

2021 Council Ad-Hoc Committee (Budget Shortfall)

May 10, 2021



AGENDA – Meeting #5

Continuation of the April 26, 2021 Meeting Agenda

1. Changes to the Outlook a) Rescue Plan Act b) 2020 Year-End Adjustments
2. Public Safety - ISO Ratings **Mark Miller, Fire Chief**
3. Budget Cuts and Impacts **Matthew Elliott, Budget Manager**
4. Tax for Specific Projects - Downtown Infrastructure HIP Streets (General Fund)
5. Estimated Interest on Bonded Projects (HIP Streets as an example)
6. Timeline of process on voter education outreach for well-designed/timed campaign

Attachments:

1. April 26, 2021 meeting notes
2. ISO Rating information from Chief Mark Miller and the LFRA website
3. PowerPoint Presentation

2021 Council Ad-Hoc Committee (Budget Shortfall)

April 26, 2021



Meeting Notes – Meeting #4

Council Members: Kathi Wright, Robert Molloy, and Steve Olson

Staff in attendance: Steve Adams, Rod Wensing, Alan Krcmarik, Matthew Elliott, Chloe Romero, Mark Miller, Moses Garcia, Dan Coldiron, Elizabeth Kayl, Julia Holland, Kelly Jones, Cindy Mackin, Beata McKee, Gary Light, Chris Bierdeman, Mark Jackson, Susan Ison, Suzanne Janssen, Robert Ticer, Ron Lay, Geri Joneson, and Hannah Hill.

Members of the Community Marketing Commission: Christine Forster, Kurt Albers, Kathleen George, and James Melena

Changes to the Outlook

Chief Financial Officer, Alan Krcmarik, spoke about changes to the outlook regarding job losses in the hospitality industry and a study being prepared by Larimer County that will soon be available. The City will receive approximately \$4.7M in American Rescue Plan (ARP) Act funds in 2021 and an additional \$4.7M in 2022. Alan gave a review of the four criteria in which the funds may be used; 1) to respond to the coronavirus health impacts or economic impacts including assistance to households, small businesses, nonprofits, and impacted industries including hospitality, travel, and tourism. 2) by providing premium pay for essential workers up to \$13 an hour with an annual cap of \$25,000. 3) to cover for lost revenue in providing services. (The City has lost revenue from 2020 and 2021.) 4) to make investments in water, sewer or broadband infrastructure.

The 2020 year-end adjustments are up in the Unassigned Fund Balance by approximately \$2M to \$2.5M and \$750,000 has been added into the Contingency Reserve making it fully funded.

Art in Public Places

Susan Ison, Cultural Services Director and Suzanne Janssen, Public Art Manager, presented the public art program, “Art in Public Places”. Suzanne shared the historical information of the program and the collaborations with many City departments and community groups. It was established in 1985 providing 1% of all City capital projects valued at \$50,000 or more, in construction costs only, into the Art in Public Places fund. Within the 36 year history of the program over 541 works of art have been acquired and installed. Donated art is also given to the program.

Susan spoke of the stewardship of the collection and uniqueness of Loveland’s art community. In 2020 an Artwork Maintenance Reserve Fund was established. Matthew Elliott, Budget Manager, explained where the funding comes from and how it is appropriated.

Tourism Discussion

Cindy Mackin, Visitor Services Manager, presented a brief history of the Lodging Tax ballot approval, tax collections, and the division’s responsibilities. Cindy shared information regarding digital and traditional marketing and how/why they are utilizing more digital marketing. They have distributed 45,000 Visitor Guides and she showed the online guide’s pages that promoted many visitor attractions in Loveland, with the tag line, “Stay here, play everywhere.” A billboard on I-25, was one of the many items they were able to use CARES Act funds for in 2020. The partnership with the Colorado Tourism Office hosts Familiarization Trips for media and travel & tour operators from around the world, which promotes Loveland internationally in addition to our regional marketing. Messaging for Rocky Mountain National Park is in the majority of the promotional materials. Loveland has also become a Creative District and they have been working with NoCo Creative Circle which markets with the other creative districts in northern Colorado; Longmont, Greeley, Fort Collins, and Sterling. Loveland is a Voyager Destination which means it is lacking in typical tourism destinations, such as ticketed events or attractions. The proposed water park would be that type of attraction. Cindy would like to have a visitors intercept study (when there is funding), that would include Rocky Mountain National Park, to better target customers and visitors to Estes Park.

Summary

To recap, Alan stated that he did not hear consensus on direction to change/modify the 1% for Arts Program. The idea of using a new admissions or a seat tax to provide for future funding of arts could still be considered in the future.

The concept of capping the 1% financing technique still had some support but additional analysis would be necessary. The members present supported the idea of the endowment and getting it up to full funding to better support the ongoing repairs and maintenance costs required for the collection. Once this is in place the 1% program could be re-evaluated.

Next Meeting

Plan for May 10, 2021: Continue with the remainder of the agenda items, beginning with Item 4 on the previous agenda: Public Safety - ISO Ratings.

April 26, 2021 Agenda Items:

1. Changes to the Outlook a) Rescue Plan Act b) Unassigned Fund Balance
2. Art in Public Places **Susan Ison, Cultural Services Director**
3. Tourism Discussion **Cindy Mackin, Visitor Services Manager** and
Community Marketing Commission Members

May 10, 2021 Agenda Items

4. Public Safety - ISO Ratings **Mark Miller, Fire Chief**
5. Budget Cuts and Impacts **Matthew Elliott, Budget Manager**
6. Tax for Specific Projects - Downtown Infrastructure HIP Streets (General Fund)
7. Estimated Interest on Bonded Projects (HIP Streets as an example)
8. Timeline of process on voter education outreach for well-designed/timed campaign

Following up on the last Council Ad hoc Committee on the Budget Shortfall meeting on April 5th for the next meeting on the 26th.

Council members had a hypothetical question regarding, what would happen to insurance rates for property owners, on average, if a fire station had to close due to lack of funding. How would it affect property owners in a certain radius of that fire station and would there be ripple effects due to other stations needing to extend their area?

Answer from Chief Mark Miller.

Good question, but not a simple answer, but hypothetically speaking;

If a fire station had to close, it would have an adverse effect on all homes in that particular response area. If it was fire station 3 (for example) homes to the south and west could expect a higher (worse) ISO rating. How much worse? Hard to say without a formal evaluation.

It's more complicated in that station 3 has specific apparatus (water tender) that supplies water to areas west of there that do not have fire hydrants. Without that response, it causes a ripple effect in longer response times and higher ISO ratings for homes/businesses that rely on that water supply. If response times are negatively affected, that in turn has an adverse effect on our Accreditation rating. Again...a ripple effect.

Besides the aforementioned issues, if that station were to close, it would mean that area of the City would be lacking (cut-off) adequate fire protection should there should there be catastrophic flooding of the Big Thompson River, which we have witnessed in 1976 and again in 2013, as well as multiple minor flooding issues in the last 45 years. There is no other fire station on the south side of the Big Thompson River.

More information from the LFRA web-site

ISO Rating

The LFRA and the Insurance Service Office (ISO) has updated the Public Protection Classifications (PPC) as a result of the completion and staffing of LFRA Fire Station #7. The new classifications went into effect March 1, 2021.

Background

Established in 1971, the Insurance Services Office (ISO) is the primary source of fire-related insurance risk to municipalities. ISO evaluators visit and evaluate municipal fire service organizations approximately once every five (5) to ten (10) years. ISO performs a

comprehensive analysis of the complete fire protection system for the municipality, including the dispatch center, water supply infrastructure, and all aspects of fire service organization and operations. LFRA was evaluated in January 2015 and received an updated public protection classification (PPC) rating from ISO in April 2016.

In large part, this improved rating is due to the outstanding services of the [Loveland Emergency Communications Center](#) (dispatch) as well as the [Loveland Water and Power Department](#), and other regional water distribution systems, and significant improvements in LFRA operations, equipment, resources, and station locations. This is a comprehensive evaluation and this rating would not have been possible if not for the extraordinary services of our City Departments and neighboring partners.

What does this mean to you?

Depending on the rating criteria outlined below, this could have a positive impact on lowering the premium you pay for home owners insurance on your home or business. Because insurance companies vary in the ways they apply ISO ratings, property owners should contact their insurance providers to learn if premium reductions are available.

Current ISO Ratings

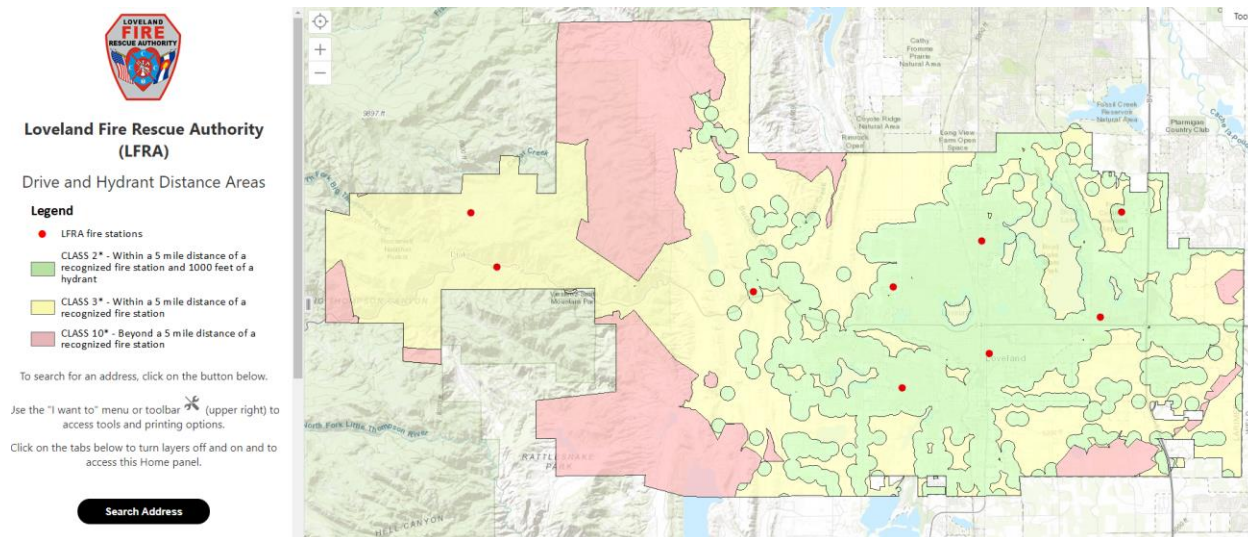
- **LFRA FPSA (Fire Protection Service Area): PPC rating of Class 2** – This rating applies to all structures within five (5) road miles of an LFRA fire station AND within 1,000 feet of a fire hydrant.
- **LFRA FDS (Fire Department Supply): PPC rating of Class 3**– This rating applies to all structures within five (5) road miles of an LFRA fire station and are NOT within 1,000 feet of a fire hydrant. This is the area to which LFRA must bring its own water supply, via water tender shuttle operations.
- **PPC rating of Class 10** – Any area that is more than five (5) road miles of an LFRA fire station.

(Previous ISO ratings were 4, 6, and 10 respectively)

Please Note: The Insurance Service Organization (ISO) Ratings provided to the Loveland Fire Rescue Authority are based on comprehensive analysis of the LFRA including station locations, staffing, apparatus and equipment, firefighting procedures and training and water supply systems. We share data from that comprehensive analysis in the form of GIS mapping information that indicates ISO Public Protective Classification (PPC) ratings. PPC ratings are also determined by road miles from the nearest staffed or volunteer fire station within a jurisdiction, and proximity to water supply hydrants. These ratings are used to determine insurance costs to property owners.

We encourage property owners to share information provided on our LFRA website with insurance providers or underwriters. The ISO encourages insurance providers or underwriters to contact them at 1(800) 444-4554, Option #2 for more detailed information and any clarifying information related to a specific property and a Public

Protection Classification. LFRA can not certify the ISO rating for your property, only the ISO can do that. We provide this page only to be used as a guide.



Information above from Loveland Fire Rescue Authority Home page.

How ISO Fire Rating Impacts Your Community

A good ISO fire rating brings value to your community, so it makes sense to try to improve your score.

Lower insurance premiums

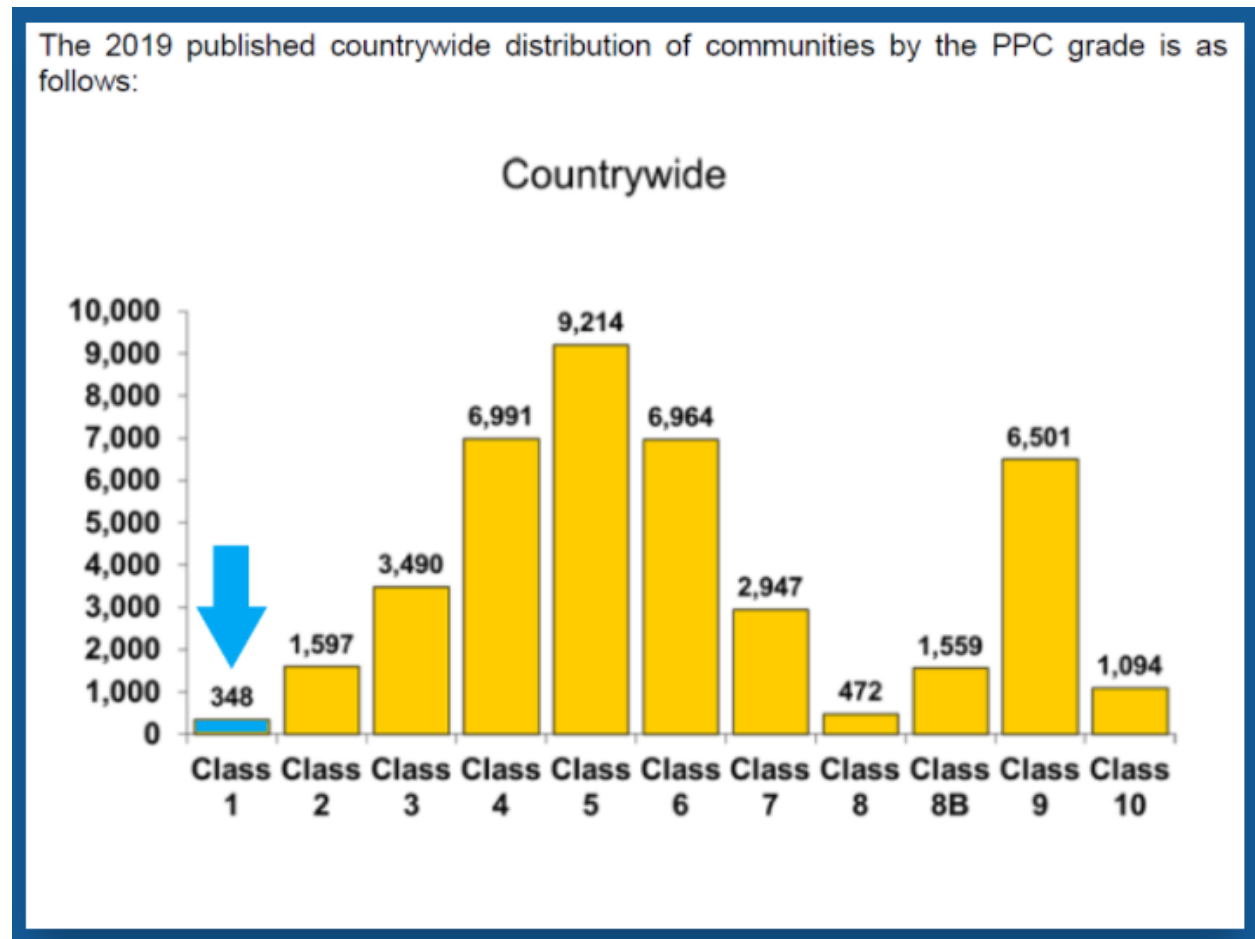
While it's a common perception that homeowner's insurance premiums are directly tied to the ISO fire rating, this isn't necessarily true. Many insurers do provide discounts for lower PPC scores, but their rating structure is complex and constantly changing. And in some states, the score is not even a factor at all.

So, it's good for you to understand how the ISO fire rating works in your community before assuming this is completely true in your circumstance.

As the parent company of ISO, [Verisk](#) estimates insurers representing 75% of the residential and commercial market access PPC information when determining their prices. In many states, [according to Verisk](#), the better the ISO score the lower the homeowner insurance premiums. But exactly how much weight is placed on the score is unclear.

Information above from the Verisk home page.

Distribution of ISO Scores from 2019



Information above from Insurance Service Office (ISO) from 2019 data base.



COUNCIL AD-HOC COMMITTEE ON BUDGET SHORTFALL

MAY 10, 2021

ALAN KRCMARIK
Chief Financial Officer

&

MATTHEW ELLIOTT
Budget Manager

THE WHY

The Council Ad hoc Committee on the Budget Shortfall was convened in January of 2021 to address the structural imbalance of the 2020 Budget and the need for an increase in revenue and a reduction in expenditures.

A review of optional sources of revenue and reductions by the committee, did not provide a consensus on a definitive option.

Since mid-April conditions to address:

- Polling for any additional tax or admissions tax would only reinforce the current political climate in the community
- Staff is unsure if the committee is in support of future meetings

In the long term staff still believes there is a need for funding capital projects and balancing the budget.

AGENDA

1. The Why: A brief review
2. Changes to the Outlook a) Rescue Plan Act b) 2020 Year-End Adjustments
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Changes to the Outlook

A) Rescue Plan Act - 4 Criteria \$1.9 T \$65 B

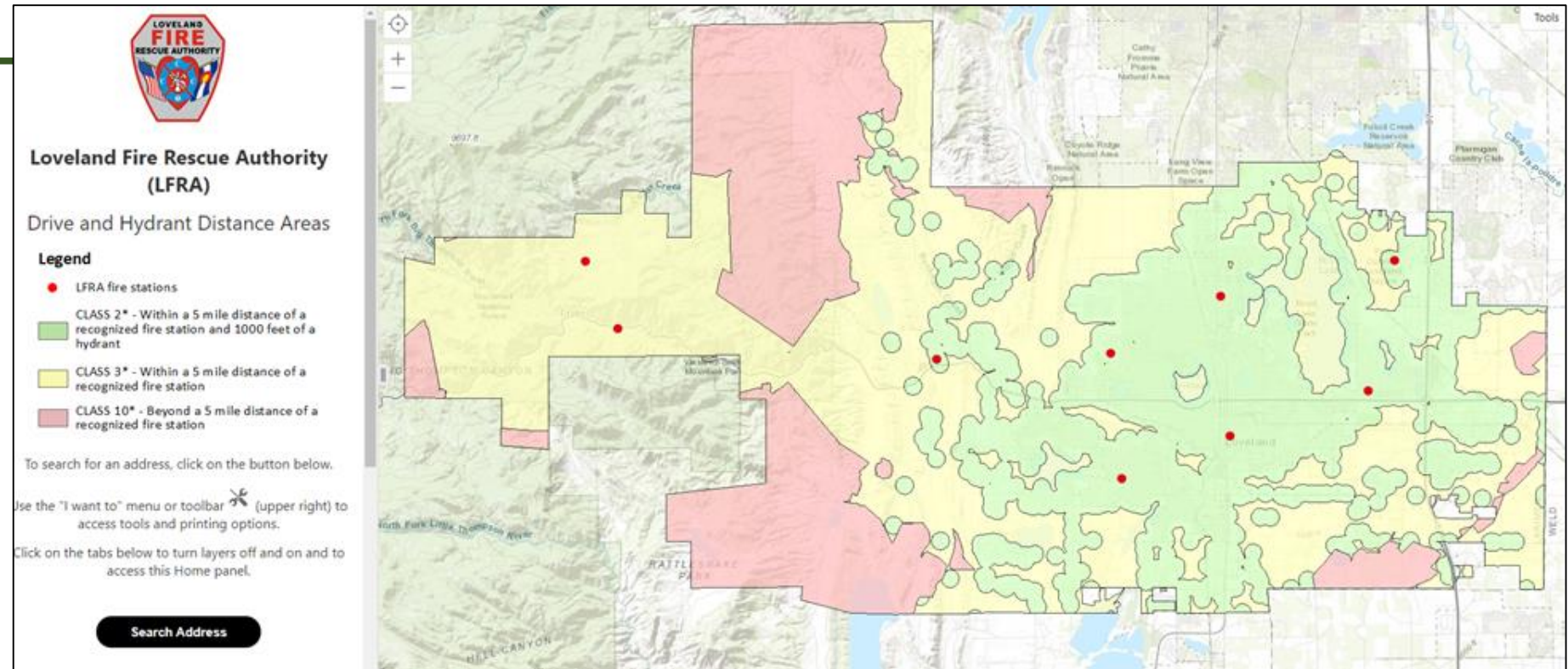
1. To respond to the coronavirus health impacts or economic impacts including assistance to households, small businesses, nonprofits, and impacted industries including hospitality, travel, and tourism.
2. By providing premium pay for essential workers up to \$13 an hour with an annual cap of \$25,000.
3. To cover for lost revenue in providing services. (The City has lost revenue from 2020 and 2021.)
4. To make investments in water, sewer or broadband infrastructure.

B) 2020 Year-End Adjustments

1. Unassigned Fund Balance
2. Contingency Reserve

Public Safety – ISO Ratings

Information from
Loveland Fire Rescue
Authority Home page.



Current ISO Ratings

- **LFRA FPSA (Fire Protection Service Area): PPC rating of Class 2** – This rating applies to all structures within five (5) road miles of an LFRA fire station AND within 1,000 feet of a fire hydrant.
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- **PPC rating of Class 10** – Any area that is more than five (5) road miles of an LFRA fire station.

Public Safety – ISO Ratings

The 2019 published countrywide distribution of communities by the PPC grade is as follows:



How ISO Fire Rating Impacts Your Community

A good ISO fire rating brings value to your community, so it makes sense to try to improve your score.

Lower insurance premiums

While it's a common perception that homeowner's insurance premiums are directly tied to the ISO fire rating, this isn't necessarily true. Many insurers do provide discounts for lower PPC scores, but their rating structure is complex and constantly changing. And in some states, the score is not even a factor at all.

Budget Cuts and Impacts

Attachment 3

2019-2021 Budget Reductions (\$24.4M)

Department	2019 Adopted Reductions	2020 Adopted Reductions	2020 COVID Reductions	2021 Adopted Reductions	Department Total
City Manager ¹		96,500	188,718	98,000	\$ 383,218
City Attorney		14,119	141,561	54,458	\$ 210,138
City Clerk		37,773	72,548	56,814	\$ 167,135
Culture		15,000	191,554	45,000	\$ 251,554
Development Services	25,020	81,796	299,310	72,956	\$ 479,082
Economic Development		50,990	110,330	250,000	\$ 411,320
Finance		211,651	603,813	542,204	\$ 1,357,668
Human Resources		82,480	149,491	67,740	\$ 299,711
Information Technology	25,000	174,309	520,806	96,621	\$ 816,736
Legislative		-	-	2,212	\$ 2,212
Library		159,605	330,318	104,848	\$ 594,771
Municipal Court		1,750	32,922	9,750	\$ 44,422
Parks & Recreation	100,153	393,594	1,325,018	623,929	\$ 2,442,694
Police	50,000	745,121	912,030	57,326	\$ 1,764,477
Public Works	150,000	930,821	2,695,672	750,000	\$ 4,526,493
Subtotal GF Departments	\$ 350,173	\$ 2,995,509	\$ 7,574,091	\$ 2,831,858	\$ 13,751,631
Non-Departmental ²		63,200	-	1,744,719	\$ 1,807,919
Loveland Fire Rescue Authority		466,333	417,746	221,000	\$ 1,105,079
Total All Departments	\$ 350,173	\$ 3,525,042	\$ 7,991,837	\$ 4,797,577	\$ 6,664,629
One-Time Transfers	1,610,000	4,940,000			\$ 6,550,000
Other ³		900,000	289,046		\$ 1,189,046
Subtotal Transfers/Other	\$ 1,610,000	\$ 5,840,000	\$ 289,046	\$ -	\$ 7,739,046
Total Reductions	\$ 1,960,173	\$ 9,365,042	\$ 8,280,883	\$ 4,797,577	\$ 24,403,675

¹Includes Community Partnership & Public Information Office

² \$1,744,719 in 2021 Adopted Reductions was Public Works (Net delayed CIP for one year: TRANS - Boise Traffic Calming Study - US34 to Park Dr.)

³ \$900,000 new revenue from services delivered by the City, \$289,046 re-appropriation of personnel from General Fund to Municipal Fiber

IMPACTS OF COVID & BUDGET CHALLENGES ON CITY ATTORNEY'S OFFICE

Ongoing Funding Challenged Areas:

- Competitive Wages
- East Office Renovation

- City Attorney's East office has been unable to undergo renovation to accommodate the attorneys' offices
- City Attorney's budget has become responsible for outside legal fees incurred by General Fund departments
- Required continuing legal education has been reduced to online courses (no or limited interaction with peers)
- Outside leadership training has halted
- Bar memberships were suspended for 2020
- Time devoted to addressing COVID-19 issues prevented progress on other projects
- No merit raises have occurred resulting in competitive wage issues on top of furlough monies lost
- Employee turnover complications
- Core adjustments from Travel/Meetings/Schooling budget to address shortfall in other areas
- Inability to support internship programs

IMPACTS OF COVID & BUDGET CHALLENGES ON CITY CLERK

Ongoing Funding Challenged Areas:

- Staffing - Difficulty Meeting Growth Demands

COVID – Budget Short-Term Impacted Service Areas:

- Citizen Communication Programs

- Boards and Commissions program, handbook & brochure updates – Paused
- Proactive Communication with Citizens for various programs (ie brochures, FAQ webpage, social media presence) - Paused
- Updates to Municipal Code in various areas – Paused
- Internal process audits and improvements – Paused
- City Clerk Continuation of Operations Plan – Paused
- City Clerk staff education – Reduced

IMPACTS OF COVID & BUDGET CHALLENGES ON CITY MANAGER'S OFFICE, COMMUNICATION & ENGAGEMENT, COMMUNITY PARTNERSHIP

Ongoing Funding Challenged Areas:

- Public communication and community engagement
- Financial contributions to outside agencies and events
- City Council training, education, and support

COVID – Budget Short-Term Impacted Service Areas:

- Citywide employee hiring, retention & competitive offerings
- CMO Contingency for opportunities and emergencies
- Digital Communications

- During the pandemic and the emergency events like the Cameron Peak fire, the need for public communication peaked. We barely had enough resources to keep pace with the demand
- There is a high desire for more community engagement, dialogue and monitoring, but the funding for more staffing or technology to address this is not available
- Human Services Grant funding was boosted with additional CVRF funding in 2020, but more funds are needed on an ongoing basis
- Relying on CML for legislative / lobbying support during the past year when the legislature has been very active is not providing the desired level of coverage and input
- More staff support for the Community Partnership Office and administration of CDBG dollars and reporting, Homelessness services, and affordable housing projects is needed

Other Reduction Impacts

- Community Housing Development Fund has been reduced to meet budget reductions
- Employee appreciation events have been impacted due to COVID protocols and budget
- Funding for staff development & training has been reduced
- Internal and external meeting facilitation and refreshments has been largely eliminated due to budget reductions and COVID protocols
- Innovation & process improvement funding was reduced due to budget reductions, decreasing employee participation

IMPACTS OF COVID & BUDGET CHALLENGES ON CULTURAL SERVICES

Ongoing Funding Challenged Areas:

- Rialto Theater Center – Additional Programming Loss
- Staffing - Turnover & Staffing - Difficulty Meeting Growth Demands

COVID – Budget Short-Term Impacted Service Areas:

- Rialto artist fees, Museum programming (arts, education & history exhibits)

- Rialto Theater Center was setting revenue records prior to shut-down
- Now difficult to add additional programming without an increase (or decreases) in the operating budget
- Inability to add staff has taken its toll and has reached the point where current staff cannot support additional growth
- Stable, long-term staff has been typical in the past, but budget cuts and expectations for staff to meet demand for services without additional funding is creating a turnover problem and may continue

IMPACTS OF COVID & BUDGET CHALLENGES ON DEVELOPMENT SERVICES

Ongoing Funding Challenged Areas:

- Loss of City Planner Position
- Building Plans Examiner Position Frozen

COVID – Budget Short-Term Impacted Service Areas:

- Elimination of Overtime Pay Requires Comp Time Reducing Available Staff During Work day Hours

- Significant reductions in travel and training dollars available to staff to maintain certifications.
- Elimination of professional services budget line item requires supplemental appropriation for contract services
- Inability to add staff has taken its toll and has reached the point where current staff cannot support additional growth
- Stable, long-term staff has been typical in the past, but budget cuts and expectations for staff to meet demand for services without additional funding is creating a turnover problem and may continue

IMPACTS OF COVID & BUDGET CHALLENGES ON ECONOMIC DEVELOPMENT

Ongoing Funding Challenged Areas:

- Visit Loveland
- Staffing Levels to Workload Ratio without compensation
- Economic Incentives Fund

COVID – Budget Short-Term Impacted Service Areas:

- Major Community Events
- Conferences

- Visit Loveland is down 54% in revenue since March of 2020 with an overall revenue loss of \$471,886 and have decimated its reserve by having to use \$312K in 2020
- Lack of conferences held has resulted in thousands of visitors and therefore dollars put back into the community
- Staff efforts increased exponentially by: working with the business community, primarily main street in grant offerings, weekly communication, level up, recovery strategy, patio programs all while maintaining their typical roles
- Department is not staffed to the capacity it was in 2015
- Annual contribution to the Economic Incentives Fund has been reduced by a total of \$850,000 over the last three years
- Furlough days were taken last year, cost of living raises weren't given, on top of taking on almost double typical workloads
- Visitor Center operated with one director and furloughed 4 of its part time staff through 2020
- If fully resourced, ED is one of the main revenue producing opportunities for the community to bring in more tax dollars to help with our city's budget

IMPACTS OF COVID & BUDGET CHALLENGES ON INFORMATION TECHNOLOGY

Ongoing Funding Challenged Areas:

- Computer Support Team - Staffing
- Cybersecurity and Disaster Recovery
- Technology Modernization

COVID – Budget Short-Term Impacted Areas:

- Security, Remote Tech and Support, VoIP/Phone Support, Copiers

- Reduced Support Tech position – Not keeping pace with PC replacements and support demand
- Remote working and remote meeting requirements have increased demand on support teams
- Remote working has increased expenses on related technologies (laptops vs. desktops, cameras, speakers, monitors, enabling software)
- Experiencing price increases on equipment
- Telecom Support Tech ongoing vacancy & GIS position delayed hiring: support reduced and greater load on existing staff
- Cut disaster recovery infrastructure budget; long-term risk
- Need for new or increased investment in solutions for modernization and remote working: Collaboration, Digital Signature, Electronic Document Management, Remote Meeting, VPN, VoIP, and Digital Phone Trunks
- Delayed replacements on all copiers and security equipment, extending lifecycle – risking increase in maintenance.

IMPACTS OF COVID & BUDGET CHALLENGES ON HUMAN RESOURCES

Ongoing Funding Challenged Areas:

- Citywide Training and Recognition Programs
- Staffing: Workload, Compensation & Retention

COVID – Budget Short-Term Impacted Service Areas:

- Severely restricted or eliminated training and travel budgets
- Internal Service Funds Draw-Down on Fund Balance
- Resources to implement COVID protocols/incident track & vaccination plans

- Internal Services
 - Increased demand with decreasing resources due to budget constraints and staffing.
- Citywide Workload Capacity
 - Increased responsibilities and new priorities with less staff to implement and maintain existing service levels. (Hiring Freezes & Voluntary Separation Program)
 - Decreased morale due to reduced compensation (Furlough's & no merit)
- External Services
 - Reduced Volunteer Recognition Program
 - Limits programs from progressing beyond regulatory compliance (DEI, ADA, &/or Title VI)

IMPACTS OF COVID & BUDGET CHALLENGES ON LIBRARY

Ongoing Funding Challenged Areas:

- Staffing Levels - Reductions to FTE's and hours worked
- Materials / Training Budget
- Educational Support
- Second Library Location

COVID – Budget Short-Term Impacted Service Areas:

- Closed Sundays
- Fewer Programs / Classes

- Staffing reductions have impacted every department in the library, including elimination of Business Librarian position and fewer programs and classes and limited outreach to community partners.
- Library hours reduced due to staffing reductions and service changes due to COVID. Total hours have been reduced from 66 per week in 2019 to 46 currently. (Over 30% decline)
- Cuts to materials budget resulting in fewer new materials and longer wait times for popular items.
- Cuts to training budget resulting in limited opportunities for professional development.
- Elimination of city-funded educational support have impacted staff pursuing their Masters Degrees in Information and Library Studies.
- No funding to build a second library location has resulted in continued lack of service for Loveland residents who can't get to the downtown location.
- **BIG IMPACT:** More than ever, Loveland residents are turning to the Library for technology access, educational resources and economic support including applying for benefits and seeking jobs. With a reduction in staff and hours, not to mention an ongoing need to build a second location, the Library continues to fall behind in meeting the needs of our community.

IMPACTS OF COVID & BUDGET CHALLENGES ON MUNICIPAL COURT

Ongoing Funding Challenged Areas:

- Courtroom Expansion (Jury Box)
- Travel / Education

COVID – Budget Short-Term Impacted Service Areas:

- Citation Reductions

- The total number of citations written in 2020 was 8,609, as compared to 2019, which saw a total of 10,682. The two case types that saw the significant reduction were traffic and municipal code violations.
- Inability to make the physical expansions needed to the jury box in the courtroom. The current setup only allows for 7 jurors to be seated. The jury box should accommodate 12 jurors.
- Travel and education budget shortfall: This was not felt significantly in 2020 due to the lack of travel, but I anticipate this will start to impact the court when travel and in-person seminars and trainings resume.

IMPACTS OF COVID & BUDGET CHALLENGES ON PARKS & RECREATION

Ongoing Funding Challenged Areas:

- Urban Forestry Management
- Parks Division
- Planning Division

COVID – Budget Short-Term Impacted Service Areas:

- Dramatic reduction in recreation programming
- Significant increase in utilization of our parks, trails and open lands

Staff – Many positions were eliminated through attrition and were permanently eliminated to achieve on-going savings.

- \$596,893 in personnel reductions since 2019
- Significant reductions across all divisions of part-time and seasonal employees

- **Urban Forestry Program** – currently underfunded by 60% and anticipated to be further underfunded with the looming Emerald Ash Borer threat and associated costs.

- **Planning Division** – 2.0 FTE are responsible for handling all depreciation and capital projects for the entire department in addition to special projects including the current P&R Master Plan Update, increasing ADA accessibility and citywide planning efforts such as the Concept Review and Development Review Teams.

IMPACTS OF COVID & BUDGET CHALLENGES ON PUBLIC WORKS

Ongoing Funding Challenged Areas:

- Facilities Maintenance
- Staffing - Difficulty Meeting Growth Demands
- Capital Projects Funds
- Alley / ROW Tree / Street Rehab / Traffic Safety Maintenance

COVID – Budget Short-Term Impacted Service Areas:

- Snow Removal Functions
- Temporary Recycling Center Closure

Facilities Maintenance: deferral of Facilities capital projects, furlough days, and reduced personnel resources to meet increasing demands for services.)

- Community: reduction in snow removal, snow removal chemicals and materials, elimination of alley maintenance funds, and ROW tree maintenance in the March blizzard; reduction in street rehabilitation and maintenance activities; reduction in key traffic safety maintenance such as striping and signage; and inability to meet community requests for hanging banners, signs etc.
- PW Divisions have also helped offset pressures to the GF through a combination of federal relief funds (COLT), and right-sizing of fees and reserves (Fleet Services). Over \$3M has been returned or offset to the GF in 2020 and 2021.
- Deferred Capital: Includes key Facility Maintenance and upgrade projects to City facilities, key transportation capital projects to offset GF shortfalls. Increasing cost of deferring these projects will be borne in future years by the community.
- PW Staff and Divisions proved very agile in adjusting work environments, schedules and technology, allowing them to maintain most services without a perceptible drop in service levels.

Sales & Use Tax Rate Increase for Specific Projects

<u>Project</u>	<u>Estimated Cost</u>	<u>Tax Rate</u>	<u>Term</u>	<u>Term w/o Food</u>
• Sidewalks	\$38 million	$\frac{1}{4}$ ¢	12 years	14 years
(1/3 rd of Total Requested Amount)	\$38 million	$\frac{1}{2}$ ¢	7 years	8 years
	\$38 million	$\frac{1}{10}$ ¢	24 years	26 years
• Fire Stations (2)	\$12 million	$\frac{1}{4}$ ¢	5 years	6 years
(No. 3 & No. 5)	\$12 million	$\frac{1}{2}$ ¢	3 years	3 years
	\$12 million	$\frac{1}{10}$ ¢	10 years	12 years
• HIP Streets	\$22 million	$\frac{1}{4}$ ¢	8 years	9 years
(Surface Only)	\$22 million	$\frac{1}{2}$ ¢	5 years	6 years
	\$22 million	$\frac{1}{10}$ ¢	16 years	18 years

Estimated Interest on Bonded Projects

Hypothetical Loveland Project							
Amount of Project Proceeds Needed				\$37,760,000			
<u>Costs to Issue Bonds</u>							
Bond Counsel			\$60,000				
Municipal Advisor			40,000				
Ratings			30,000				
Registrar / Paying Agent			5,000				
Posting / Printing			<u>10,000</u>				
Total Cost of Issuance				\$145,000			
Total Amount of Bonds Issued				\$37,905,000			
				Annual Payment	Total Payments	Total Interest	Average Interest per year
Annual Payment over 20 years @2.5%				(\$2,431,497)	(\$48,629,938)	(\$10,724,938)	(\$536,247)
Annual Payment over 25 years @ 3.0%				(\$2,176,803)	(\$54,420,086)	(\$16,515,086)	(\$825,754)
Annual Payment over 30 years @ 3.5%				(\$2,060,945)	(\$61,828,360)	(\$23,923,360)	(\$1,196,168)
* assumes level cost of repayment, no reserve fund, and no refinancing.							

Timeline for Outreach/Campaign

Election Timeline

August to November

Council Approval

August 3: 1st Reading of a ballot issue

August 17: 2nd Reading

Citizen Support

November 2: Election Day

2019 – Your City. Your Future Community Improvement Program

About Six Months of Preparation in 2018

January – February: Reconvened Task Force from 2018

February: Registered voter letter and FAQ Newsletter

March: Mail survey and phone poll

March – July: Community outreach campaign

May: Final task force meeting

June – November: Citizen task force, community conversations, and continued public engagement

Where we are

April to November

May – July: Identify Projects and Tax Measure to Support Projects?

Council Approval and Support?
Community outreach and citizen task force recruitment?

August – November:

Community conversations, public outreach and engagement

Timeline for Outreach/Campaign

According to experts developing and implementing a pre-referendum program begins 18 months prior to the election.

Many action steps should be tackled prior to making the decision to place a tax measure on the ballot.

- Critical to have everyone's support
- Voter analytics/demographics
- Timelines and budgets
- Task force facilitation
- Messaging
- Branding
- Direct mailing
- Digital/Social media
- Public opinion research
- Ballot language
- Campaign support and advocacy

Source: beyondyourbase.com

Timeline for Outreach/Campaign

Advantages and Disadvantages of a ballot issue in an off-year election

ADVANTAGES

- With construction costs increasing, sooner is better
- Shorter ballot, with fewer statewide measures
- Easier to get the attention of the voter (less noise)
- Fewer votes needed in an off-year election
- School district and County ballot measures no longer on the ballot

DISADVANTAGES

- Voter fatigue when it comes to new tax measures
- Timed with city council races
- Older, more fiscally conservative voters often represent a larger percentage of the electorate for off-year elections relative to gubernatorial and presidential elections (reducing likelihood of success)
- Much stronger get-out-the-vote (GOTV) efforts needed during the campaign to be successful

Next Steps

1. Does the committee want any additional information from staff?
2. Does the committee have any questions from the past four meetings?
3. Committee recommendations to the entire City Council?

Without clear consensus from this Council committee, there is no chance of a sales tax rate increase of ¼ cent or an admissions tax to have voter approval.

If we have don't have clear support from all of Council, there is no reason to put anything on the ballot and current conditions in the community show there would be little support from residents for a citizen initiative.

Next Steps

In 2022 or 2023 (off year), the City will be looking at another exemption from TABOR. Past TABOR successful votes have been in off years.

TABOR De-Brucing				
Election Date	Ballot Issue	# of Yes votes	# of No votes	Legal Document
11/8/1994	TABOR 1993-1997	*Passed		R-64-1994
11/2/1999	TABOR 1998-2002	5909	4960	R-70-1999
11/6/2001	TABOR 2003-2012	6319	5791	R-79-2001
11/1/2011	TABOR 2013-2024	9760	7423	Ord 5620

* The City Clerk's Office doesn't have the abstract from this election, the 1995 Budget Book shows that it did pass.

Questions
