



MINUTES
LOVELAND CITY COUNCIL MEETING
Tuesday, November 6, 2018 CITY COUNCIL CHAMBERS 6:00 PM

COUNCIL PRESENT: Mayor Marsh,
Councilors: Overcash, Fogle, Ball, Clark, Johnson, Olson, Jersvig, and Wright.

COUNCIL ABSENT: None

1. INTRODUCTION

1.1 CALL TO ORDER

1.2 PLEDGE OF ALLEGIANCE

1.3 ROLL CALL

2. CONSENT AGENDA

2.1 CITY CLERK

APPROVAL OF MINUTES

Approval of the minutes for the September 25, 2018 Study Session, October 2, 2018 Regular Meeting, October 8, 2018 Emergency Meeting, and the October 9, 2018 Special Meeting.

A Motion to approve the minutes for the September 25, 2018 Study Session, October 2, 2018 Regular Meeting, October 8, 2018 Emergency Meeting, and the October 9, 2018 Special Meeting

CARRIED.

2.2 CITY CLERK

CALL FOR A SPECIAL MEETING ON NOVEMBER 13, 2018 FOR THE MUNICIPAL JUDGE QUARTERLY EVALUATION WITH POSSIBLE EXECUTIVE SESSION

This action is for City Council to conduct the Municipal Judge's quarterly performance meeting, which may include an executive session to discuss personnel matters on November 13, 2018.

A Motion Calling For A Special Meeting To Be Held On November 13, 2018, At 6:00 PM, For The Purpose Of Conducting An Employee Performance Meeting And Discussion Of Personnel Matters For The Municipal Judge, Geri R. Joneson, With A Possible Executive Session

CARRIED.

2.3 PUBLIC WORKS

PUBLIC COMMENT

CODE AMENDMENT RELOCATING THE SECTION ON STREET MAINTENANCE FEES

To move the Street Maintenance Fee in Chapter 16.42 to Chapter 12.25 within the Loveland Municipal Code before it is removed with the repeal of Chapter 16 (Subdivision of Land) and adoption of the new Unified Development Code. To ensure that the City's Street Maintenance Fee, which helps defray the costs of street maintenance remains in effect after adoption of the Unified Development Code. The Street Maintenance Fee in Chapter 16.42 will be removed from the Loveland Municipal Code with Council's approval of the repeal and replacement of Chapters 16, 17 and 18 with the new Uniform Development Code. If the Street Maintenance Fee in Chapter 16.42 is not moved to another location within the Municipal Code, this will remove the authority of the City being able to collect the Street Maintenance Fee. Approving the reenactment of Chapter 16.42 as Chapter 12.25 will allow the City to continue collecting the street maintenance fee, which provides approximately \$2.8 million in annual revenues to the City's street rehabilitation program. The Street Maintenance Fee brings in approximately \$2.8 million annually in revenues to the City for its street rehabilitation program.

The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the consent agenda with a 9-0 vote.

A Motion To Adopt, On Second Reading, Ordinance No. 6242 Amending The Loveland Municipal Code By Repealing Chapter 16.42 Regarding The City's Street Maintenance Fee And Reenacting Such Chapter As Chapter 12.25

CARRIED.

2.4 DEVELOPMENT SERVICES

PUBLIC HEARING

REZONING THE ESTABLISHED BUSINESS DISTRICT (BE) OUTLYING AREAS

This is a City-initiated proposal to rezone the subject areas shown on Attachment 1. The BE (Established Business District) is primarily found around Downtown Loveland, but was also applied to three outlying areas which are the subjects of these proposals. Rezoning the subject areas would allow Loveland's core to transition to the DT - Downtown zone under the Unified Development Code while the subject areas operate under zoning more appropriate for their land use and character. The three outlying areas are divided into five separate applications:

AREA 1: Southeast corner of Eisenhower Boulevard at Van Buren Avenue

1A: Sprenger-Sycamore Additions Outlying BE Rezone (Rezoning approx. 10.16 acres from BE to B)

1B: Lot 12 Sycamore Addition Outlying BE Rezone (Rezoning approx. 1.38 acres from BE/R1e to B)

AREA 2: Along Colorado Avenue at 8th Street

2A: Aldon-Burkhard Additions Outlying BE Rezone (Rezoning approx. 1.44 acres from BE to R3e)

2B: Aldon-Stoner Additions Outlying BE Rezone (Rezoning approx. 0.68 acres from BE to R1e)

AREA 3: Southeast corner of 1st Street and Saint Louis Avenue

3A: East First Street Addition Outlying BE Rezone (Rezoning approx. 3.15 acres from BE to B)
The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

1) A Motion To Approve, On Second Reading, Ordinance No. 6243 Amending Section 18.04.060 Of The Loveland Municipal Code, The Same Relating To Zoning Regulations For Certain Property Located In The Sycamore Addition And Sprenger Addition To The City Of Loveland, Larimer County, Colorado

CARRIED.

2) A Motion To Approve, On Second Reading, Ordinance No. 6244 Amending Section 18.04.060 Of The Loveland Municipal Code, The Same Relating To Zoning Regulations For Certain Property Located In The Sycamore Addition To The City Of Loveland, Larimer County, Colorado

CARRIED.

3) A Motion To Approve, On Second Reading, Ordinance No. 6245 Amending Section 18.04.060 Of The Loveland Municipal Code, The Same Relating To Zoning Regulations For Certain Property Located In The Aldon Addition And Burkhard Addition To The City Of Loveland, Larimer County, Colorado

CARRIED.

4) A Motion To Approve, On Second Reading, Ordinance No. 6246 Amending Section 18.04.060 Of The Loveland Municipal Code, The Same Relating To Zoning Regulations For Certain Property Located In The Aldon Addition And Stoner Addition To The City Of Loveland, Larimer County, Colorado

CARRIED.

5) A Motion To Approve, On Second Reading, Ordinance No. 6247 Amending Section 18.04.060 Of The Loveland Municipal Code, The Same Relating To Zoning Regulations For Certain Property Located In The East First Street First Addition To The City Of Loveland, Larimer County, Colorado

CARRIED.

2.5 WATER & POWER

WATER AND WASTEWATER ENTERPRISE FUNDING

This item is meant to seek formal City Council approval for 10-year rate tracks and borrowing plans for the Water and Wastewater Utilities for the period from 2019-2028 based on direction given by Council at the August 14, 2018 Study Session, and to provide funding plans for the Water and Wastewater Utilities that will allow for the completion of necessary capital projects over the next ten years. These funding plans will make it possible to complete capital projects for the Water and Wastewater Utilities that will accommodate growth demands for many years and will continue systematic rehabilitation and replacement of the water and wastewater systems. If approved, this item will be brought back to City Council for Second Reading on November 6, 2018. Over the next 10 years, there is a total of \$58.5 million of projected capital improvement projects for the Raw Water Utility, \$110.9 million for the Water Utility and \$81.3 million for the Wastewater Utility.

The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the consent agenda with a 9-0 vote.

A Motion to Adopt, On Second Reading, Resolution #R-94-2018 Concerning Funding for the Wastewater Enterprise to Complete Improvements to the Wastewater Treatment Plant and Collection System

CARRIED.

A Motion to Adopt, On Second Reading, Resolution #R-95-2018 Concerning Funding for the Water Enterprise to Complete Improvements to the Water Treatment Plant and Distribution System and to Construct More Water Storage

CARRIED.

2.6 DEVELOPMENT SERVICES

PUBLIC COMMENT

FALLGOLD DRIVE UTILITY EASEMENT VACATION

The attached ordinance provides for the vacating of a 34.25 square foot portion of a postal and utility easement (Attachment 1) at 5296 Fallgold Drive (Attachment 2). A single family house was recently constructed in a manner that encroaches slightly into the existing easement. There are currently no utilities or postal facilities in the area of encroachment (Attachment 3), and it is not anticipated that the area of encroachment will be needed for utility or postal purposes in the future. The vacating of the easement in the area of encroachment will have no negative impacts, and it will allow the existing house to be free of any associated encumbrance. This item is to vacate an unnecessary portion of a postal and utility easement on which the corner of a house sits. There is already utility service to the site and a postal box. The vacation of an unused portion of the easement will not impact utility or postal services.

A Motion To Adopt, On First Reading, An Ordinance Vacating A Portion Of A Postal And Utility Easement Located On, Over And Across A Portion Of Lot 12, Block 3 Of Alford Lake Fourth Subdivision, City Of Loveland, County Of Larimer, State Of Colorado

CARRIED.

2.7 COMMUNITY PARTNERSHIP OFFICE

PUBLIC COMMENT

HUMAN SERVICE COMMISSION YOUTH MEMBERSHIP

Youth membership on the Human Services Commission was approved in 2007. Youth that have applied over the last six years have expressed concern with the time commitment. This item reduces the obligation of Youth Members but still provides opportunities for meaningful participation and input. Youth Members may commit to a term of service less than those of the Adult Commission Members, if the attached change to 2.60.150 is approved.

A Motion To Adopt, On First Reading, An Ordinance Amending Title 2 of the Loveland Municipal Code Regarding Boards and Commissions Including Section 2.60.150 Regarding Service on the Human Services Commission

CARRIED.

2.8 LIBRARY
COMPREHENSIVE UPDATE TO THE LIBRARY'S POLICY

The purpose of updating library policies is to eliminate barriers to library service, adopt public library best practices and remove outdated and procedural language. Revised library policy document will allow for more effective and appropriate operations of the library including improving patron experiences, clarifying customer behavior expectations and consequences and supporting and empowering staff. The current version of 2019 budget does not include revenue from library fines. This amount is estimated to be \$43,000 in 2018. In 2019, we have budgeted \$20,000 in revenue for lost/damaged item replacement fees.

A Motion To Adopt Resolution #R-101-2018 Approving The Statement Of Policy Of The Loveland Public Library

CARRIED.

2.9 HUMAN RESOURCES
CITY EMPLOYEE MEDICAL PROGRAM STOP LOSS INSURANCE

The purpose of this item is to adopt a resolution that will authorize the City Manager to renew the current contract with Sun Life Financial in the amount not to exceed \$1,960,000.00, to provide insurance coverage for medical claims over the \$175,000 deductible. The resolution will allow the City Manager to renew this contract which will provide medical stop loss insurance protection for the self-insured employee medical plan. The amount requested is within the 2019 benefit budget. Stop Loss coverage is necessary to protect the benefit fund from high claims activity/costs.

A Motion To Adopt Resolution #R-103-2018 Approving Renewal Of A Contract With Sun Life Financial For Medical Stop Loss Insurance Coverage

CARRIED.

2.10 HUMAN RESOURCES
CONTINUANCE OF CITY'S RETIREE MEDICAL PLAN THROUGH 2019

To continue the City's Retiree Medical Plan Program through December 31, 2019. The Plan would no longer be available beginning January 1, 2020. Although the plan would close effective December 31, 2019, the program would grandfather current participants enrolled in the Plan and discontinue eligibility for new participants to enroll in the plan. There is currently only one participant on the Retiree Medical Plan. The continuance of one additional year, with the intent to end the program after 2019, allows ample notice for qualified eligible employees that may be considering the program upon retirement. The City's Benefit Fund already

includes the projected costs anticipated for 2019 for the claims and applicable actuarial study required to maintain the program for 2019. Due to the Affordable Health Care Act and the options of both Private and Public Exchange Plans, the trend of employer provided Retiree Medical Programs continues to decline. The City has experienced very minimal participation in the Retiree Medical Plan since inception in 2009 and anticipates this trend will continue to decline due to the variety of affordable options on through the Exchange. Therefore, staff does not believe it is in the City's best interest to maintain the Plan and the costs associated.

Motion to Adopt Resolution #R-106-2018 Approving Continuation Of The City Of Loveland's Retiree Medical Plan ("Plan") And Closing The Plan Effective December 31, 2019

CARRIED.

2.11 FISCAL ADVISOR INVESTMENT REPORT

Through September 2018, the market value of the City's investment portfolio is 235,787,144. The budget revenue projection for the full year of 2018 was set at \$2,527,729. So far this year, actual interest received is \$322,936 ahead of schedule. Using the portfolio's beginning year balance, the rate needed to reach the annual interest earning target is 1.13%. The annualized interest rate at the end of September reached 1.91%. For the month, accounting staff posted \$254,212 to various fund accounts. The year to September month-end total is \$2,179,259.

U.S. short-term (under five years) Treasury interest rates have moved sharply higher since November 2016. In mid-September, the Federal Open Market Committee increased the federal funds rate for the third time this year to the range of 2.00% to 2.25%. Another rate increase will likely be imposed in December. The Fed has also announced repeatedly their intention to stay on a path of gradual increases, with a high probability of an increase in March of 2019 with two more increases after that within 2019.

The Fed will be watching economic conditions closely and also paying attention to the yield curve. When very short-term interest rates (3 months) are higher than the longer term rates (10 years), the yield curve is "inverted." An inverted yield curve has been one of the most accurate predictors of an upcoming recession, usually within one year.

Information Only

2.12 FINANCE SEPTEMBER 2018 FINANCIAL REPORT

The Snapshot Report is submitted for Council review and includes the reporting of the City's revenue and expenditures, including detailed reports on tax revenue and health claims, as of September 30, 2018. Sales tax continues to trend up which is positive however, Citywide revenues are only up 1.7% from last year while Citywide expenditures have increased 10.8%.

Citywide Revenue of \$254.5 million is 67.4% of total annual budget; this is 7.6% below projections. Sales Tax collections September YTD are 2.8% above September 2017 YTD,

and 75.9% of the total annual budget; this is 0.9% above projections. Building Material Use Tax collections for September are 19.6% above September 2017 YTD, and 79.5% of the total annual budget; this is 4.5% above projections. Sales and Use Tax collections combined are 75.9% of total annual budget; this is 0.9% above projections. Citywide total expenditures of \$247.4 million are 53.2% of the total annual budget; this is 21.8% below projections.

Information Only

3. CITY CLERK READS TITLES OF ORDINANCES ON THE CONSENT AGENDA

4. MOTION TO ADOPT THE CONSENT AGENDA

A Motion To Adopt The Consent Agenda, Items 2.1 to 2.12.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt The Consent Agenda, Items 2.1 to 2.12.

CARRIED UNANIMOUSLY, 9-0.

5. PUBLIC COMMENT

Anyone who wishes to speak to an item NOT on the Agenda may address the Council at this time.

Gaylon Lyle addressed Council regarding the home he is building for his family and expressed frustration with the permitting process. Brett Limbaugh, Director of Development Services, will follow up with Mr. Lyle.

**6. REGULAR AGENDA
PROCEDURAL INFORMATION**

**6.1. DEVELOPMENT SERVICES
PUBLIC COMMENT TITLE 16, 17, AND 18 CODE AMENDMENTS**

Bob Paulson of the Current Planning Division presented the item noting the purpose of the Unified Development Code (UDC) is to establish development standards to achieve policies in the 2016 Comprehensive Plan - Create Loveland. The UDC simplifies the development approval process by eliminating redundant and inefficient procedures. The UDC includes provisions to promote new types of innovative development and standards to ensure quality and compatibility with existing neighborhoods. The objective is to replace the City's existing development codes with a single unified code that is more resilient, flexible, comprehensive, and responsive to modern development trends. The UDC will allow innovations in land uses, such as micro homes, cluster development, mixed use, walkable neighborhoods, and smaller lot sizes for single family detached dwellings. The UDC includes modernized standards for commercial and multi-family housing. Design standards are clear, yet flexible, affording developers the ability to adjust designs based on site conditions and market demands.

Submittal requirements allow expensive engineering drawings to be postponed until projects obtain initial approval. The number of potential public hearings is reduced by augmenting standards to insure land use compatibility, with public hearings occurring when neighborhood concerns arise. As such, the UDC will stimulate economic development and foster quality development in Loveland. City Council appropriated \$175,000 for the UDC project in 2016, and the first reading of this item was brought before Council at the October 2, 2018 Regular Meeting where it was approved with a 8-0 vote.

Verizon contacted them today regarding amendments they would like to see made particularly related to small cell facilities either in the UDC or another portion of the city code. Redline recommendations were submitted which have not been reviewed by city staff or legal counsel. Staff noted that there will be clean up items related to the UDC code that will need to come forward to the Planning Commission and City Council after the first of the year and any amendments that need to be made will be worked on at that time.

Mayor Marsh opened the meeting for public comment.

Chris Harrington, Sherman & Howard, representing Verizon wireless addressed Council stating he wanted to get on record to start the discussion on how to work together on telecom issues. He noted that he was not in attendance to contest the ordinance but wants to work with the City on code revisions related to industry changes.

Darcy McClure, Director of Development, Loveland Housing Authority provided strong support for passing of the UDC.

Jeff Ennis, Loveland Housing Authority, stated the UDC provides many options and will be a benefit for the City.

Todd Messenger, Fairfield & Woods, consultant on the UDC project, thanked everyone with their assistance in creating a good code which is reflective of community goals.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt, On Second Reading, Ordinance No. 6248 Repealing Titles 16, 17 And 18 Of The Loveland Municipal Code And Replacing Such Titles With A New Title 18 Referred To As The Unified Development Code And Adopting The Same By Reference

CARRIED UNANIMOUSLY, 9-0.

6.2 WATER & POWER BROADBAND

The purpose of the resolution is to establish the structure and governance of a retail model City-owned broadband network utility with regional collaboration, and to secure for Council

consideration financing instruments to construct the network. There are three attached resolutions to provide options of Council direction:

- #R-102-2018-A: to call for a special election – adopted October 23, 2018
- #R-102-2018-B: establish a retail city owned model, and to secure financing
- #R-102-2018-C: establish a retail city owned model, secure financing and a risk mitigation reserve fund
- Resolution #R-107-2018

Councilor Clark read a prepared statement which addressed several issues including his belief that the proposed resolutions at the last meeting did not highlight the key issues that need to be addressed. He stated that areas that need further discussion include:

- Should the government compete with private business?
- What is the risk to citizens if the broadband system fails?
- Should we hold a city-wide election to see if the city should move forward with the broadband project?

Councilor Clark stated that as long as these conditions were added and clarified he would support a municipal broadband system in Loveland.

Mayor Marsh advised that the agenda item was previously before City Council with several hours of public comment and that there would be no additional public comment unless City Council would vote to allow additional public comment. Hearing no comment from the City Council, the Mayor opened the meeting for Council discussion.

Through his conversations with City Manager Adams, Councilor Olson stated he has found no risk to non-subscribers and can be supportive in that aspect. He also requested to assure that the highway is available for all ISP's as it can be a source of revenue for Loveland and establish a source of competition. Additionally, he was supportive of providing the City Manager authority to set rates with the understanding that there are given conditions for boundaries set and reporting requirements. He also stated that the funds received for the broadband utility should be used to establish a reserve fund, pay down the bond more rapidly and then provide lower rates for the subscribers.

Moved by Councilor Clark, seconded by Councilor Olson

Based upon these points and as a member of the prevailing party of Resolution #R-102-2018-A, I move to reconsider the motion approving a resolution directing the city manager to prepare the necessary ordinances to call a special municipal election to seek voter approval to Establish a Model City-Owned Broadband Network Utility.

CARRIED 8-1.

Yes: Clark, Olson, Overcash, Ball, Wright, Johnson, Fogle, Marsh

No: Jersvig

Mayor Marsh stated that before Council is the motion to approve Resolution #R-102-201-A, a resolution directing the City Manager to prepare the necessary ordinances to call a special municipal election to seek voter approval to establish a retail model city-owned broadband utility network.

Steve Adams, City Manager and Briana Reed-Harmel, Broadband Project Manager, addressed Council regarding the broadband project. Areas highlighted included:

- 1) Competition between government and private sector
It was noted that the connection to municipal broadband would be voluntary; citizens can receive internet service from the provider of their choice with the option to connect to both. This project will also provide commercial with more options to provide their services – it will expand choices for all.
- 2) Eventual use of surplus revenue
Mr. Adams stated that surplus revenues would first – be used to create and maintain an emergency reserve fund, second – to pay off broadband utility bond debt and third – reduce rates for broadband customers.
- 3) City of Loveland retail with regional collaboration
The locations referenced were Longmont, Estes Park, Fort Collins and Platte River Power Authority with Mr. Adams stating that Loveland and neighboring cities have similar goals, can utilize economies of scale and be able to share cost savings in key areas. We are currently collaborating with bi-monthly meetings, asset inventory, system design review and standardized asset management tool – Fiber Manager. Moving forward we are looking at using the same equipment, sharing of staff, support services and after hours call center; sharing costs will allow us to be more efficient.
- 4) Risk mitigation actions for the broadband utility
City Manager Adams reported on eleven resources starting with capitalizing the interest of the revenue bonds which will give the utility three years to grow as only the interest will be paid the first three years and ending with temporarily impacting the electric rate payers as a last resort. Mr. Adams stated he could not think of a scenario in which that would be an option.
- 5) Delegation of Authority best practices
Mr. Adams reported that the staff and LCAB recommendation for delegation of authority was as follows, “Delegate authority to the City Manager to set rates, charges and fees for particular broadband network and related services within the parameters and reporting requirements to be set by City Council”. This delegation will affect bond rates, provide opportunity for marketing and promotional campaigns and allow the utility to be competitive and proactive based on incumbent campaigns and promotions.

Mayor Pro Tem Overcash requested that there be an amendment to the resolution establishing a one-time exemption for the art fund allocation of 1% to assure that every dollar borrowed for broadband goes to the project.

Councilor Olson requested a change to the resolution regarding delegation of authority to add “and the direction” set by council.

Mayor Marsh reported on an email from Longmont citizen regarding Longmont's use of internal fund transfers in 2017 from their electric utility for broadband. Alan Krcmarik, Financial Advisor and Acting Finance Director, spoke with the Mr. Golden, Longmont Finance Director and also received the monthly financial reports for their broadband project for assessment. Mr. Golden advised that they are on course to pay off their bonds in 12.5 years and they expect to be \$2M in the black in two years; he noted that Loveland should not worry about the success of the project.

Moved by Councilor Clark, seconded by Councilor Jersvig

A Motion To Adopt Resolution #R-102-2018-A, A Resolution Directing The City Manager To Prepare The Necessary Ordinances To Call A Special Municipal Election To Seek Voter Approval To Establish A Retail Model City-Owned Broadband Network Utility

FAILED 2-7.

Yes: Jersvig, Marsh

No: Clark, Olson, Overcash, Ball, Wright, Johnson, Fogle

Councilor Olson requested amendments to Resolution #R-107-2018 in order to provide more clarity to what the project entails. The requested amendments were related to use of excess revenues (new Section 6), reduction of risk to electric utility ratepayers (new Section 7), that the municipal owned fiber be available for other services and service providers (new Section 8) and an exemption of funding of works of art (new Section 9).

Council discussed the new Section 9 with several members in opposition to the exemption. It was determined that Council will discuss ordinance regarding the 1% funding of art at their 2019 retreat.

Moved by Councilor Olson, seconded by Councilor Fogle

A Motion to Call for the Question

CARRIED 9-0.

Moved by Councilor Fogle, seconded by Councilor Johnson

A Motion to Amend The Amendment by striking Section 9

CARRIED 7-2.

Yes: Olson, Ball, Wright, Johnson, Fogle, Jersvig, Marsh

No: Clark, Overcash

Moved by Councilor Fogle, seconded by Councilor Olson

A Motion to Amend with the Deletion of Section 9

CARRIED 9-0.

Moved by Councilor Olson, seconded by Councilor Johnson

A Motion To Adopt Resolution #R-107-2018 As Amended To Establish A Retail Model City-Owned Broadband Network Utility With Regional Collaboration And To Secure For City Council Consideration Financing Instruments To Construct And Operate The Network And Including An Operational Risk Mitigation Reserve Fund

CARRIED 8-1.

Yes: Clark, Olson, Overcash, Ball, Wright, Johnson, Fogle

Abstained: Jersvig (per Charter yes vote)

No: Marsh

6.3 FINANCE

PUBLIC HEARING

2019 BUDGET FOR THE CITY OF LOVELAND

Theresa Wilson, Budget Manager, presented the item to Council stating the purpose of the item was to establish rates, charges, and fees associated with the 2019 City of Loveland budget, to establish the City's 2018 mill levy for property taxes due and payable in 2019 (which remains unchanged over 2017), and to enact the 2019 City of Loveland Budget. The recommended 2019 total appropriations amount for City of Loveland Budget is \$385,723,999. This includes \$29,768,823 in interfund transfers. These appropriations will provide for the continuation of existing services levels and reasonable growth in critical service areas. The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

Ms. Wilson reviewed the new information that was provided regarding sales tax market share analysis along with comparisons.

Mayor Marsh opened the meeting for public comment to which there was none.

Moved by Councilor Jersvig, seconded by Councilor Fogle

1) A Motion To Adopt, On Second Reading, Resolution #R-98-2018 Adopting the 2019 Schedule of Rates, Charges, and Fees for Services Provided by the City of Loveland, The Stormwater Enterprise, and the Water and Power Department, and Superseding all Prior Resolutions Establishing Such Rates, Charges, and Fees

CARRIED 9-0.

Moved by Councilor Jersvig, seconded by Councilor Olson

2) A Motion To Adopt, On Second Reading, Ordinance No. 6249 Adopting the 2018 Mill Levy for the General Fund of the City of Loveland, Colorado

CARRIED 9-0.

Moved by Councilor Jersvig, seconded by Councilor Fogle

3) A Motion To Adopt, On Second Reading, Ordinance No. 6250 Adopting the 2019 Budget for the City of Loveland, Colorado

CARRIED 9-0.

Moved by Councilor Jersvig, seconded by Councilor Clark

4) A Motion To Adopt, On Second Reading, Ordinance No. 6251 Making an Appropriation for the Fiscal Year Beginning January 1, 2019 and Ending December 31, 2019 for the City of Loveland, Colorado

CARRIED 9-0.

6.4 NORTHERN COLORADO REGIONAL AIRPORT PUBLIC HEARING

2019 BUDGET FOR THE NORTHERN COLORADO REGIONAL AIRPORT

Jason Licon, Airport Director address Council regarding the 2019 Budget for the Northern Colorado Regional Airport. He stated that the cities of Loveland and Fort Collins jointly own and operate the Northern Colorado Regional Airport. The City of Loveland provides administrative support to the Airport through an Intergovernmental Agreement (IGA) with the City of Fort Collins, as the Airport is within the City boundaries of Loveland thereby receiving all direct financial benefit. As a part of this function, the City Council approves and appropriates 50% share of the total Airport budget, which includes the City's contribution to the 2019 Airport Budget. On June 28, 2018, the Northern Colorado Regional Airport Commission reviewed and recommended for approval, the 2019 Airport Budget to the Loveland and the Fort Collins City Councils. The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

A summary of the airport budget was delivered and it was noted that the City of Fort Collins had approved the budget first reading tonight.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt, On Second Reading, Ordinance No. 6252 Adopting The 2019 Budget For The Northern Colorado Regional Airport

CARRIED 9-0.

6.5 ECONOMIC DEVELOPMENT PUBLIC HEARING

2019 BUDGET FOR THE DOWNTOWN DEVELOPMENT AUTHORITY

This ordinance will approve the fiscal year 2019 budget for the Downtown Development Board (DDA). The 2019 budget recommended to Council by the DDA Board is a zero budget. On November 7, 2017, the ballot issue submitted to the voters authorizing debt authority was approved. State statute requires approval of a budget each fiscal year by the DDA Board and City Council. The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

Theresa Wilson, Budget Manager, stated there would be a mid-year supplemental budget coming forward once new DDA director becomes acclimated. Staff recommended a zero based expenditure budget.

Mayor Marsh opened the meeting for public comment to which there was none.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt, On Second Reading, Ordinance No. 6253 Adopting The 2019 Budget For The Downtown Development Authority

CARRIED.

ADJOURN AS CITY COUNCIL AND CONVENE AS THE BOARD OF DIRECTORS OF THE LOVELAND SPECIAL IMPROVEMENT DISTRICT #1 (SID)

6.6 FINANCE

PUBLIC HEARING

2019 BUDGET FOR THE LOVELAND SPECIAL IMPROVEMENT DISTRICT #1

The City Council serves as the Board of Commissioners for the Loveland Special Improvement District No. 1 (SID). By State law, the Authority must adopt a budget. The Board of Commissioners is responsible for adopting the annual budget for the Authority. These materials are needed for the adoption of the 2019 Budget for the Authority. The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt, On Second Reading, Ordinance No. 6254 Adopting The 2019 Budget For The Loveland Special Improvement District No. 1

CARRIED 9-0.

6.7 FINANCE

APPROPRIATION OF FUNDS TO MAKE A PREPAYMENT ON SPECIAL IMPROVEMENT DISTRICT #1 REFUNDING BONDS SERIES 2015

The purpose of this request is to use higher than expected revenue received since the initiation of the debt to pay the debt off earlier and reduce interest payments. The objective is to use the excess revenue received in the Special Improvement District #1 since 2015.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt, On First Reading, An Ordinance Enacting A Supplemental Budget And Appropriation To The 2018 City Of Loveland Special Improvement District No. 1 Budget For The Appropriation Of Funds To Make A Prepayment On Special Improvement District No. 1 Refunding Bond Series 2015

CARRIED 9-0.

ADJOURN AS THE BOARD OF COMMISSIONERS FOR THE LOVELAND SPECIAL IMPROVEMENT DISTRICT NO. 1 (SID) AND CONVENE AS THE BOARD OF DIRECTORS FOR THE LOVELAND URBAN RENEWAL AUTHORITY (LURA)

6.8 FINANCE

PUBLIC HEARING

2019 BUDGET FOR THE LOVELAND URBAN RENEWAL AUTHORITY

The City Council serves as the Board of Commissioners for the Loveland Urban Renewal Authority (LURA). By State law, the Authority must adopt a budget. The Board of Commissioners is responsible for adopting the annual budget for the Authority. These materials are needed for the adoption of the 2019 Budget for the Authority.

The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

Mayor Marsh opened the meeting for public comment to which there was none.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt, On Second Reading, Ordinance No. 6255 Adopting The 2019 Budget For The Loveland Urban Renewal Authority

CARRIED 9-0.

ADJOURN AS THE BOARD OF COMMISSIONERS FOR THE LOVELAND URBAN RENEWAL AUTHORITY (LURA) AND CONVENE AS THE BOARD OF DIRECTORS FOR THE LOVELAND GENERAL IMPROVEMENT DISTRICT #1 (GID)

6.9 FINANCE

PUBLIC HEARING

2019 BUDGET FOR THE LOVELAND GENERAL IMPROVEMENT DISTRICT #1

The City Council serves as the ex officio Board of Directors for the General Improvement District No. 1. The Board of Directors is responsible for adopting the annual budget for the District. These materials are needed for the adoption of the 2019 Budget for the District.

The first reading of this item was heard at the October 16, 2018 City Council meeting where it passed on the regular agenda with a 9-0 vote.

Moved by Councilor Jersvig, seconded by Councilor Olson

1) A Motion To Adopt, On Second Reading, Ordinance No. 6257 Setting The Mill Levy For The Loveland General Improvement District No. 1

CARRIED 9-0.

Moved by Councilor Jersvig, seconded by Councilor Olson

2) A Motion To Adopt, On Second Reading, Ordinance No. 6256 Adopting The 2019 Budget For The Loveland General Improvement District No. 1

CARRIED 9-0.

ADJOURN AS THE BOARD OF DIRECTORS FOR THE GENERAL IMPROVEMENT DISTRICT #1 (GID) AND RECONVENE AS CITY COUNCIL

6.10 CITY MANAGER FISCAL CONTINGENCY PLAN

Justine Bruno, Assistant to the City Manager, presented the Fiscal Contingency Plan which outlines a comprehensive approach to recognize events of fiscal stress and identify potential mitigation alternatives to restore balance to the General Fund. The purpose of this item is to adopt a resolution that will authorize the Fiscal Contingency Plan as a planning document to address events of fiscal stress. This resolution provides formal City Council approval on the approach that will be utilized to manage fiscal stress in the General Fund. This Plan offers an organized approach to identifying when the City is experiencing fiscal stress. The conditions of fiscal stress are based upon the amount of time the condition is experienced and the percentage of General Fund revenue shortfall being projected. Outlining the varying degrees of fiscal stress helps the City Council become more informed about what type of budget balancing alternatives are needed to achieve solvency. Balancing alternatives are evaluated based on the impact to residents, employees, outside agencies, daily operations, and service levels, which apprise City Council and Management of the projected impact of each alternative. This Plan is intended to provide a framework to rectify temporary imbalances caused by unforeseen fiscal stress. The Plan is focused on the General Fund and approaches fiscal stress indicators and balancing alternatives from that position; however, other funds aside from the General Fund are likely to be impacted through the implementation of balancing alternatives. When the draft Plan was presented to City Council during the October 16, 2018 meeting, one Councilor requested that leading economic indicators be added to the report as potential signs of an impending recession; these indicators have been added to the revised Plan per that request.

Ms. Bruno reported on the four economic indicators being recommended: Slope of the yield curve, the labor market, interest rates and Gross Domestic Product – manufacturing, inventory and retail sales.

City Manager Adams noted that they are great indicators to add to the tool kit. Some of the information will be added to the investment report.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt Resolution #R-105-2018 Approving A Fiscal Contingency Plan For The City Of Loveland

CARRIED 9-0.

6.11 CITY MANAGER

WINTER HOLIDAY COUNCIL DECORATION, STORAGE AND TRANSPORT COSTS FOR 2018

Justine Bruno, Assistant to the Town Manager, addressed Council regarding the agenda item noting the purpose is to appropriate funding to financially assist the Winter Holiday Council for the 2018 season. While this financial assistance is intended to provide relief for 2018, a long-term solution will be identified by City Council and the Winter Holiday Council. The proposed solution will be brought forward by staff at the December 11, 2018, City Council Study Session. This proposed ordinance provides financial assistance to the Winter Holiday Council to defray transportation and storage costs for the existing holiday decorations. This partnership will help finance the continuation of the Winter Holiday Council's efforts to decorate the City of Loveland for the 2018 season and the ability to continue displaying the Council's holiday decorations for the 2018 season. This appropriation will reduce the Council Special Projects budget by \$1,500, leaving a balance of \$1,665,550 for 2018. On Tuesday, October 30, 2018, a member of City Council and staff met with Mary Hall and Ron Schlattman of the Winter Holiday Council to discuss ongoing needs and future operations. This meeting was staffed with representatives from the City Manager's Office and Cultural Services. Discussion at this meeting centered around the need to re-energize the efforts of the Winter Holiday Council and a new approach for 2019. The new approach will give consideration to participation/volunteers, new avenues for ornament sales, inventory consolidation, sponsorship opportunities, and identifying different display locations, amongst other topics. Staff will outline this approach at the December 11, 2018, City Council meeting. At that time, staff will outline goals and make recommendations on key steps needed to achieve sustainability for this effort in 2019 and beyond.

Councilor Wright noted the five members of the Winter Holiday Council have been doing our community display for many years and they would like to see it grow.

Ron with the Winter Holiday council addressed Council expressing frustration with the lack of financial support from the City. He stated that if support does not come he will be making a motion to disband.

Moved by Councilor Jersvig, seconded by Councilor Fogle

A Motion To Adopt, On First Reading, An Ordinance Enacting A Supplemental Budget And Appropriation To The 2018 City of Loveland Budget For The Winter Holiday Council's Decoration Storage and Transport Costs for 2018

CARRIED 9-0.

**6.12 CITY MANAGER
AUTHORIZING COMPOUND INTEREST ON CERTAIN INDEBTEDNESS FOR
CENTERRA METRO DISTRICT #1**

Alan Krcmarik, Financial Advisor and Acting Finance Director reported that representatives of the Centerra Metropolitan Districts No. 1 - 5 have submitted a request for the City Council to consider whether its anticipated 2018 Bond Issue may contain a provision that provides for compound interest to be paid on late debt service payment in future years. When the service plans for the Districts were adopted and amended several years ago, the provision to allow for compound interest was not included. When the Districts issued bonds in 2017, a similar request was made to the City Council and approved. The amount of bonds planned for issuance in 2018 is approximately \$37,500,000 with the intent to generate \$41,800,000 of bond proceeds through the issuance of premium bonds. From the financing plan provided, there will be sufficient revenues available to make timely payments on the bonds. The Centerra Districts need to issue bonds for additional public improvements consistent with the Master Finance Agreement and desire to achieve the lowest possible interest rates. The investment bankers that are working on the 2018 bond issuance have advised that adding the provision that compound interest on late debt service payments will help achieve such rates. The Loveland Urban Renewal Authority Centerra urban renewal project account revenue is already fully committed to the payment of debt service. The final year of the project is 2029. Sources of revenue to repay the planned bond issue will come from existing revenue streams, notably, tax increment from the urban renewal authority and the 1.25% public improvement fee that the City and the Centerra Metro Districts negotiated as part of the Master Finance Agreement.

Council inquired about the compound interest. Alan Pogue, legal counsel for the districts, reported that the Centerra Service Plan is the only service plan that requires Council consent for the district to borrow money with a compound interest component. It was noted it would be difficult to find investors without the provision; investors look at it as a protection in the event of an economic downturn.

9:25 p.m. – Councilor Ball left the meeting.

Council discussed the \$43M in new debt as there the district already has \$180M in debt. It was reported that they are paying principle.

Mayor Marsh stated that she does not agree with taking on debt without going to a vote of the people.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt Resolution #R-104-2018 Of The Loveland City Council Approving The Inclusion Of Compound Interest For Certain Indebtedness To Be Issued By Centerra Metropolitan District No. 1

CARRIED 7-1.

Yes: Clark, Olson, Overcash, Jersvig, Wright, Johnson, Fogle
No: Marsh

6.13 CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

There were no items pulled from the consent agenda.

7. REPORTS

7.1 BUSINESS AND REPORTS FROM CITY COUNCIL

This is an opportunity for Council Members to report on recent activities or introduce new business for discussion at this time or on a future City Council agenda.

Councilor Wright thanked the citizens who voted in the November 6 election.

Councilor Fogle stated he was heading to National League of Cities where he is working on truth in advertising in the broadband industry

7.2 CITY MANAGER REPORT

City Manager Adams reported that Council had finished a budget, updated the UDC code, adopted a contingency plan and passed broadband at tonight's meeting.

7.3 CITY ATTORNEY REPORT

There was no report from the City Attorney.

8. ADJOURN

Mayor Marsh adjourned the November 6, 2018 Regular Meeting at 9:43 pm

Respectfully Submitted,



Patti Garcia

Patti Garcia, City Clerk

Jacki Marsh

Jacki Marsh, Mayor

