



MINUTES
LOVELAND CITY COUNCIL MEETING
Tuesday, September 4, 2018 CITY COUNCIL CHAMBERS 6:00 PM

COUNCIL PRESENT: Mayor Marsh
Councilors:
Overcash, Fogle (6:03), Ball, Clark, Johnson, Olson, Jersvig, and Wright.

COUNCIL ABSENT: None

1. INTRODUCTION

1.1 CALL TO ORDER

1.2 PLEDGE OF ALLEGIANCE

1.3 ROLL CALL

1.4 PROCLAMATION

DECLARING SEPTEMBER 2018 AS HUNGER ACTION MONTH

Councilor Jersvig presented the proclamation to Ben Mensch.

1.4 PROCLAMATION

PROCLAMATION FOR PAIN AWARENESS MONTH

Councilor Wright presented the proclamation to Sharolyn Leeper.

1.5 PRESENTATIONS

UNIVERSITY OF COLORADO CERTIFIED PUBLIC MANAGER PRESENTED TO ELIZABETH KAYL

Randy Harrison, Senior Fellow – Director of CPM at the University of Colorado Denver, School of Public Affairs, presented Parks and Recreation Director, Elizabeth Kayl, her Certified Public Manager credentials.

2. CONSENT AGENDA

2.1 CITY CLERK

APPROVAL OF MINUTES

Approval of the City Council minutes for the August 7, 2018 Regular Meeting, and the August 14, 2018 Study Session and Special Meeting.

A Motion to Approve the City Council minutes for the the August 7, 2018 Regular Meeting, and the August 14, 2018 Study Session and Special Meeting

CARRIED.

2.2 CITY CLERK

CALL FOR A SPECIAL MEETING ON SEPTEMBER 11, 2018 FOR A PERFORMANCE REVIEW FOR THE CITY ATTORNEY WITH POSSIBLE EXECUTIVE SESSION

This item provides a motion calling for a Special Meeting on September 11, 2018. If approved, the City Clerk shall call for a Special Meeting on September 11, 2018 at 6:00 PM for items to be noticed at least twenty-four hours in advance. The item currently anticipated is the City Attorney's Review.

A Motion To Direct The City Clerk To Call For A Special Meeting To Be Held On September 11, 2018 At 6:00 PM For The Purpose of Conducting the City Attorney's Review With Possible Executive Session

CARRIED.

2.3 CITY CLERK

BOARDS AND COMMISSIONS APPOINTMENTS

This item is the recommendation to City Council to appoint new members to the Visual Arts Commission, the Disabilities Advisory Commission and The Senior Advisory Board.

A Motion To Appoint Blas Estrada To The Visual Arts Commission To Fill A Partial Term Effective Until December 31, 2018

CARRIED.

A Motion To Appoint Joanne Vande Walle To The Disabilities Advisory Commission For A Term Effective Until June 30, 2021

CARRIED.

A Motion To Reappoint Dixie Huff To The Senior Advisory Board For A Term Effective Until December 31, 2020

CARRIED.

2.3 PUBLIC WORKS

PUBLIC COMMENT

TRANSFER OF FUNDS FROM TRANSPORTATION FUND TO FLEET FUND, TO PURCHASE SNOW & ICE CONTROL ATTACHMENTS FOR TRUCKS

The purpose of this request is to transfer fleet-related budget from the Transportation Fund to the Fleet Fund in the amount of \$211,400, in order to be compliant with a 2017 policy change by the Finance Department which stipulates that all General Fund vehicles & equipment are to be purchased out of the Fleet Fund instead of the individual department funds. Doing so increases the accuracy and transparency of tracking all of the related capital costs associated with fleet assets. The objective of this item is to consolidate all capital funds (budget) associated with purchasing two fully outfitted snowplow trucks into the Fleet Fund. Funding for these trucks/equipment replacements is already included in the 2018 City Budget previously approved by City Council. This is an administrative transfer of funds only; there is no impact on unassigned balance or City Budget. The 2018 Approved Replacements, Streets Division, for a total of \$211,400 which includes 2 front plows, 2 wing plows, 2 deicers, and 1 pickup plow.

This item was presented to City Council at their regular meeting on August 21, 2018 as a consent item. The ordinance was adopted unanimously on first reading, with a 9-0 vote and no discussion.

A Motion To Adopt, On Second Reading, Ordinance No. 6234 Enacting A Supplemental Budget And Appropriation To The 2018 City Of Loveland Budget For The Transfer of Funds from the Transportation Fund to the Fleet Fund To Purchase Snow & Ice Control Attachments for Trucks

CARRIED.

2.4 PUBLIC WORKS

PUBLIC COMMENT

INTERGOVERNMENTAL UPDATE FOR THE OWNERSHIP AND OPERATION OF THE LOVELAND POLICE AND COURTS BUILDING AND CAMPUS

The original Intergovernmental Agreement (IGA) between Loveland and Larimer County for the location, construction, and operation of the Loveland Police and Courts building was signed in October 2000. From that time until present it has provided guidance and direction related to the ownership and operations of the facility. With the growth of both entities and the planned expansion by Larimer County in early 2019 it was time to update the IGA to properly manage the additional footage and clear up other dated sections that no longer provided value to the agreement. Staff wishes to obtain approval on second reading of the revised IGA between Larimer County and the City of Loveland for the ownership and operations of the Loveland Police and Courts Building.

This item was presented to City Council on the regular agenda at the August 21, 2018 meeting, where staff addressed concerns regarding traffic impacts. Staff stated this project will follow the City of Loveland planning and zoning requirements, including a vehicle impact study. The item passed first reading with a 9-0 vote.

A Motion To Adopt Resolution #R-79-2018 Of The Loveland City Council Approving An Intergovernmental Agreement With The County Of Larimer For The Ownership And Operations Of The Loveland Police And Courts Building And Dissolving The Loveland Larimer Building Authority

CARRIED.

A Motion To Adopt, On Second Reading, Ordinance No. 6235 Authorizing The Conveyance Of Real Property Located Within The City Of Loveland At 810 East 10th Street, Loveland, Colorado Known As The Loveland Police And Courts Building From The City Of Loveland To The City Of Loveland And The County Of Larimer

CARRIED.

2.6 PARKS AND RECREATION

INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF LOVELAND, LARIMER COUNTY FOR FUNDING OF TRAIL CONSTRUCTION

The City of Loveland is partnering with Larimer County to integrate a trail underpass and trail section in construction documents of Larimer County's bridge replacement project at Big Thompson River on Namaqua Avenue. The integration provides a cost effective strategy to develop a grade-separated crossing of Namaqua Avenue on the future Big Thompson River Trail. The City will be responsible for the cost to construct 357 linear feet of trail, and to widen the bridge by fourteen feet to accommodate a bench for the trail

underpass. The approximate cost is \$163,060. City of Loveland Open Lands Funds were requested for the 2018 budget cycle. Grade-separated crossings of roads along our trails reduces user conflicts between vehicles and cyclists/pedestrians, and creates a safer environment within our trail and road systems. Underpasses can be cost prohibitive due to high design/construction costs. By teaming with Larimer County and integrating a bench for a trail underpass during the bridge replacement project creates considerable cost savings, as it allows the bridge to be engineered once, utilities to be relocated once, and construction crews to be mobilized once. This item will provide trail users safe access across Namaqua Avenue along the future Big Thompson River Trail. \$163,060 in existing appropriation is included in the 2018 budget for this project; no supplemental budget appropriation is required.

A Motion To Adopt Resolution #R-83-2018 Approving An Intergovernmental Agreement Between The City Of Loveland And Larimer County To Fund The Construction Of A Trail Underpass And Trail Section As Part Of Larimer County's LR19E-0.5-20 Bridge Replacement Project Over The Big Thompson River on Namaqua Avenue

CARRIED.

2.7 FINANCE

SET DATE FOR PUBLIC HEARING FOR 2019 BUDGET ADOPTION

The purpose of this item is to set a date, time and place for a public hearing on the 2019 Recommended Budget as required by City Charter to formally announce dates of anticipated 2019 Budget public hearings and adoption. First reading and public hearing of 2019 Recommended Budget is scheduled for October 2, 2018. Second reading, public hearing, and anticipated adoption of the 2019 Budget is scheduled for October 16, 2018.

A Motion To Adopt Resolution #R-86-2018 Setting The Date And Time For A Public Hearing On The 2019 Proposed Budget And Capital Projects Program For The City Of Loveland

REMOVED.

2.8 COMMUNITY PARTNERSHIP OFFICE

PRIVATE ACTIVITY BOND ASSIGNMENT TO THE LOVELAND HOUSING AUTHORITY AND APPROVAL OF TAX-EXEMPT FINANCING

The Resolution #R-81-2018 will authorize the assignment of all of the City's 2018 Private Activity Bond (PAB) allocation in the amount of \$3,989,370 to the Housing Authority of the City of Loveland ("HACOL" or the "Authority") for the purpose of issuing bonds or a revenue note for a 4% low income housing tax credit project. The private activity bond assignment is not a cash contribution. It allows the funding for an eligible project to come from the issuance of bonds, a loan, or a note. The project will be affordable housing and will meet the federal and state requirements for the use of Private Activity Bond financing and federal tax credits. The City of Loveland will not have any financial responsibility for the repayment of the bonds or note issued for the project. The project will be responsible to make the bond or note payments.

Resolution #R-82-2018 is required under Internal Revenue Code Section 147(f) to ensure that interest earned qualifies as non-taxable income for federal income tax purposes. For this to occur, the Internal Revenue Code requires that an "elected legislative body" must adopt this Resolution. It is insufficient to allow the unelected Housing Authority to adopt this Resolution. It is important to note that City Council's adoption of this Resolution does not create any liability for the City for the payment of the bond, which liability will remain solely with the borrower from project revenues.

Also, as required by the Internal Revenue Code, the Loveland Housing Authority conducted a public hearing on August 24, 2018, after giving the required notice for that hearing. Attached as Exhibit "A" to the resolution

is the Authority's report to that public hearing and attached as Exhibit "B" to the resolution is an affidavit of publication of the notice for the hearing.

A Motion To Adopt Resolution #R-81-2018 Authorizing The Assignment Of The City's Private Activity Bond Allocation For 2018 to the Housing Authority Of The City Of Loveland

CARRIED.

A Motion To Adopt Resolution #R-82-2018 Approving The Issuance Of A Multifamily Housing Revenue Bond By The Housing Authority Of The City Of Loveland For The Sole Purpose Of Qualifying The Interest Payable On The Bond for Exclusion From The Gross Income Of The Owner Or Owners Of the Bond For Federal Income Tax Purposes Under The Applicable Provisions Of the Internal Revenue Code of 1986; And Related Matters

CARRIED.

**2.8 FISCAL ADVISOR
INVESTMENT REPORT**

After seven months of 2018, the market value of the City's investment portfolio is \$229,692,008. The initial budget projection for investment earnings for 2018 was \$2,527,729. So far this year, actual interest paid is \$281,581 ahead of schedule. Using the portfolio's beginning balance, the rate needed to reach the annual interest earnings target is 1.13%. The interest rate for July is at 1.84%. For the month, accounting staff posted \$273,447 to various City fund accounts. The year to July month-end total is \$1,745,887.

U.S. short-term (under 5 years) Treasury interest rates have moved sharply higher from the second week of November 2016. In June of this year, the Federal Open Market Committee increased the federal funds rate for the second time this year to the range of 1.75% to 2.00%. Another rate increase is anticipated by the market in late September. The Fed has also announced their intention to stay on a gradual path of increases, with a high probability of an increase in December. For 2019, three more increases are anticipated.

The Fed will be watching economic conditions closely and also paying attention to the slope of the yield curve. When the short-term rates are higher than longer term rates, the yield curve is "inverted" and an inverted yield curve usually precedes a recession. The agenda item and monthly Investment Focus report the existing values of the City's investment portfolio and how funds are invested. The report also provides some economic updates, interest rate trends, and other information that may affect the investment program.

Information Only

**2.9 FINANCE
FINANCE REPORT**

The Snapshot Report is submitted for City 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, 2018. Citywide Revenue of \$191.3 million is 50.8% of total annual budget; this is 7.6% below projections. Sales Tax collections August YTD are 2.2% above August 2017 YTD, and 58.7% of the total annual budget; this is 0.4% above projections. Building Material Use Tax collections for August are 4.5% below August 2017 YTD, and 51.3% of the total annual budget; this is 7.0% below projections. Sales and Use Tax collections combined are 58.1% of total annual budget; this is 0.2% below projections. Citywide total expenditures of \$190.2 million are 40.9% of the total annual budget; this is 17.4% below projections.

Information Only

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

4. MOTION TO ADOPT THE CONSENT AGENDA

Moved by Councilor Jersvig, seconded by Councilor Johnson

A Motion To Remove Item 2.7 at the request of Steve Adams, City Manager.

CARRIED UNANIMOUSLY, 9-0.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Adopt The Consent Agenda, Items 2.1 to 2.10, with the exception of Item 2.7 pulled by Steve Adams, City Manager.

CARRIED UNANIMOUSLY, 9-0.

5. PUBLIC COMMENT

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

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

6. REGULAR AGENDA

PROCEDURAL INFORMATION

6.1 ECONOMIC DEVELOPMENT

PUBLIC COMMENT

THARP CABINET COMPANY LP INCENTIVE AGREEMENT

Kelly Jones, Economic Development Director, presented the item to Council stating staff is seeking approval from City Council on an economic incentive request from Tharp Cabinet Company LP (formerly Project Wow.) Tharp is currently located at 1246 Denver Avenue, Loveland and is considering a purchase of the 170,000 square foot building at 380 West 37th Street in Loveland. The incentive request is for \$250,000 dollars from the Economic Development Incentive Fund paid in two installments: \$125,000 upon a certificate of occupancy expected by first quarter of 2019 and no later than December 31, 2019, and the other \$125,000 six months after receipt of a certificate of occupancy. The firm has also requested a possible expedite from the Development Services Center in order to have a smooth transition into the new space which will require significant equipment relocation and tenant finishes. During the July 10, 2018 Study Session, City Council requested that expedite language be included in the final agreement to assist the firm in meeting its operational deadlines. In the original study session Tharp projected \$1,000,000 in tenant improvements and moving costs. Since the first council meeting, Tharp received its Property Condition Assessment report. The inspectors uncovered many deferred maintenance items and items that need updating on the building. Tharp has updated its projected tenant improvements and moving cost to \$1,500,000 detailed below:

- Inspection identified over \$2M in building and property deficiencies
- \$1M+ of which can be deferred and reserved (aesthetic in nature and interior finishes)
- \$250K to \$500K will be corrected shortly after closing
- \$500K will be added to Tharp's budget over the first 12 months of operations

Garth Rummery, representing Tharp, reviewed the changes since Council first discussed this item noting the updated cost of the move. He stated that issues involve the building and its mechanical and electrical systems that are 32 years old; the property condition inspectors projected substantial deferred maintenance cost.

Council discussed the positive aspects of the incentive and the impacts if the company would move from Loveland.

Mayor Marsh asked what Tharp would be paying for the building and asked staff about assessed valuation of the building which was estimated to be approximately \$8.6M. Ms. Marsh noted that the current owner of the building had taken the county assessor to court and the district court ruled the building to be assessed at \$8.1M and questioned the \$250k incentive being requested along with concern regarding the property tax implications being lower than projected. Councilor Jersvig noted that commercial properties are valued differently than residential as the industrial components are part of the valuation.

Mayor Marsh asked about using a performance based incentive to which Ms. Jones responded that this was not the typical incentive as this project will not happen without the incentive being requested.

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

Council thanked Tharp for investing in the community and spoke of appreciation of small businesses that have grown in Loveland.

Moved by Councilor Jersvig, seconded by Councilor Fogle

A Motion To Adopt, On First Reading, An Ordinance Enacting A Supplemental Budget And Appropriation To The 2018 City Of Loveland Budget For The Tharp Cabinet Company, LP (Tharp) Incentive Agreement

CARRIED 8-1; No Vote: Marsh

6.2 PUBLIC WORKS

PUBLIC COMMENT

SUPPLEMENTAL APPROPRIATION FOR WILSON AVENUE SIDEWALK PROJECT

Mark Jackson, Director of Public Works presented the item to Council and reviewed the past discussions regarding the proposal. The purpose of the agenda item is to propose a North Wilson sidewalk and street lighting design and funding plan based on feedback received from City Council at the July 17 Regular Session. The item will provide direction to Staff to construct a sidewalk and street lighting as proposed, modify the proposal based on additional feedback, or choose not to construct a sidewalk along the west side of North Wilson and remain status quo with sidewalk and lighting in place along the eastern side of the street. If directed to construct sidewalk and street lighting, work plans in 2018 and 2019 will be adjusted; funds will be directed to this effort, impacting fund balances in the Council Special Project Fund and the Streets Capital Expansion Fees (CEF) Fund. Projects in the Sidewalk Program and the Transportation Rehab Program will be deferred or cancelled and planned capital projects may be delayed or cancelled. The Budgetary Impact section of the AIR identifies sources of funding.

Mr. Jackson reviewed the proposed sidewalk, timing of construction and cost of \$912,649 and provided information regarding the Safe Routes To School (SRTS) grant. He noted that if construction were to wait for the grant process the construction would not occur until 2020.

A proposed funding scenario was presented to Council identifying the funding sources and amounts to complete the project. Additional funding options were provided which included appropriation of funds from the Council Special

Project fund, re-directing of capital project funding, street maintenance or programmed funds, grants or reimbursement from development.

Council discussed the timing of the project related to the 2019 budget review and grant opportunities; they also voiced the need to have the project done right and to do what is best for Loveland. Council was hesitant to commit to funding the full project; they discussed having the design work done and go through the grant process prior to moving forward.

City Attorney Moses Garcia recommended to Council if they did not want to make a motion, the motion would be to table the item.

Council requested staff to look at placing signage instructing pedestrians where the sidewalk is located and locating an electronic speed indicator along the street in the area.

Moved by Councilor Jersvig, seconded by Councilor Fogle.

A Motion To Table Resolution #R-85-2018.

CARRIED UNANIMOUSLY, 9-0.

6.3 LOVELAND POLICE DEPARTMENT PUBLIC COMMENT

AN ORDINANCE AMENDING SECTION 10.20.040 OF THE LOVELAND MUNICIPAL CODE TO MODIFY THE PARKING RESTRICTIONS OF CERTAIN VEHICLES IN RESIDENTIALLY ZONED AREAS

Nathan Schadewald, Community Resource Officer (CSO), presented the item to Council noting that the CSO Unit spends a significant portion of its time enforcing the City's parking restrictions. One of those parking restrictions is related to the current language in Loveland Municipal Code (LMC) 10.20.040, which prohibits any truck or bus in excess of six thousand pounds from parking in a residentially zoned area. Utilization of law enforcement resources regarding the enforcement of vehicles that weigh over six thousand pounds parked in residentially zoned areas is not desirable or practical. The proposed modifications to LMC 10.20.040 is to ease the burden on those who have larger trucks that weigh more than six thousand pounds as the empty weight of vehicles has steadily grown over time to a point where vehicles, parked in residentially zoned areas, now routinely exceed six thousand pounds, empty weight. Restrictions on certain large or heavy vehicles are still desired, so vehicles of similar size or character to referenced vehicles are subject to the one-hour limit. This ordinance includes one change to add an exemption for City and emergency utility vehicles. This item was brought before City Council on June 5, 2018, where first reading passed unanimously. The second reading reflects the items that City Council directed staff to take at the July 3, 2018 City Council meeting, at which meeting the item was pulled for staff make changes.

Officer Schadewald reviewed proposed ordinance and explained the exemption for city vehicles and for tow trucks noting there is a council study session scheduled for September 25, 2018 regarding detached trailers. The public will be educated on the ordinance through the Police FaceBook page, the Reporter Herald and through a notice in utility bills.

Councilor Fogle stated concern for the size of the tow trucks being parked in the areas of Loveland where the streets are narrow particularly where there is only parking on one side of the street.

The Mayor opened the meeting for public comment.

A Loveland resident asked what types of vehicles would be allowed to park in the street. Mr. Schadewald displayed slides of allowed vehicles.

Moved by Councilor Jersvig, seconded by Councilor Olson

A Motion To Approve Ordinance No. 6217 Amending Section 10.20.040 Of The Loveland Municipal Code To Modify The Parking Restrictions Of Certain Vehicles In Residentially Zoned Areas

CARRIED 8-1; No Vote: Fogle.

**6.4 HUMAN RESOURCES
BENEFIT FUND UPDATE AND 2019 RECOMMENDATIONS**

Julia Holland, HR Director - Annually the City reviews benefit program trends and contributions to determine necessary changes for the upcoming budget year. The update and recommendations provides detailed information specific to the Benefit Fund projections in costs, market trends and plan history. The proposed changes for 2019 include a 3% increase to medical premiums based on projections and our current claims trend.

Information Only

6.5 CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

7. REPORTS

7.1 BUSINESS FROM CITY COUNCIL

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

Mayor Pro Tem Overcash stated that in the past, Council has provided staff with an extra day off over the holidays and recommended awarding that day off during the 3rd trimester of the year instead of waiting until November. Councilor Clark stated he believes that should be a decision of the City Manager; Council concurred.

Councilor Ball said he had driven to the top of the new parking garage at the Foundry over the weekend and stated it was a great work product.

Councilor Johnson reported on the Annual Loveland Connect event scheduled for October 12, 2018 and stated that they are looking for volunteers. More information can be found at www.lifecenternoco.com.

Councilor Ball reported that at Lake Loveland the outfall structure at Colorado Avenue and Eisenhower has been leaking over a year and the lake will be drained to remedy the leak and remove the sandbar.

**7.2 CITY MANAGER REPORT
BEHAVIORAL HEALTH POLICY REPORT**

Steve Adams, City Manager, reported on this item and referred to the letter that was sent by Steve Johnson, Larimer County Commissioner, to the mayors of the surrounding communities regarding the mental health

issue on the November ballot if the vote passes. Mr. Johnson also sent Behavioral Health Policy Council draft bylaws for review.

Councilor Olson provided an overview of his letter in response to the communication from Larimer County stating he did not believe the scope or approach was broad enough.

Council acknowledged that at this point in the process the question is on the ballot and discussed options moving forward and if a response from Council was warranted. After discussion, it was determined that Council Members could respond on their own. If the ballot question passes, then they will get involved with the Policy Council and support it moving forward.

City Manager Adams recommended that this item be addressed during the 2019 Council retreat.

7.3 CITY ATTORNEY REPORT

No report.

8. ADJOURN

Mayor Marsh adjourned the September 4, 2018 Regular Meeting at 8:50 p.m.

Respectfully Submitted,



Patti Garcia, City Clerk

Jacki Marsh, Mayor