

Citizens' Finance Advisory Commission

December 14, 2016 – 6:00 PM

City of Loveland Council Chambers

500 E. 3rd Street, Loveland, CO 80537

Committee Members Present: Roger Weideman, David Hallett, Steve Olson, John Case, Brad Pierson, Carolyn Grulke, and Jason Napolitano.

Staff & Council Liaison Present: Brent Worthington, Theresa Wilson, Alan Kremerik

PUBLIC COMMENT:

No public present.

CALL TO ORDER:

Jason Napolitano called the meeting to order at 6:00 PM

APPROVAL OF MINUTES & AGENDA:

Jason Napolitano asked for approval of the October minutes and December agenda. **Motion was made and moved to approve the minutes and agenda as submitted. Motion passed 7-0.**

REPORTS:

Staff Liaison Update (Brent Worthington)

- Chloe returns to work and will resume CFAC duties in January.
- Staff beginning prep work and setting stage for 2018 budget development process.
- Provided update regarding the Foundry Project.
 - Downtown Development Authority ballot measures failed in November.
 - Total \$17.5 million City portion (\$3 million cash contribution and \$14.5 million to be financed).
 - Likely to finance via lease transaction (certificates of participation – work like municipal bond, but subject to annual appropriation and comes with higher interest rate due to that added risk) over 25-30 years.
 - Potential of capitalizing interest for first 2-1/2 years.
 - Partners – Brinkman (private developer), Metro District, Urban Renewal Authority, and City.
- Provided update regarding the Pulliam Building Project.
 - City working with Pulliam Building Foundation regarding fund raising agreement for building improvements.
 - Two phased approach:
 1. Phase I – City \$1.5 million/Foundation \$500,000
 2. Phase II – City \$2.5 million/Foundation \$2.5 million
 - Phase I designed to bring building up to standards for safety and fire code issues and make auditorium space leasable.
- Provided update regarding the Brands Project.
 - 200 acres spanning east and west sides of I-25.
 - Waiving permit fees and building use tax and rebating sales tax over 25 years, but no upfront City cash incentive involved.
 - Partners – Martin Lind (private developer).
- Priority Based Budgeting
 - Did not do presentation in 2016.
 - Not sure direction City will be going under new City Manager and current City Council.
 - New budget software solution that staff looking at includes ability to tie budget line items and programs to goals/outcomes, so could go in direction of outcomes based budget.
- Tax Payers Bill of Rights (TABOR) Limit and TABOR Excess Revenue
 - Discussed potential guests that could come speak to CFAC regarding TABOR:
 - Cary Kennedy, former elected State Treasurer and City and County of Denver CFO

- Steve Johnson, Larimer County Commissioner
 - Someone from the Colorado Municipal League (CML)
 - Someone from Fiscal Policy Institute (FPI)
- Group decided to pursue having someone from CML and FPI come speak at an upcoming meeting.
- Mentioned that staff liaison has been Brent since departure of John Hartman.
 - Brent suggested CFAC consider designating Theresa Wilson as staff liaison.
 - CFAC voted 7 (in favor) and 0 (against).

REGULAR AGENDA:

Administrative Matters (Jason Napolitano)

- Jeremy Lynch and Ryan Lindquist are both resigning from CFAC, so there will be two vacancies in the New Year.
- Brad Pierson and David Hallett are both interested in reapplying and continuing to serve.

City Manager Budget Transfer Limit (Theresa Wilson)

- Theresa presented City Manager Budget Transfer Limit item and asked CFAC for feedback.
- City Charter authorizes City Council to establish limit for City Manager to implement intrafund transfers (from one department to another) within the General Fund.
- Common local government practice that provides reasonable level of budget management authority at chief executive level – best budget management to improve budget practices and promote efficiencies.
- Staff recommending that maximum level be set at \$100,000 and be exercised on a per item/event basis.
- Pros discussed:
 - Provides a reasonable level of budget management flexibility at the chief executive level.
 - Relieves burden on City Council to review and approve minor items that can be addressed administratively through intrafund budget transfers.
 - Reduces need for smaller supplemental appropriations mid-year by making most use of existing appropriation.
 - Preserves available fund balances by avoiding smaller supplemental appropriations.
 - Fully discussed and endorsed by a 5-2 majority vote of the Citizens' Finance Advisory Commission (CFAC) at the 12/14/16 CFAC Meeting.
- Cons discussed:
 - Perception of decreased fiscal transparency (mitigated through timely reporting).
 - Potential of budget transfer authority being misused (mitigated by setting reasonable maximum limit).
- CFAC voted 4 (in favor), 2 (against), and 1 (abstention).
- Jason indicated that he would support a \$100,000 cumulative limit, but not a \$100,000 per item/event limit.

Investment Overview (Alan Krcmarik)

- Alan presented most recent Investment Focus report (October 2016) to CFAC.

Mission Statement Subcommittee Update (Steve Olson)

- Steve provided update regarding Mission Statement Subcommittee work.
 - Reviewing and discussing mission statement as written.
 - Looking at where CFAC could be of value to City Manager, City Council, and City staff.

Old Business

- None

New Business

- Roger would like summary of summary of fund balances (meaning budget vs. actual variances).
- This is included in the monthly financial report (the Snapshot).
- Link to Monthly Financial Snapshot reports is included below:

<http://www.cityofloveland.org/departments/finance/administration/financial-reports/monthly-financial-snapshot>

ADJOURNMENT:
Meeting adjourned at 8:07 PM

Minutes respectfully submitted,
Theresa Wilson,
Budget Manager