



AGENDA ITEM SUMMARY

City Council

STAFF

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

SUBJECT

Items Pertaining to the Annual Adjustment Ordinance.

EXECUTIVE SUMMARY

The purpose of these Annual Adjustment Ordinances is to appropriate 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 2023 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.

- A. First Reading of Ordinance No. 122, 2023, Making Supplemental Appropriations in Various City Funds.
- B. First Reading of Ordinance No. 123, 2023, Appropriating Prior Year Reserves and Authorizing Transfers in Various City Funds.

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 City 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.

The City Manager is also recommending the proposed transfers of existing appropriations in these Ordinances and has determined that the purposes for which these transferred funds are to be expended remains unchanged.

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.

These items were presented to the Council Finance Committee (CFC) on September 7. During the discussion, questions were raised about item C8-College and Cherry Railroad Crossing Replacement. The description of that item below has been updated to address the inquiry from the CFC.

The table below is a summary of the expenses in each fund that make up the increase in the requested appropriations. Also included are transfers between funds, which do not increase net appropriations, but per the City Charter, require Council approval to make the transfer. 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	Transfers from Reserves	TOTAL
General Fund	\$750,530	\$64,600	\$560,417	\$1,375,547
Transportation Services Fund	1,164,250	0	0	1,164,250
Capital Projects Fund	988,168	0	0	988,168
Transportation CEF Fund	0	200,000	0	200,000
Recreation Fund	0	112,183	0	112,183
Golf Fund	14,600	138,915	0	153,515
Perpetual Care Fund	0	0	39,064	39,064
GRAND TOTAL	\$2,917,548	\$515,698	\$599,481	\$4,032,727

A. GENERAL FUND

1. **Fort Collins Police Services (FCPS)** has received revenue from various sources. A listing of these items follows:
 - a. \$18,000 – 2023/2024 BATTLE Grant (Beat Auto Theft Through Law Enforcement): Police Services was awarded a grant from the Colorado State Patrol to help prevent auto theft in Colorado.
 - b. \$34,000 – 2022/2023 BATTLE Grant Supplemental (Beat Auto Theft Through Law Enforcement): 'The Property Crimes division of Police Services has been awarded an additional \$34,000 on top of the original \$36,516 grant to fund additional overtime to help investigate auto theft in Northern Colorado.
 - c. \$12,000 - 2023 Click it or Ticket Grant: 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.
 - d. \$201,363 - Police Information Services encountered an issue with the 9-11 dispatch servers that ran the system. Because of this, it was discovered that the server licenses needed to be upgraded. This appropriation is equal to Larimer County and Loveland's contribution for the upgrade.
 - e. \$16,000 - 2023/2024 High Visibility Enforcement (HVE) Grant: Police Services was awarded a grant from the Law Enforcement Assistance Fund to pay for overtime for DUI enforcement.

- f. \$11,445 – 2022-23 ICAC Grant (Internet Crimes Against Children): Police Services was awarded the ICAC grant to help fund training and equipment to investigate internet crimes targeted at children.
- g. \$31,291 – 2019 JAG Grant: Police Services was awarded \$31,291 for a grant to help fund overtime to investigate illegal drug use and sales. This grant has been spent and the grant period is now closed, however after an extensive audit it was determined that the appropriations were never completed. This is to retroactively appropriate the funds and then close the account.
- h. \$110,484 - 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.
- i. \$202,799 - 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.
- j. \$40,591 - 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.
- k. \$8,732 - DUI Enforcement: Proceeds that have been received for DUI enforcement from Larimer County.
- l. \$32,339 – 2023/2024 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.

TOTAL APPROPRIATION

FROM: Additional Revenue (2023/2024 BATTLE Grant)	\$18,000
FROM: Additional Revenue (2022/2023 BATTLE Grant supplemental)	\$34,000
FROM: Additional Revenue (2023 Click it or Ticket Grant)	\$12,000
FROM: Additional Revenue (Partner Agency Contributions for SQL Server upgrades)	\$201,363
FROM: Additional Revenue (2023/2024 HVE Grant)	\$16,000
FROM: Additional Revenue (2022/2023 ICAC Grant)	\$11,445
FROM: Additional Revenue (2019 JAG Grant)	\$31,291
FROM: Additional Revenue (Police Miscellaneous Revenue)	\$100,484
FROM: Additional Revenue (Police Reimbursable Overtime)	\$202,799
FROM: Additional Revenue (School Resource Officers)	\$40,591
FROM: Additional Revenue (DUI Enforcement)	\$8,732
FROM: Additional Revenue (2023/2024 Black Market Marijuana Grant)	<u>\$32,339</u>
Total:	\$719,044

FOR: Help prevent auto theft	\$52,000
FOR: Overtime for Seat Belt enforcement	\$12,000
FOR: 911 Dispatch server licenses upgrade	\$201,363
FOR: Overtime for DUI enforcement	\$16,000
FOR: Help prevent Internet Crimes Against Children	\$11,445
FOR: Investigate illegal drug use and sales	\$31,291
FOR: Police Miscellaneous Revenue	\$100,484
FOR: Police Reimbursable Overtime for events	\$202,799
FOR: Overtime for School Resource Officers	\$40,591
FOR: DUI enforcement	\$8,732
FOR: Support the investigation of illegal marijuana cultivation	<u>\$32,339</u>
Total:	\$719,044

2. Manufacturing Equipment Use Tax Rebate

Finance requests the appropriation of \$61,000 to cover the amount due for the 2022 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 Assign)	\$61,000
FOR: Manufacturing Use Tax Rebates	\$61,000

3. Mobile Home Park Backflow Preventer Project Larimer County Additional Grant Funds

The Neighborhood Services Department received an American Rescue Plan Act Immediate Needs Grant from Larimer County in the amount of \$132,500 for the purpose of funding backflow preventer projects in mobile home parks. The City contracted with Top Notch Plumbing, who conducted this work in May and June of 2023 at Nueva Vida and Hickory Village Mobile Home Parks. The total project cost was \$147,880, which exceeds our grant by \$15,380. On July 19, 2023, the Board of County Commissioners unanimously agreed to fund the full project cost. All agreements have been approved and signed, and payment from the County to the City via check is in process.

FROM: Additional Revenue (ARPA Grant through Larimer County)	\$15,380
FOR: Mobile Home Park Backflow Preventer Project	\$15,380

4. Land Bank Operational Expenses

This request is intended to cover expenses related to the land bank property maintenance needs for 2023. Since expenses vary from year to year, funding is requested annually mid-year to cover these costs. Expenses in 2023 include general maintenance of properties, raw water and sewer expenses, electricity, repairs, and other as applicable.

FROM: Prior Year Reserves (Land Bank reserve)	\$3,600
FOR: Land Bank Expenses	\$3,600

5. 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: Additional Revenue (radon kit sales)	\$1,986
FOR: Radon test kit purchase	\$1,986

6. Transfer of remaining Gardens Reserve from General Fund to Cultural Services Fund

Gardens on Spring Creek was moved from the General Fund to the Cultural Services Fund. This transfers the residual assigned balance in the General Fund to Cultural Services

FROM: Prior Year Reserves (Gardens on Spring Creek Reserve within the General Fund)	\$560,417
FOR: Administrative transfer to the Cultural Services Fund	\$560,417

7. Forestry Additional Revenue

Forestry had additional revenue earned in 2023 and is requesting an adjustment to the budget to utilize revenues related to Payments in Lieu and Work for Others.

From 1/1/23 to 8/18/23, forestry has performed \$6,905 worth of work for others and has received \$7,215 for payments in lieu.

FROM: Additional Revenue (Payments in Lieu and Work for Others)	\$14,120
FOR: Forestry operations	\$14,120

B. TRANSPORTATION SERVICES FUND

1. 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 \$3.1M was an estimate based on prior years budget. Due to unanticipated projects and equipment/parts needs, and higher cost of materials, additional funding of \$1.2M is requested to cover projects through the end of 2023. Revenue for performing the work will offset the expense (expense will not be incurred if revenue is not received).

FROM: Additional Revenue (reimbursement for work done)	\$1,150,000
FOR: Work for Others program	\$1,150,000

2. FC Moves: Open Streets Vendor Fees

Open Streets is a bi-annual FC Moves event that promotes active modes of transportation and invites folks to experience a street without cars. At Open Streets, participants can expect 1-2 miles of car-free, family-friendly streets. Participants are encouraged to Ride the Route and explore areas called “Activity Hubs”- temporary clusters of activity provided by local businesses and organizations. Vendors for Open Streets are charged \$50 if they are a non-profit, \$100 if they are a private business. For spring 2023 we had 33 private businesses and 19 non-profits join as vendors.

FROM: Additional Revenue	\$4,250
FOR: Open Streets Program	\$4,250

3. FC Moves: SPIN Annual Payment

Per the contract between the City and Spin, Spin pays an annual fee in addition to permitting fees. These funds can be used at the City's discretion, and typically are used for projects related to the Spin program, such as E-Bikes and the Shift Your Ride TDM program. The funds have already been received.

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

C. CAPITAL PROJECTS FUND

1. Country Club Reserve Payment-In-Lieu (Highway 1 Douglas Road)

The City received a payment from Developer (Country Club Reserve) for payment in lieu of construction of required intersection improvements of the HWY1 and Douglas Road intersection per their development agreement.

FROM: Additional Revenue (Payment in lieu)	\$28,000
FOR: Intersection improvements	\$28,000

2. Waterfield 4th Payment-In-Lieu (Timberline and Vine) Outfall Channel Improvements

The City received a payment in lieu of construction from the Developer (Waterfield) for outfall channel required for drainage in the amount of \$25,389.

FROM: Additional Revenue (Payment in lieu)	\$25,389
FOR: Construction of outfall channel	\$25,389

3. Vine & Timberline Payment-In-Lieu (Waterfield 4th)

The City received a payment in lieu of construction from the Waterfield Developer for Timberline/Vine intersection improvements.

FROM: Additional Revenue (Payment in lieu)	\$254,545
FOR: Intersection improvements	\$254,545

4. Water's Edge 2nd Payment-In-Lieu (Timberline and Vine Intersection)

The City received a payment in lieu of construction from Developer (Waters Edge 2nd filing) for the intersection of Vine and Timberline for \$250,000 in November 2020.

FROM: Additional Revenue (Payment in lieu)	\$250,000
FOR: Intersection improvements	\$250,000

5. Vine & Timberline Overpass Payment-In-Lieu

The City received a payment-in-lieu of construction from the Developer (Waterfield - Filing 4) in July 2023 for \$58,466 specifically to be used for the Timberline Road Realignment and Overpass Project.

FROM: Additional Revenue (Payment in lieu)	\$58,466
FOR: Timberline Road Realignment and Overpass Project	\$58,466

6. Laporte Bridges - Salud Local Portion Payment

The Laporte Bridges capital project completed the frontage for the Salud development. The "local portion payment" from the Salud development for 215.03' of frontage at \$264/LF came to a total of \$56,768. Engineering received this payment and completed the work using prior project funding.

FROM:	Additional Revenue (Payment in lieu)	\$56,768
FOR:	Laporte Bridges project	\$56,768

7. Bloom 1st Payment-In-Lieu (Timberline and Vine Intersection)

The City received a payment in lieu of \$250,000 from the developer (Bloom, Filing 1) for construction at the intersection of Vine and Timberline.

FROM:	Additional Revenue (Payment in lieu)	\$250,000
FOR:	Intersection improvements	\$250,000

8. College and Cherry Railroad Crossing Replacement

The Union Pacific Railroad was mandated by the Federal Railroad Administration to complete the College and Cherry crossing replacement project in 2023 or face fines/penalties, due to a short in the wiring system between the rail and City's traffic signal interconnect. A significant contributing factor for the short in the wiring system was due to the snow and ice removal over the years, and specifically the use of magnesium chloride, so therefore City staff determined we had at least partial responsibility in assisting with these repairs. The crossing itself was in a deteriorated condition and was scheduled for replacement in 2025 anyway. Additionally, the compromised condition of the traffic signal interconnect required our Traffic Department to dispatch a technician to manually operate the signal every time a Union Pacific (UP) train would pass. The railroad offered to cover the cost of the crossing itself (\$542k) if the City could provide traffic control and roadway paving/patching work. City staff felt that this was more than fair, considering all the factors previously mentioned, and wanted to maintain good working relations with the railroad since several other UP crossing replacements are scheduled in the next 10-20 years. The total cost of the traffic control and paving was \$86k. Several unscheduled railroad crossing repair projects during 2022 and 2023 had reduced the overall railroad crossing replacement budget, leading to the need for additional funds to complete the College Ave. and Cherry St. replacement project. The difference between the project cost and the remaining crossing replacement funds is approximately \$65k.

FROM:	Additional Revenue (Unanticipated Revenue)	\$65,000
FOR:	Railroad crossing replacement	\$65,000

D. TRANSPORTATION CAPITAL EXPANSION FUND

1. Transportation Capital Expansion Fund (TCEF) - Minor Reimbursements

The purpose of this offer is to allocate additional Transportation Capital Expansion Fee (TCEF) funds for the purpose of reimbursing development for the construction of eligible transportation related improvements under the category of Minor Reimbursements (individual reimbursements under \$500,000). The TCEF Program will frequently partner with development to construct arterial and collector level roadways adjacent to the development's frontage. After eligible improvements are accepted by the City, the TCEF program will reimburse the developer for these improvements. The TCEF Program has received an initial request for a minor reimbursement for Country Club Reserve with an initial estimate of \$438,443 for the oversizing of improvements on Turnberry Road and Douglas Road. This appropriation will ensure the TCEF Program's ability to reimburse development for eligible improvements constructed in 2023.

FROM:	Prior Year Reserves	\$200,000
FOR:	Reimbursement for construction of arterial and collector level roadways	\$200,000

E. RECREATION FUND

1. Recreation Facilities Asset Management

Multiple facility maintenance and asset replacement needs have come up that impact operations and customer satisfaction with City facilities. The most urgent items include:

Blinds/shades at the Senior Center that have failed; Umbrella replacement at City Park Pool; Timing system & pads at EPIC Pool for competition practice & events; Structural engineer assessment of City Park Pool slide structure; new office space at EPIC needed due to displacement of staff from elevator project; and re-configuration of front desk/customer area at Northside Aztlan Community Center to address safety and efficiency needs.

FROM: Prior Year Reserves	\$112,183
FOR: Facilities Asset Management	\$112,183

F. GOLF FUND

1. Golf Facilities Maintenance

Golf has faced multiple challenges outside of normal operations this season. Please see our annual adjustment requests below. Total request is \$138,915.

- Collindale has recently experienced an increase in rogue range balls that have crossed our boundaries into other public spaces. They have hired a Range Attendant to monitor the driving range, remind golfers of the rules and prevent accidents. The range would have an attendant for an average of 12 hours per day from May through October. It will be staffed from 8:00 am until sunset. 6 months x 4.3 weeks x 7 days a week x 12 hours a day x \$17.47 per hour (includes overhead)=\$37,861 this year
- Last fall Collindale was having false alarms related to its hydrogen sensors and fire panels. Op services advised to get a new fire panel asap and was going to hold off invoicing until after the first of the year. Approximate cost to replace the panel was \$18k. However, the fire panel was back ordered and has still not arrived. In the interim, the hydrogen sensors which are tied to the fire panel have been alarming and the fire department has come and taken readings showing the whole ventilation system for the carts may be deficient. The fire department has required us to have a new alarm design done and to assess if the ventilation is working properly, adding approximately another \$21,000. In addition, since the fire department assessment, we have been paying almost \$1400 per week to have someone watch Collindale every night on a fire watch. Requesting cleanup funding to pay for alarm design, new panels and contract labor for 12 weeks \$55,800 (\$18,000+\$21,000+(12*1400))
- In late June 2023 Southridge Golf Course experienced significant flooding in the clubhouse basement. While these repairs will eventually be reimbursed through the SRM department, it will take a significant amount of time and funding will likely not be available to spend in time for year end. Total repairs costs are \$45,254; PO 9231334 - \$15,108 and PO 9231165 - \$30,146

FROM: Prior Year Reserves	\$138,915
FOR: Golf Facilities Management	\$138,915

2. Golf Nature in the City Award

Nature in the City Grant was awarded in early 2023 to Southridge Golf Course for their Turf Conversion project. We've received \$11,680 to date and will receive the remaining reimbursement after the project is complete. Total grant is up to \$14,600.

FROM: Additional Revenue	\$14,600
FOR: Turf Conversion project	\$14,600

G. PERPETUAL CARE FUND

1. Transfer from Perpetual Care Fund to Cemeteries Fund

Each year there is a budgeted amount for perpetual care to transfer to cemeteries which is entered by accounting on a monthly basis. The last two years the amount received by the perpetual care fund has been higher than budgeted, so not all money was transferred to cemeteries. This clears out the residual balance and accounting will be changing the process in these two funds moving forward.

FROM: Prior Year Reserves (Perpetual Care Fund)	\$39,064
FOR: Administrative transfer to the Cemeteries Fund	\$39,064

CITY FINANCIAL IMPACTS

This Ordinance increases total City 2023 appropriations by \$4,032,727. Of that amount, this Ordinance increases General Fund 2023 appropriations by \$1,375,547, including use of \$625,017 in prior year reserves. Funding for the total increase to City appropriations is \$2,917,548 from additional revenue and \$1,115,179 from prior year reserves. The following is a summary of the items requesting prior year reserves:

Item #	Fund	Use	Amount
A2	General Fund	Manufacturing Equipment Use Tax Rebate	\$61,000
A4	General Fund	Land Bank Operational Expenses	3,600
A6	General Fund	Transfer of Remaining Gardens Reserve	560,417
E1	Transportation CEF Fund	Transportation Capital Expansion Fund (TCEF) - Minor Reimbursements	200,000
F1	Recreation Fund	Recreation Facilities Asset Management	112,183
G1	Golf Fund	Golf Facilities Maintenance	138,915
H1	Perpetual Care Fund	Transfer from Perpetual Care to Cemeteries	39,064
Total Use of Prior Year Reserves:			\$1,115,179

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The 2023 Annual Adjustment Ordinance was reviewed by the Council Finance Committee during their September 7, 2023, meeting. The members supported the ordinance moving forward to the full Council on the September 19, 2023, on the Consent Agenda.

PUBLIC OUTREACH

None.

ATTACHMENTS

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