution because players on Council change. Then we have it in writing with our idea at 60% AMI for a certain time period if we need to go through one full cycle to evaluate how the system recommended by staff works. Staff could at the same time work on alternatives for us to consider – that way we don't waste a year of the new system and then take 9 months – that they happen concurrently – so we consider after we see how this works.

Emily Francis; I think that would be fine – so, 60% AMI and the language that Kelly said.

I appreciate your teams work so much and our language around this is going to be easy – making it easier for some people- we are forgetting a lot of people who it is not easier for

Nina Bodenhamer; it will be easy for households who know how to navigate public systems, have internet access. I would like to see us Increase participation in that space.

Susan Gutowsky; reference to the open system - I think with any system there are always folks who will game it – looking at all of the recovery money that was distributed - lots of money with very little oversight and lack of accountability. I don't know how you would spot the people who not playing fairly unless you have some sort of check, some way of verification. It would make me very uncomfortable to have an open system and trust everyone to be honest. Once you verify your income,

it does open doors to other resources – it would benefit the city to have that done and don't think it would be a huge burden for those who want to apply. It is human nature across the board.

Travis Storin; summary

- Support for Option 3
- Fashioning this as a pilot and in parallel develop options that expand beyond the federal and state qualifications up to and including dropping the qualification entirely. We can capture that in the ordinance language that staff is continuing to study this and is not waiting for a year to start developing new programs
- Some reference to a timetable -appropriate amount of time to evaluate

Emily Francis; when this comes to Council, can you provide more information about the Medicaid part and other alternatives?

Kelly Ohlson; are these programs (Medicaid / SNAP for example) permanent? Do federal and state governments ever take people off these programs?

Nina Bodenhamer; the Medicaid card can be inactive - there is no date on the card, so you don't know if the card is active or not. SNAP / EBT – residents can log into their account, and it is an active account. Medicaid doesn't have that option.

Emily Francis; income verification for SNAP is done annually

Nina Bodenhamer; we haven't established what that cadence is yet for Get FoCo Qualified last year - We can adjust when they were last verified and track when they have been active and what they have qualified for. LEAP / IQAP – what does that do to our overall cross pollination of these programs? Get FoCo a gateway to multiple city benefits

C. Capital Projects – Inflationary Impact (All Projects)

Sheena Frève, Senior Analyst, Financial Planning & Analysis

Gerry Paul, Director of Purchasing

EXECUTIVE SUMMARY

Inflation is currently at historically high levels, with the consumer price index (CPI) increasing by 8.6% from May 2021 to May 2022. Inflation in the construction industry is increasing at even faster pace, rising by 10% to 17% over the past year. Adding to the problem, the supply chain is experiencing pressure caused by higher costs and much longer lead times. The impact on the City can be seen in recent requests for supplemental appropriations for capital projects by Community Services, Planning, Development & Transportation, and Utilities.

The City anticipates continued pressure and has identified projects at risk due to inflation. The expectation is that most funding shortfalls will be addressed through the 2023/2024 budget process or through changes in scope, decreased levels of service, or delays impacting implementation and future projects. At the same time, inflation is offset by higher City revenues through increased sales tax receipts and investment income. Over the next five years, the Bipartisan Infrastructure Law will allocate billions of dollars to the state and local governments in Colorado. This may cause increased pressure on construction costs.