



Council Ad Hoc Committee for Revenue Evaluation (C.A.R.E.) 2021 Budget Committee

AGENDA Meeting 2

Date: February 17, 2020

Time: 10:00 am – 12:00 pm

Location: City Council Chambers

1. Introduction – Agenda Review Don Overcash

2. Review of Progress at February 3rd meeting – Review mission Group

3. Review of the problem Alan Krmarik
 - Community Improvement Program:
 1. Replacement of Fire Station #3
 2. Renovation/Expansion of Fire Station #5
 3. Museum Remodel and Expansion
 4. New Branch Library
 5. Eisenhower Blvd (US 34) Improvements
 6. Complete Taft Avenue Projects
 7. Recreation Trail Underpasses
 8. New Community Recreation Center

 - 2020-2029 CIP Horizon Projects List in the Budget (attached)
 - O&M needs still underfunded

4. Current General Fund Revenues for consideration Alan Krmarik
 - Sales & Use Tax Seat Tax
 - Property Tax Mill Levy Head Tax
 - Lodging Tax – Tourism Expanded Use Tax
 - Shop Local – Social Media Sales Tax on Services
 - More from On-line Retailers Medical/Recreational MJ

5. Outcome for Today Group
 - Short-term Strategy
 - Long-term Strategy

6. Upfront Agreement for Next Session on March 2, 2020 Don Overcash



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February 3, 2020

Council Ad Hoc Committee for Revenue Evaluation (C.A.R.E.) 2021 Budget Committee

In attendance: Councilors Overcash and Wright, Mayor Marsh, Autumn Perry (CFAC member)

City Staff: Steve Adams, Rod Wensing, Alan Krcmarik, Joyce Robinson, Matthew Elliott, Kent Fierstine, Justine Bruno, Beverly Walker, Chloe Romero, Mark Miller, Dan Coldiron, Kelly Jones, Patti Garcia, and Steve Holmes

Discussion of Group Goal: CM Overcash opened the meeting and asked the members to establish a mutual purpose - identifying the problem and a clear understanding of the situation was then focused on, with solutions to be worked on in the subsequent meetings.

The following key areas of focus were proposed by the group.

- Increase Revenue
- Provide for needs and wants of the community
- Address Structural Deficit
- Prepare for the future
- Timeframe: 1 year, 5 years, 10 years
- Create Stability
- Educate, work on communication
- Reliability in the delivery of services

The overall message discussed by the group: Provide financial stability to reliably deliver services to our community that our citizens expect and deserve, while contributing as a regional leader and partner.

Understanding of the Situation: Alan Krcmarik spoke regarding the 2020 Financial Master Plan with the overall downward trend. A 2 to 3 year horizon would be easier to understand since the 5 to 10 year trend lines don't show sustainability. The good news: the 15% Reserve Fund is now fully funded. If there is a recession in 2021 the reserve fund would be drawn from. Sales tax revenue is not expected to be able to cover expenses in a recession. With a recession, the sales tax revenue would be about 1.5% in the 2020 Budget and lower property tax revenue would follow a couple of years later. The projected shortfall for 2021 is approximately \$7 million. If not solved in 2021, there will still be an issue in 2022. Unassigned Fund Balance: described as what's left-over and measured at the end of the year. Suggested review of the 2020 Financial Master Plan on pages 57 and 58 of the 2020 Budget Book. Alan also spoke about the materials that were shared with Council members early in the 2020 Budget process in 2019. Staff is willing to spend time with absent Committee members to provide any additional details regarding this information.

Major Expenditures since 2016 that got us here:

- \$9.2M in infrastructure (streets, sidewalks, etc.)
- \$8M contributed to I-25
- \$8M for the Foundry
- \$1.8M for the Pulliam renovation
- \$1.8M for Viestenz Smith Mountain Park
- \$4.7M contributed to the Employee Benefit Fund in 2016 from the General Fund



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- In 2019 \$2.25M and 2020 \$2.4M were re-appropriated back to the General Fund from the Employee Benefit Fund
- Transfers from Risk Management (\$1M) and Fleet (\$1.5M) were also essential to balance the 2020 Budget.

TABOR issue: In 2016-2017 excess reserve reporting was done incorrectly, too conservative of an approach in calculating the TABOR excess meant less money in the General Fund Unassigned Balance and more in the TABOR excess revenue fund (which may only be used for Public Safety, parks and transportation, infrastructure, and operations & maintenance). The money was always there just in different accounts. An external audit review has been done for the TABOR calculation.

Discussion of Impact: Steve Adams spoke about the cost of doing “business as usual” and how it would impact services. For 2021 there could be another 5% cut by departments and reductions in hours of operations, programs, and services. The departments that operate through the General Fund have made cuts for 2020, he explained that directors went through their budgets line by line, there is no excess for contingencies, and cuts are permanent, otherwise they would be considered a one year adjustment. Another step taken for 2020 was setting merit increases to a maximum of 3.25%. Water & Power and Pulse are not affected, they operate from the Enterprise Funds.

Two problems: 1) under investment in capital needs and 2) structural issues in operating. Other communities have addressed it by putting sales tax increases in place. Loveland has the lowest sales tax at 3% and property tax at 9.564 mills.

Capital Projects: The cost of new Capital Projects increases at a rate of 2-3% that, along with a population growth of 1.5% to 2%, is not sustainable.

Services: No rebuilt or update fire stations within the City will impact public safety. Just released reports show the LFRA has the lowest pay in the region, 16% under market in the worst case, there are concerns about losing staff to other communities. Other departments are experiencing similar issues.

Staffing: As a point of illustration, to balance the 2021 budget with the needed cuts of \$7.4M, approximately 80 positions would need to be cut, which could eventually result in loss of retained staff.

Outcome for Today: We need productive communication and honest messaging. The status quo won't solve the problem. Educating Councilors is as important as educating citizens.

How do shopping trends and demographics factor into a solution?

Messaging: Remind people that when they spend in Loveland it helps Loveland. The Chamber is working on a Shop Local campaign.

Upfront Agreement for Next Session: Revenue enhancement – Keeping in mind the expense of increasing revenue. Alan and Finance staff will provide an update on Lodging, Sales, and Property Tax rates of surrounding municipalities.

Horizon Projects List

2020-2029 Capital Improvement Program

Indicates project on Community Improvement Program list

This is a summary list of unfunded projects not included in the 2020-2029 Capital Improvement Program (CIP). These projects have been identified as capital needs, however, are not affordable under current 10-year revenue forecasts. Projects are listed by Plan Type and service area and are not listed in priority order. Cost Estimates include all funding sources (internal and external to the City).

#	Project	Total Estimated Cost	Funding Sources			Remaining Unfunded Amount
			City Resources	Outside Revenue	Total Available Funds	
Traditionally Funded						
Corridor Planning		\$ 46,538,450	\$ -	\$ -	\$ -	\$ 46,538,450
1	CORD - 37th Street Completion	10,000,000	-	-	-	10,000,000
2	CORD - East and West Connections	10,000,000	-	-	-	10,000,000
3	CORD - Dry Creek Enhancements - Pedestrian Underpass and Trail Connections	7,500,000	-	-	-	7,500,000
4	CORD - Zone 3 Curve Improvements	5,000,000	-	-	-	5,000,000
5	CORD - North US 287 (37th to Orchards) Multi-Modal	3,327,000	-	-	-	3,327,000
6	CORD - River District	3,275,000	-	-	-	3,275,000
7	CORD - Dry Creek Culvert Enhancements	1,500,000	-	-	-	1,500,000
8	CORD - 29th & Garfield Plan	1,015,800	-	-	-	1,015,800
9	CORD - Transit Access Improvements	1,005,600	-	-	-	1,005,600
10	CORD - Couplet Area Improvements	1,000,000	-	-	-	1,000,000
11	CORD - Couplet Area	754,000	-	-	-	754,000
12	CORD - Gateway Enhancements	659,550	-	-	-	659,550
13	CORD - Bike/Ped Amenities & Study	250,000	-	-	-	250,000
14	CORD - Southern Gateway Enhancements	250,000	-	-	-	250,000
15	CORD - West 34 Corridor Plan	250,000	-	-	-	250,000
16	CORD - Hwy 34 and US 287 Integration Minor Improvements (287 Strategic Plan Implementation)	201,500	-	-	-	201,500
17	CORD - Transit Oriented Development Plan	175,000	-	-	-	175,000
18	CORD - Annexation Study	150,000	-	-	-	150,000
19	CORD - Orchards Loveland Marketplace and Palmer Gardens Area plan	150,000	-	-	-	150,000
20	CORD - North US 287 Longview-Midway Economic Development Plan	75,000	-	-	-	75,000
Cultural Services		\$ 22,000,000	\$ 4,877,711	\$ -	\$ 4,877,711	\$ 17,122,289
21	CUL - Museum Expansion	22,000,000	4,877,711	-	4,877,711	17,122,289
Development Services		\$ 750,000	\$ -	\$ -	\$ -	\$ 750,000
22	DS - Development Services Planning and Building Permit Billing System	750,000	-	-	-	750,000
Facilities		\$ 16,201,750	\$ -	\$ -	\$ -	\$ 16,201,750
25	FAC - Additional Administration Building	6,565,000	-	-	-	6,565,000
26	FAC - Police & Courts Expansion	3,280,000	-	-	-	3,280,000
27	FAC - North Transit Center	3,000,000	-	-	-	3,000,000
28	FAC - Ice Slicer Storage Purchase	1,600,000	-	-	-	1,600,000
29	FAC - Public Works Heated Storage	959,000	-	-	-	959,000
30	FAC - Municipal Operations Center Cold Storage	429,250	-	-	-	429,250
31	FAC - Police Patrol Unit Covered Parking	368,500	-	-	-	368,500
Loveland Fire Rescue Authority		\$ 15,005,066	\$ -	\$ -	\$ -	\$ 15,005,066
32	LFRA - Fire Station 3 Replacement	6,000,000	-	-	-	6,000,000
33	LFRA - Fire Station 10 (New - East/SE Loveland)	5,305,066	-	-	-	5,305,066
34	LFRA - Fire Station 5 Replacement	3,700,000	-	-	-	3,700,000
Library		\$ 22,962,600	\$ 4,440,000	\$ -	\$ 4,440,000	\$ 18,522,600
35	LIB - New Branch Library	22,700,000	4,440,000	-	4,440,000	18,260,000
36	LIB - Customer Service Redesign	262,600	-	-	-	262,600
Parks & Recreation		\$ 89,372,070	\$ 21,050,932	\$ -	\$ 21,050,932	\$ 68,321,138
37	P&R - New Recreation Center	55,000,000	21,050,932	-	21,050,932	33,949,068
38	P&R - Rec Trail Underpasses	19,000,000	-	-	-	19,000,000
39	P&R - Community Park	13,500,000	-	-	-	13,500,000
40	P&R - North Lake Park Infrastructure Improvements	1,168,570	-	-	-	1,168,570
41	P&R - Civic Center Landscape Improvements	403,500	-	-	-	403,500
42	P&R - Chilson Entrance Renovation	300,000	-	-	-	300,000
Transportation¹		\$ 137,286,507	\$ 21,769,456	\$ -	\$ 21,769,456	\$ 115,517,051
43	TRANS - HWY 402 Floodplain Raising (No scope yet, \$40 mil)	40,000,000	-	-	-	40,000,000
44	TRANS - US 34 Widening	30,000,000	6,000,000	-	6,000,000	24,000,000
45	TRANS - HWY 287 Bridge Replacement over the Big Thompson	15,000,000	-	-	-	15,000,000
46	TRANS - Taft Avenue - 28th St. SW to 14th St. SW Widening	9,134,477	7,107,056	-	7,107,056	2,027,421
47	TRANS - US 34 @ Lincoln/Cleveland - Major Intersection	7,028,000	5,622,400	-	5,622,400	1,405,600
48	TRANS - Annual Downtown Sidewalks (\$576,535 per year for 10 years)	5,765,530	-	-	-	5,765,530
49	TRANS - Cleveland Avenue Traffic Calming	5,272,500	-	-	-	5,272,500
50	TRANS - Boise Avenue Bridge Replacement over the Big Thompson River	5,000,000	-	-	-	5,000,000
51	TRANS - CR 9E Bridge Replacement over the Big Thompson River	5,000,000	-	-	-	5,000,000
52	TRANS - St. Louis Avenue Bridge Replacement over the Big Thompson River	5,000,000	-	-	-	5,000,000
53	TRANS - Taft Avenue Bridge Replacement over Big Thompson River	4,036,000	-	-	-	4,036,000
54	TRANS - Boise Avenue/37th Street Intersection Improvements	2,500,000	2,000,000	-	2,000,000	500,000
55	TRANS - US 34 Medians	1,800,000	-	-	-	1,800,000
56	TRANS - Improvements to HWY 287/37th St. Intersection	1,000,000	800,000	-	800,000	200,000
57	TRANS - CR 30 (71st Street) Improvements - Boyd Lake W. I-25 Frontage Rd (#16) - Design Only	450,000	-	-	-	450,000
58	TRANS - Biannual Flasher Units	150,000	120,000	-	120,000	30,000
59	TRANS - Wilson Avenue and 50th St. Signal	150,000	120,000	-	120,000	30,000
Subtotal Traditionally Funded		\$ 350,116,443	\$ 52,138,099	\$ -	\$ 52,138,099	\$ 297,978,344

Attachment 4

#	Project	Total Estimated Cost	Funding Sources			Remaining Unfunded Amount
			City Resources	Outside Revenue	Total Available Funds	
Enterprise Funded						
Golf		\$ 1,500,000	-	-	-	\$ 1,500,000
60	GOLF - Olde Course Maintenance Building	1,500,000	-	-	-	1,500,000
Stormwater		\$ 18,220,000	-	\$ 6,180,500	\$ 6,180,500	\$ 12,039,500
61	SWA - Highway 287 Flood Mitigation Project (From Big Thompson River Corridor Master Plan)	16,900,000	-	6,180,500	6,180,500	10,719,500
62	SWA - Big Thompson River/Mariano Exchange Ditch Water Quality Improvements	670,000	-	-	-	670,000
63	SWA - Big Thompson River Maintenance and Management Program	650,000	-	-	-	650,000
Subtotal Enterprise Funded		\$ 19,720,000	\$ -	\$ 6,180,500	\$ 6,180,500	\$ 13,539,500
Total Horizon Projects List		\$ 369,836,443	\$ 52,138,099	\$ 6,180,500	\$ 58,318,599	\$ 311,517,844