

unanimously approved this ordinance on first reading, at the regular meeting on August 20, 2013.

2. **FINANCE** (presenter: John Hartman)
ESTABLISHING PUBLIC HEARING DATE FOR 2014 RECOMMENDED BUDGET
A motion to approve a Resolution #R-64-2013 Establishing a Date, Time, and Place for a Public Hearing on the 2014 Recommended Budget for the City of Loveland, Colorado

This is an administrative action. The resolution sets the date for the public hearing for October 1, 2013.

3. **DEVELOPMENT SERVICES** (presenter: Troy Bliss)
KING OF GLORY ADDITION ANNEXATION ESTABLISHING HEARING DATE
A motion to approve a Resolution #R-65-2013 Finding a Certain Petition for Annexation Known as King of Glory Addition, Filed on June 10, 2013, to be in Substantial Compliance with Section 30 of Article II of the Colorado Constitution and With the Requirements of §31-12-107(1), C.R.S.; and Establishing a Date, Time, and Place for a Hearing to Determine Whether the Proposed Annexation Complies with the Applicable Requirements of Sections 31-12-104 and 31-12-105, C.R.S., and is Eligible for Annexation to the City of Loveland, Colorado

This is a legislative action to consider a resolution setting a public hearing date of October 15, 2013 for City Council to consider a petition to annex approximately 4.2 acres to be known as King of Glory Addition. The applicant is King of Glory Lutheran Church. The property is generally located at the northwest corner of W. 29th Street and N. Wilson Avenue and is occupied by King of Glory Lutheran Church, which includes two attached structures with a combined floor area of approximately 18,000 square feet.

END OF CONSENT AGENDA

CITY CLERK READS TITLES OF ORDINANCES ON THE CONSENT AGENDA

CITY COUNCIL

- a. **Citizens' Report** *Anyone who wishes to speak to an item NOT on the Agenda may address the Council at this time.*
- b. **Business from 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.*
- c. **City Manager Report**
- d. **City Attorney Report**

PROCEDURAL INFORMATION

Anyone who wishes to address the Council on any item on this part of the agenda may do so when the Mayor calls for public comment. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council quorum present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

REGULAR AGENDA

CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

4. **CITY CLERK** (presenter: Terry Andrews)
APPROVAL OF MINUTES

1. A motion to approve the August 13, 2013 Special Meeting & Study Session Minutes. Councilor McKean was absent. Councilor Shaffer was absent for the Special Meeting but present for the Study Session.

This is an administrative action to approve the August 13, 2013 Special Meeting & Study Session Meeting Minutes.

2. A motion to approve the August 20, 2013 Regular Meeting Minutes. Councilor Farley was absent.

This is an administrative action to approve the August 20, 2013 Regular Meeting Minutes.

**5. CITY ATTORNEY (presenter: John Duval)
PUBLIC HEARING**

CITIZEN INITIATIVE PETITION FOR A TWO-YEAR MORATORIUM ON HYDRAULIC FRACTURING

The information for this item will be forth coming and published on Friday, August 30, 2013.

6. PUBLIC WORKS (presenter: David Klockeman)

CDOT'S FUTURE OPTIONS FOR NORTH I-25

North I-25 from 120th Avenue to State Highway (SH) 14 (Mulberry Avenue) – Options and Input for Future

Staff is looking for Council direction. CDOT representatives will be providing information related to the future options of North I-25, from 120th Avenue to SH 14 (Mulberry). This effort is associated with CDOT's Responsible Acceleration of Maintenance and Partnerships (RAMP) Program, currently under consideration, which includes possible funding for North I-25.

**7. PUBLIC WORKS (presenter: David Klockeman and Kevin Gingery)
REVISIONS TO SYSTEM INVESTMENT FEES AND STORMWATER UTILITY FEES**

A motion to adopt a Resolution #R-66-2013 Concerning Revisions to the Stormwater Rates for System Investment Fees (SIF's) and the Stormwater Utility Fee for 2014 and Beyond

This is an administrative action to adopt a resolution on first reading that provides funding for the Stormwater Enterprise through a series of rate increases for System Investment Fees (SIF's) and the Stormwater Utility Fee. The presentation and discussion will include existing rates and the potential adjustment to rates going forward; on-going needs, and City Council direction from the December 11, 2012 Study Session.

The SIF's (Stormwater's version of Capital Expansion Fees) are collected with each new development to provide regional stormwater facilities the ability to protect the existing downstream property owners. The last adjustment to these fees appeared in 2005. The Stormwater Utility Fee is based on the costs to upgrade the existing Stormwater system that was in place prior to 1987, as well as, maintain all of the public Stormwater facilities across the City. The last adjustment to these fees was in 2002.

The proposed rates to the SIF's would balance the costs across the anticipated development within the City's Growth Management Area (GMA), allowing for the anticipated regional improvements to be funded. The proposed rate for the Stormwater Utility Fee would expedite the completion of Master Plan Projects within the area of the City that existed prior to 1986, which current rates would never allow for completion.

The Stormwater Utility will be positively affected by additional funding for capital projects.

8. FINANCE (presenter: Brent Worthington)

JULY 2013 FINANCIAL REPORT

This is an information only item. The Snapshot Report includes the City's preliminary revenue and expenditures including detailed reports on tax revenue and health claims year to date, ending July 31, 2013.

9. CITY MANAGER (presenter: Alan Krcmarik)
INVESTMENT REPORT FOR JULY 2013

This is an informational only item. The budget estimate for investment earnings for 2013 is \$2,760,420. Through July, the amount posted to the investment account is \$840,109 including realized gains. Actual year-to-date earnings are much lower than the budget projection. Earlier this year, several very high interest rate corporate bonds matured, so future yields will be lower. The estimated annualized yield on market value for securities held by US Bank increased to 1.16% at the end of July, higher than the 1.06% yield reported at the end of June. The yield is still under the annual target rate of 1.20% for 2013. Reinvestment rates have risen recently after being at near record low levels. Current reinvestment rates are now higher than the budget projection target.

ADJOURN



CITY COUNCIL

Civic Center • 500 East Third Street, Suite 330 • Loveland, CO 80537
 (970) 962-2303 • Fax (970) 962-2900 • TDD (970) 962-2620
www.cityofloveland.org

PROCLAMATION

- WHEREAS** hunger and poverty are issues of grave concern in the United States and the State of Colorado and Loveland; and
- WHEREAS** Loveland is committed to taking steps to raise awareness about the need to combat hunger in every part of our City and to provide additional resources that citizens of Loveland need; and
- WHEREAS** Loveland is committed to working with Food Bank for Larimer County in educating people about the role and importance of food banks in addressing hunger and raising awareness of the need to devote more resources and attention to hunger issues; and
- WHEREAS** 1 in 7 individuals in Loveland rely on food provided by the Food Bank for Larimer County annually; and
- WHEREAS** Food Bank for Larimer County distributed more than 7.8 million pounds of food in 2013 through its network of food pantries, partner agencies, Kids Cafe sites, and other community organizations; and
- WHEREAS** food banks across the country, including Food Bank for Larimer County, will host events throughout the month of September to bring awareness and attention to encourage involvement in efforts to end hunger in their local community.

NOW, THEREFORE, we, the City Council of Loveland do hereby recognize September, as

HUNGER ACTION MONTH IN LOVELAND

and call this observance to the attention of our citizens.

Signed this 3rd day of September, 2013

Cecil A. Gutierrez
 Mayor



CITY OF LOVELAND
MUNICIPAL AIRPORT

4900 Earhart Road • Loveland, Colorado 80538
(970) 962-2852 • FAX (970) 962-2855 • TDD (970) 962-2620

AGENDA ITEM: 1
MEETING DATE: 8/20/2013
TO: City Council
FROM: Keith Reester, Public Works Department
PRESENTER: Jason Licon, Airport Director

TITLE:

An Ordinance Enacting a Supplemental Budget and Appropriation to the 2013 Fort Collins – Loveland Municipal Airport Budget for Runway Improvements

RECOMMENDED CITY COUNCIL ACTION:

Approve the ordinance on second reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

SUMMARY:

This is an administrative action. The ordinance appropriates \$738,320 of an available 95% federal grant and 5% local match to complete the Airport Improvement Project. City Council unanimously approved this ordinance on first reading, at the regular meeting on August 20, 2013.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

The ordinance appropriates grant funds. No local funds are required.

BACKGROUND:

This recommendation is to approve the Federal Aviation Administration (FAA) grant funding that was budgeted in 2012 but not used. Each year the Airport receives a \$1 million grant entitlement funding from the FAA, of which less than half was used in 2012 for airport

improvement projects. This leftover funding combined with other Federal and State grants will be used to complete the Airport's Apron Rehabilitation Project with a total cost of \$2,725,011.97. This project has been approved and will replace pavements used by aircraft that were last installed in 1977.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Ordinance

FIRST READING August 20, 2013

SECOND READING September 3, 2013

ORDINANCE NO. 5801

AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2013 FORT COLLINS-LOVELAND MUNICIPAL AIRPORT BUDGET FOR RUNWAY IMPROVEMENTS

WHEREAS, the Airport has received funds not anticipated or appropriated at the time of the adoption of the City and Airport budgets for 2013; and

WHEREAS, the City Council desires to authorize expenditure of these funds by enacting a supplemental budget and appropriation to the 2013 Airport Budget, as authorized by Section 11-6(a) of the Loveland City Charter.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That revenues in the amount of \$558,010 from Federal Aviation Agency grants and \$180,310 from fund balance in the Airport Fund are available for appropriation. Revenues in the total amount of \$738,320 are hereby appropriated for runway improvements. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget
Airport Fund 600**

Revenues

Fund Balance	180,310
600-00-000-0000-38616-AP1204 Contribution FAA	558,010

Total Revenue **738,320**

Appropriations

600-23-290-0000-49360-AP1204 Construction	738,320
--	---------

Total Appropriations **738,320**

Section 2. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the

amendments shall be published in full. This Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

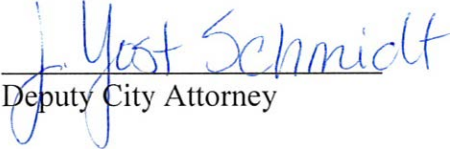
ADOPTED this 3rd day of September, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney


CITY OF LOVELAND

BUDGET OFFICE

 Civic Center • 500 East Third • Loveland, Colorado 80537
 (970) 962-2329 • FAX (970) 962-2901 • TDD (970) 962-2620

AGENDA ITEM: 2
MEETING DATE: 9/3/2013
TO: City Council
FROM: Brent Worthington, Finance Department
PRESENTER: John Hartman, Budget Officer

TITLE:

A Resolution Establishing a Date, Time, and Place for a Public Hearing on the 2014 Recommended Budget for the City of Loveland, Colorado

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action. The resolution sets the date for the public hearing for October 1, 2013.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

The action sets the public hearing date for the 2014 Recommended Budget.

SUMMARY:

The City Charter requires an action to set the date, time, and place for a public hearing on the 2014 Recommended Budget, after it has been submitted by the City Manager for Council consideration. This action satisfies that requirement. The resolution sets the date for the public hearing for October 1, 2013, to coincide with consideration of the budget ordinances to adopt the 2014 Budget on first reading.

REVIEWED BY CITY MANAGER: *William D. Casill*

LIST OF ATTACHMENTS:

1. Resolution

RESOLUTION #R-64-2013

A RESOLUTION ESTABLISHING A DATE, TIME, AND PLACE FOR A PUBLIC HEARING ON THE 2014 RECOMMENDED BUDGET FOR THE CITY OF LOVELAND, COLORADO

WHEREAS, pursuant to Section 11-2(b) of the Loveland City Charter, the City Manager is required to submit to the City Council, on or before the first Tuesday in October of each year, a proposed budget for the City for the next ensuing fiscal year; and

WHEREAS, on September 10, 2013, the City Manager submitted the 2014 Recommended Budget, including the 2014-2018 Recommended Capital Projects Program, to the City Council; and

WHEREAS, in accordance with Section 11-4(a) of the Loveland City Charter, the City Council desires to set a date, time, and place for a public hearing on the 2014 Recommended Budget.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That a public hearing is hereby scheduled to consider the adoption of the 2014 Recommended Budget for October 1, 2013 at 6:30 p.m., at which time objections of the electors of the City of Loveland shall be considered. Said hearing shall be held at the Loveland Municipal Complex, 500 East Third Street, Loveland, Colorado.

Section 2. That the City Clerk shall give notice of said hearing in the manner prescribed by Section 11-4(b) of the Loveland City Charter and § 29-1-106, C.R.S.

Section 3. That this Resolution shall be effective as of the date of its adoption.

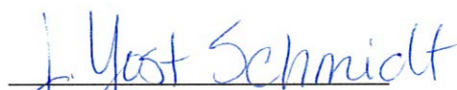
ADOPTED this 3rd day of September, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney



CITY OF LOVELAND
 DEVELOPMENT SERVICES DEPARTMENT
 Civic Center • 500 East 3rd Street • Loveland, Colorado 80537
 (970) 962-2346 • FAX (970) 962-2945 • TDD (970) 962-2620

AGENDA ITEM: 3
MEETING DATE: 9/3/2013
TO: City Council
FROM: Greg George, Development Services
PRESENTER: Troy Bliss

TITLE:

A Resolution Finding a Certain Petition for Annexation Known as King of Glory Addition, Filed on June 10, 2013, to be in Substantial Compliance with Section 30 of Article II of the Colorado Constitution and With the Requirements of §31-12-107(1), C.R.S.; and Establishing a Date, Time, and Place for a Hearing to Determine Whether the Proposed Annexation Complies with the Applicable Requirements of Sections 31-12-104 and 31-12-105, C.R.S., and is Eligible for Annexation to the City of Loveland, Colorado

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

SUMMARY:

This is a legislative action to consider a resolution setting a public hearing date of October 15, 2013 for City Council to consider a petition to annex approximately 4.2 acres to be known as King of Glory Addition. The applicant is King of Glory Lutheran Church. The property is generally located at the northwest corner of W. 29th Street and N. Wilson Avenue and is occupied by King of Glory Lutheran Church, which includes two attached structures with a combined floor area of approximately 18,000 square feet.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

BACKGROUND:

Staff has reviewed the annexation petition and consulted with the City Attorney's office and has determined that there is a factual basis to make the findings set forth in the resolution. The resolution finds that the annexation petition for King of Glory Addition is in compliance with the applicable requirements of Section 30 of Article II of the Colorado Constitution and with the requirements of §31-12-107(1), C.R.S. King of Glory Addition is requesting a zoning designation of R1 – Developing Low Density Residential to be compatible with the surrounding land uses. Churches are a use by right in the R1 zoning district. The annexation application was considered by the Planning Commission at a fully noticed public hearing on July 22, 2013 and the Planning Commission is recommending approval unanimously.

REVIEWED BY CITY MANAGER: 

LIST OF ATTACHMENTS:

- 1. Resolution with Exhibit A
- 2. Vicinity Map

RESOLUTION NO. 65-2013

A RESOLUTION FINDING A CERTAIN PETITION FOR ANNEXATION KNOWN AS KING OF GLORY ADDITION, FILED JUNE 10, 2013, TO BE IN SUBSTANTIAL COMPLIANCE WITH SECTION 30 OF ARTICLE II OF THE COLORADO CONSTITUTION AND WITH THE REQUIREMENTS OF §31-12-107(1), C.R.S.; AND ESTABLISHING A DATE, TIME, AND PLACE FOR A HEARING TO DETERMINE WHETHER THE PROPOSED ANNEXATION COMPLIES WITH THE APPLICABLE REQUIREMENTS OF SECTIONS 31-12-104 AND 31-12-105, C.R.S., AND IS ELIGIBLE FOR ANNEXATION TO THE CITY OF LOVELAND, COLORADO

WHEREAS, on June 10, 2013, a Petition for Annexation was filed with the City Clerk by persons alleging to comprise more than fifty percent (50%) of the landowners in the area described on **Exhibit A**, attached hereto and incorporated herein, who assert ownership of more than fifty percent (50%) of said area, excluding public streets and alleys; and

WHEREAS, said Petition requests the City of Loveland to annex said area; and

WHEREAS, the City Council has determined that said Petition for Annexation is in substantial compliance with Section 30(1)(b) of Article II of the Colorado Constitution and of §31-12-107(1), C.R.S.; and

WHEREAS, the City Council desires to set a date, time, and place for public hearing to determine whether the proposed annexation complies with Section 30 of Article II of the Colorado Constitution and the applicable requirements of §§31-12-104 and 31-12-105, C.R.S., and is eligible for annexation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Loveland, Colorado, that:

1. The City Council hereby finds and determines:

(a) That a Petition for Annexation has been filed with the City Clerk signed by persons alleging to comprise more than fifty percent (50%) of the landowners who assert ownership of more than fifty percent (50%) of the area described on **Exhibit A**, attached hereto and incorporated herein, excluding public streets and alleys;

(b) That said Petition requests the City of Loveland to annex said area;
and

(c) That said Petition substantially complies with and meets the requirements of Section 30(1)(b) of Article II of the Colorado Constitution and of §31-12-107(1), C.R.S.

2. Pursuant to §31-12-108, C.R.S., a public hearing is scheduled for October 15, 2013, at the hour of 6:30 p.m., for the purpose of enabling the City Council to determine whether the area proposed to be annexed complies Section 30 of Article II of the Colorado Constitution and with the applicable requirements of §§31-12-104 and 31-12-105, C.R.S., and is eligible for annexation; whether or not an election is required under Section 30(1)(a) of Article II of the Colorado Constitution and of §31-12-107(2), C.R.S.; and whether or not additional terms and conditions are to be imposed. Said hearing shall be held at the Loveland Municipal Complex, 500 East Third Street, Loveland, Colorado.

3. The City Clerk shall give notice of said hearing in the manner prescribed by §31-12-108(2), C.R.S.

4. This Resolution shall become effective on the date and at the time of its adoption.

APPROVED the 3rd day of September, 2013.

ATTEST:

CITY OF LOVELAND, COLORADO:

City Clerk

Mayor

APPROVED AS TO FORM:

J. Yost Schmidt
Deputy City Attorney

EXHIBIT A

[INSERT LEGAL DESCRIPTION HERE]

The above described parcels contain 4.28 acres, more or less, and are subject to all existing easements and/or rights-of-way of record.

EXHIBIT 'A'**PROPERTY DESCRIPTION – KING OF GLORY ADDITION**

That portion of the Southeast Quarter of Section 4, Township 5 North, Range 69 West of the 6th P.M., County of Larimer, State of Colorado being more particularly described as follows:

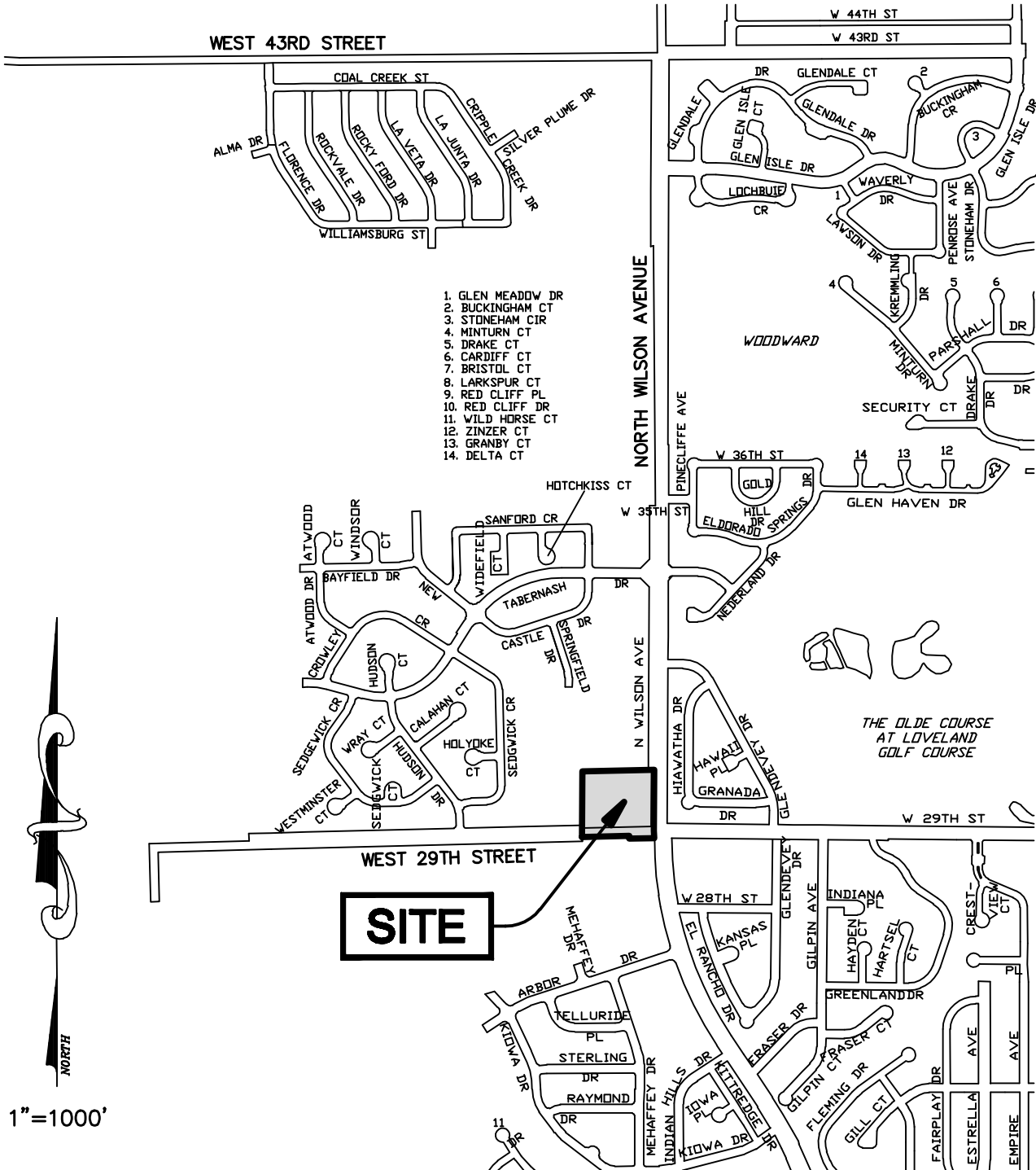
Considering the East line of the Southeast Quarter of said Section 4 as bearing North 01°40'40" East (assumed) and with all bearings contained herein relative thereto:

Beginning at the Southeast corner of said Section 4; thence along the South line of the Southeast Quarter of said Section 4 South 89°59'16" West 30.01 feet, more or less, to a point on the West line of FAIRWAY WEST FIRST ADDITION to the City of Loveland, County of Larimer, State of Colorado, said point also being a point on the East line of FIRE STATION NO. 2 ADDITION to the City of Loveland, County of Larimer, State of Colorado; thence departing said South line of the Southeast Quarter of said Section 4 and along said West line of FAIRWAY WEST FIRST ADDITION and along said East line of FIRE STATION NO. 2 ADDITION North 01°40'40" East 38.01 feet to a point on the South line of said FIRE STATION NO. 2 ADDITION and the TRUE POINT OF BEGINNING; thence departing said East line of FIRE STATION NO. 2 ADDITION and continuing along said West line of FAIRWAY WEST FIRST ADDITION North 01°40'40" East 379.41 feet to the Southeast corner of VANGUARD-FAMLECO EIGHTH SUBDIVISION to the City of Loveland, County of Larimer, State of Colorado; thence departing said West line of FAIRWAY WEST FIRST ADDITION and along the Southerly line of said VANGUARD-FAMLECO EIGHTH SUBDIVISION and the Southerly line of Tract A, VANGUARD-FAMLECO EIGHTH SUBDIVISION North 90°00'00" West 491.99 feet; thence along the Easterly line of said Tract A, VANGUARD-FAMLECO EIGHTH SUBDIVISION South 01°40'40" West 379.52 feet, more or less, to a point on the North line of said FIRE STATION NO. 2 ADDITION; thence departing said Easterly line of said Tract A, VANGUARD-FAMLECO EIGHTH SUBDIVISION and along said North line of said FIRE STATION NO. 2 ADDITION North 89°59'16" East 491.99 feet to a point on the West line of said FAIRWAY WEST FIRST ADDITION; said point also being a point on the East line of FIRE STATION NO. 2 ADDITION and the TRUE POINT OF BEGINNING.

The above described parcel contains 4.28 acres, more or less, and is subject to all existing easements and/or rights of way of record.

VICINITY MAP FOR THE PROPOSED KING OF GLORY ADDITION

BEING AN ANNEXATION OF LAND SITUATE IN A PORTION OF THE SOUTHEAST QUARTER OF SECTION 4 AND A PORTION OF THE NORTHEAST QUARTER OF SECTION 9, ALL IN TOWNSHIP 5 NORTH, RANGE 69 WEST OF THE 6TH P.M., TO THE CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO



1"=1000'

INTERMILL LAND SURVEYING, INC.
1301 North Cleveland Avenue – Loveland, Colorado 80537
P: (970) 669-0516 – F: (970) 635-9775 – E: intermill@qwestoffice.net

MINUTES
LOVELAND CITY COUNCIL
SPECIAL MEETING & STUDY SESSION
TUESDAY, AUGUST 13, 2013
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

6:30 P.M. Special Meeting - City Council Chambers

SPECIAL MEETING AGENDA

CALL TO ORDER

Mayor Gutierrez called the Special meeting of the Loveland City Council to order on the above date at 6:30 PM.

ROLL CALL

Roll was called and the following responded: Gutierrez, Trenary, Farley, Taylor, Fogle, Klassen, and Clark.

**1. CITY MANAGER (presenter: Ken Fellmen)
Executive Session Regarding Renewal of the Comcast Franchise Agreement**

Assistant City Manager, Rod Wensing introduced this item to Council. This Executive Session is requested for the purposes of receiving a report and legal advice from the City Attorney and the City's outside legal counsel, Ken Fellman of Kissinger & Fellman, PC, regarding renewal of the City's franchise agreement with Comcast, and to instruct City negotiators going forward. Ken Fellman was present to address Council and answer questions. **At 6:57 p.m. Mayor Pro Tem Klassen moved that the City Council go into Executive Session as authorized in CRS Sections 24-6-402(4)(b), (4)(e) and (4)(g) and in City Charter Sections 4-4(c)(1), (c)(3) and (c)(6). This Executive Session will concern the requested renewal of the Comcast Franchise Agreement. The purposes of the Executive Session will be to receive legal advice from the City Attorney and special legal counsel Ken Fellman; and since the renewal of the Comcast Franchise Agreement is a matter that is subject to negotiations: to receive reports concerning any negotiation discussions; to develop the City's negotiation positions and strategies; and to instruct the City's negotiators concerning those positions and strategies. In addition, documents and records related to this lawsuit may be considered that are protected by the mandatory non-disclosure provisions of the Colorado Open Records Act, including, without limitation, work product documents.** The motion, seconded by Councilor Farley carried with all councilors present voting in favor thereof. Council reconvened at 7:45 p.m.

ADJOURNMENT

The Special meeting was adjourned at 7:45 p.m.

7:45 P.M. Study Session- City Council Chambers

ROLL CALL Councilors present: Gutierrez, Trenary, Farley, Taylor, Fogle, Klassen, Clark, and Shaffer.

STUDY SESSION AGENDA

1. **ECONOMIC DEVELOPMENT** (presenter: Mike Scholl 45 min)
House of Neighborly Service Grant Request
 Economic Development Manager, Mike Scholl introduced this item to Council. The House of Neighborly Services (HNS) is seeking grant assistance from the City of Loveland in the amount of \$500,000. The grant money would be used to support the completion of the Community Life Center at 1151 E. 11th Street. The request will also include additional building permit and capital expansion fee waivers. Executive Director, Glorie Magrum was present with Paul Hummel, President of the Board of Directors of HNS and financial consultant, Mark Holt, to address Council and ask questions. Discussion ensued. Council directed staff to move forward with formal consideration at a regular meeting of a grant agreement between the City of Loveland and HNS for waiver of building permit and capital expansion fees, \$250,000 in 2013 and an additional \$250,000 in 2014 as a challenge grant to be matched by other contributions.

2. **PUBLIC WORKS** (presenters: Jameson Gartner and Sean Kellar 15 min)
USA Pro Cycling Challenge Race Logistics Briefing
 Officer Jameson Gartner and Sean Kellar appeared to address Council and answer questions about the preparation for this event. Stage 6 of the USA Pro Cycling Challenge will begin in Loveland, CO on August 24, 2013 and race through the city limits. Over seven months of intensive planning has occurred in order to ensure that the race will be as safe and efficient as possible. The following briefing is a description of the effort that has taken place in planning for the race day logistics (i.e. Security, Loveland Fire and medical response, incident command, traffic control, and public notifications). Council thanked staff for the hard work and efforts of everyone involved in bringing this event to Northern Colorado.

3. **CITY MANAGER** (presenter: Bill Cahill 30 min)
Mid-Year Review of City Council Goals
 City Manager, Bill Cahill introduced this item to Council. City Council held its Annual Goal Setting Session on January 26, 2013 at Group Publishing in Loveland. This annual event is intended for the Council to set major goals and priorities for the coming year. The Council's work is summarized in the one-page Summary (Attachment 1). As follow-up to the Advance, the Council expressed interest in holding a mid-year review to evaluate progress. Mr. Cahill reviewed the completed two goals and highlighted recent developments on two goals moving forward for the Police Firing Range and Airport area development. Council thanked Mr. Cahill for the update.

ADJOURNMENT

The study session adjourned at 10:18 p.m.

Respectfully Submitted,

Jeannie Weaver, Deputy City Clerk

Cecil A. Gutierrez, Mayor

MINUTES
LOVELAND CITY COUNCIL MEETING
TUESDAY, AUGUST 20, 2013
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

6:30 P.M. REGULAR MEETING - City Council Chambers

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

Roll was called and the following responded: Councilors Klassen, Shaffer, Fogle, Taylor, Clark, Trenary, McKean and Mayor Gutierrez. Councilor Farley was absent. Rod Wensing was Acting City Manager.

Consensus of Council was to remove Item #9 at the request of Councilor Taylor.

Mayor Gutierrez made the following procedural announcement:

Anyone in the audience will be given time to speak to any item on the Consent Agenda. Please ask for that item to be removed from the Consent Agenda. Items pulled will be heard at the beginning of the Regular Agenda. You will be given an opportunity to speak to the item before the Council acts upon it.

Public hearings remaining on the Consent Agenda are considered to have been opened and closed, with the information furnished in connection with these items considered as the only evidence presented. Adoption of the items remaining on the Consent Agenda is considered as adoption of the staff recommendation for those items.

Anyone making a comment during any portion of tonight's meeting should come forward to a microphone and identify yourself before being recognized by the Mayor. Please do not interrupt other speakers. Side conversations should be moved outside the Council Chambers. Please limit your comments to no more than three minutes.

CONSENT AGENDA

Mayor Gutierrez asked if anyone in the audience, Council or staff wished to remove any of the items or public hearings listed on the Consent Agenda. Councilor Klassen asked that Item #5 be removed from the Consent Agenda. **Councilor Shaffer moved to approve the Consent Agenda with the exception of Item #5. Councilor Trenary seconded the motion, which was carried with all councilors present voting in favor thereof.**

1. **CITY CLERK** **(presenter: Terry Andrews)**
APPROVAL OF CITY COUNCIL REGULAR MEETING MINUTES
A motion to approve the Council Minutes from the August 6, 2013 Regular Meeting.
This is an administrative action to approve the August 6, 2013 regular meeting minutes.

2. **CITY MANAGER** **(presenter: Rod Wensing)**
BOARDS & COMMISSION APPOINTMENTS

A motion Appointing Recommended Members to the Affordable Housing Commission

This is an administrative action recommending appointment of members.

- **Motion to appoint Vendia Berg to the Affordable Housing Commission for a partial term effective until June 30, 2014.**
- **Motion to appoint Will Gresham, Barbara Irelan, and Diann Rice to the Affordable Housing Commission, each for a term effective until June 30, 2016.**

**3. WATER & POWER (presenter: Steve Adams)
WHEELING AGREEMENT AMONG CITY, PSCo, & PLATTE RIVER POWER AUTHORITY**

A motion to adopt on second reading a Resolution #R-58-2013 Approving a Wheeling Agreement Among the City of Loveland, Public Service Company of Colorado, and Platte River Power Authority

This is an administrative action to approve on second reading a Wheeling Agreement between the City, Public Service Company of Colorado (PSCo), and Platte River Power Authority (Platte River). The Wheeling Agreement will replace the existing agreement between the parties dated June 20, 2005. Both PSCo and Platte River have approved and signed the Wheeling Agreement. The Power Enterprise will benefit from this approval of the Wheeling Agreement by updating the rates and fees charged to PSCo for the use of our equipment and services. Pursuant to City Code, all utility rates, charges, and fees must be approved by City Council upon two readings of the resolution. City Council unanimously adopted the resolution on first reading at the August 6, 2013 regular meeting.

**4. CITY ATTORNEY (presenter: John Duval)
ACTIONS RELATING TO AMENDMENT 64 MARIJUANA ESTABLISHMENTS**

A motion to approve and order published on second reading an Ordinance to Add a New Chapter 7.65 to the Loveland Municipal Code to Prohibit Marijuana Establishments from Being Licensed, Located and Operated Within the City of Loveland

This is a legislative action to adopt on second reading an ordinance adding a new Chapter 7.65 to the Loveland Municipal Code to prohibit marijuana establishments from being licensed, located, and operated within the City. City Council unanimously adopted the ordinance on first reading at the August 6, 2013 regular meeting.

**5. PUBLIC WORKS (presenter: Ken Cooper)
SUPPLEMENTAL APPROPRIATION FOR THE SERVICE CENTER PHASE III EXPANSION PROJECT AND AWARD CONTRACT TO GOLDEN TRIANGLE**

This item was removed from the consent agenda.

**6. PUBLIC WORKS (presenter: Jason Licon)
PUBLIC HEARING
SUPPLEMENTAL APPROPRIATION FOR THE AIRPORT FOR RUNWAY IMPROVEMENTS**

A motion to approve and order published on first reading an Ordinance Enacting a Supplemental Budget and Appropriation to the 2013 Fort Collins – Loveland Municipal Airport Budget for Runway Improvements

This is an administrative action. The ordinance appropriates \$738,320 of an available 95% federal grant and 5% local match to complete the Airport Improvement Project. The

ordinance appropriates grant funds. No local funds are required.

7. **CITY CLERK** (presenter: Terry Andrews)
IGA BETWEEN THE CITY AND LARIMER COUNTY CLERK & RECORDER FOR THE COORDINATED ELECTION

A motion to adopt a Resolution #R-62-2013 Approving and Authorizing the Execution of an Intergovernmental Agreement Between the City of Loveland and the Larimer County Clerk and Recorder Concerning the Coordinated Mail Ballot Election to be Held on November 5, 2013

This is an administrative action. This resolution will authorize the execution of an intergovernmental agreement between the City of Loveland and the Larimer County Clerk and Recorder concerning the coordinated election to be held on November 5, 2013.

END OF CONSENT AGENDA

CITY CLERK READS TITLES OF ORDINANCES ON THE CONSENT AGENDA

CITY COUNCIL

- a. **Citizens' Report** *Anyone who wishes to speak to an item NOT on the Agenda may address the Council at this time.*

Paul Mueller & Ben Price introduced TedXi informational presentation to Council.

David Sommers, from Lakeview, thanked Council.

Les Bogunovich, from Lakeview, thanked Council and reported "\$100 was given to" Meals on Wheels".

The following residents commented on fracking and the citizen-initiative petition:

Linda McCullah, Brian Thomas of 1355 Crabapple Road, Sharon Montas, Lanay Samer of 711 W 9th Street, and Ethel Miningier.

- b. **Business from 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.*

Fogle: Announced the Rotary Duck Race, 4 p.m. on Saturday, August 24, 2013.

Shaffer: Announced CDOT Meeting at 4-6 p.m. on August 22, 2013 held at the Weld County Service Center regarding economic development around I-25; Attended the Cardinal Glass Tour.

Trenary: Attended Orchard Place; Attended Cardinal Glass Tour; Attended Library 3-D Printer Meeting.

Clark: Announced the Corn Roast Festival this Friday and Saturday nights, August 24-25, 2013.

Klassen: Attended Resurrection Christian School ribbon cutting; Attended Cardinal Glass Tour.

McKean: Attended Rotary Event and read to kids at Barnes & Noble; "Get Well Wish" to Emory Howath.

Gutierrez: Attended ribbon cutting Schliser's Art Academy at the Bonnell Building, Attended Energy Leaders with Governor Hickenlooper regarding the direction of electric generation; Attended the Sculpture Show and Sculpture in the Park; the show generated \$1.13 million in sales; Announced that Fire Chief, Randy Mirowski, was awarded Fire Chief of the Year.

- c. **City Manager Report**
Rod Wensing:

NFRMPO regarding the Vango Program: **Consensus of Council was to provide a letter to Federal in support of the Vango Program with a waiver of the “buy American parts” requirement.**

- d. **City Attorney Report:**
None.

PROCEDURAL INFORMATION

Anyone who wishes to address the Council on any item on this part of the agenda may do so when the Mayor calls for public comment. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland’s Charter only requires that a majority of the Council quorum present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

REGULAR AGENDA

CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

5. **PUBLIC WORKS** (presenter: Ken Cooper)
SUPPLEMENTAL APPROPRIATION FOR THE SERVICE CENTER PHASE III EXPANSION PROJECT AND AWARD CONTRACT TO GOLDEN TRIANGLE
1. Facilities Operation Manager, Ken Cooper, introduced this item to Council. This is an administrative matter to appropriate funding of \$3,894,520 to complete the funding of the Service Center Phase III Expansion Project at the amount of bid price. The funding for the project is from reserves of \$3,499,520 from the General Government CEF Fund and \$395,000 from the Solid Waste Enterprise Fund which reduces the flexibility to complete other projects. City Council unanimously adopted the ordinance on first reading at the August 6, 2013 regular meeting. **Councilor Shaffer moved to approve and order published on second reading an Ordinance to Enact a Supplemental Budget and Appropriation to the 2013 City of Loveland Budget for the Service Center Phase III Expansion Project in the Amount Of \$3,894,520. Councilor Klassen seconded the motion which carried with all councilors present voting in favor thereof; 8-0.**
 2. This is an administrative matter to authorize and execute a contract with Golden Triangle Construction to expand and remodel the Loveland Service Center, located at 200 North Wilson Avenue, Loveland. **Councilor Shaffer moved to Award a Contract to Golden Triangle Construction to Expand and Remodel the Loveland Service Center in the Amount of \$12,723,060 and to Authorize the City Manager to Execute the Contract on Behalf of the City. Councilor Trenary seconded the motion which carried with all councilors voting in favor thereof; 8-0.**
8. **ECONOMIC DEVELOPMENT** (presenter: Betsey Hale)
ECONOMIC DEVELOPMENT DEPARTMENT YEAR TWO IN REVIEW
 This is an information only item. Business Development Manager, Betsey Hale, introduced this item. The City established the Economic Development Department in August of 2011. The presentation summarized the accomplishments of the department in year two.
9. **CITY ATTORNEY**
CITIZEN INITIATIVE PETITION FOR A TWO-YEAR MORATORIUM ON HYDRAULIC FRACTURING

This item was removed from the agenda.

**10. FINANCE (presenter: John Hartman)
JUNE 2013 FINANCIAL REPORT**

This is an information only item. Budget Officer, John Hartman, introduced this item. The Snapshot Report includes the City's preliminary revenue and expenditures including detailed reports on tax revenue and health claims year to date, ending June 30, 2013.

**11. FINANCE (presenter: Alan Krcmarik)
INVESTMENT REPORT FOR JUNE 2013**

This is an informational only item. Executive Economic Advisor, Alan Krcmarik, introduced this item. The budget estimate for investment earnings for 2013 is \$2,760,420. Through June, the amount posted to the investment account is \$634,352 including realized gains. Actual year-to-date earnings are much lower than the budget projection. In May, several very high interest rate corporate bonds matured, so future yields will be lower. The estimated annualized yield on market value for securities held by US Bank increased to 1.06% at the end of June, higher than the 0.88% yield reported at the end of May. The yield is still well under the annual target rate of 1.20% for 2013. Reinvestment rates have risen recently after being at near record low levels. Current reinvestment rates are now higher than the budget projection target.

**12. CITY MANAGER & CITY ATTORNEY
PROPOSED EXECUTIVE SESSION**

At 10:38 p.m. Councilor Fogle recused himself and Councilor Clark was absent. **Councilor Shaffer moved that the City Council go into Executive Session as authorized in the CRS Sections 24-6-402(4)(b), 4(e) and 4(g) and City Charter Sections 4-4(c)(1), (c)(3) and (c)(6). This Executive Session will concern the U.S. Department of Housing and Urban Development's findings concerning the Loveland Housing Authority's use of CDBG Funds for the development of the Mirasol Senior Living Community. And related to these findings: to receive legal advice from the City Attorney; discuss alternatives to negotiating a resolution of this matter, to include receiving reports from negotiators, determining negotiation positions, developing negotiation strategy, and to instruct negotiators concerning such positions and strategy; and to receive and review documents and information that are not subject to public inspection under the Colorado Open Records Act, such as work-product documents. Councilor Trenary seconded the motion which carried with all councilors present voting in favor; 6-0.**

Council reconvened at 11:38 p.m.

ADJOURNMENT

Having no further business to come before Council, the August 20, 2013 Regular Meeting was adjourned at 11:38 pm.

Respectfully Submitted,

Teresa G. Andrews, City Clerk

Cecil A. Gutierrez, Mayor



CITY OF LOVELAND
PUBLIC WORKS DEPARTMENT

Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
(970) 962-2555 • FAX (970) 962-2908 • TDD (970) 962-2620

AGENDA ITEM: 6
MEETING DATE: 9/3/2013
TO: City Council
FROM: Keith Reester, Public Works Department
PRESENTER: David Klockeman, PE, City Engineer; CDOT Representatives

TITLE:

North I-25 from 120th Avenue to State Highway (SH) 14 (Mulberry Avenue) – Options and Input for Future

RECOMMENDED CITY COUNCIL ACTION:

Provide Staff direction for response to Colorado Department of Transportation (CDOT) related to North I-25.

SUMMARY:

Staff is looking for Council direction. CDOT representatives will be providing information related to the future options of North I-25, from 120th Avenue to SH 14 (Mulberry). This effort is associated with CDOT's Responsible Acceleration of Maintenance and Partnerships (RAMP) Program, currently under consideration, which includes possible funding for North I-25.

BACKGROUND:

CDOT representatives will present options for the future of North I-25 and seek input from Council related to those options. The two options for the basis of the discussion are: stay with the North I-25 EIS Preferred alternative timeline for implementation or advance implementation sooner. As part of the RAMP process, CDOT has requested funding for projects along the North I-25 Corridor and is seeking input with the local entities along the corridor.

The City of Loveland submitted three (3) projects as part of the RAMP process: 1) SH 402 Devolution; 2) Loveland I-25 and Crossroads Boulevard Anti-Icing Spray System; and 3) Loveland RWIS System Update and Expansion. The relationship between these projects and the North I-25 projects should also be part of the RAMP discussion.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

None



CITY OF LOVELAND
PUBLIC WORKS DEPARTMENT

Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
(970) 962-2555 • FAX (970) 962-2908 • TDD (970) 962-2620

AGENDA ITEM: 7
MEETING DATE: 9/3/2013
TO: City Council
FROM: Keith Reester, Director, Public Works Department
PRESENTER: David Klockeman, City Engineer
 Kevin Gingery, Senior Civil Engineer, Stormwater Engineering

TITLE:

A Resolution Concerning Revisions to the Stormwater Rates for System Investment Fees (SIF's) and the Stormwater Utility Fee for 2014 and Beyond

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution on first reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

SUMMARY:

This is an administrative action to adopt a resolution on first reading that provides funding for the Stormwater Enterprise through a series of rate increases for System Investment Fees (SIF's) and the Stormwater Utility Fee. The presentation and discussion will include existing rates and the potential adjustment to rates going forward; on-going needs, and City Council direction from the December 11, 2012 Study Session.

The SIF's (Stormwater's version of Capital Expansion Fees) are collected with each new development to provide regional stormwater facilities the ability to protect the existing downstream property owners. The last adjustment to these fees appeared in 2005. The Stormwater Utility Fee is based on the costs to upgrade the existing Stormwater system that was in place prior to 1987, as well as, maintain all of the public Stormwater facilities across the City. The last adjustment to these fees was in 2002.

The proposed rates to the SIF's would balance the costs across the anticipated development within the City's Growth Management Area (GMA), allowing for the anticipated regional improvements to be funded. The proposed rate for the Stormwater Utility Fee would expedite

the completion of Master Plan Projects within the area of the City that existed prior to 1986, which current rates would never allow for completion.

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

The Stormwater Utility will be positively affected by additional funding for capital projects.

BACKGROUND:

Staff presented information at three City Council Study Sessions in 2012, first to present an overview of the services provided by the Stormwater Utility and then to discuss alternatives for revisions to the System Investment Fees (SIF's) and the Stormwater Utility Fee. At the December 11, 2012 Study Session, Staff was directed to return to Council with an overview of the increases to total utility costs for Loveland's residents and business customers for all rates. In addition, Staff was directed to proceed with Scenario B related to the Stormwater Utility Fee.

The recommended Stormwater Utility Fee changes (Scenario B) are as follows (monthly fee as part of City Utility Bill):

Year	Residential Fee (per unit)*	Multi-Family Fee (per unit)**	Commercial Fee (per acre)	% Increase
2013 (Existing)	\$ 8.30	\$ 4.61	\$ 62.97	0.00
2014	\$ 9.10	\$ 5.05	\$ 69.02	9.60
2015	\$ 9.97	\$ 5.54	\$ 75.64	9.60
2016	\$ 10.93	\$ 6.07	\$ 82.90	9.60
2017	\$ 11.98	\$ 6.65	\$ 90.86	9.60
2018	\$ 12.98	\$ 7.21	\$ 98.45	8.35
2019	\$ 14.06	\$ 7.81	\$ 106.67	8.35
2020	\$ 14.53	\$ 8.07	\$ 110.21	3.32
2021	\$ 14.79	\$ 8.22	\$ 112.24	1.84
2022	\$ 15.07	\$ 8.37	\$ 114.30	1.84
2023	\$ 15.34	\$ 8.52	\$ 116.41	1.84
2024	\$ 15.63	\$ 8.68	\$ 118.55	1.84
2025	\$ 15.76	\$ 8.75	\$ 119.57	0.86
2026	\$ 15.90	\$ 8.83	\$ 120.60	0.86
2027	\$ 16.03	\$ 8.90	\$ 121.63	0.86
2028	\$ 16.17	\$ 8.98	\$ 122.68	0.86
2029	\$ 16.31	\$ 9.06	\$ 123.73	0.86
2030	\$ 16.45	\$ 9.14	\$ 124.80	0.86
2031	\$ 16.59	\$ 9.21	\$ 125.87	0.86

* For typical residential lot size of 6000 to 7999 square feet (SF). There are a total of five (5) categories for residential (less than 3999 SF; 4000–5999 SF; 6000-7999 SF; 8000-9999 SF; and Greater than 9999 SF).

** For Multi-Family density greater than 10.8 units per acre (lowest residential rate)

Note: Other categories are Industrial (existing fee of \$52.66 per acre increases to \$105.26 by 2031) and Institutional (existing fee of \$24.80 per acre increases to \$49.57 by 2031).
 The recommended SIF changes are as follows (one-time fee for new development):
 (Note: The fee can be changed in one step or two. The total % change is shown in the right column.)

Class	Existing Fee (per acre)	1 st Year	2 nd Year	% Increase
High Density*	\$ 3,000	\$ 3,700	\$ 4,400	46.7
Medium Density**	\$ 2,740	\$ 3,020	\$ 3,300	20.4
Low Density***	\$ 2,480	\$ 2,620	\$ 2,750	10.9
Estate****	\$ 537	\$ 1,100	\$ 1,650	307.3
Commercial	\$ 4,920	\$ 4,660	\$ 4,400	(-10.6)
Industrial	\$ 4,630	\$ 4,800	\$ 4,950	6.9
Institutional	\$ 2,170	\$ 2,460	\$ 2,750	26.7

* High Density = More than 11 dwelling units per acre

As an example, the recent Van De Water Apartments multi-family development has a net density of 17 dwelling units per acre, resulting in a fee of \$258.82 per unit under the proposed changes, an increase of \$76.35 over the existing fee of \$176.47 per unit.

** Medium Density = More than 6 and up to 11 dwelling units per acre

*** Low Density = More than 1 and up to 6 dwelling units per acre

**** Estate = up to 1 dwelling unit per acre

This resolution is intended to be the guiding document for funding the needs of the Stormwater Utility through 2031. The attached Stormwater Rates Status Report and PowerPoint presentation explain the specific components of the resolution and provide some additional background information.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Resolution
2. Stormwater Rates Status Report – August 2013
3. Stormwater Rates PowerPoint Presentation

FIRST READING

September 3, 2013

SECOND READING

RESOLUTION #R-66-2013

A RESOLUTION TO SECURE ADEQUATE FUNDING FOR THE STORMWATER UTILITY BY INCREASING THE STORMWATER UTILITY FEE AND STORMWATER SYSTEM INVESTMENT FEE

WHEREAS, since 1986, the City of Loveland’s Stormwater Utility has provided stormwater planning, design, construction, operations, and maintenance services to the citizens of Loveland; and

WHEREAS, the Stormwater Utility is facing significant financial challenges due to the escalating costs of construction and maintenance; and

WHEREAS, to meet these challenges and provide for the City’s future economic growth and development, the Stormwater Utility must undertake a more timely approach to addressing pre-1986 stormwater infrastructure needs; and

WHEREAS, the City Council desires to secure adequate funding for the Stormwater Utility to meet these needs through stormwater rate increases designed to equitably distribute the financial impacts between current and future Stormwater Utility customers and future developers who will benefit from the City’s future economic growth and development; and

WHEREAS, Section 13.18.060 provides that the amount of the Stormwater Utility fee shall be set by the City Council by resolution adopted after two readings; and

WHEREAS, Section 13.18.080 provides that the amount of the stormwater system investment fee (“SIF”) shall be set by the City Council by resolution adopted after two readings.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby adopts the following rate increases in the Stormwater Utility fee for each of the next eighteen years as listed below, said rate increases to take effect beginning with billings mailed on or after January 1 of the then-current year:

Year	Residential Fee				
	Lot Size Less than 3999 SF (per unit)*	Lot Size 4000-5999 SF (per unit)	Lot Size 6000-7999 SF (per unit)**	Lot Size 8000-9999 SF (per unit)	Lot Size Greater than 9999 SF (per unit)
2014	\$ 5.05	\$ 6.30	\$ 9.10	\$ 11.39	\$ 12.64
2015	\$ 5.54	\$ 6.91	\$ 9.97	\$ 12.48	\$ 13.85
2016	\$ 6.07	\$ 7.57	\$ 10.93	\$ 13.68	\$ 15.18
2017	\$ 6.65	\$ 8.30	\$ 11.98	\$ 14.99	\$ 16.64
2018	\$ 7.21	\$ 8.99	\$ 12.98	\$ 16.24	\$ 18.03
2019	\$ 7.81	\$ 9.74	\$ 14.06	\$ 17.60	\$ 19.53
2020	\$ 8.07	\$ 10.06	\$ 14.53	\$ 18.18	\$ 20.18
2021	\$ 8.22	\$ 10.25	\$ 14.79	\$ 18.52	\$ 20.55
2022	\$ 8.37	\$ 10.44	\$ 15.07	\$ 18.86	\$ 20.93
2023	\$ 8.52	\$ 10.63	\$ 15.34	\$ 19.21	\$ 21.31
2024	\$ 8.68	\$ 10.82	\$ 15.63	\$ 19.56	\$ 21.71
2025	\$ 8.75	\$ 10.92	\$ 15.76	\$ 19.73	\$ 21.89
2026	\$ 8.83	\$ 11.01	\$ 15.90	\$ 19.90	\$ 22.08
2027	\$ 8.90	\$ 11.11	\$ 16.03	\$ 20.07	\$ 22.27
2028	\$ 8.98	\$ 11.20	\$ 16.17	\$ 20.24	\$ 22.46
2029	\$ 9.06	\$ 11.30	\$ 16.31	\$ 20.42	\$ 22.66
2030	\$ 9.14	\$ 11.40	\$ 16.45	\$ 20.59	\$ 22.85
2031	\$ 9.21	\$ 11.49	\$ 16.59	\$ 20.77	\$ 23.05

*Residential lot less than 3999 square feet (“SF”) is equivalent to Multi-Family density greater than 10.8 units per acre.

**Used in examples as “typical residential lot.”

Year	Commercial Fee (per acre)	Industrial Fee (per acre)	Institutional Fee (per acre)
2014	\$ 69.02	\$ 57.72	\$ 27.18
2015	\$ 75.64	\$ 63.26	\$ 29.79
2016	\$ 82.90	\$ 69.33	\$ 32.65
2017	\$ 90.86	\$ 75.98	\$ 35.78
2018	\$ 98.45	\$ 82.33	\$ 38.77
2019	\$ 106.67	\$ 89.20	\$ 42.01
2020	\$ 110.21	\$ 92.16	\$ 43.40
2021	\$ 112.24	\$ 93.86	\$ 44.20
2022	\$ 114.30	\$ 95.59	\$ 45.02
2023	\$ 116.41	\$ 97.35	\$ 45.84
2024	\$ 118.55	\$ 99.14	\$ 46.69
2025	\$ 119.57	\$ 99.99	\$ 47.09
2026	\$ 120.60	\$ 100.85	\$ 47.49
2027	\$ 121.63	\$ 101.72	\$ 47.90

Year	Commercial Fee (per acre)	Industrial Fee (per acre)	Commercial Fee (per acre)
2028	\$ 122.68	\$ 102.59	\$ 48.32
2029	\$ 123.73	\$ 103.47	\$ 48.73
2030	\$ 124.80	\$ 104.36	\$ 49.15
2031	\$ 125.87	\$ 105.26	\$ 49.57

The rate increases adopted herein shall be in addition to, and not in lieu of, any other rate increases for stormwater service that may hereafter be adopted by the City Council to more accurately reflect the cost of providing stormwater service to the Stormwater Utility’s customers.

Section 2. That the City Council hereby adopts the following rate increases in the stormwater SIF for each of the next two years as listed below, said rate increases to take effect on or after January 1 of the then-current year:

Class	2014	2015
High Density	\$ 3,700	\$ 4,400
Medium Density	\$ 3,020	\$ 3,300
Low Density	\$ 2,620	\$ 2,750
Estate	\$ 1,100	\$ 1,650
Commercial	\$ 4,660	\$ 4,400
Industrial	\$ 4,800	\$ 4,950
Institutional	\$ 2,460	\$ 2,750

Section 3. That this Resolution shall be effective as of the date of its adoption on second reading as provided in the Loveland Municipal Code.

ADOPTED this ____ day of September, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


Assistant City Attorney

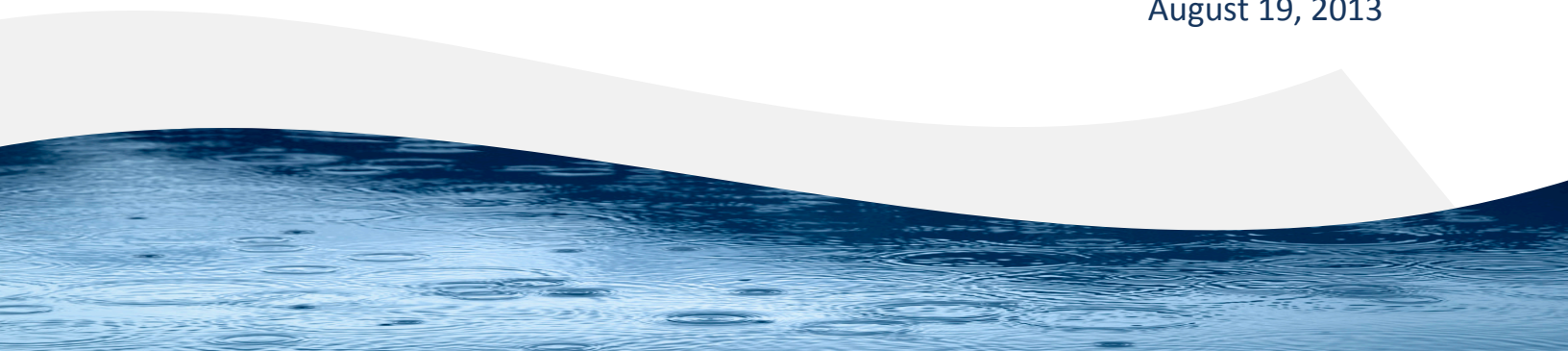


STORMWATER RATES – Final Report

PUBLIC WORKS DEPARTMENT

STORMWATER DIVISION

August 19, 2013



In 2012, Public Works Staff brought forward information to City Council related Stormwater on the history and current status (Stormwater 101) on February 28, 2012 and the Stormwater Fees structure (existing and proposed) on March 13, 2012. As a result of the discussion and direction from those presentations, Staff went back and looked at additional information and additional scenarios. Staff returned to City Council on December 11, 2012 with revised recommendations and was given further direction.

Direction from December 11, 2012 Study Session

- System Investment Fee (SIF)
 - General support for proposal
 - Needed information related to breakdown for Multi-Family rates

- Stormwater Utility Fee
 - Majority preferred Scenario B
 - Wanted comparison to show all rates (Water Rate discussion was in progress)

For Consideration at September 3, 2013 City Council Meeting

- System Investment Fee (SIF)
 - Adoption of new SIF rates (no change from initial presentation on March 13, 2012)

The recommended SIF changes are as follows (one-time fee for new development):
 (Note: The fee can be changed in one step or two. The total % change is shown in the right column.) All fees are per acre.

Class (per ordinance)	Existing Fee	1st Year	2nd Year (or single step)	% Increase
High Density*	\$ 3,000	\$ 3,700	\$ 4,400	46.7
Medium Density**	\$ 2,740	\$ 3,020	\$ 3,300	20.4
Low Density***	\$ 2,480	\$ 2,620	\$ 2,750	10.9
Estate****	\$ 537	\$ 1,100	\$ 1,650	307.3
Commercial	\$ 4,920	\$ 4,660	\$ 4,400	(-10.6)
Industrial	\$ 4,630	\$ 4,800	\$ 4,950	6.9
Institutional	\$ 2,170	\$ 2,460	\$ 2,750	26.7

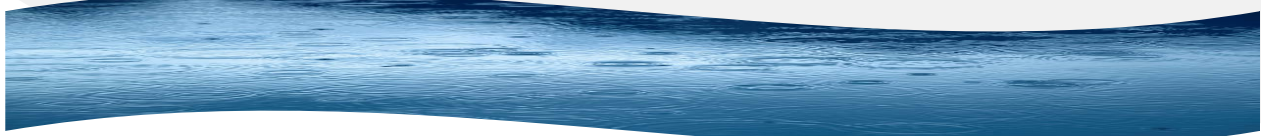
* High Density = More than 11 dwelling units per acre

As an example, the recent Van De Water Apartments multi-family development has a net density of 17 dwelling units per acre, resulting in a fee of \$258.82 per unit under the proposed changes, an increase of \$76.35 over the existing fee of \$176.47 per unit.

** Medium Density = More than 6 and up to 11 dwelling units per acre

*** Low Density = More than 1 and up to 6 dwelling units per acre

**** Estate = up to 1 dwelling unit per acre



- Stormwater Utility Fee
 - Adoption of new Stormwater Utility Fees
 - The recommended Stormwater Utility Fee changes (Scenario B) are as follows (monthly fee as part of City Utility Bill):

Year	Residential Fee (per unit)*	Multi-Family Fee (per unit)**	Commercial Fee (per acre)	% Increase
2013 (Existing)	\$ 8.30	\$ 4.61	\$ 62.97	0.00
2014	\$ 9.10	\$ 5.05	\$ 69.02	9.60
2015	\$ 9.97	\$ 5.54	\$ 75.64	9.60
2016	\$ 10.93	\$ 6.07	\$ 82.90	9.60
2017	\$ 11.98	\$ 6.65	\$ 90.86	9.60
2018	\$ 12.98	\$ 7.21	\$ 98.45	8.35
2019	\$ 14.06	\$ 7.81	\$ 106.67	8.35
2020	\$ 14.53	\$ 8.07	\$ 110.21	3.32
2021	\$ 14.79	\$ 8.22	\$ 112.24	1.84
2022	\$ 15.07	\$ 8.37	\$ 114.30	1.84
2023	\$ 15.34	\$ 8.52	\$ 116.41	1.84
2024	\$ 15.63	\$ 8.68	\$ 118.55	1.84
2025	\$ 15.76	\$ 8.75	\$ 119.57	0.86
2026	\$ 15.90	\$ 8.83	\$ 120.60	0.86
2027	\$ 16.03	\$ 8.90	\$ 121.63	0.86
2028	\$ 16.17	\$ 8.98	\$ 122.68	0.86
2029	\$ 16.31	\$ 9.06	\$ 123.73	0.86
2030	\$ 16.45	\$ 9.14	\$ 124.80	0.86
2031	\$ 16.59	\$ 9.21	\$ 125.87	0.86

* For typical residential lot size of 6000 to 7999 square feet (SF). There are a total of five (5) categories for residential (less than 3999 SF; 4000–5999 SF; 6000-7999 SF; 8000-9999 SF; and Greater than 9999 SF).

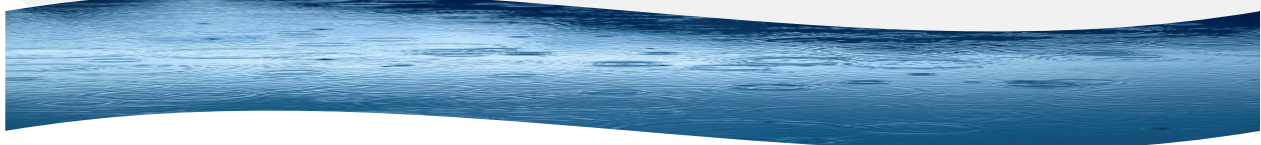
** For Multi-Family density greater than 10.8 units per acre (lowest residential rate)

Note: Other categories are Industrial (existing fee of \$52.66 per acre increases to \$105.26 by 2031) and Institutional (existing fee of \$24.80 per acre increases to \$49.57 by 2031).

BACKGROUND

Summary of Presentation at December 11, 2012 Study Session

- System Investment Fee (SIF)
 - Background:
 - A one-time charge on newly developed land to recover the City’s costs of design and construction for the master planned stormwater improvements needed to protect



- the existing downstream property owners.
 - Last updated in 2005
 - Fees were recalculated in early 2012 to re-balance the impact of the necessary improvements as they relate to the proposed land uses within the City’s growth management area.
- Staff recommendation – SIF’s:
 - Increases were proposed for all categories, except commercial (see below for specifics)
 - The information was the same as presented at the March 13, 2012 Study Session.



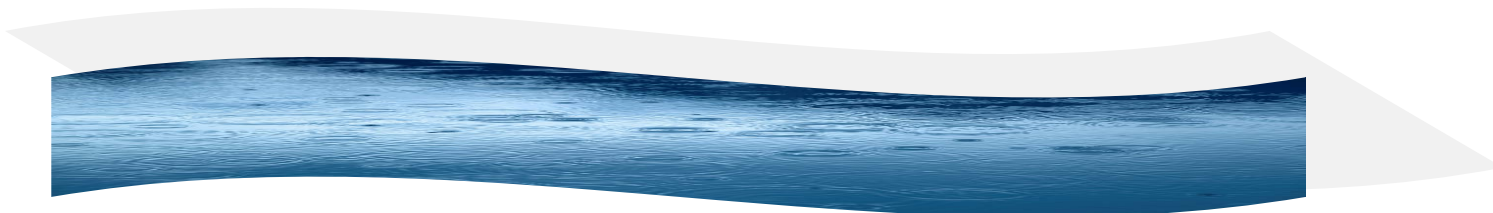
Due to the proposed changes, an option for implementation in 2 steps was included in the presentation.

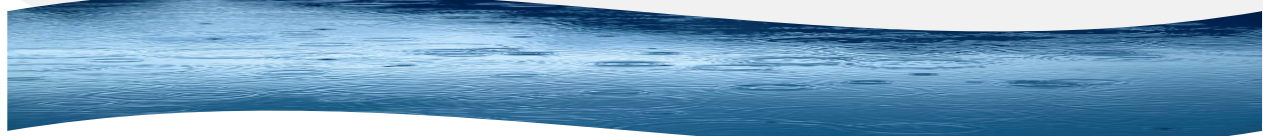
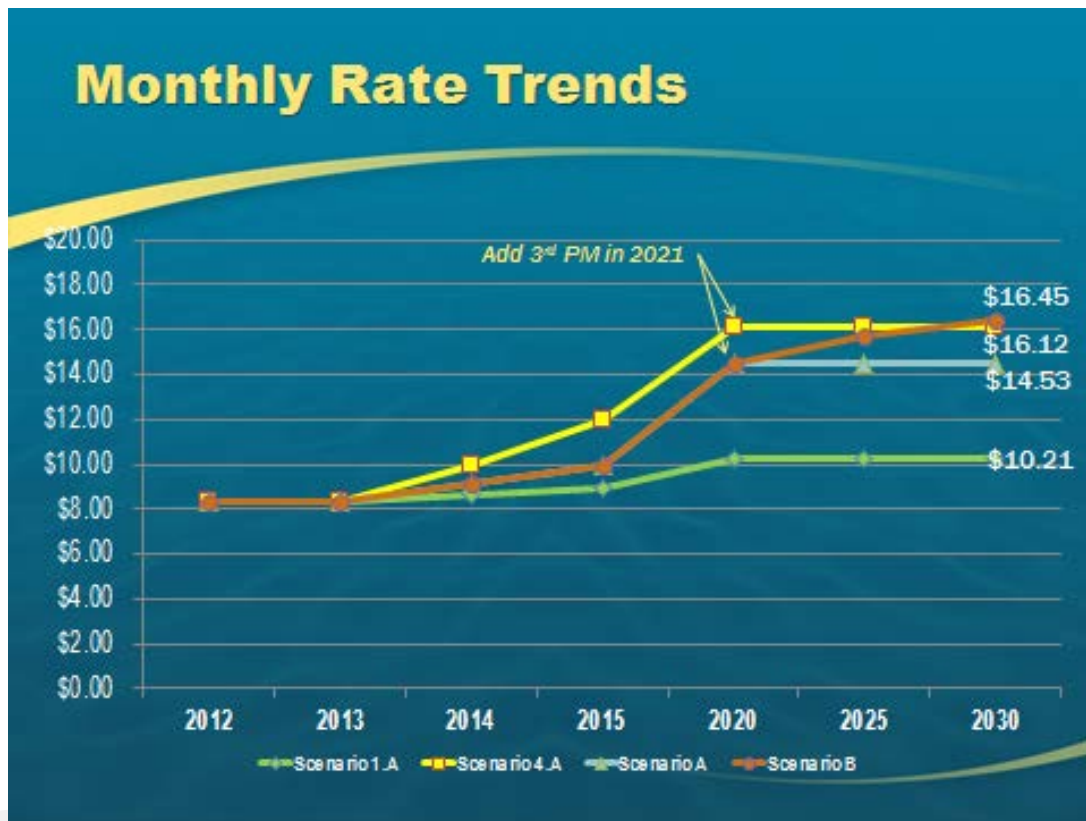
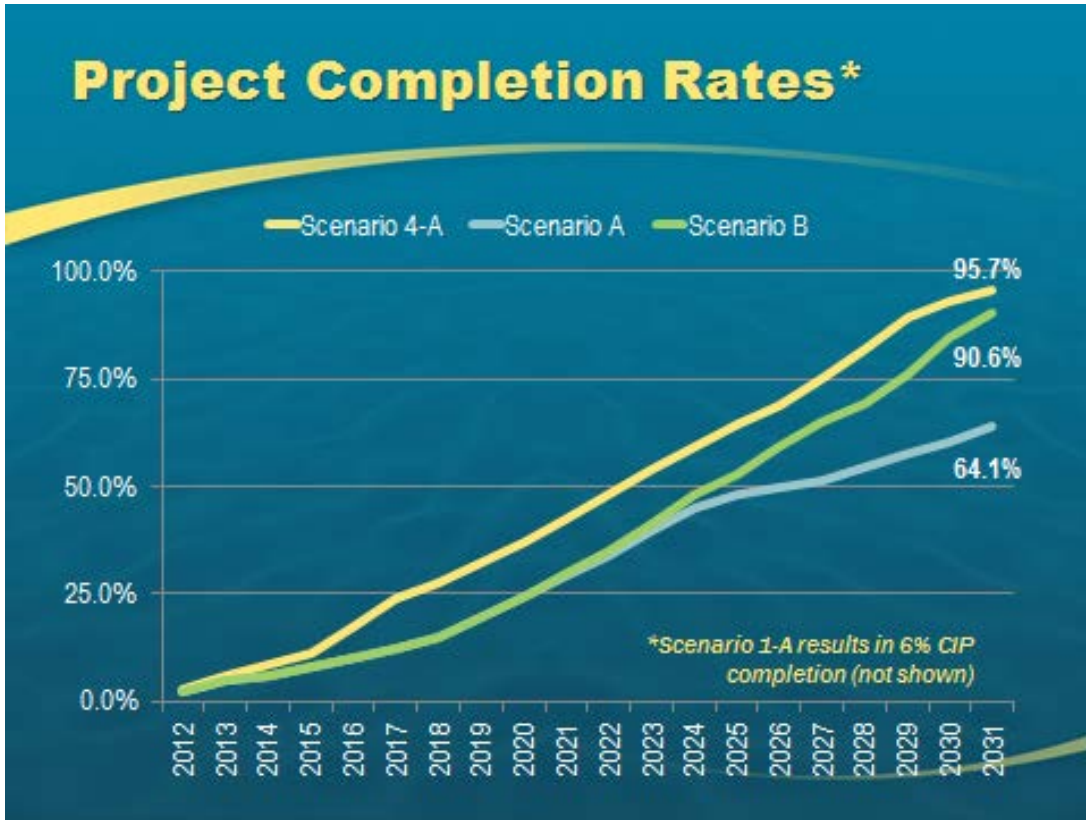
Implementation in 2-Steps

Class	Existing Fee	1st Year	2nd Year	% Increase
High Density	\$3,000	\$3,700	\$4,400	46.7
Medium Density	2,740	3,020	3,300	20.4
Low Density	2,480	2,620	2,750	10.9
Estate	537	1,100	1,650	307.3
Commercial	4,920	4,660	4,400	(-10.6)
Industrial	4,630	4,800	4,950	6.9
Institutional	2,170	2,460	2,750	26.7

Stormwater Utility Fee

- Background:
 - Monthly fees billed for residents and businesses for: operations and maintenance, including street sweeping, of the existing stormwater infrastructure; and capital construction needs related to the stormwater master planned non-growth improvements, including street sweeping
 - Last adjusted in 2002
 - Why change the Fees?
 - Revenues at existing rates are insufficient to meet the rising costs of operations and maintenance
 - More revenue will be needed for the City to complete the stormwater improvements identified in the master plan and required by the three irrigation company agreements
 - Based on current rates, it is financially impossible to complete the improvements identified in 1986 Mater Plans
- Adjustments from March presentation:
 - Pay as you go (PAYGO) scenarios only considered
 - Potential external or internal borrowing options were previously studied
 - Projects order was revised
 - spread some larger projects out
 - resulted in more gradual rate increases
 - allowed for expedited overall project completion without any borrowing
 - Adding a 3rd Project Manager earlier was considered to speed up project delivery
 - Dismissed as any scenario that included this was offset by the need to increase rates faster
 - Rate increases were adjusted to begin in 2014
- New Scenarios presented:
 - 1.A. – O&M (Operations & Maintenance) Only (revision of previous scenario 1 with delay of rate increase to 2014)
 - 4.A. – 3 Project Managers with old CIP Schedule (revision of previous scenario 4 with delay of rate increase to 2014)
 - A – 2 Project Managers with smoothed CIP (new scenario)
 - B – 3 Project Managers with Smoothed CIP (new scenario)





Rate Increase Percentages

Scenario	2014-2019	2020-2031			
Scenario 1-A	3.5%	0.0%			

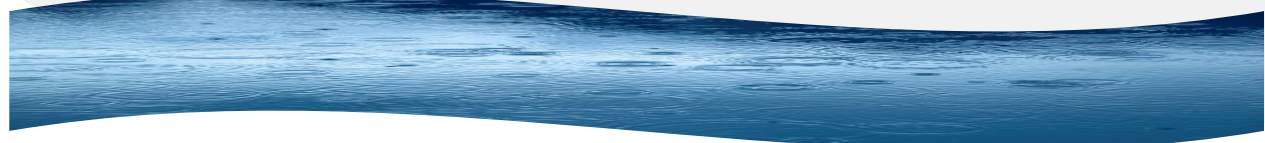
Scenario	2014-2016	2017	2018-2031		
Scenario 4-A	20.2%	11.8%	0.0%		

Scenario	2014-2017	2018-2019	2020	2021-2024	2025-2031
Scenario A	9.6%	8.4%	3.3%	0.0%	0.0%
Scenario B	9.6%	8.4%	3.3%	1.8%	0.9%

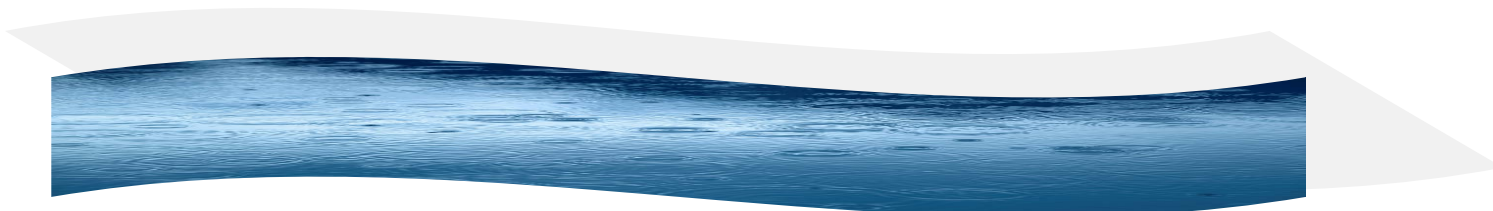
Residential Bill Detail

Year	Scenario 1.A (O&M Only)	Scenario 4.A (3 PM's not smoothed)	Scenario A (2 PM's smoothed)	Scenario B (3 PM's smoothed)
2012	\$8.30	\$8.30	\$8.30	\$8.30
2013	\$8.30	\$8.30	\$8.30	\$8.30
2014	\$8.59	\$9.98	\$9.10	\$9.10
2015	\$8.89	\$11.99	\$9.97	\$9.97
2020	\$10.21	\$16.12	\$14.53	\$14.53
2025	\$10.21	\$16.12	\$14.53	\$15.76
2030	\$10.21	\$16.12	\$14.53	\$16.45

Note: The current Residential Rate is \$8.30 per month for a lot size of 6000 – 7999 SF.



- Staff recommendation – Stormwater Utility Fee:
 - Staff recommended Scenario B
 - Future 3rd PM with project smoothing
 - Flattens rates by revising project order
 - Matches available funding
 - Consistent utilization of available Staff
 - 2 PM's through 2020
 - 3 PM's 2021 and forward
 - Delivers 90.6% of projects originally identified with 1986 Stormwater Master Plan by 2031
 - Benefits Summary:
 - No debt or borrowing required
 - Reasonable rate increases
 - Flexible project planning
 - Faster completion of master planned projects



REVIEW (from “Stormwater 101”):

STORMWATER UTILITY OVERVIEW

The City of Loveland’s Stormwater Utility is responsible for the planning, design, construction, operations and maintenance of the facilities that address the quantity and quality of drainage runoff across the City. These drainage facilities are necessary to preserve and promote the general health, safety, welfare, and economic well-being of the City and the region. Often referred to as a “stormwater management system”, the City is required to look at drainage from its start as a drop of precipitation to how it travels through a series of facilities to its ultimate destination (i.e. an irrigation canal or reservoir, creek or river), including the “quality” (cleanliness) of the delivered product.

Why is this necessary? As an area develops, even though the amount of precipitation is the same, there is more “hard surface”, resulting in less absorption. With buildings and other improvements installed, the drainage then flows around the structures in more concentrated patterns, and faster than across an open field. This concentrated runoff needs to be collected and diverted to a larger system before it gets deep enough to damage the adjacent structures.

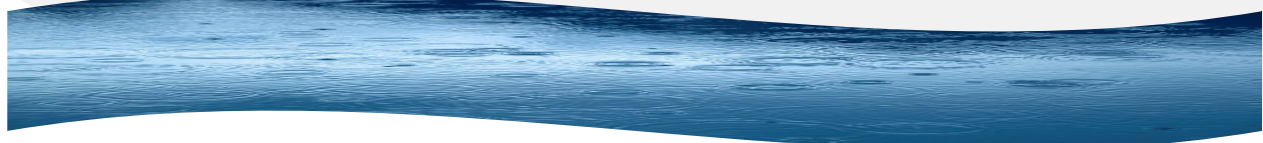
Determining how that drop of precipitation will get to its ultimate destination and how it will be successfully combined with all of the other drops of precipitation requires planning and coordination. It starts within a localized area (typically addressed in a “drainage study”), that fits within the bigger area (called a “Drainage Basin”) which includes regional facilities, which are included in the overall large basins (part of “Drainage Master Plans”), and finally rolled into the City-wide Stormwater Master Plan, which includes the existing City and anticipated future development areas.

The City’s stormwater management system includes extensive coordination with local irrigation companies, the Colorado Department of Transportation, developers, and citizens. The City also must comply with and manage all aspects of our Municipal Separate Storm Sewer System (MS4) Stormwater Quality Permit through the Colorado Department of Public Health & Environment (CDPHE).

The Stormwater Utility is an enterprise fund. The funding comes from the Stormwater Utility Fee collected monthly on City utility bills and from System Investment Fees (SIF’s) collected from new development.

In order to address all of these areas, the Stormwater Utility is divided into two areas:

- 1) Engineering
 - a) Capital Improvement Program
 - b) Maintenance Improvement Program
 - c) Master Plan Updates



- d) Floodplain Administration
- e) Stormwater Quality
- f) Development Review

- 2) Operations & Maintenance (of Existing Stormwater Facilities)
 - a) Street Sweeping
 - b) Flood Event Preparations
 - c) Flood Emergency Management

The current infrastructure requiring maintenance includes: 2,565 catch basins, 97 miles of storm sewer, 39 water quality vaults and 13 public detention ponds that cover a total of 19 acres.

STORMWATER BACKGROUND – The Need for Change

Until the 1980's, Stormwater was a small program that was funded by the General Fund. Emergency response to stormwater issues was the Operations & Maintenance (O&M) Program. Stormwater construction projects only occurred as a result of flooding damage or significant citizen complaints. Long-term stormwater planning was nonexistent. As the City doubled in size during the 1970's from approximately 15,000 people to over 30,000, stormwater problems increased in frequency and intensity. The existing stormwater systems were inadequate, irrigation companies had major concerns, and the City had little financing capability for improvements.

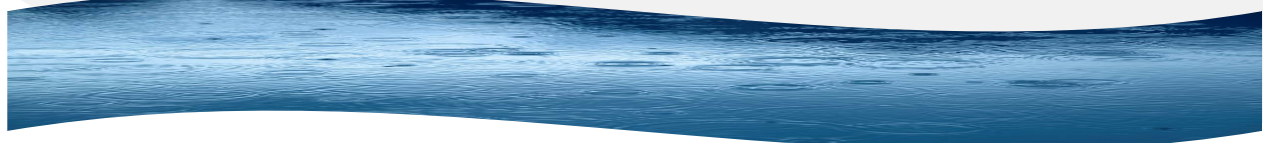
INADEQUATE STORMWATER SYSTEMS

The stormwater systems within the older part of Loveland consist mainly of small inlets and pipes. Many existing storm pipes outlet into irrigation ditches that flow through the city. The older stormwater systems are only capable of handling water from small afternoon showers. At some locations, storm drain inlets are connected to underground irrigation pipes. In the absence of a comprehensive stormwater system plan, new developments were allowed to connect into existing systems with no regard for cumulative impacts. Stormwater was allowed to discharge into irrigation storage reservoirs without evaluation of spillway capacity and dam safety. The stormwater system O&M program was unreliable due to inadequate and inconsistent funding.



IRRIGATION COMPANIES – Changing Role

Several irrigation companies own and operate ditches and reservoirs throughout Loveland. In years past



irrigation companies were happy to supplement their water supplies by receiving stormwater into their systems. Loveland was smaller then, and the stormwater volumes and peak flows caused few problems. As the City began to grow rapidly in the 1970's, irrigation companies became exposed to increasing liability issues due to overflowing caused by stormwater contributions. As a result, the irrigation companies began to monitor stormwater impacts from new developments much more closely. In fact, there were occasions when an irrigation company refused to accept stormwater any longer, thereby slowing and even stopping development. City officials viewed this as a severely negative impact on economic development for the community, and changes needed to be made.

EARLY FUNDING

It became apparent that the City had to do something to improve the stormwater systems throughout the community. During a period between 1978 and 1986, several stormwater studies were completed. Growth slowed tremendously during that same time period resulting in greater pressure on the City's General Fund. The future for stormwater improvement funding was in severe jeopardy of ending. Funding became more of a political issue than an economic decision.

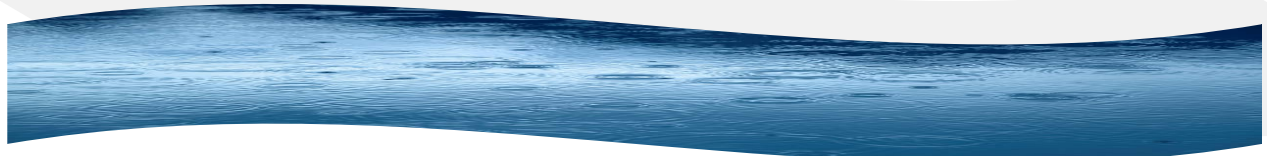
THE TRANSITION PHASE – The Creation of Drainage Criteria and Stormwater Master Plans

A Drainage Basin Delineation Study was completed in 1979. Defining the drainage basins was the first step in breaking down the City into manageable pieces that some years later allowed the City to develop larger, regional strategies and plans (Drainage Master Plans). The adoption of the Drainage Criteria Manual in 1979 allowed the City to require more in-depth drainage studies from Developers. With



criteria in place, the City was able for the first time to collect "drainage fees" which were designated for addressing existing stormwater problems.

In 1982, agreements were reached with three key irrigation companies (Greeley and Loveland Irrigation Company, Seven Lakes Reservoir Company, and Loudon Irrigating Canal and Reservoir Company) which allowed the City to continue to use their facilities for stormwater outlets as long as a Stormwater Master Plan was completed and implemented.



The City enacted a Service Cost Recovery System in 1984, which required new growth to pay its own way, and included Capital Expansion Fees that were paid to the City at the time of development to cover the costs for parks, libraries, police and fire services, museum, streets, general government and stormwater.

By 1986, a Stormwater Master Plan was completed. This plan looked at the entire City, including future growth areas, and developed a list of projects necessary to address deficiencies in the older part of town as well as key stormwater infrastructure for future undeveloped outlying areas. The Stormwater Master Plan



included conceptual designs and cost estimates for improvements within the community. The Stormwater Master Plan was adopted by City Council in 1986 and still serves as the guiding document for all future stormwater improvements within the community. An updated Storm Drainage Criteria Manual was also completed in 1986, which further addressed requirements for new development.

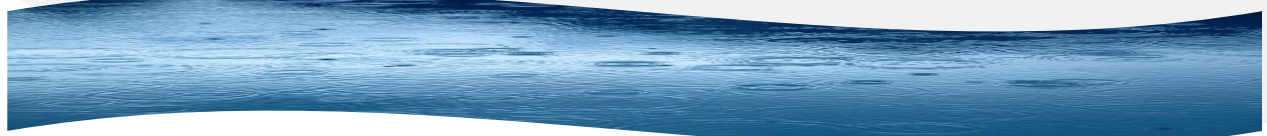
STORMWATER UTILITY FORMATION

Once the Stormwater Master Plan improvements were identified, it was necessary to implement the plan. A Citizen's Financial Advisory Committee was formed to study funding options and make recommendations to City Council. The Financial Advisory Committee and City Council evaluated several funding options including: sales tax, property tax, special improvement districts, utility fees, and state or federal funding. Several public meetings were held, public information programs were conducted, and much public input was received.

The result of these efforts by the community, Committee, City Council, and City staff was the enactment of an ordinance establishing a Stormwater Utility and a subsequent resolution setting various monthly Stormwater Utility fees. The monthly Stormwater Utility fees fund Stormwater Master Plan improvements within the pre-1987 community boundary. Future regional Stormwater Master Plan improvements are funded through the drainage fee portion of the City Capital Expansion Fees referred to as System Investment Fees (SIF's).

ENTERPRISE FUNDING

The Stormwater Utility is an enterprise fund. Revenue for the Stormwater Utility comes from the Stormwater Utility Fee collected monthly on City utility bills and from System Investment Fees (SIF's) collected from new development.



Stormwater Utility Fee

The Stormwater Utility Fee is based on the costs to upgrade the existing Stormwater system that was in place prior to 1987 as well as maintain all of the public Stormwater facilities across the City. The last adjustment to these fees was in 2002. The anticipated revenue for 2013 as shown in the adopted budget is \$4,130,470. The current fee structure per month is as follows:

Residential Lot Size (square feet)	
Less than 3999	\$4.61
4000-5999	\$5.75
6000-7999	\$8.30
8000-9999	\$10.39
Greater than 9999	\$11.53
Non-Residential Per Acre	
Commercial	\$62.97
Industrial	\$52.66
Institutional	\$24.80
<i>*no categories have exceptions at this time</i>	

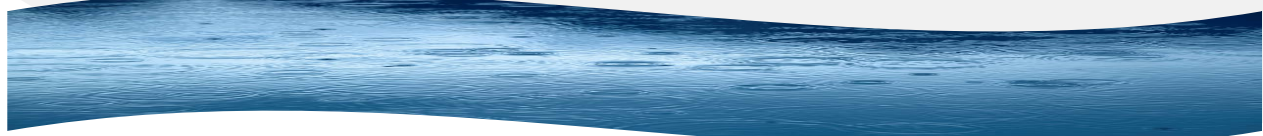
Without additional increase to the rates, based on the current funding, it is anticipated that it is financially impossible to complete the projects that were identified in the 1986 Master Drainage Plan.

System Investment Fee (SIF)

The System Investment Fees (Stormwater’s version of Capital Expansion Fees) are collected with each new development in order to provide regional facilities which protect the existing downstream property owners. The last adjustment to these fees was in 2005. The anticipated revenue for 2013 as shown in the adopted budget is \$182,360. The current fee structure is as follows:

High Density – more than 11 units per acre	\$3,000.00
Medium Density – more than 6 and up to 11 dwellings per acre	\$2,740.00
Low Density – more than 1 and up to 6 dwelling units per acre	\$2,480.00
Estate – up to 1 dwelling unit per acre	\$537.00
Commercial, per acre	\$4,920.00
Industrial, per acre	\$4,630.00
Institution, per acre	\$2,170.00

Since this funding is related to development, there is no timeframe associated with the improvements included in this item. Adjustments to the rates need to be indexed for construction cost changes based upon an appropriate scale.





City of Loveland Stormwater Rate Study

For the Loveland City Council
September 3, 2013

Agenda

- Brief History
- System Investment Fees
 - Direction from December 11, 2012 Study Session
 - Proceed with recommended changes
 - Provide additional information on Multi-Family Rates
- Stormwater User Charges
 - Includes Stormwater Utility Fee
 - Direction from December 11, 2012 Study Session
 - Proceed with Scenario B

Brief History

- Prior to late 70's
 - Irrigation Companies had been accepting additional stormwater runoff from new development
- Late 70's to early 80's
 - Rapid growth occurred
 - Overwhelmed irrigation facilities
 - Irrigation companies started to refuse to accept additional runoff
- 1982 – Agreements reached with irrigation companies
 - City would develop a stormwater master plan and construct improvements to accommodate additional runoff
- 1986 – Stormwater Master Plans completed
- 1987 - Stormwater Utility formed with fee structure
 - System Investment Fees (impact fees for post 1987 improvements)
 - Stormwater Utility Fees (to address deficiencies within pre-1987 community boundary)

System Investment Fee (SIF)

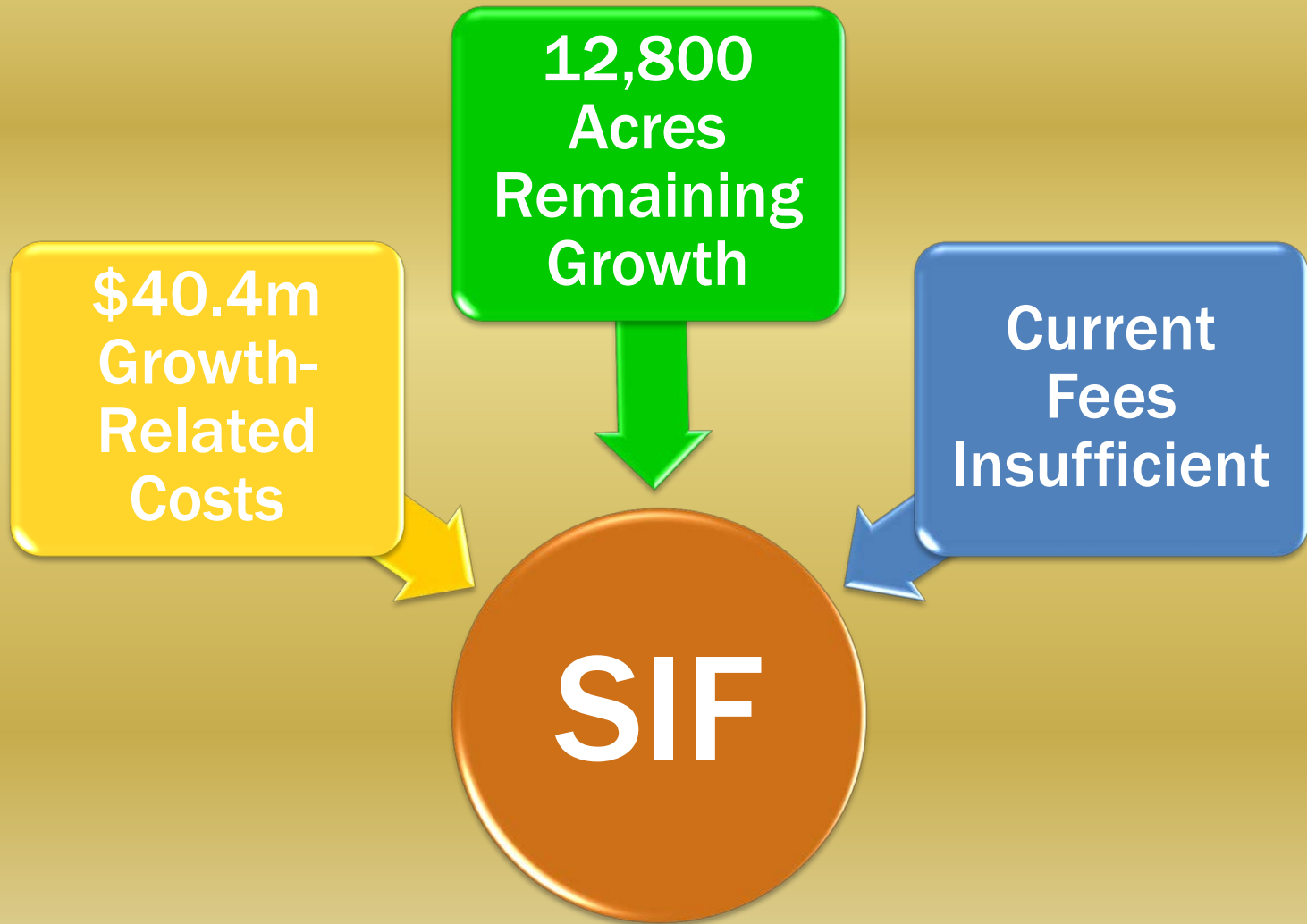
- A one-time charge on newly developed land to recover the City's costs of design and construction for the master planned stormwater improvements needed to protect the existing downstream property owners.
- Fees calculated based on proportionate share of total costs for improvements related to anticipated future land use categories (buy-in approach)
- Last updated in 2005

Sample SIF Projects

- Buck 1st Subdivision -
 - Regional detention pond \$ 200,000
- Mirasol Development -
 - Storm sewer improvements \$ 206,000
- Cattail Reservoir -
 - Regional detention pond \$ 402,000
- Long's 3rd Subdivision -
 - Canal spill structure \$ 186,000
- East I-25 Basin at Hwy. 34 -
 - Culvert improvements \$ 144,000

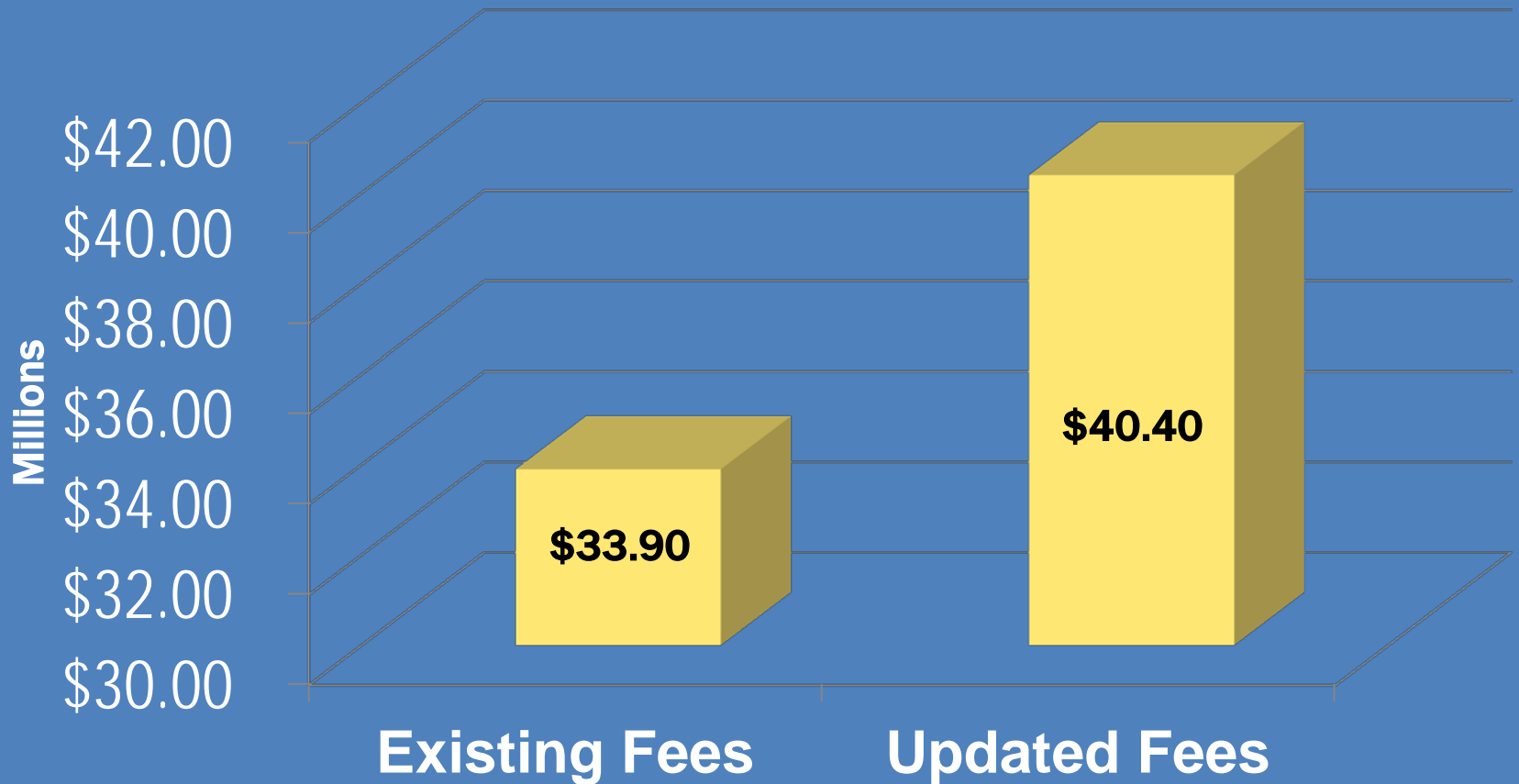
Why Change the SIF?

6



SIF Revenue Shortfall

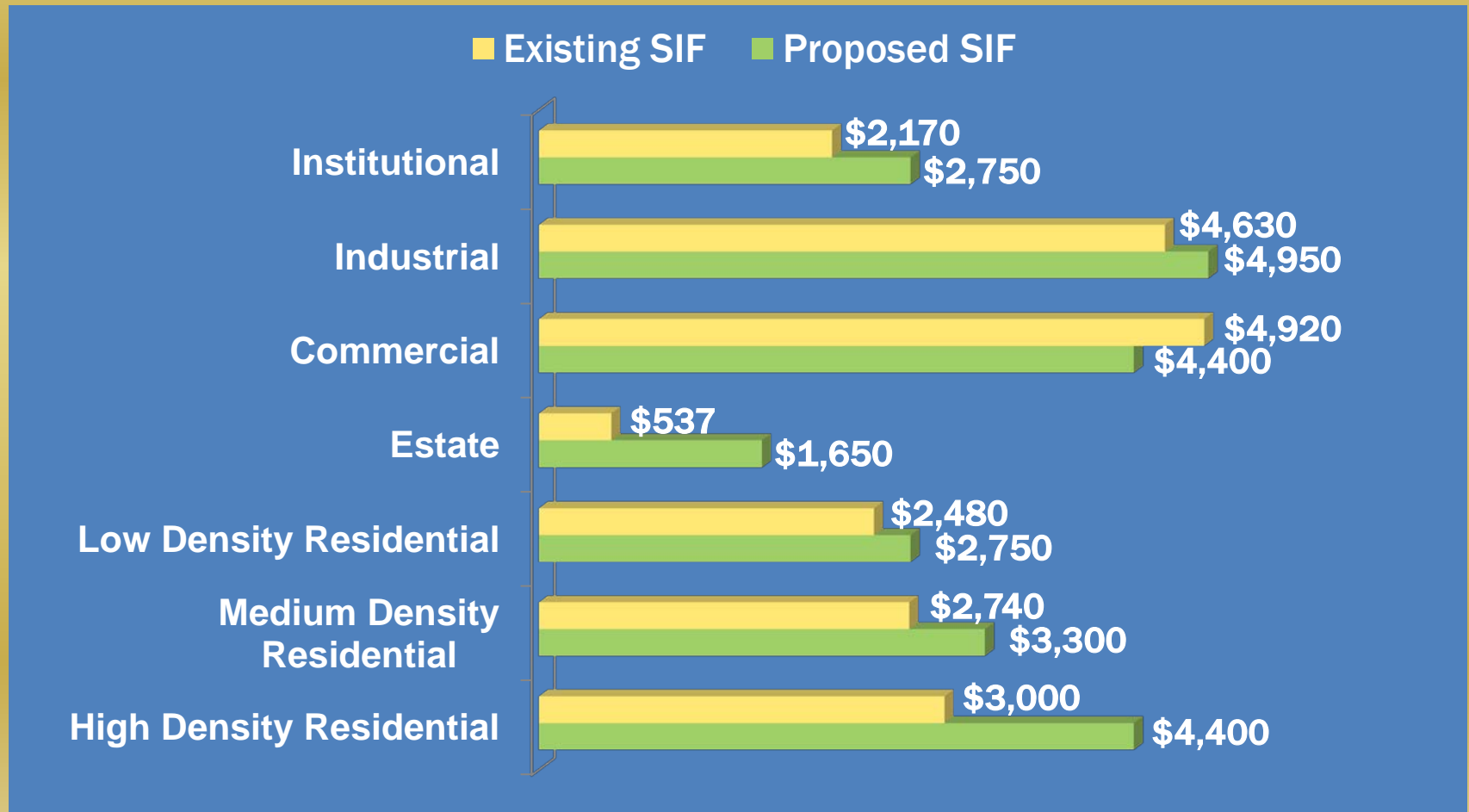
System Investment Fee Total Costs



Changes since Last SIF Rate Adjustments

- Updates in land use assumptions
- Updates to project cost estimates
- Reallocation of updated costs to updated land uses

How Much You Need for 2014?



Implementation in 1 or 2-Steps

10

Class	Existing Fee	1st Year	2nd Year (or Single Step)	% Increase
High Density	\$3,000	\$3,700	\$4,400	46.7
Medium Density	2,740	3,020	3,300	20.4
Low Density	2,480	2,620	2,750	10.9
Estate	537	1,100	1,650	307.3
Commercial	4,920	4,660	4,400	(-10.6)
Industrial	4,630	4,800	4,950	6.9
Institutional	2,170	2,460	2,750	26.7

Residential SIF's

- High Density = More than 11 dwelling units per acre
 - Recent Example: Van De Water Apartments (south of Kohl's)
 - Net density of 17 dwelling units per acre
 - SIF of \$258.82 per unit under proposed changes
 - Increase of \$76.35 over the existing fee of \$176.47 per unit
- Medium Density = More than 6 and up to 11 dwelling units per acre
- Low Density = More than 1 and up to 6 dwelling units per acre
- Estate = up to 1 dwelling unit per acre

Recommendations

- Tonight:
 - Adopt proposed changes
 - No change from previous presentations
- Future:
 - Index going forward to account for inflation in growth-related capital improvements
 - Periodically review growth-related capital improvements and SIF assumptions

Stormwater Utility Fee

- Monthly fees billed to residents and businesses for:
 - Operations and maintenance, including street sweeping, of the existing stormwater infrastructure
 - Capital construction needs related to the stormwater master planned non-growth improvements
- Last adjusted in 2003

What Did Utility Fees Pay For in 2012?

Operations and Maintenance Costs

- **\$2.62 million**

Non-Growth Capital Costs

- **\$2.66 million**

What the Fees Need to Pay For

O&M

Operations & Maintenance

- Same levels as before including street sweeping costs
- Possible addition of +1 project management staff

Capital

Non-Growth-Related Capital Funding

- 14 major master planned non-growth projects totaling \$34 million
- 9 minor master planned non-growth projects totaling \$9 million

Why Change the Fees?

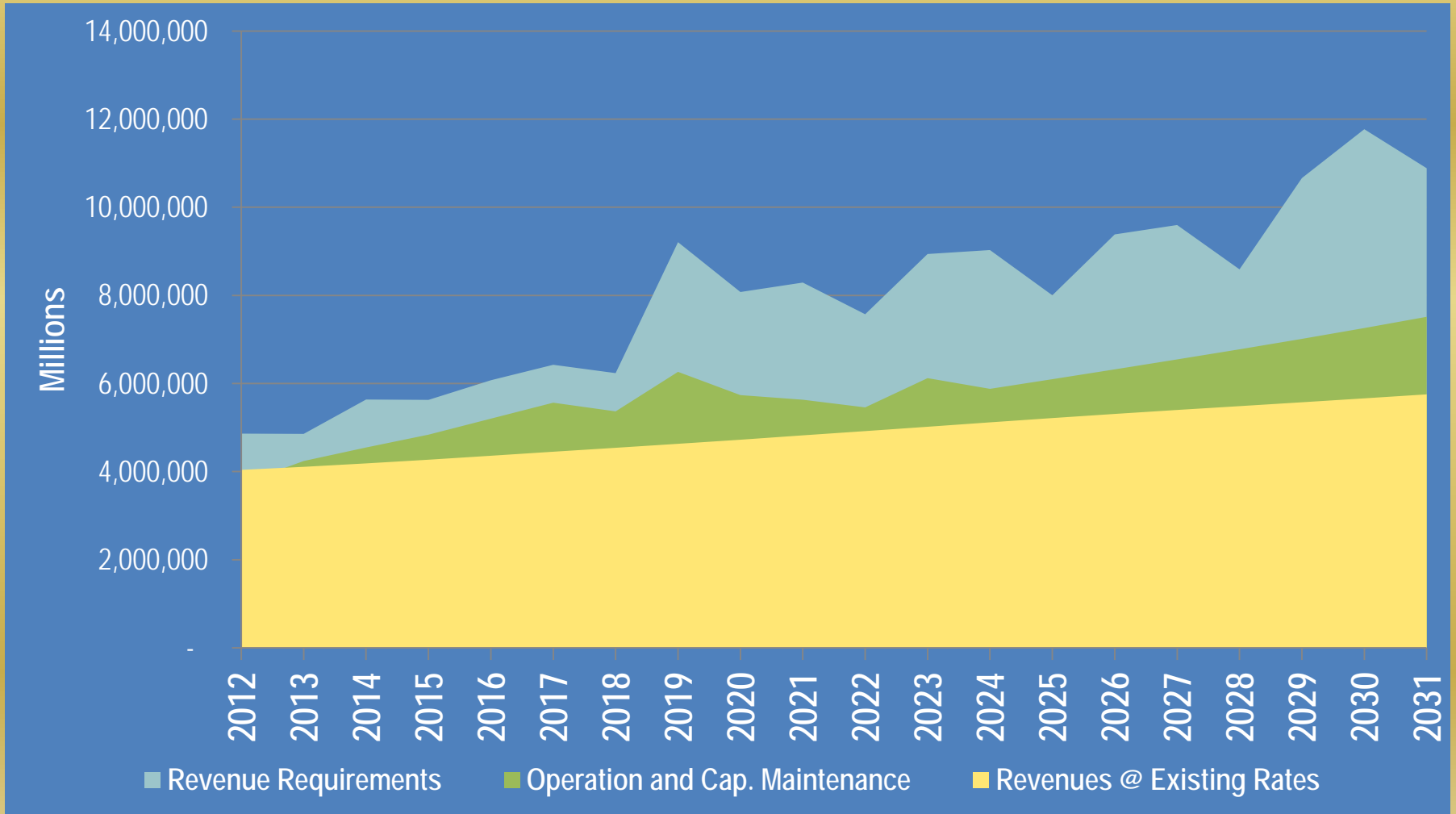
A large, 3D, metallic-style number '1' with a gradient from light to dark, set against a white square background.

Revenues at existing stormwater rates are insufficient to meet costs of operation and maintenance

A large, 3D, metallic-style number '2' with a gradient from light to dark, set against a white square background.

More revenue will be needed for the City to complete the stormwater improvements identified in the master plan and required by the three irrigation company agreements

Revenue Shortfalls



Options Previously Studied

- Are there other ways to accomplish the objective?
 - Without external borrowing
 - “Pay as you go” (PAYGO) scenarios only
 - Limited internal borrowing
 - By smoothing out the project schedule
 - changing the order of some large projects
- Can we add a 3rd PM earlier to speed up the project delivery?
 - Any scenario that included adding a 3rd PM earlier was offset by the need to increase the rates faster

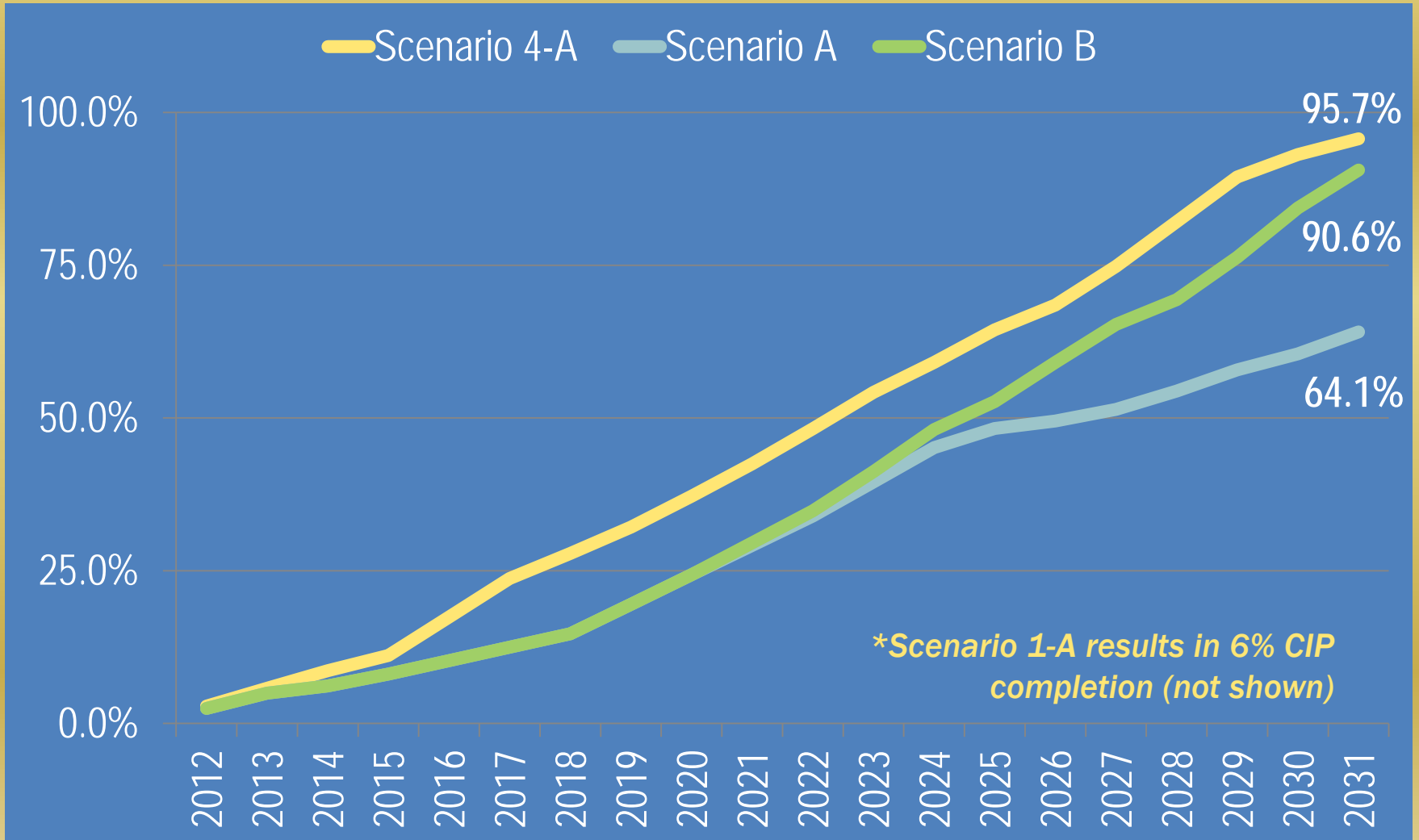
New Directions Determined

- PAYGO scenarios only
 - External borrowing not preferred
 - Internal borrowing not necessary (project smoothing)
- Smooth CIP
 - Revised project order to smooth spending
 - Revised project order also reflects project manager availability
- Rate Increases start in 2014
 - Based on timing of results
 - Water Rates were higher priority

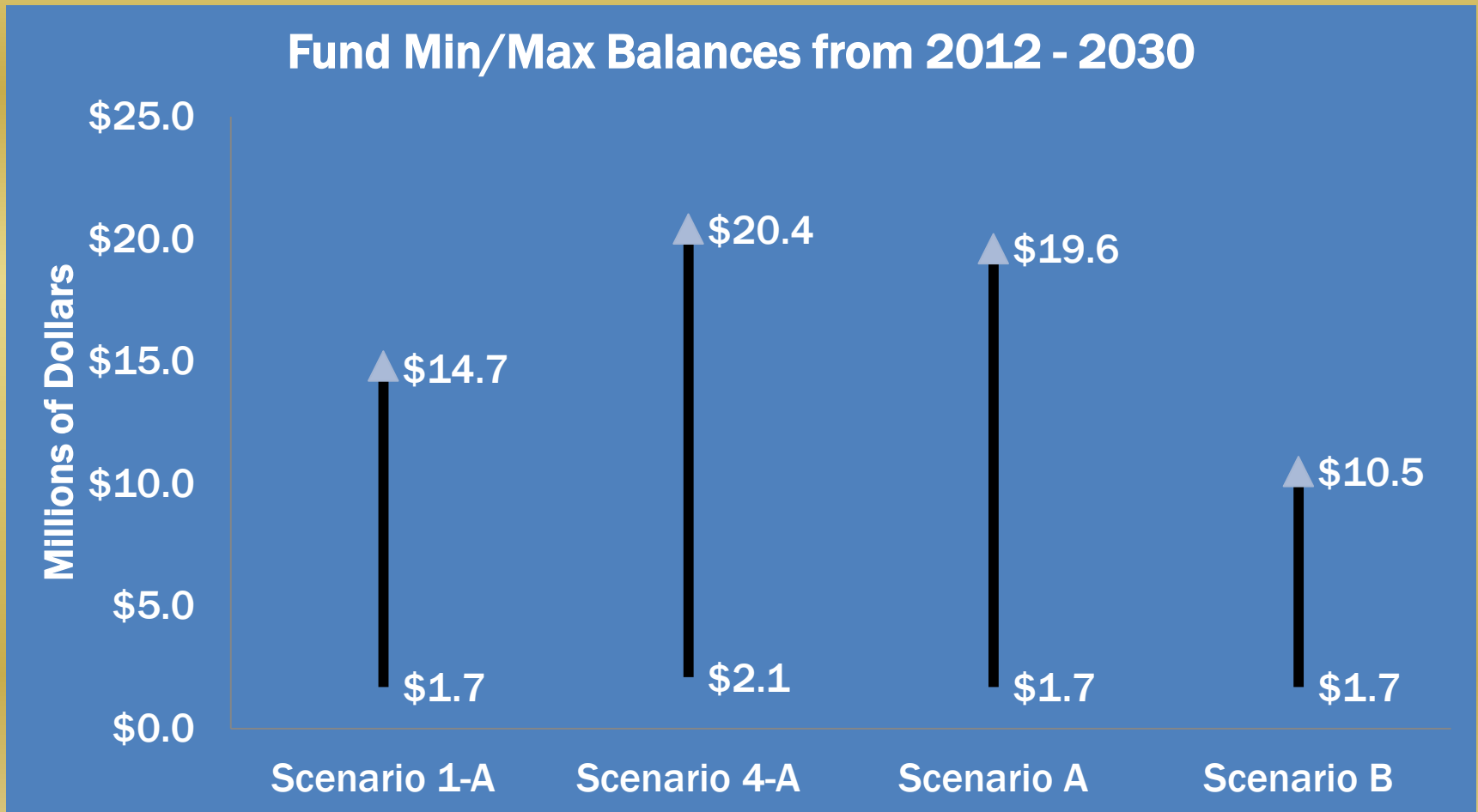
Scenarios Presented at December 11, 2012 Study Session

- 1.A – O&M only
 - Previous Scenario 1 updated to delay any rate increase to 2014
- 4.A – 3 Project Managers old CIP schedule
 - Previous Scenario 4 updated to delay any rate increase to 2014
- A – 2 Project Managers with Smooth CIP
- B – 3 Project Managers with Smooth CIP

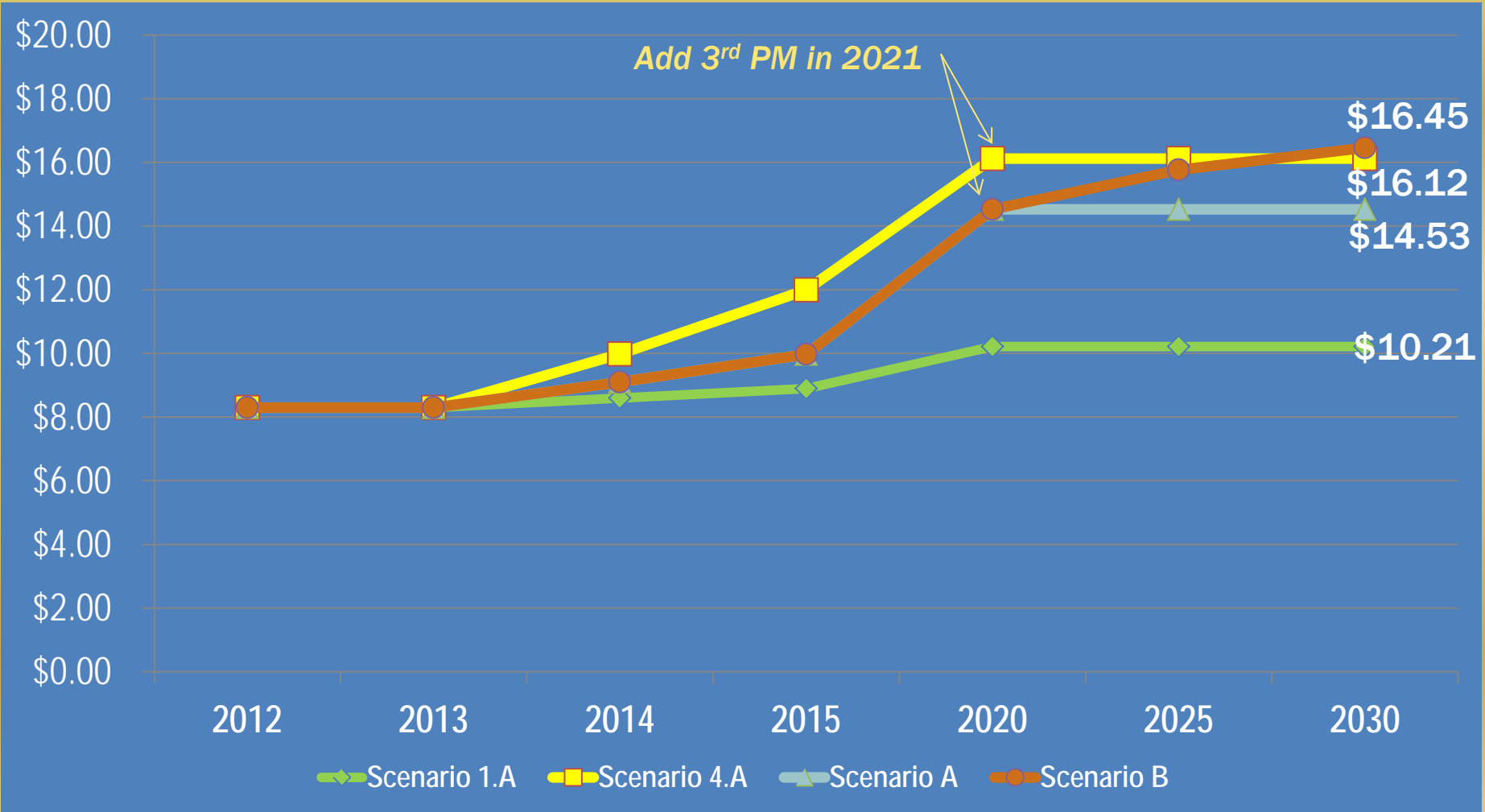
Project Completion Rates*



Stormwater Fund Balances



Monthly Rate Trends



Rate Increase Percentages

Scenario	2014-2019	2020-2031			
Scenario 1-A	3.5%	0.0%			

Scenario	2014-2016	2017	2018-2031		
Scenario 4-A	20.2%	11.8%	0.0%		

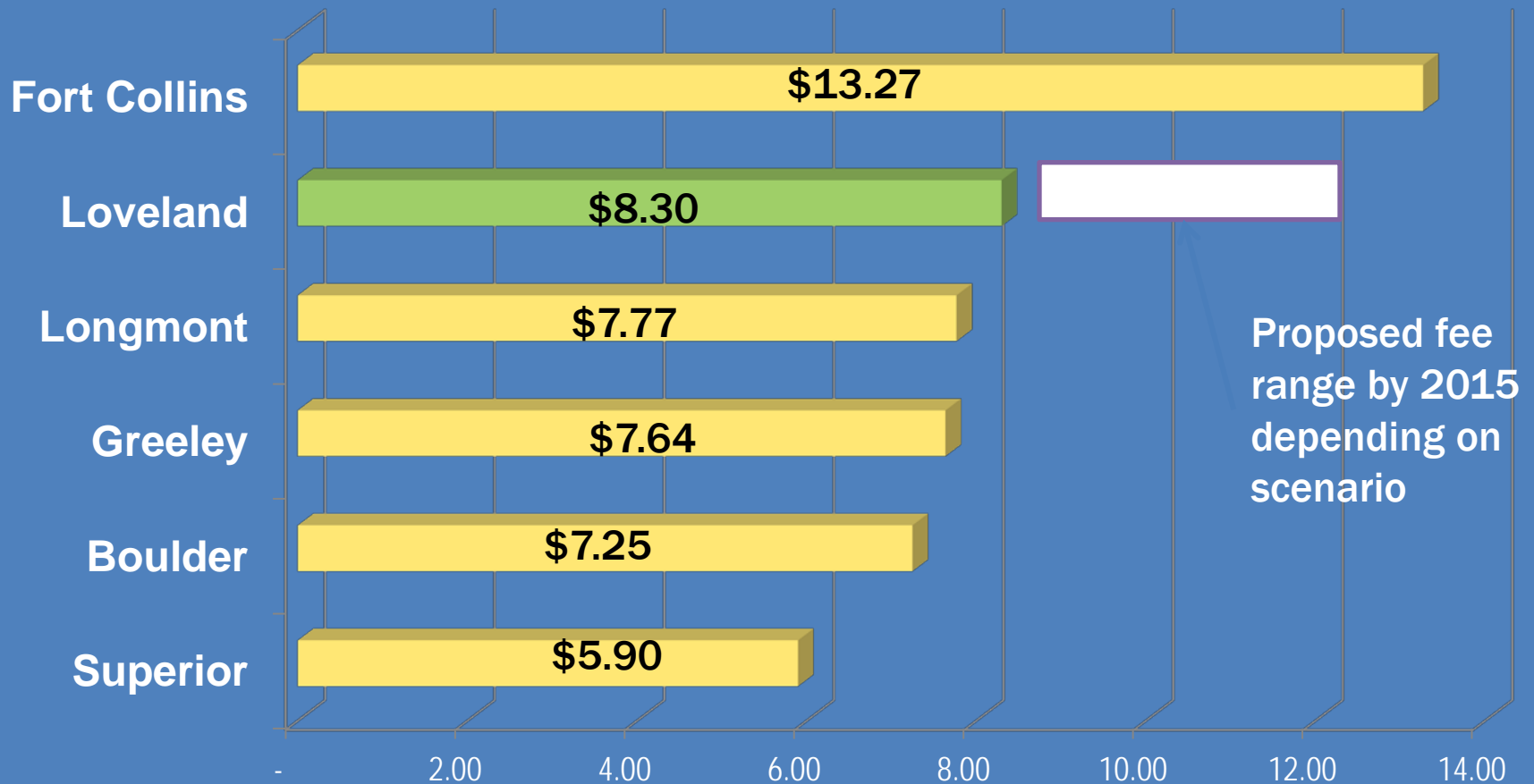
Scenario	2014-2017	2018-2019	2020	2021-2024	2025-2031
Scenario A	9.6%	8.4%	3.3%	0.0%	0.0%
Scenario B	9.6%	8.4%	3.3%	1.8%	0.9%

Residential Bill Detail

Year	Scenario 1.A (O&M Only)	Scenario 4.A (3 PM's not smoothed)	Scenario A (2 PM's smoothed)	Scenario B (3 PM's smoothed)
2012	\$8.30	\$8.30	\$8.30	\$8.30
2013	\$8.30	\$8.30	\$8.30	\$8.30
2014	\$8.59	\$9.98	\$9.10	\$9.10
2015	\$8.89	\$11.99	\$9.97	\$9.97
2020	\$10.21	\$16.12	\$14.53	\$14.53
2025	\$10.21	\$16.12	\$14.53	\$15.76
2030	\$10.21	\$16.12	\$14.53	\$16.45

Current Rates from our Neighbors

Average Monthly Residential Bill



Projection of Customer's Total Monthly Utility Bill 2012-2022^{P. 75}

Multi-Family Inside City

(From "Water Utility Financing Proposal" – March 5, 2013 Council Meeting)

Utility Total Monthly Bill Per Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water	\$52.84	\$55.90	\$63.17	\$68.86	\$75.05	\$81.80	\$89.16	\$97.19	\$104.96	\$113.36	\$122.43
Wastewater	\$12.65	\$11.22	\$12.46	\$13.83	\$15.36	\$17.05	\$18.92	\$20.25	\$21.66	\$23.17	\$24.80
Electric	\$351.99	\$372.43	\$384.50	\$384.50	\$389.80	\$389.80	\$389.80	\$389.80	\$389.80	\$389.80	\$389.80
Storm Drainage	\$4.61	\$4.61	\$5.05	\$5.53	\$6.06	\$6.64	\$7.20	\$7.80	\$8.06	\$8.21	\$8.36
Street Maintenance	\$1.67	\$1.87	\$1.92	\$1.97	\$2.03	\$2.09	\$2.15	\$2.21	\$2.27	\$2.33	\$2.40
Solid Waste Management	\$64.13	\$64.13	\$64.13	\$67.34	\$67.34	\$67.34	\$68.52	\$68.52	\$68.52	\$69.68	\$69.68
Mosquito Control	\$4.66	\$4.66	\$4.66	\$4.66	\$4.66	\$4.66	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95
Total Multi-Family Inside City	\$492.55	\$514.82	\$535.89	\$546.69	\$560.30	\$569.38	\$580.70	\$590.72	\$600.22	\$611.50	\$622.42
% Inc/(Dec) to Prior Year		4.52%	4.09%	2.02%	2.49%	1.62%	1.99%	1.73%	1.61%	1.88%	1.79%

***Based on an average sized Multi-Family complex of 5.83 dwelling units**

Council Direction - (followed Staff Recommendation)

- Scenario B
 - Future 3rd PM with project smoothing
 - Flattens rates by revising project order
 - Matches available funding and
 - Consistent utilization of available Staff
 - 2 PM's through 2020
 - 3 PM's 2021 and forward
 - Delivers 90.6% of projects originally identified with 1986 Stormwater Master Plan by 2031

Scenario B Benefits

- No debt or borrowing required
- Reasonable rate increases
- Flexible project planning
- Faster completion of master planned projects

Next Steps

- Tonight:
 - Adoption of Stormwater Financial Plan
 - Updates System Investment Fees to reflect buy-in of current costs related to anticipated land use
 - Updates Stormwater Utility Fees to expedite completion of projects in pre-1987 city boundary and addresses operations and maintenance (O&M) needs for all stormwater improvements going forward



Thank you for your time



Questions?
Comments?



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 8
MEETING DATE: 9/3/2013
TO: City Council
FROM: Brent Worthington, Finance
PRESENTER: Brent Worthington, Finance Director

TITLE:

July 2013 Financial Report

RECOMMENDED CITY COUNCIL ACTION:

This is an information only item. No action is required.

SUMMARY:

The Snapshot Report includes the City's preliminary revenue and expenditures including detailed reports on tax revenue and health claims year to date, ending July 31, 2013.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

BACKGROUND:

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 July 31, 2013. Citywide Revenue (excluding internal transfers) of \$138,512,796 is 100.5% of year to date (YTD) budget or \$714,310 over the budget. Sales Tax collections are 103.1% of the YTD budget or \$650,540 over budget. Building Material Use Tax is 149.7% of YTD budget, or \$376,054 over budget. Sales and Use Tax collections combined were 106.2% of YTD budget or \$1,407,296 over budget. When the combined sales and use tax for the current year are compared to 2012 for the same period last year, they are higher by 8.6% or \$1,896,041.

Citywide total expenditures of \$119,831,235 (excluding internal transfers) are 78.6% of the YTD budget or \$32,700,096 under the budget.

REVIEWED BY CITY MANAGER:

William H. Cavill

LIST OF ATTACHMENTS:

1. July Snapshot Presentation
2. Snapshot Report for July 2013



Snapshot



July
2013

Brent Worthington
Finance Director

Presented
September 3, 2013

July 2013 Snapshot

- Citywide Revenue
 - \$138.5 million, excluding transfers
 - 0.5% above budget projections

- Citywide Expenditures
 - \$119.8 million, excluding transfers
 - 21.4% below budget projections

- Citywide revenues exceed expenditures by \$18.7 million.

July 2013 Snapshot

- General Fund Revenue
 - \$46.7 million YTD, excluding transfers
 - 7.5% above YTD Budget
 - 7.4% above same period last year

- Sales and Use Tax Revenue
 - \$24 million YTD
 - 6.2% above budget projections
 - 6.6% above same period as last year

- Sales Tax only
 - \$21.4 million YTD
 - 3.1% above budget projections
 - 7.6% above same period last year

July 2013 Snapshot

Sales & Use Tax 2007 v. 2013



July 2013 Snapshot

Sales & Use Tax 2007 v. 2013 in Constant January 2007 Dollars



July 2013 Snapshot

- General Fund Expenditures
 - \$31.6 million YTD, excluding transfers
 - 9.3% below budget projections

- General Fund Revenues Exceed Expenditures by \$12.4 million

- Health Claims
 - July Claims \$535,502
 - 2013 YTD increased from \$3.8 mil to \$4.7 mil from same time as last year (21.6%)

July 2013 Snapshot

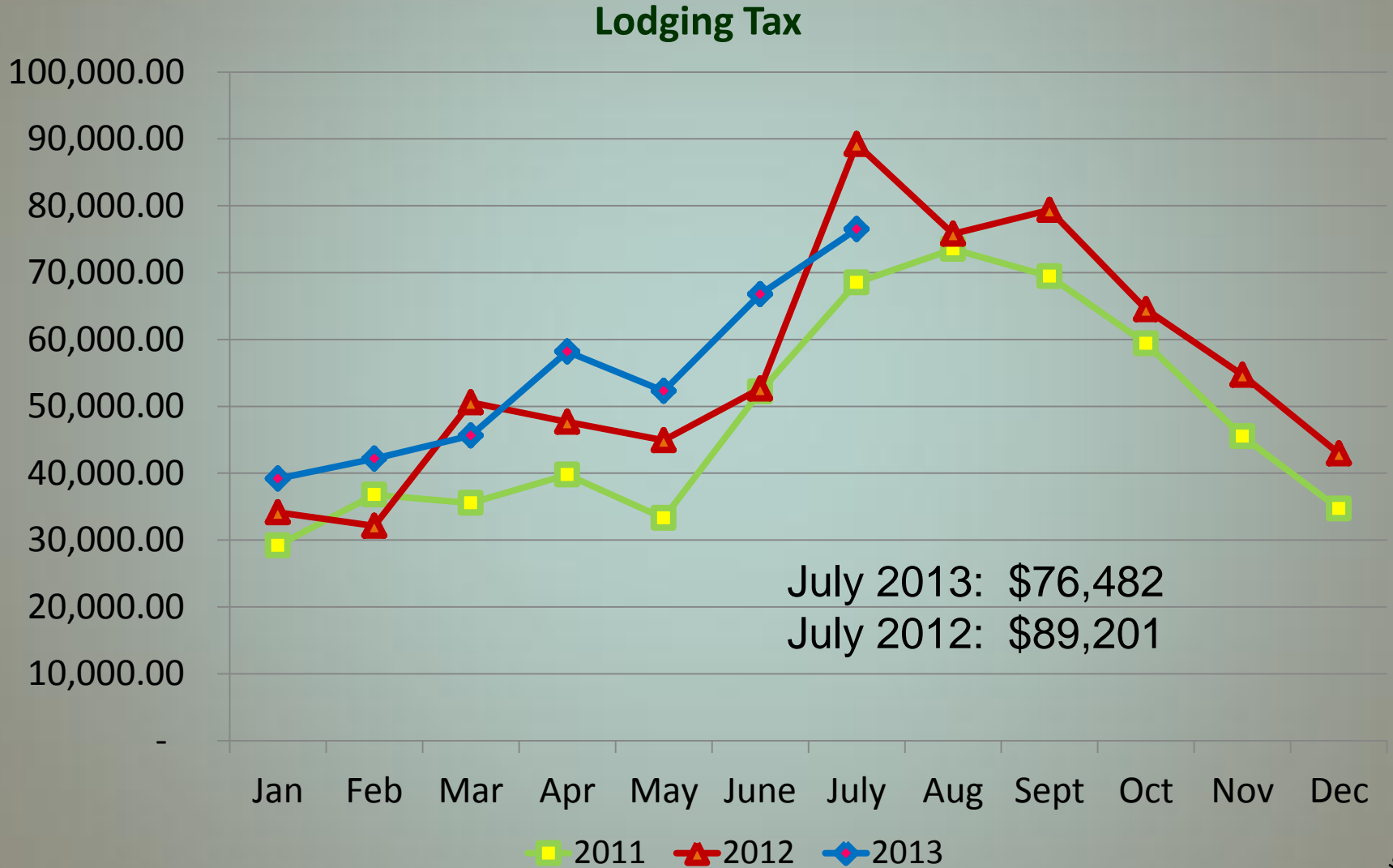
➤ July “All Other Areas” on Geo Map

OCO Total	\$ 226,657.73	Out of Colorado
CNL Total	\$ 183,981.04	Colorado Not Loveland
OCL Total	\$ 11,605.25	Out of City limits
INT Total	\$ 6,674.68	Internet
INN Total	\$ 455.23	Innoprise Conversion
PEN Total	\$ 2.79	Pending (Application filed on-line for new account)
Grand Total	\$429,376.72	

➤ Other highlights

- Lodging tax YTD is \$380,741 (8.4% higher than 2012 YTD).

Lodging Tax Comparison





July 2013 Snapshot

Questions?

Brent Worthington
Finance Director

Presented
September, 3, 2013

Snapshot

Monthly Financial Report

July 2013

A Snapshot In Time

- ◇ Citywide Revenue, excluding transfers between funds, \$138.5 million (0.5% above budget projections)
- ◇ Sales & Use Tax Collection, \$24.0 million (6.2% above budget projections)
- ◇ Citywide Expenditures, excluding transfers between funds, \$119.8 million (21.4% below budget projections)
- ◇ Citywide Year-To-Date Revenues exceed Year-To-Date Expenditures by \$18.7 million
- ◇ General Fund Revenue, excluding transfers between funds, \$46.7 million (7.5% above budget projections)
- ◇ General Fund Expenditures, excluding transfers between funds, \$31.6 million, (9.3% below budget projections)
- ◇ General Fund Revenues exceed Expenditures by \$12.4 million

Citywide Revenues & Expenditures 2-3

General Fund Revenues & Expenditures 4-5

Capital Projects 5

Tax Totals & Comparison 6-9

Geo Codes & Sales Tax SIC 10-12

Health Care Claims 13

Activity Measures 14

The Sales / Use Tax Basics

July 2013	Sales Tax	Motor Vehicle Use Tax	Building Materials Use Tax	Combined
Budget 2013	\$ 20,718,920	\$ 1,117,260	\$ 757,130	\$ 22,593,310
Actual 2013	21,369,460	1,497,963	1,133,184	24,000,606
% of Budget	103.1%	134.1%	149.7%	106.2%
Actual 2012	\$ 19,864,625	\$ 1,427,023	\$ 812,917	\$ 22,104,565
Change from prior year	7.6%	5.0%	39.4%	8.6%

Financial Sustainability

The City remains in a strong financial position because of a tradition of conservative fiscal management. To uphold this tradition, the City ensures that operations are paid for by current-year revenues, fund balances are positive and reserves are sufficient to overcome financial challenges, and debt is considered extraordinary and avoided in favor of a pay-as-we-go system. This sound fiscal policy allows the City to achieve Council goals and priorities and to meet challenges as they arise.

In 2011, the City embarked upon a community-wide financial sustainability effort to ensure that shortfalls projected in its General Fund 10-year financial plan were addressed using a balanced plan consisting of 81% expenditure cuts and 19% revenue increases. The Financial Sustainability Strategy, adopted by the City Council on June 7, 2011, includes ongoing processes designed to ensure that the City retains a healthy financial outlook.

Although sales and use tax revenue is greater in 2013 than in 2007 year-to-date, inflation adjustment of the revenue shows that collections in 2013 have not significantly grown above 2007 levels when inflation is taken into account, emphasizing the importance of continuing the strategy implementation.

Citywide Revenues & Expenditures

Combined Statement of Revenues and Expenditures				
July 2013				
REVENUE	Current Month	YTD Actual	YTD Revised Budget	% of Budget
General Governmental				
1 General Fund	\$ 7,819,454	\$ 46,685,624	\$ 43,415,235	107.5%
2 Special Revenue	673,185	4,272,933	5,859,164	72.9% ¹
3 Other Entities	3,553,223	18,115,360	21,482,417	84.3% ²
4 Internal Service	1,495,088	9,946,236	9,663,270	102.9%
5 <i>Subtotal General Govt Operations</i>	\$ 13,540,950	\$ 79,020,153	\$ 80,420,087	98.3%
6 Capital Projects	1,245,544	6,073,386	3,886,926	156.3%
Enterprise Fund				
7 Water & Power	8,291,873	45,180,303	44,975,450	100.5%
8 Stormwater	383,388	2,574,260	2,529,263	101.8%
9 Golf	578,623	2,206,773	2,365,250	93.3% ³
10 Solid Waste	566,000	3,457,921	3,621,510	95.5%
11 <i>Subtotal Enterprise</i>	\$ 9,819,883	\$ 53,419,257	\$ 53,491,473	99.9%
12 Total Revenue	\$ 24,606,378	\$ 138,512,796	\$ 137,798,486	100.5%
<i>Prior Year External Revenue</i>		128,442,331		
<i>Increase From Prior Year</i>		7.8%		
13 Internal Transfers	114,196	3,379,621	20,668,840	16.4%
14 Grand Total Revenues	\$ 24,720,574	\$ 141,892,417	\$ 158,467,326	89.5%
EXPENDITURES				
General Governmental				
15 General Fund	\$ 4,683,546	\$ 31,105,634	\$ 33,925,981	91.7%
16 Special Revenue	1,041,500	5,889,058	5,252,892	112.1% ⁴
17 Other Entities	3,361,384	16,618,478	18,850,766	88.2%
18 Internal Services	1,200,689	8,647,525	10,129,116	85.4%
19 <i>Subtotal General Gov't Operations</i>	\$ 10,287,119	\$ 62,260,695	\$ 68,158,755	91.3%
20 Capital	3,246,676	15,612,690	40,061,747	39.0%
Enterprise Fund				
21 Water & Power	6,496,961	36,365,644	38,475,000	94.5%
22 Stormwater	246,314	1,453,946	1,272,173	114.3% ⁵
23 Golf	281,470	1,556,541	1,747,003	89.1%
24 Solid Waste	383,957	2,581,719	2,816,654	91.7%
25 <i>Subtotal Enterprise</i>	\$ 7,408,702	\$ 41,957,850	\$ 44,310,830	94.7%
26 Total Expenditures	\$ 20,942,498	\$ 119,831,235	\$ 152,531,331	78.6%
<i>Prior Year External Expenditures</i>		112,430,254		
<i>Increase (-Decrease) From Prior Year</i>		6.6%		
27 Internal Transfers	114,317	3,379,742	20,668,840	16.4%
28 Grand Total Expenditures	\$ 21,056,814	\$ 123,210,977	\$ 173,200,171	71.1%

¹ Lower than anticipated Transportation intergovernmental revenue due to the timing of grant drawdowns, lower than anticipated State Revenue Sharing from HUTF and motor vehicle fees, and Transportation Utility Fees coming in lower

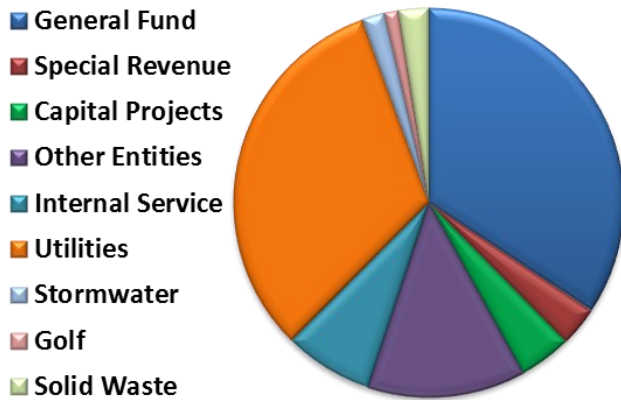
² Timing of the cash transactions implementing the loan from the Recreation, Library and General Government CEF funds to Urban Renewal Authority of \$1.5 million, timing of property tax payments to the county, and timing of the drawdown

³ Lower golf fee revenue due to inclement weather through the spring period.

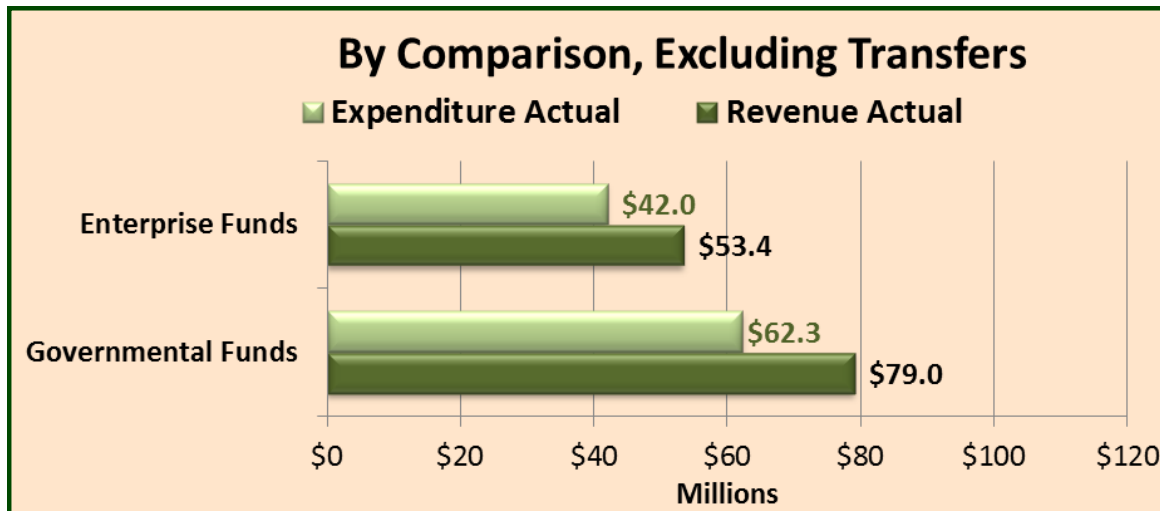
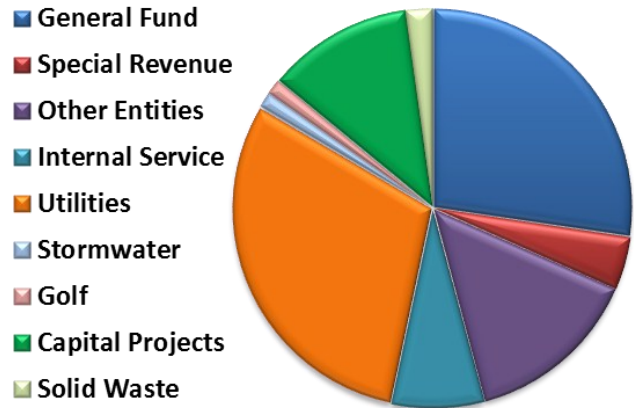
⁴ Repairs and Maintenance budgeted for as capital construction; offset by savings in capital accounts in line 20.

⁵ Budgeted Stormwater repair and maintenance work was able to begin sooner than originally planned.

YTD Operating Revenues of \$138.5 Million



YTD Operating Expenditures of \$119.8 Million



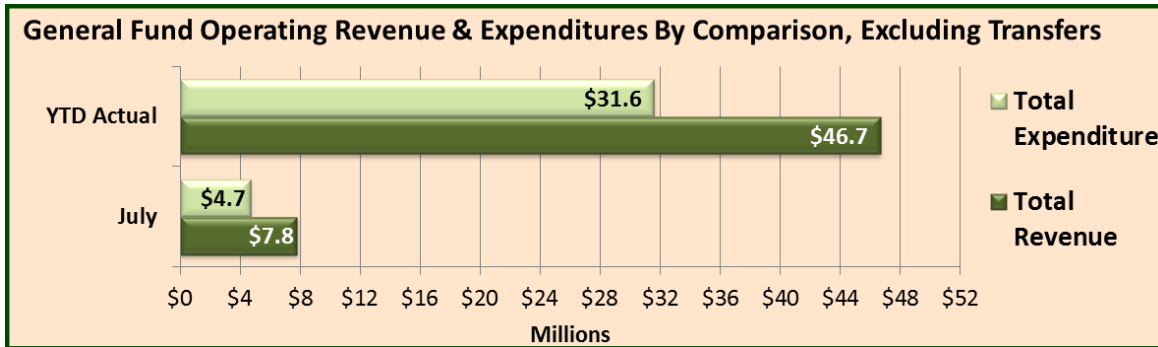
- ◆ General Fund Revenue, excluding transfers between funds, \$46.7 million (7.5% above budget projections)
* 7.4% above 2012 YTD
- ◆ General Fund Expenditures, excluding capital and transfers between funds, \$31.1 million (8.3% below budget projections)
* 6.0% below 2012 YTD
- ◆ Water & Power Revenue, excluding transfers between funds, \$45.2 million (0.5% above budget projections)
* 7.1% above 2012 YTD
- ◆ Water & Power Expenditures, excluding transfers between funds, \$36.4 million (5.5% below budget projections)
* 12.4% above 2012 YTD
- ◆ Other Entities Fund Revenue, excluding transfers between funds, \$18.1 million (15.7% below budget projections)
* 1.4% above 2012 YTD
- ◆ Other Entities Expenditures, excluding capital and transfers between funds, \$16.6 million (11.8% below budget projections)
* 2.6% below 2012 YTD

General Fund Revenues & Expenditures

General Fund Revenue & Expenditures July 2013				
REVENUES	Current Month	YTD Actual	YTD Revised Budget	% of Budget
1 Taxes				
2 Property tax	\$ 1,732,093	\$ 7,224,474	\$ 6,965,300	103.7%
3 Sales tax	3,453,149	21,369,460	20,718,920	103.1%
4 Building use tax	176,829	1,133,184	757,130	149.7%
5 Auto use tax	252,583	1,497,963	1,117,260	134.1%
6 Other taxes	124,910	1,845,232	1,542,100	119.7%
7 Intergovernmental	5,529	151,577	178,600	84.9% ¹
8 License & permits				
9 Building permits	191,070	1,061,041	771,470	137.5%
10 Other permits	74,041	188,053	134,435	139.9%
11 Charges for services	1,016,965	7,302,795	6,869,083	106.3%
12 Fines & forfeitures	88,487	499,252	624,190	80.0% ²
13 Interest income	41,304	150,132	198,410	75.7%
14 Miscellaneous	662,496	4,262,463	3,538,337	120.5%
15 Subtotal	\$ 7,819,454	\$ 46,685,624	\$ 43,415,235	107.5%
16 Interfund transfers	6,570	95,970	95,970	100.0%
17 Total Revenue	\$ 7,826,024	\$ 46,781,594	\$ 43,511,205	107.5%
EXPENDITURES				
Operating Expenditures				
18 Legislative	\$ 9,243	\$ 66,977	\$ 84,163	79.6%
19 Executive & Legal	176,230	1,348,485	1,456,530	92.6%
20 Economic Development	194,834	691,005	1,163,304	59.4%
21 Cultural Services	145,875	953,907	1,070,328	89.1%
22 Development Services	237,032	1,539,514	1,748,799	88.0%
23 Finance	292,448	2,143,725	2,402,119	89.2%
24 Fire & Rescue	645	6,003	11,630	0.0%
25 Human Resources	69,906	507,441	585,164	86.7%
26 Information Technology	192,380	1,804,457	2,411,862	74.8%
27 Library	224,206	1,504,940	1,578,552	95.3%
28 Parks & Recreation	756,721	4,786,383	5,493,034	87.1%
29 Police	1,295,099	9,259,316	9,539,920	97.1%
30 Public Works	362,086	2,611,673	2,736,145	95.5%
31 Non-Departmental	738,652	4,360,923	4,559,670	95.6%
32 Subtotal Operating	\$ 4,695,358	\$ 31,584,746	\$ 34,841,221	90.7%
33 Internal Transfers	99,739	2,844,341	6,455,470	44.1%
34 Total Expenditures	\$ 4,795,096	\$ 34,429,087	\$ 41,296,691	83.4%

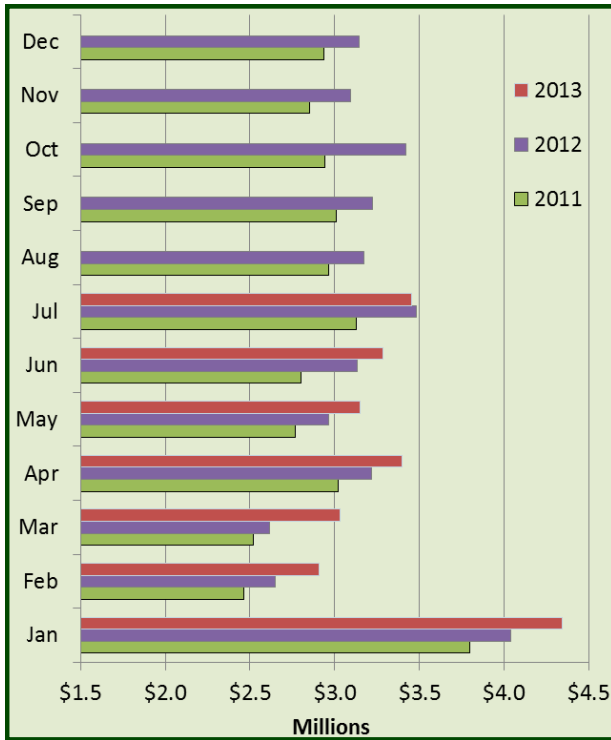
¹ Lower than projected revenue due to the timing of payments for ambulance dispatch.

² Lower than projected revenue from traffic fines, parking fines, and fines for municipal ordinance violations.



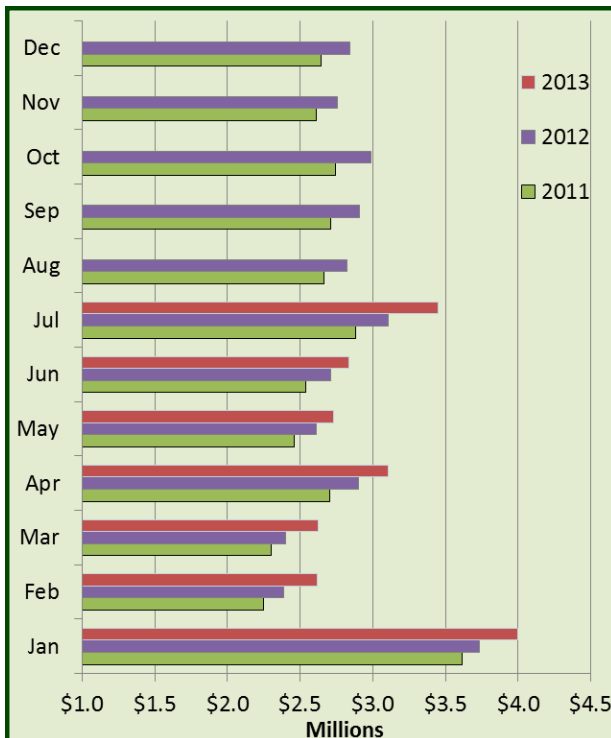
Capital Projects \$500,000+

Project Title	2013 Budget	2013 Expenditures	Remaining 2013 Budget	% of 2013 Budget (Exp/Bud)
Water Capital				
Water Treatment Plant Phase II Expansion (38 MGD)	\$ 2,023,200	\$ 460,455	\$ 1,562,746	22.76%
Filter Plant No. 2 Pipe Gallery Improvements	943,110	941,553	1,557	99.83%
W 29th St. & W 1st St. Water Line Replacement	725,910	25,190	700,720	3.47%
Morning Drive Alternate Waterline 30"	1,109,100	915,900	193,200	82.58%
2013 Small Diameter Waterline Replacement	845,320	20,893	824,427	2.47%
Raw Water Capital				
Windy Gap Firming Project	1,218,000	-	1,218,000	0.00%
Purchase of Colorado-Big Thompson Project (CBT)	820,090	-	820,090	0.00%
Wastewater Utility Capital				
Digester Mixing System	1,200,000	-	1,200,000	0.00%
Digester Building Code Compliance	900,000	-	900,000	0.00%
South Horseshoe Lift Station Submersible	1,361,690	126,135	1,235,555	9.26%
Power Capital				
East Sub to Crossroads Sub on Railroad	1,379,732	1,012,671	367,061	73.40%
Horseshoe Sub along Hwy 287 to 29th St.	1,338,299	11,051	1,327,248	0.83%
Airport Sub North to Crossroads and South to Kendall Pkwy	683,260	534,225	149,035	78.19%
Callisto (vault 2716) East along 5th, North on Boyd Lake to railroad xing	570,000	-	570,000	0.00%
SW219 on old railroad North on VanBuren, East on 22nd to SW126	670,250	10,804	659,446	1.61%
Crossroads Substation - purchase new transformer	600,000	-	600,000	0.00%
Crossroads Substation - new switgear & transformer install	512,900	-	512,900	0.00%
Stormwater Capital				
29th and Monroe Outfall (Dry Creek)	1,000,000	-	1,000,000	0.00%
MeHaffey Park Regional Detention Pond	556,343	67,341	489,003	12.10%
Streets Transportation Program				
2013 Street Rehabilitation	4,441,840	1,460,936	2,980,904	32.89%
Fiber Optic Network to Signals and Other Facilities	1,071,130	32,020	1,039,110	2.99%
Boise & 37th Intersection Improvements	540,060	53,181	486,879	9.85%
All Other				
Facilities Maintenance Capital Projects	500,000	94,177	405,823	18.84%
Open Lands Acquisition	2,520,800	857,622	1,663,178	34.02%
Fire Station 2 Relocation	3,566,480	330,421	3,236,059	9.26%
Service Center Phase III	9,417,540	716,991	8,700,549	7.61%
Vehicle Wash	1,600,000	-	1,600,000	0.00%
Mehaffey Park	8,110,560	318,593	7,791,967	3.93%
River's Edge Natural Area	\$ 1,808,840	\$ 1,154,912	\$ 653,928	63.85%



Sales & Use Tax

	2011	2012	2013	2013 Budget	+ / - Budget
Jan	\$ 3,799,760	\$ 4,039,678	\$ 4,345,836	\$ 4,136,490	5.1%
Feb	2,465,447	2,649,229	2,906,780	2,528,010	15.0%
Mar	2,517,162	2,618,052	3,033,347	3,028,120	0.2%
Apr	3,022,770	3,215,437	3,397,074	3,286,040	3.4%
May	2,769,526	2,966,032	3,150,201	2,991,970	5.3%
Jun	2,800,184	3,136,014	3,284,808	3,127,370	5.0%
Jul	3,129,254	3,480,123	3,882,561	3,495,310	11.1%
Aug	2,961,686	3,171,055	-	3,154,400	
Sep	3,008,637	3,225,155	-	3,211,640	
Oct	2,944,433	3,421,098	-	3,327,150	
Nov	2,853,360	3,092,095	-	3,091,770	
Dec	2,933,671	3,142,793	-	3,141,380	
YTD	\$20,504,103	\$22,104,565	\$24,000,606	\$22,593,310	6.2%

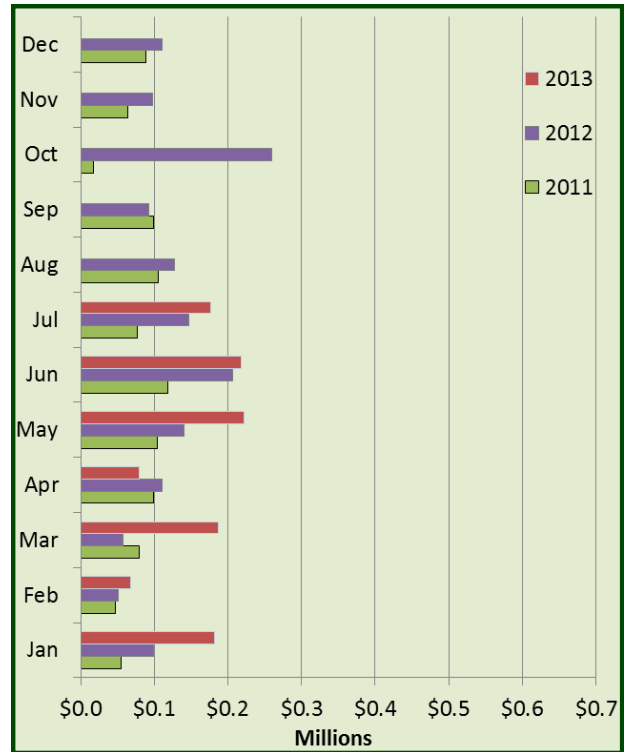


Retail Sales Tax

	2011	2012	2013	2013 Budget	+ / - Budget
Jan	\$ 3,613,881	\$ 3,733,309	3,995,194	\$ 3,909,960	2.2%
Feb	2,249,749	2,390,409	2,619,453	2,285,380	14.6%
Mar	2,299,237	2,403,380	2,622,808	2,715,660	-3.4%
Apr	2,702,024	2,905,558	3,109,701	3,008,620	3.4%
May	2,462,213	2,614,500	2,733,983	2,710,640	0.9%
Jun	2,536,541	2,711,906	2,835,171	2,878,350	-1.5%
Jul	2,882,075	3,105,564	3,453,149	3,210,310	7.6%
Aug	2,667,674	2,823,319	-	2,866,890	
Sep	2,710,738	2,909,008	-	2,909,990	
Oct	2,746,866	2,991,033	-	3,035,070	
Nov	2,610,980	2,757,932	-	2,824,870	
Dec	2,647,162	2,841,959	-	2,863,910	
YTD	\$18,745,720	\$19,864,625	\$21,369,460	\$20,718,920	3.1%

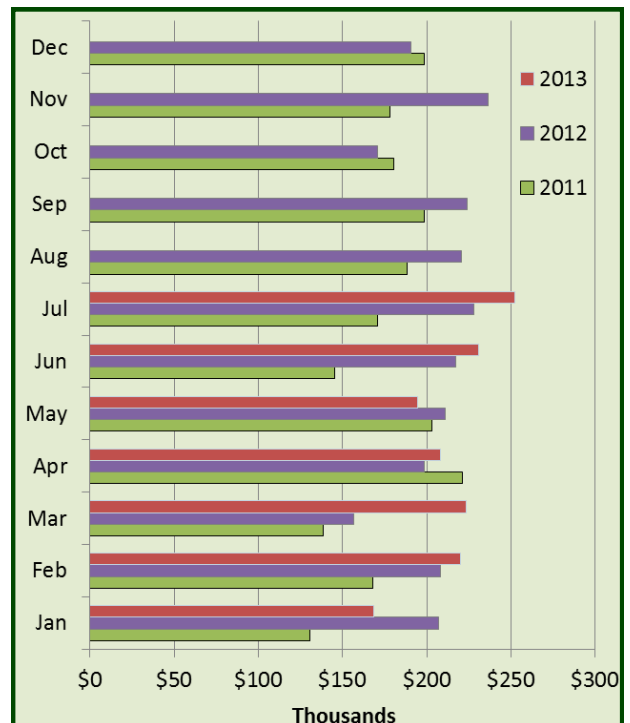
Building Materials Use Tax

	2011	2012	2013	2013 Budget	+ / - Budget
Jan	\$ 55,542	\$ 99,108	\$ 181,907	\$ 85,270	113.3%
Feb	47,621	50,703	67,440	83,620	-19.3%
Mar	79,590	57,845	187,222	164,570	13.8%
Apr	99,569	111,197	79,229	110,120	-28.1%
May	104,373	140,470	221,834	104,700	111.9%
Jun	118,318	207,024	218,722	100,770	117.1%
Jul	76,488	146,570	176,829	108,080	63.6%
Aug	105,871	127,261		104,580	-100.0%
Sep	99,544	92,415		117,480	-100.0%
Oct	17,021	259,279		96,490	-100.0%
Nov	64,211	97,778		100,250	-100.0%
Dec	88,033	110,414		124,070	-100.0%
	\$956,181	\$1,500,063	\$1,133,183	\$1,300,000	
YTD	\$581,501	\$812,917	\$1,133,183	\$757,130	49.7%



Motor Vehicle Use Tax

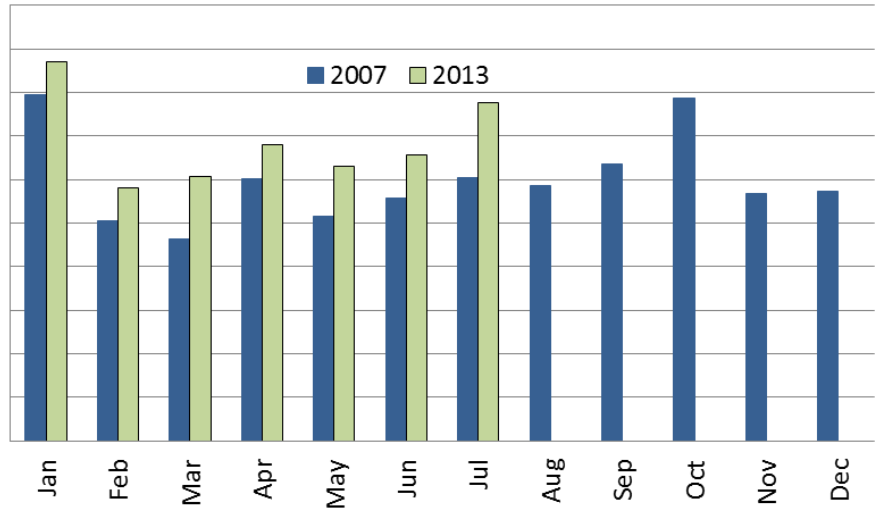
	2011	2012	2013	2013 Budget	+ / - Budget
Jan	\$ 130,337	\$ 207,261	\$ 168,734	\$ 141,260	19.4%
Feb	168,077	208,117	219,886	159,010	38.3%
Mar	138,335	156,828	223,317	147,890	51.0%
Apr	221,177	198,682	208,144	167,300	24.4%
May	202,940	211,062	194,384	176,630	10.1%
Jun	145,325	217,084	230,915	148,250	55.8%
Jul	170,691	227,989	252,583	176,920	42.8%
Aug	188,141	220,475		182,930	
Sep	198,355	223,732		184,170	
Oct	180,546	170,786		195,590	
Nov	178,169	236,385		166,650	
Dec	198,476	190,420		153,400	
	\$2,120,569	\$2,468,822	\$1,497,963	\$2,000,000	
YTD	\$1,176,882	\$1,427,023	\$1,497,963	\$1,117,260	34.1%



	2007	2013
Jan	\$ 3,972,513	\$ 4,345,836
Feb	2,520,486	2,906,780
Mar	2,319,579	3,033,347
Apr	3,003,780	3,397,074
May	2,581,830	3,150,202
Jun	2,781,786	3,284,808
Jul	3,022,815	3,882,560
Aug	2,931,667	
Sep	3,176,883	
Oct	3,936,330	
Nov	2,835,420	
Dec	2,869,916	
	\$35,953,006	\$24,000,606

\$5,000,000
\$4,500,000
\$4,000,000
\$3,500,000
\$3,000,000
\$2,500,000
\$2,000,000
\$1,500,000
\$1,000,000
\$500,000
\$-

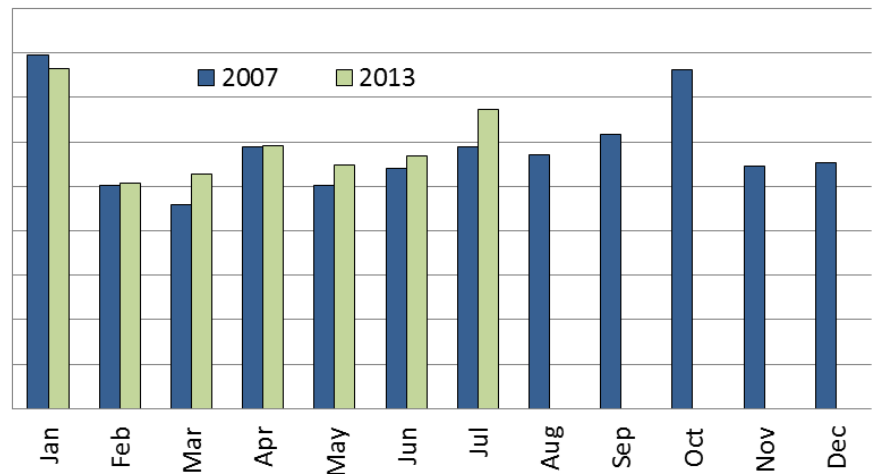
Sales & Use Tax 2007 v. 2013



	2007	2013
Jan	\$ 3,972,513	\$ 3,819,987
Feb	2,507,072	2,534,302
Mar	2,286,415	2,637,754
Apr	2,941,724	2,957,121
May	2,513,134	2,737,347
Jun	2,702,532	2,847,479
Jul	2,937,441	3,364,322
Aug	2,854,102	
Sep	3,084,330	
Oct	3,813,494	
Nov	2,730,719	
Dec	2,765,797	
	\$35,109,273	\$20,898,312

¢\$4,500,000
¢\$4,000,000
¢\$3,500,000
¢\$3,000,000
¢\$2,500,000
¢\$2,000,000
¢\$1,500,000
¢\$1,000,000
¢\$500,000
¢\$-

Sales & Use Tax 2007 v. 2013 in Constant January 2007 Dollars

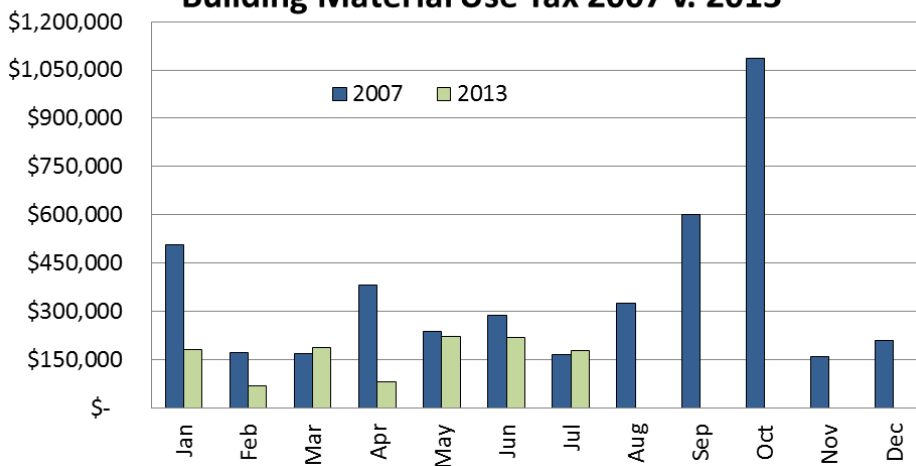


Retail Sales Tax 2007 v. 2013



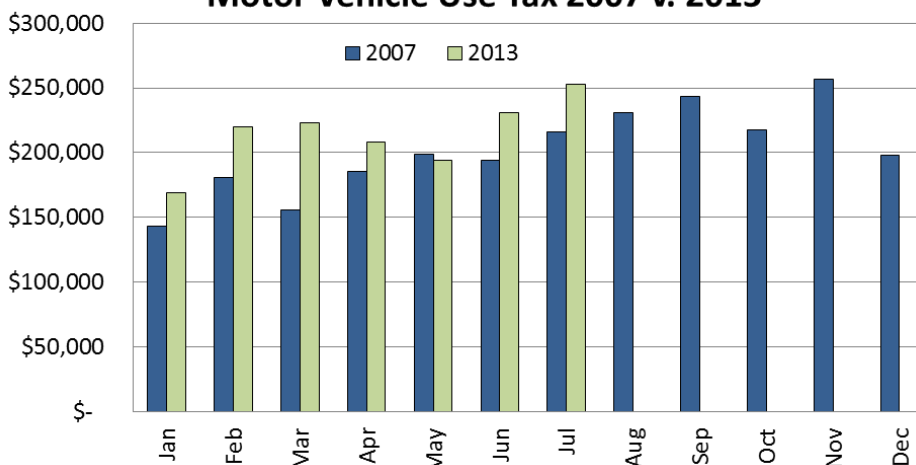
	2007	2013
Jan	\$ 3,324,067	\$ 3,995,194
Feb	2,167,873	2,619,453
Mar	1,994,635	2,622,808
Apr	2,437,958	3,109,701
May	2,146,685	2,733,983
Jun	2,300,533	2,835,171
Jul	2,640,223	3,453,149
Aug	2,376,534	
Sep	2,332,844	
Oct	2,632,667	
Nov	2,419,051	
Dec	2,464,559	
Total	\$29,237,629	\$21,369,460

Building Material Use Tax 2007 v. 2013



	2007	2013
Jan	\$ 505,441	\$ 181,907
Feb	171,835	67,440
Mar	169,579	187,222
Apr	380,285	79,229
May	236,140	221,834
Jun	287,300	218,722
Jul	166,446	176,829
Aug	324,125	
Sep	600,704	
Oct	1,086,325	
Nov	159,382	
Dec	207,723	
Total	\$4,295,285	\$ 1,133,184

Motor Vehicle Use Tax 2007 v. 2013



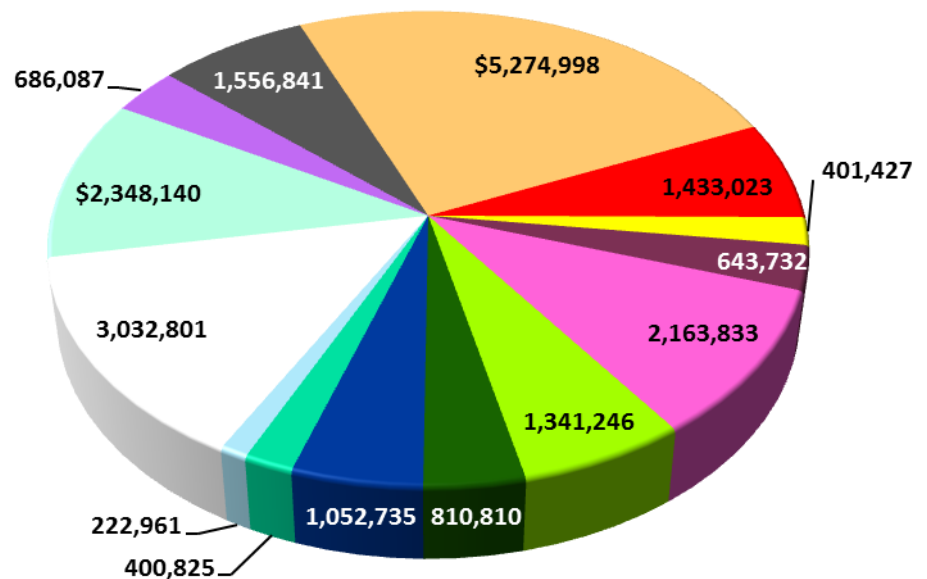
	2007	2013
Jan	\$ 143,005	\$ 168,734
Feb	180,778	219,886
Mar	155,365	223,317
Apr	185,537	208,144
May	199,005	194,384
Jun	193,953	230,915
Jul	216,146	252,583
Aug	231,008	
Sep	243,336	
Oct	217,338	
Nov	256,987	
Dec	197,634	
Total	\$2,420,092	\$ 1,497,963

Geographical Codes

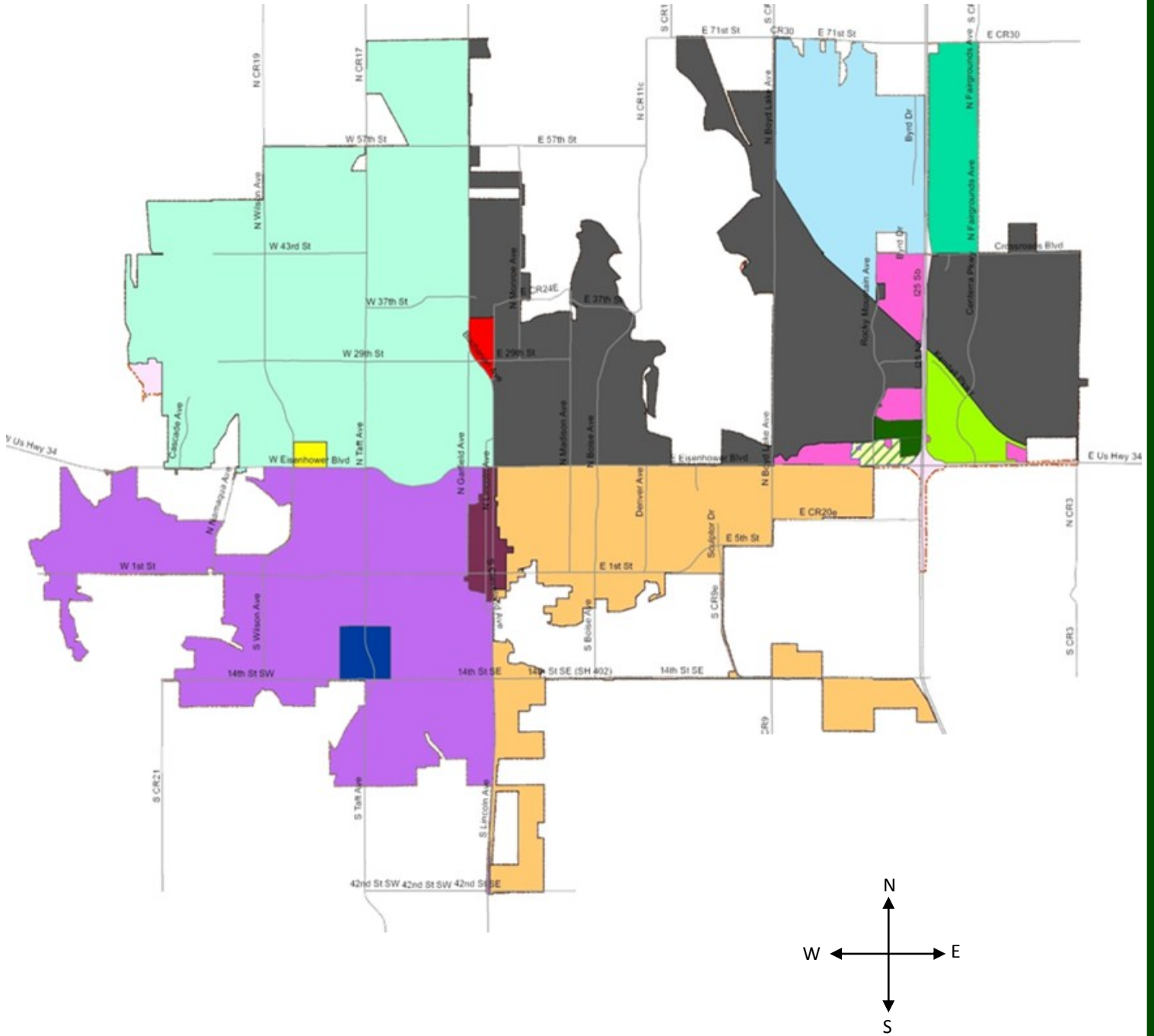
Geographical Area	YTD 2013	YTD 2012	Change
South East Loveland	\$5,274,998	\$4,900,138	7.6%
North West Loveland	2,348,140	2,246,510	4.5%
Centerra	2,163,833	1,894,152	14.2%
North East Loveland	1,556,841	1,448,319	7.5%
Orchards Shopping Center	1,433,023	1,252,074	14.5%
Promenade Shops (1)	1,341,246	1,371,128	-2.2%
Thompson Valley Shopping Center	1,052,735	987,910	6.6%
Outlet Mall	810,810	779,451	4.0%
South West Loveland	686,087	642,626	6.8%
Downtown (2)	643,732	584,227	10.2%
Columbine Shopping Center	401,427	381,008	5.4%
The Ranch	400,825	377,290	6.2%
Airport	222,961	227,199	-1.9%
All Other Areas (3)	3,032,802	2,773,158	9.4%
Total	\$21,369,460	\$19,865,190	7.6%

- (1) Sales at this retail center are affected by the decline in Electronics and Appliances (noted on page 10). Factoring out this sector, overall sales are up nearly 1%.
- (2) There has been an increase in tax licenses issued in the Downtown area, and established retailers' sales are trending up.
- (3) Refers to sales tax remitted by vendors who are located outside of the City but make sales to customers within Loveland.

- North West Loveland
- North East Loveland
- Orchards Shopping Center
- Downtown
- Promenade Shops
- Thompson Valley Shopping Center
- Airport
- South West Loveland
- South East Loveland
- Columbine Shopping Center
- Centerra
- Outlet Mall
- The Ranch
- All Other Areas



Map →

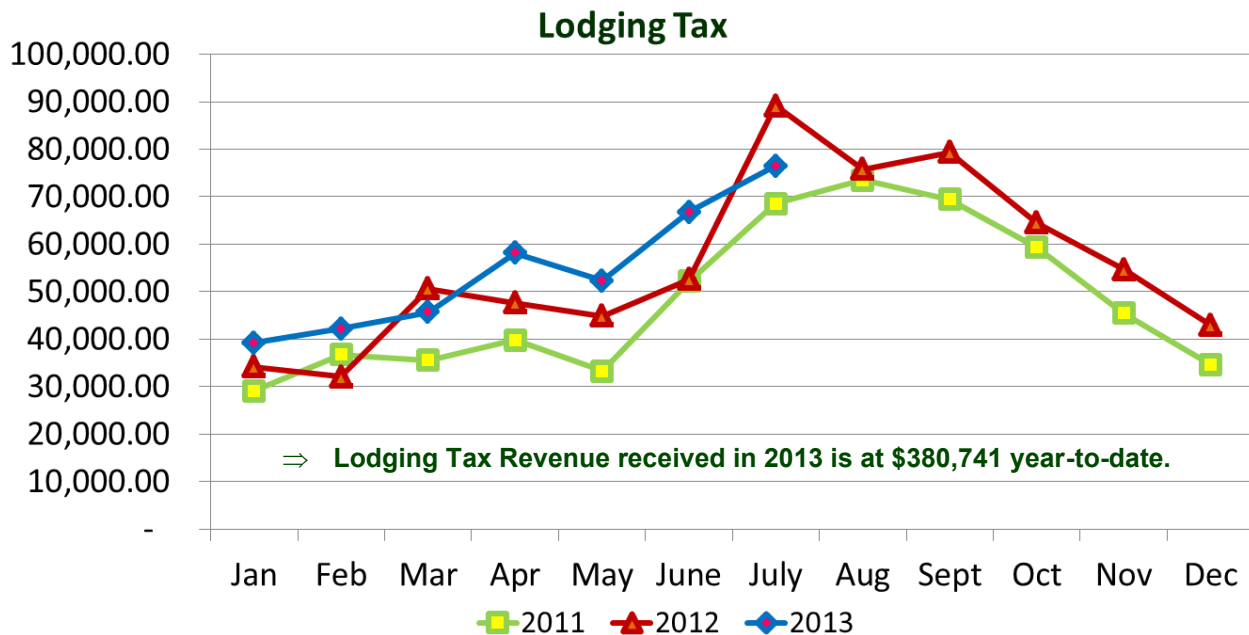


Sales Tax Collections

Description	YTD 2013	YTD 2012	\$ Change	% Change	% of Total	Total %
Department Stores & General Merchandise	\$ 4,659,917	\$ 4,509,870	\$ 150,047	3.3%	21.8%	21.8%
Restaurants & Bars	2,698,998	2,483,553	215,445	8.7%	12.6%	34.4%
Grocery Stores & Specialty Foods	2,155,196	1,997,772	157,424	7.9%	10.1%	44.5%
Clothing & Clothing Accessories Stores	1,524,730	1,440,833	83,897	5.8%	7.1%	51.7%
Building Material & Lawn & Garden Supplies	1,473,743	1,331,216	142,527	10.7%	6.9%	58.6%
Motor Vehicle Dealers, Auto Parts & Leasing	1,458,204	1,252,544	205,660	16.4%	6.8%	65.4%
Sporting Goods, Hobby, Book & Music Stores	1,221,700	977,744	243,956	25.0%	5.7%	71.1%
Utilities	1,128,709	1,060,273	68,436	6.5%	5.3%	76.4%
Broadcasting & Telecommunications (1)	770,072	776,552	(6,480)	-0.8%	3.6%	80.0%
Used Merchandise Stores	687,386	619,401	67,985	11.0%	3.2%	83.2%
Beer, Wine & Liquor Stores	503,358	461,429	41,929	9.1%	2.4%	85.6%
Hotels, Motels & Other Accommodations	438,877	415,643	23,234	5.6%	2.1%	87.6%
Consumer Goods & Commercial Equipment Rental	427,394	361,111	66,283	18.4%	2.0%	89.6%
Health & Personal Care Stores	366,224	344,752	21,472	6.2%	1.7%	91.3%
Electronic Shopping & Mail-Order Houses	290,478	283,930	6,548	2.3%	1.4%	92.7%
Furniture & Home Furnishing Stores	275,613	257,147	18,466	7.2%	1.3%	94.0%
Electronics & Appliance Stores (2)	243,242	308,788	(65,546)	-21.2%	1.1%	95.1%
Office Supplies, Stationery & Gift Stores	197,774	185,550	12,224	6.6%	0.9%	96.0%
Gasoline Stations with Convenience Stores	167,074	149,292	17,782	11.9%	0.8%	96.8%
All Other Categories	680,771	647,226	33,544	5.2%	3.2%	100.0%
Total	\$ 21,369,460	\$ 19,864,626	\$ 1,504,833	7.6%	100.0%	

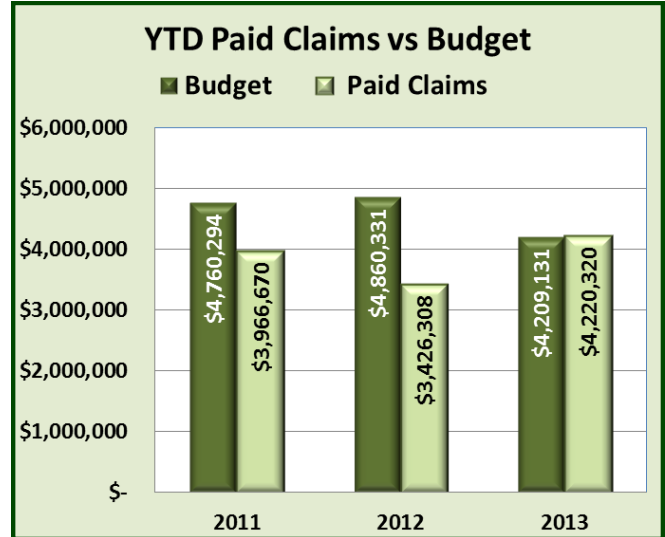
(1) Appears to be driven by the major wireless carriers, showing a decline through July.

(2) This sector shows a significant decline through July; staff will continue to monitor this trend.

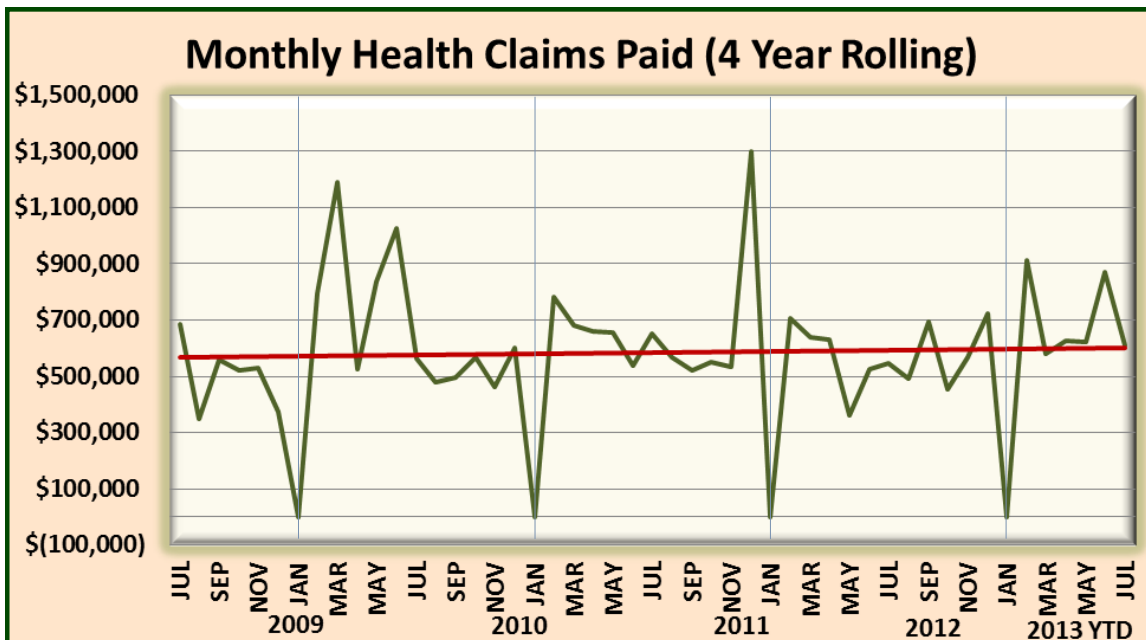


Claims Incurred				
		OAP	HRA	Total
2013	July	437,319	98,183	535,502
	YTD	3,730,883	982,706	4,713,589
2012	July	323,848	159,396	483,244
	YTD	3,091,565	784,734	3,876,299
Change	July	113,471	(61,213)	52,258
	% July	35.0%	-38.4%	10.8%
	YTD	639,318	197,972	837,290
	% YTD	20.7%	25.2%	21.6%

- ⇒ HRA—Health Reimbursement Arrangement
- ⇒ OAP—Open Access Plan



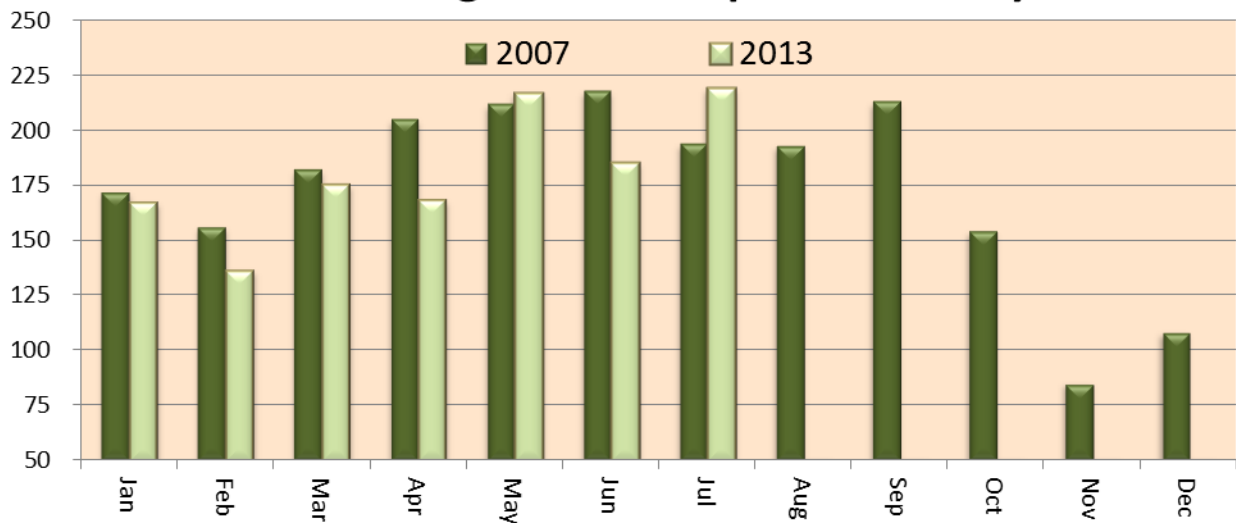
Incurred claims are total expenses the City is obligated to pay for claims, including claims paid and unpaid. Paid claims are those claims that have been paid and reconciled through the bank to-date, which may not reflect Stop Loss reimbursements or other refunds.



Comparison of YTD Claims Over \$25k				
July	2010	2011	2012	2013
# of claims	24	32	29	35
YTD Cost of high claims	\$2,339,734	\$1,720,593	\$1,456,130	\$1,936,381

⇒ 2013 # of StopLoss claims: 2
(claims over \$150k paid by StopLoss Carrier)

Building Permit Comparison History



Measures	July 2011	July 2012	July 2013	2011 YTD	2012 YTD	2013 YTD
# of Building Permits	173	188	219	1,070	1,267	1,267
Building Permit Valuations	\$ 7,011,880	\$11,358,972	\$20,081,724	\$ 54,174,048	\$ 75,211,185	\$ 106,672,496
# of Certified Occupancies	32	31	44	139	179	217
Net # of Sales Tax Licenses	16	2	(11)	117	(130)	(345)
New Residential Electric Meter Sets	20	25	29	201	123	178
# of Utility Bills Sent	35,587	36,111	36,666	248,423	252,147	255,638
Rounds of Golf	19,771	20,034	19,442	72,278	74,870	65,708
\$ Average Health Claim Costs/Emp.	\$ 898.80	\$ 749.22	\$ 812.60	\$ 1,023.16	\$ 872.25	\$ 1,034.61
KWH Demand (kH)	139,890	146,543	146,916	722,859	756,016	761,647
KWH Purchased (kwh)	74,077,514	75,414,515	73,212,467	417,011,041	434,295,042	431,333,451
Gallons of Water Sold	512,199,991	666,335,764	617,660,582	1,705,806,215	2,212,346,377	1,768,828,012
# of Workers' Comp Claims 2013	16	12	13	69	64	62
\$ of Workers' Comp Claims Paid 2013	\$ 13,077.00	\$ 22,354.25	\$ 29,735.00	\$ 83,414.00	\$ 306,406.10	\$ 167,870.95
# of Total Open Claims	22	15	22	<i>Not Cumulative</i>		
\$ of Total Open Claims	79,678	270,048	281,420	<i>Not Cumulative</i>		
\$ of Lodging Tax Collected	\$ 68,505.00	\$ 89,201.42	\$ 76,482.10	\$ 295,172.10	\$ 351,260.67	\$ 380,741.42

For more information regarding this report contact:

Brent Worthington, Finance Director

970.962.2300 or

brent.worthington@cityofloveland.org

**Financial Sustainability
Strategies Can Be
Found At:**

CityofLoveland.org

- ⇒ **Departments**
- ⇒ **Finance**
- ⇒ **Administration**
- ⇒ **Financial Reports**
- ⇒ **Financial
Sustainability
Strategies**

The City of Loveland is committed to providing an equal opportunity for citizens and does not discriminate on the basis of disability, race, color, national origin, religion, sexual orientation or gender. The City will make reasonable accommodations for citizens in accordance with the Americans with Disabilities Act. For more information, please contact the City's ADA Coordinator at bettie.greenberg@cityofloveland.org or 970-962-3319





CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 9
MEETING DATE: 9/3/2013
TO: City Council
FROM: Alan Krcmarik, Executive Fiscal Advisor
PRESENTER: Alan Krcmarik

TITLE:

Investment Report for July 2013

RECOMMENDED CITY COUNCIL ACTION:

This is an information only item. No action is required.

SUMMARY:

The budget estimate for investment earnings for 2013 is \$2,760,420. Through July, the amount posted to the investment account is \$840,109 including realized gains. Actual year-to-date earnings are much lower than the budget projection. Earlier this year, several very high interest rate corporate bonds matured, so future yields will be lower. The estimated annualized yield on market value for securities held by US Bank increased to 1.16% at the end of July, higher than the 1.06% yield reported at the end of June. The yield is still under the annual target rate of 1.20% for 2013. Reinvestment rates have risen recently after being at near record low levels. Current reinvestment rates are now higher than the budget projection target.

BACKGROUND:

At the end of July, the City's portfolio had an estimated market value of \$222.2 million, about \$3.4 million more than a month ago. The higher market value is attributable to revenue collections and the interest rate shifts in treasury rates. Of this amount, US Bank held (including accrued interest) \$184.1 million in trust accounts; other funds are held in local government investment pools, in operating accounts at Wells Fargo Bank, and a few miscellaneous accounts. Interest rates trended significantly lower in 2012 and despite an upward move upward in the last few months; they are projected to remain relatively low for years. Investments are in US Treasury Notes, high-rated US Agency Bonds, high-rated corporate bonds, money market accounts, and local government investment pools. The City's investment strategy emphasizes safety of principal, then sufficient liquidity to meet cash needs, and finally, return on investment. Each percent of earnings on the portfolio equates to about \$2.2 million annually.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

1. Investment Focus July 2013



Investment Focus

Monthly Investment Report

July 2013

What's in here?

- Focal Points** 1
- Gain / Loss**
- Rate Trends** 2
- Cash Statement** 3
- Portfolio size** 4
- Investment types**
- Transactions /** 5
- Maturity**
- Future Scan** 6

Focal Points

- * **2013 targets for the City's portfolio: 1) the interest rate target is 1.2%; 2) the earnings goal = \$2,760,420.**
- * **City investments are in high quality, low risk securities, in compliance with state law and the adopted investment policy.**
- * **Revenue posted to accounts = \$840,109-52% of the ytd target. So far this year, the portfolio has \$50,650 in realized gains.**
- * **Each 1% of the total portfolio amounts to about \$2.2 million.**
- * **The month end market value shows the unrealized loss was lower, estimated to be \$3,260,882 at the end of July.**

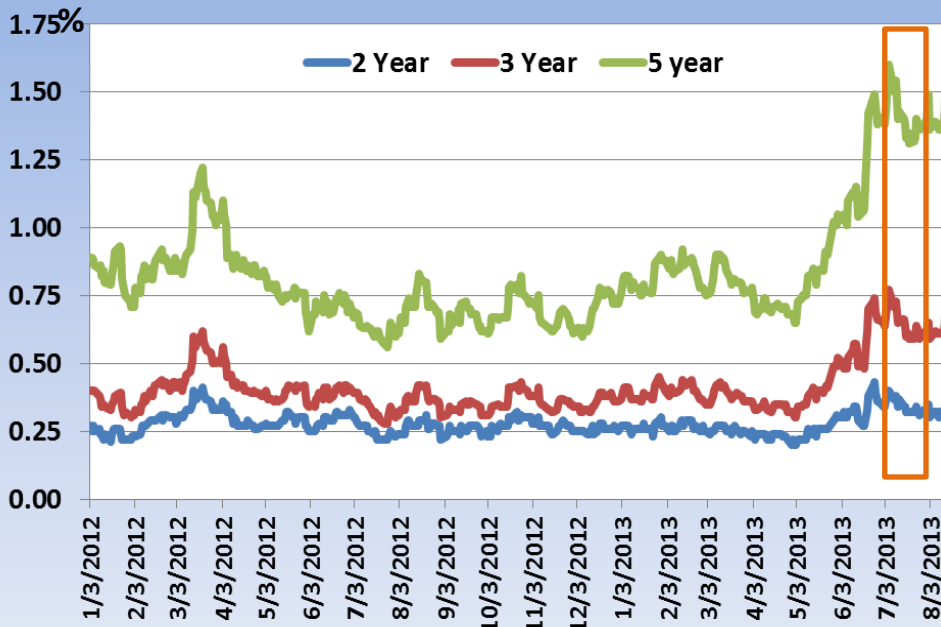
Number of the Week: 1-in-5 Electronics Sales Are Online

"21%: The share of electronics and appliance retail sales made online. This year hasn't been particularly kind to retailers who sell electronics and appliances. **Commerce Department** data show their sales are down about 0.5% since the end of 2012 through the end of the second quarter. General merchandise stores, such as Wal-Mart (continued on page 2)

Type of Investment	Purchase Price	Market Value	Unrealized Gain or Loss
Checking Accounts	\$ 10,546,864	\$10,546,864	--
Investment Pools	27,491,263	27,491,263	--
Money Markets	<u>289,308</u>	<u>289,308</u>	--
Subtotal	\$ 38,327,436	\$ 38,327,436	--
Notes and Bonds	<u>187,097,410</u>	<u>183,836,529</u>	<u>\$ (3,260,882)</u>
Total Portfolio	\$ 225,424,846	\$ 222,163,964	\$ (3,260,882)
Data Sources	(Morgan Stanley)	(US Bank)	

Due to rounding, column and row totals may not add exactly.

Treasury rate trends / Internet sales



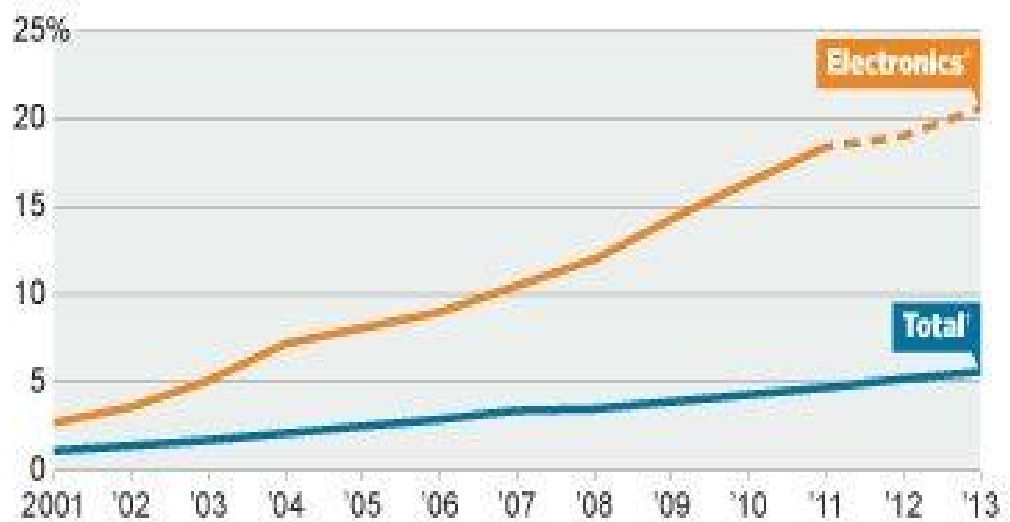
Interest rates on U.S. Treasuries fell during July. The 2-year was 5 basis points lower, the 3-year down 5 basis points, and the 5-year down 3 basis points when compared to the end of June. This rate shift increased the value of securities in the portfolio.

that sell electronics among other things, haven't fared much better with their sales up just 0.5% over the same period. But the first half of 2013 has been much better for e-commerce. Sales of goods and services online are up 8.8% from the end of last year, according to the Commerce Department. Internet sales accounted for 5.8% of total retail sales in the second quarter. That's up from 3.5% just five years ago, and has been moving consistently higher with only a slight slowing during the recession."

(Source: Phil Izzo in *Real Time Economics*, August 17, 2013.)

Letting Their Fingers Do the Shopping

Share of U.S. retail sales that are transacted via e-commerce



*2004 figure is a WSJ estimate; 2012-13 data are WSJ forecasts based on the 10-year trend †2013 figure is for the first half.

Source: Commerce Department

The Wall Street Journal

Cash Position Summary

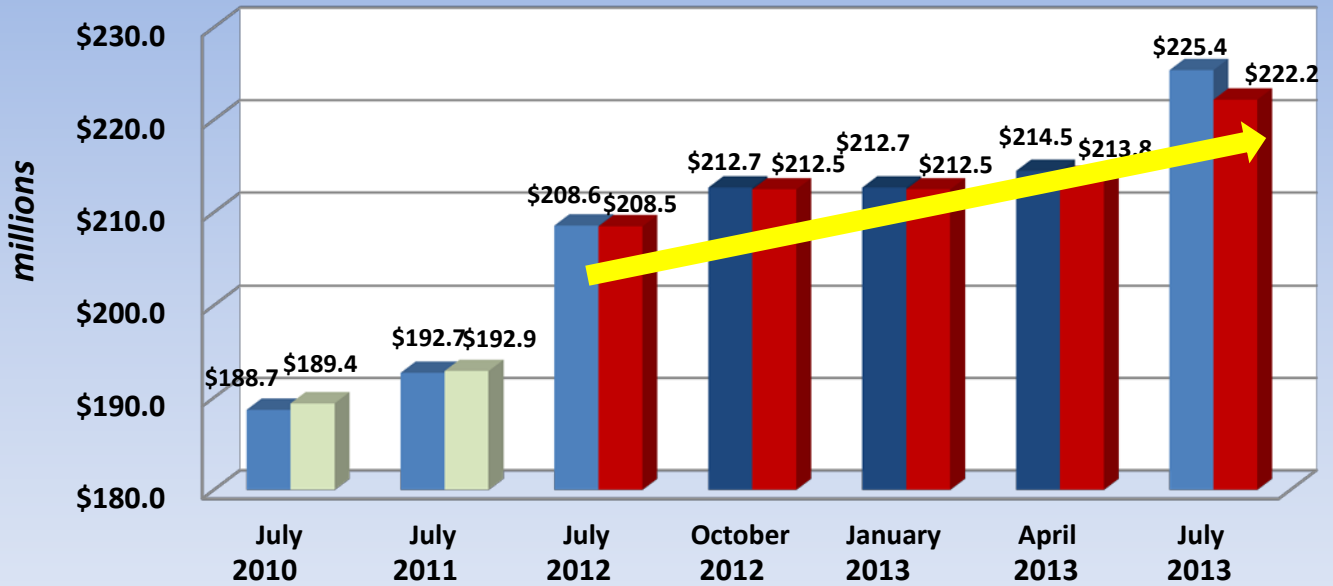
Cash & Reserves (unaudited)

	2013 Beginning	YTD Activity	Month End Total
Restricted Reserves	Due to rounding, column and row totals may not add exactly.		
1 Capital Expansion Fees	\$ 35,226,830	\$ 4,187,111	\$ 39,413,941
2 Water System Impact Fees	8,945,821	(68,973)	8,876,848
3 Raw Water Revenue – Windy Gap	20,940,043	1,378,291	22,318,334
4 Wastewater System Imp. Fees	5,131,782	623,241	5,755,023
5 Storm Drain System Imp. Fees	1,469,674	137,993	1,607,666
6 Power Plant Investment Fees	8,211,002	1,278,866	9,489,868
7 Cemetery Perpetual Care	2,629,094	50,983	2,680,077
8 Other Restricted	30,489,353	(505,754)	29,983,599
9 Total Restricted	\$ 113,043,599	\$ 7,081,758	\$ 120,125,357
Committed/ Assigned			
10 General Fund	\$ 11,224,908	\$ 1,036	\$ 11,225,944
11 Enterprise Funds	4,998,736	(614,305)	4,386,431
12 Internal Service Funds	19,553,388	954,752	20,508,140
13 Total Reserves	\$ 35,777,032	\$ 343,483	\$ 36,120,516
14 Total Restricted and Reserved	\$ 148,820,632	\$ 7,425,241	\$ 156,245,873
Unassigned Balance			
15 General Fund	\$ 23,685,948	\$ 9,970,901	\$ 33,656,849
16 Airport	1,384,130	(12,310)	1,317,820
17 Internal Service – Vehicle Maint	245,629	(89,518)	156,112
18 Enterprise Funds	37,097,373	(2,587,843)	34,509,530
19 Total Unrestricted	\$ 62,413,080	\$ 7,281,230	\$ 69,694,311
20 TOTAL CASH	\$ 211,233,712	\$ 14,706,472	\$ 225,940,184

Monthly Investment Report

Portfolio Size / Types of Investments

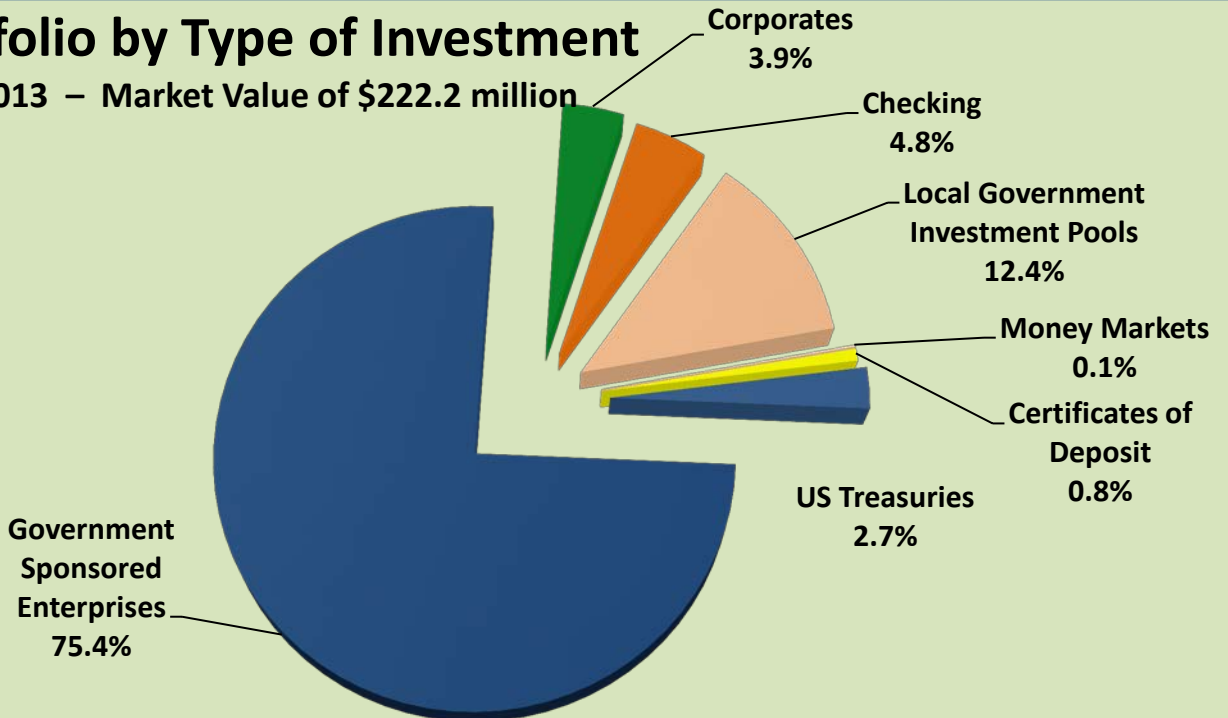
Portfolio Size since June 2010



Blue bars show Purchase value; red and green bars show Market value (red = loss and green = gain).

Portfolio by Type of Investment

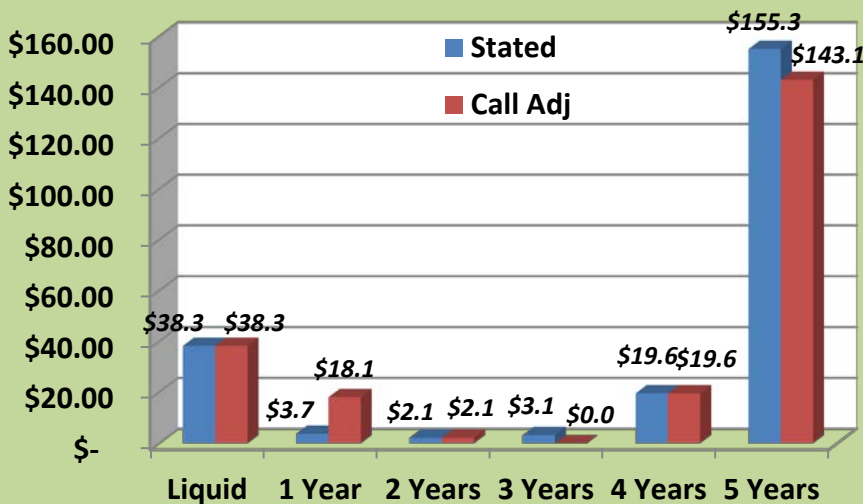
July 2013 – Market Value of \$222.2 million



Transactions / Portfolio by Maturity

	Maturity Date	Face Value	Purchase \$	Stated Rate
Purchases				
Fed. National Mortgage Assn.	06/28/2018	\$ 5,000,000	\$5,000,000.00	1.700%
GE Capital Corporate Note	05/09/2016	3,000,000	3,141,300.00	2.950%
Barclays Bank CD	06/28/2018	<u>236,000</u>	<u>231,162.00</u>	1.200%
		\$ 8,236,000	\$ 8,372,462.00	
Matured				
none this month				
Called			Call Value \$	
none this month				
Sales			Gain \$	
none this month				

Portfolio by Estimated Maturity Term
(in millions - Total = \$222.2 at the end of July)



The target rate for 2013 is 1.2%. Rates are now up significantly of the near record lows. For the year-to-date, the portfolio proceeds are below the earnings target level for 2013.

To support earnings, or to reposition the portfolio, bonds may be sold. So far this year, gains of \$50,650 have been realized through sales.

The blue bars show the stated term; red bars show the calls. Just a few of the five year bonds will be called early.



Future Scan: Tapering of Quantitative easing may begin soon?

- ❖ **FOMC Minutes Show Broad Support for Tapering Timeline** (Last meeting July 30-31, 2013)
 - “Federal Reserve policy makers considering when to reduce bond buying were “broadly comfortable” with Chairman Ben S. Bernanke’s plan to taper this year if the economy strengthens, with a few saying a reduction may be needed soon.”
 - “Almost all committee members agreed that a change in the purchase program was not yet appropriate,” and a few said “it might soon be time to slow somewhat the pace of purchases as outlined in that plan,” according to the record of the Federal Open Market Committee’s July 30-31 gathering released August 21 in Washington.”
 - “There’s nothing in the minutes to say it’s going to September definitively, but then there’s little to suggest it isn’t on the table,” said Michael Gapen, a former researcher in the Fed’s Division of Monetary Affairs. “They didn’t seem to want to push the needle much.” (Source: **Bloomberg online**, By Jeff Kearns, August 8, 2013)
- ❖ **Morgan Stanley Fixed Income Strategy** -- outlook for rates still calls for an ascending sawtooth pattern
 - There are several reasons for the lack of follow through on the recent rally.
 - The most important one -- Fed tapering in September is still very likely. Yes, the Fed will still be very accommodative -- yet even a small adjustment in the support the Fed is providing to the market is likely to cause a rise in volatility.
 - Second, both markets had recovered around 50% of their losses toward the end of July -- facing the headwind of rising rates, investors have gotten the message that the valuations we saw at the end of April (near all-time low yield) are no longer attainable.
 - Finally, technicals likely have played a role in the rally losing some steam here. August is generally a slow month for market activity with many participants on summer vacations, liquidity tends to dry up, so some investors are more inclined to take some money off the table and wait out the market lull.
 - The next major catalyst for the credit markets will be the August employment report due to be released on September 6, 2013. Barring a significant miss to the downside, and assuming inflation data remains steady we expect tapering to be announced by the Fed at their September 17-18 meeting. (Source: Morgan Stanley **Basis Points** Fixed Income Strategy, Kevin Flanagan & Jon Mackay, August 6, 2013.)
- ❖ The July Colorado Employment Situation was released on August 19, 2013. Using non-seasonally adjusted data, Colorado’s unemployment rate for July was estimated to be 6.9% compared to the national unemployment rate of 7.7%. County and city data show lower unemployment and are displayed in the attached table. Source (Colorado Department of Labor and Employment **Colorado Employment Situation July 2013**, dated August 19, 2013.)
- ❖ **Recession Outlook:** Four indicators, Industrial Production, Real Personal Income, Nonfarm Employment, and Real Retail Sales are the basis for determining a recession. In July, combined growth rate of these four indicators was zero. “The overall picture of the US economy remains one of exasperatingly slow recovery from the Great Recession.” (Source: **Advisor Perspectives**, Doug Short, August 15, 2013.)

[For more information regarding this report, please contact:](#)

Alan Krcmarik, Executive Fiscal Advisor 970.962.2625 or Alan.Krcmarik@cityofloveland.org

Updated Colorado Labor Data

- ❑ Loveland’s employed workforce *contracted* in **July**, down 90 jobs from June.
- ❑ Compared to July 2012, there are 800 **more** jobs.

