

MINUTES
LOVELAND CITY COUNCIL MEETING
Tuesday, March 19, 2019 CITY COUNCIL CHAMBERS 6:00 PM

COUNCIL PRESENT: Mayor Marsh
Councilors: Fogle (arrived at 6:12 pm), Ball, Clark, Olson, Jersvig, and Wright.

COUNCIL ABSENT: Overcash, Johnson

1. INTRODUCTION

1.1 CALL TO ORDER

1.2 PLEDGE OF ALLEGIANCE

1.3 ROLL CALL

PROCEDURAL INFORMATION

2. PUBLIC COMMENT

Bruce Croissant, Ward 1, spoke in support of addressing the climate energy issue and requested the City create policies to mitigate this issue.

Mayor Marsh closed public comment.

3. CONSENT AGENDA

**3.1 CITY CLERK
APPROVAL OF MINUTES**

Approval of the City Council minutes for the February 12 2019 Special Meeting and Study Session and February 19, 2019 Regular Meeting.

A Motion to Approve the City Council minutes for the February 12, 2019 Special Meeting and Study Session and February 19, 2019 Regular Meeting

CARRIED.

**3.2 CITY CLERK
MEMBER APPOINTMENTS TO BOARDS AND COMMISSIONS**

This item is the recommendation to City Council to appoint a member to the Citizens' Finance Advisory Commission.

A Motion To Appoint Autumn Perry To The Citizens' Finance Advisory Commission For A Term Effective Until December 31, 2021

CARRIED.

3.3 CITY CLERK

A MOTION CANCELLING THE JUNE 18, 2019 REGULAR MEETING OF THE LOVELAND CITY COUNCIL

City staff and Councilors will be attending the Colorado Municipal League Conference and there is not anticipated to be a quorum at the June 18, 2019 Regular meeting. Any items staff presented to Council at this meeting would not be able to be given direction.

A Motion To Cancel The June 18, 2019 Regular Meeting Of The Loveland City Council

CARRIED.

3.6 PUBLIC WORKS

RESOLUTION AUTHORIZING A ONE-YEAR RENEWAL OF THE CONCRETE ADA RAMP REHABILITATION PROGRAM WITH LIGHTFIELD ENTERPRISES INC

This item approves renewal of an existing Contract for Concrete Repairs for the 2019 Street Resurfacing Program with Lightfield Enterprises, Inc., of Fort Collins, Colorado in the amount of \$815,000 and authorizes the City Manager to execute the contract. The funding for this work is budgeted in the annual Street Rehabilitation Program.

The Contract documents for the 2017 Concrete ADA Ramp Rehabilitation Project ENSR290 included a clause allowing the renewal of the Contract for three additional years in one-year periods, if beneficial to both parties. This item recommends the second renewal year for the Contract which covers concrete maintenance needs undertaken in advance of asphalt paving operations for City streets. In order to request price increases to prior year contract allowances, the Contractor is required to provide specific information to the City detailing changes in fixed costs associated with the required work. Cost increases are allowed for items that are out of the control of the Contractor (e.g., increases in the costs of raw materials and fuel for equipment). These Contracts are especially sensitive to concrete and asphalt related price increases. Using the provisions of the Contract, the City was able to reach acceptable terms with Lightfield Enterprises, Inc.

A Motion to Adopt a Resolution #R-32-2019 Authorizing A One-Year Renewal Of The Concrete ADA Ramp Rehabilitation Program With Lightfield Enterprises Inc.

CARRIED.

3.5 PUBLIC WORKS

RESOLUTION AUTHORIZING A ONE-YEAR RENEWAL OF A CHIP SEAL PAVING CONTRACT WITH A-1 CHIP SEAL COMPANY OF DENVER, COLORADO FOR THE 2019 STREET RESURFACING PROGRAM

This item approves the award of a one-year Contract renewal for the 2019 Street Resurfacing Program, Chip Seal Paving Schedule CS with A-1 Chip Seal Company of Denver, Colorado in the amount of \$778,366.59 and authorizes the City Manager to execute the contract. The funding for

Schedule CS was approved as part of the 2019 City of Loveland Budget within the City's Annual Street Rehabilitation Program.

The contract documents between the City and A-1 Chip Seal for the 2018 Street Resurfacing Program included a clause to allow the renewal of the Contract for three additional years in one-year periods, if beneficial to both parties. 2019 is the first renewal year for the CS contract which covers our Chip Seal paving and maintenance of City streets. In order to accept price increases, the Contractor is required to provide specific information to the City detailing changes in fixed costs associated with the required work. Cost increases are allowed for items that are out of the control of the Contractor (i.e. increases in the costs of raw materials and fuel for equipment). These contracts are especially sensitive to petroleum related price increases. Using the provisions of the Contract, the City was able to reach acceptable terms with A-1 Chip Seal Company with a 3.1-percent increase to the overall contract due to asphalt paving oil and traffic control costs being increased which is beyond the control of A-1 Chip Seal.

A Motion to Adopt Resolution #R-33-2019 Authorizing A One-Year Renewal Of A Chip Seal Paving Contract With A-1 Chip Seal Company Of Denver, Colorado For The 2019 Street Resurfacing Program

CARRIED.

3.4 PUBLIC WORKS

RESOLUTION AUTHORIZING A ONE-YEAR RENEWAL OF AN ASPHALT PAVING CONTRACT WITH COULSON EXCAVATING COMPANY OF LOVELAND, COLORADO FOR THE 2019 STREET RESURFACING PROGRAM

This item approves the award of a one year Contract renewal for the 2019 Street Resurfacing Program, Asphalt Paving Schedule AP with Coulson Excavating Company, Inc., of Loveland, Colorado in the amount of \$2,626,746.50 and authorizes the City Manager to execute the contract. The funding for Schedule AP was approved as part of the 2019 City of Loveland Budget within the City's Annual Street Rehabilitation Program.

The contract documents between the City and Coulson Excavating for the 2018 Street Resurfacing Program included a clause to allow the renewal of the Contract for three additional years in one-year periods, if beneficial to both parties. 2019 is the first renewal year for the AP contract which covers our asphalt paving and maintenance of City streets. In order to accept price increases, the Contractor is required to provide specific information to the City detailing changes in fixed costs associated with the required work. Cost increases are allowed for items that are out of the control of the Contractor (i.e. increases in the costs of raw materials and fuel for equipment). These contracts are especially sensitive to petroleum related price increases. Using the provisions of the Contract, the City was able to reach acceptable terms with Coulson Excavating Company with a 3.5-percent increase to the overall contract due to asphalt paving oil and traffic control costs being increased which is beyond the control of the Coulson Excavating.

A Motion to Adopt Resolution #R-34-2019 Authorizing A One-Year Renewal Of An Asphalt Paving Contract With Coulson Excavating Company Of Loveland, Colorado For The 2019 Street Resurfacing Program

CARRIED.

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

5. MOTION TO ADOPT THE CONSENT AGENDA

Moved by Councilor Jersvig, seconded by Councilor Olson.

A Motion To Adopt The Consent Agenda, Items 3.1 to 3.6.

CARRIED UNANIMOUSLY 6-0.

6. BUSINESS FROM CITY COUNCIL

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

Mayor Marsh requested the City Attorney to explain the Rule of 4 policy for calcification. City Attorney Moses Garcia explained that it this is a process for Council to obtain information through a study session or request information that would take much time for city staff. Typically, someone will raise the issue with a brief explanation; no discussion should be taken – Council will then see if there is support to move forward from other Council members. This can be done through email with a request through the City Manager's Office or at a Council meeting.

Mayor Marsh - People purchasing property on 6th street cannot come up with financing. Was to close in December 2018 and extension was given to July 2019. We are underselling the property on 6th street-compared to the Reporter Herald Building on the Regular Agenda. The assessed values are not similar. Mayor Marsh requested to discuss a plan B with a Rule of 4? Councilor Jersvig supported the Rule of 4.

Councilor Clark - The building on 6th needs a lot of updating to bring up to code, which would be why the two buildings are not able to be compared with the assessed value of the two buildings..

Councilor Jersvig – Asked the City Manager regarding the \$750k rehab money what was the source? City Manager Steve Adams was not sure- perhaps the Finley URA.

Fogle arrived at 6:12.

**7. REGULAR AGENDA
PROCEDURAL INFORMATION**

7.1 PUBLIC WORKS

PUBLIC COMMENT

AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2019 CITY OF LOVELAND BUDGET FOR THE REPORTER HERALD BUILDING AND PARKING LOT ACQUISITION

Several months ago, staff briefed the Mayor and City Council about potential properties available that matched well with the City's future project and program needs. The City is now in a position to move forward with the recommended purchase of the Reporter Herald building and parking lot,

pending transfer of identified funding into a project account. The anticipated costs for the purchase will be \$3,145,000 including closing costs.

Michael Hogan, Facilities Operations Manager, requested Council enact a supplemental budget appropriation to purchase the Reporter Herald building and related parking structure. The original asking price was \$3.5million; 3rd party appraisal came in at \$3.140k and the City made the offer of \$3,140,000. Mr. Hogan reviewed due diligence and noted the source of funding which include Cultural Services Capital Expansion Fees (CEF) - \$980,000; General Government CEF - \$2,165,000; with a total project cost of \$3,145,000. The first floor is ADA compliant and ready for use immediately, with staff recommending that the City proceed with the purchase.

Council requested information regarding the source of the General CEF's and restrictions, valuation of the parking lot and impact to the Downtown Development Authority (DDA) if a commercial vendor was in the building. Mr. Hogan will get more information from the appraiser regarding the valuation of the parking lot to help better understand the comparisons and appraisal. It was noted that the city did look at the impact to the DDA but did not include that in the projections.

Mayor Marsh opened the item for Public Comment.

Gary Lindquist from Ward 2: read ordinance presented, there isn't a word about the use of the building for the use of the museum. Recommended amending the ordinance stating the primary purpose of the purchase of the building for the museum, having a covenant for the next 15 years as use for the museum solely, with the parking lot as an attachment.

City Attorney Moses Garcia responded that the restrictions will be tied to how Council wants to use it. At this point it will be simply city property. Councilor Clark state to leave it that way, as to not restrict future councils.

Mayor Marsh close Public Comment, and open City Council discussion.

Council noted that the most important thing about real estate is the location and that there should not be any restrictions on the purchase. The parking lot is perfectly situated for the summer festivals.

Mayor Marsh commented this purchase increases tourism, supports the effort, and supports the art community.

Motion was made by Councilor Jersvig and seconded by Councilor Olson.

A Motion to Adopt, on First Reading, An Ordinance Enacting A Supplemental Budget And Appropriation To The 2019 City Of Loveland Budget For The Reporter Herald Building And Parking Lot Acquisition

CARRIED 7-0.

7.2 PUBLIC WORKS

RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF LOVELAND AND LARIMER COUNTY, THE CITY OF FORT COLLINS AND THE

TOWN OF ESTES PARK FOR SOLID WASTE PROGRAMMING AND INFRASTRUCTURE IMPROVEMENTS

The purpose of this Agreement is to foster coordination and cooperation between the Parties and to establish the respective responsibilities of the Parties in an Integrated Solid Waste Management System, including but not limited to planning, education, waste prevention, recycling, collection, composting, transportation and disposal.

A list of Council and Joint Meetings that this project has been presented at is included in the attached Agenda Item Report, as well as a Staff Memo in Attachment 1 with details of the history of the item.

Mick Mercer with Public Works introduced individuals from Larimer County who had been working with the City of Loveland on the Waste Shed Project for the last several years.

Mr. Mercer reviewed the power point presentation included in agenda packet. Solid waste master plan recommends a new county landfill, central waste transfer station, construction and demolition waste facility – 30% of what is being buried is construction materials – yard waste composting facility, upgrades made to our current recycling facility and a food compost waste facility.

This is an opportunity for Loveland to continue to be at the table for the future as new trends and processes become available. Staff noted the stakeholder engagement, public open houses held, and watershed coalition goals. Staff will continue regional waste management system, implement programs, facilities and policies; develop waste diversion/reduction goals and conduct public outreach.

Tyler Bandemer from Loveland Public Works spoke in regards to landfill volumes study that were conducted, and the location of various components in the proposed Resource Recovery Center.

Steven Gillette with Larimer County stated that at the new landfill location can be built on- but not bury trash in it. The water level is 40 feet below the proposed location. The current landfill has different rules, related to the ground water issue.

Mr. Bandemer reviewed the Intergovernmental Agreement (IGA) and noted what it commits the county to. Larimer County is willing to finance and construct the facilities. The municipalities will consider to adopt rules for waste handling. The hauler licensing will be standardized throughout Larimer County. There will be a formation of an advisory board, with 8 total members – 2 from each entity, 1 elected and 1 citizen.

The County Capital Investments were noted, with a total investment cost of \$56 million. Fees will cover Operations & Management and account for future capital investments.

Mr. Mercer pointed out that Loveland's yard waste program cost will save significant funds as waste will no longer have to be hauled to Weld County any longer.

Regarding the food waste the facility will most likely start with grocery stores and restaurants, but this would not be for several years.

Facility build timeline was reviewed with the current landfill closing in 2024, the new proposed landfill would be operational.

Council asked about the mental health facility that will be located near that area. Mr. Mercer stated it will be a shared property, with potentially some challenges. Most of the facilities are indoor there may be some mitigation factors if issues arise. The plans and design of both facilities have been done by the same company, and the location has been a piece of the design process.

Council questioned why the communities of Wellington and Berthoud not included. Staff reported that recently Wellington has stepped up and has asked to join the IGA.

Council asked about earlier interest with combining effects with a 50-year capacity facility in Ault. Mr. Mercer responded that waste management had done their due diligence with the offer from this facility, with costs being similar but the policy group liked the idea of the county/public landfill in order to keep the local control.

Mayor Marsh opened for Public Comment

Bruce Croissant from Ward I spoke in support of the resolution.

Mayor Marsh closed Public Comment and opened up City Council Discussion.

Motion was made by Councilor Jersvig and seconded by Councilor Olson.

A Motion To Adopt Resolution #R-35-2019 Approving An Intergovernmental Agreement Between The City Of Loveland And Larimer County, The City Of Fort Collins And The Town Of Estes Park For Solid Waste Programming And Infrastructure Improvements

CARRIED 7-0.

7.3 FINANCE 2020 BUDGET KICKOFF

Theresa Wilson, Budget Manager, presented budget development kick-off information to City Council and reviewed preliminary 2020 Budget information in order to set the stage for the remainder of the 2020 Budget Process, and solicit initial feedback and questions from Council.

Alan Krcmarik, Acting Finance Director, noted leading economic indicators. Reported on yield curve, labor market, federal funds rate and real GDP. Not at an inversion point yet but are very flat. Mr. Krcmarik reported on the recession outlook which included a weekly recession indicator table, advisor perspectives, Guggenheim investments, and a new model – New Artificial Intelligence Model. Staff is recommending gauging in a 2021 recession for planning purposes.

Ms. Wilson reported on other economic indicators. Noted large revenue stream information ie property tax expectations. Wells were capped in 2018, which dropped the 2018 Oil & Gas. Ms. Wilson also reported on historical sales tax trends and expectations, reviewed total sales

tax forecast approach and the regional mall comparison that included Loveland, Fort Collins and Longmont.

Mayor Marsh requested volume of Costco in Timnath in regards to sales. Staff said they will research that information.

It was mentioned that the Big Box Sporting Goods Sector trend in Loveland has been decreasing.

Use Tax was reported on; one is a motor vehicle use tax and the other is on building materials. It was noted 2019 revisions were decreases in motor vehicle use tax revenue budget by just under \$10k, and an increase in building materials use tax by just over \$81k.

Ms. Wilson went on to give an update on TABOR excess revenue. The Council Special Projects Fund showed projections at 2.5% and 5%. Staff recommendations for fully funding the Special Projects Fund were 1) prioritizing the funding of reserves; 2) capping CSP at \$2 million until other shortfalls were overcome, and 3) fully funding all identified reserves at three to five years, with the goal of closer to three years.

Council stated interest in starting with a 2.5% and increase incrementally.

Ms. Wilson spoke to the General Fund Balance Act with rising costs of services, slowing of general fund growth and spending down general fund balance.

Council responded that there is a need to look at cutting services, there isn't a revenue problem- there's an expenditure problem."

It was requested that the priority based budgeting study done in 2014 and 2015, be resent to Council.

City Manager Steve Adams spoke on current methodologies, and some of Council's concerns are being addressed in the 2020 budget process work group.

Council discussed various areas of sales tax collections such as businesses that have closed down, internet sales, etc.

Ms. Wilson presented the timeline for the rest of the Budget 2020 process, with the first reading of the budget being October 15, 2019, and second reading being November 5, 2019.

INFORMATION ONLY.

**7.4 WATER & POWER
PUBLIC COMMENT**

AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2019 CITY OF LOVELAND BUDGET FOR MUNICIPAL FIBER

This item is related to establishing a budget for 2019 for the City of Loveland proposed Fiber Utility (Broadband), within the Electric and Communications Utility Enterprise. The ordinance authorizes the establishment of a 2019 budget for a municipal fiber system to provide communication facilities and

services, including the transmission of voice, data, graphics and video to customers within the Electric and Communications Utility Enterprise service territory. The objective of this item is to adopt the necessary ordinance to support the action adopted by City Council on November 6, 2018 through Resolution #R-107-2018. The funds appropriated by this ordinance will establish the budget for 2019 for the Municipal Fiber Utility. The funds will be provided through the sale of bonds through the Electric and Communications Utility Enterprise as approved by City Council ordinance.

Jim Lees, Utility Accounting Manager, reviewed the agenda item explaining this is an important action to get the utility off the ground. Mr. Lees noted on the attached power point presentation of this item the 2019 proposed budget overview, revenue highlights, capital highlights, and reported on changes that have occurred since November 8, 2018.

Mr. Lees reported that the process of the bonds was moving along, just the week prior they had a conference call with Standard & Poors.

Council inquired if bonds were out for sale.

Acting Finance Director Alan Krcmarik responded that hopefully by end of month have bond rating in hand. We are probably 3-4 weeks before selling bonds.

Councilor Jersvig motioned, and Councilor Fogle seconded the motion.

Mayor Marsh opened Public Comment, of which there was none. Mayor Marsh opened City Council discussion.

Mayor Marsh stated that she fully supports providing broadband fiber but believes public should have approved the debt.

A Motion To Adopt, On First Reading, An Ordinance Enacting A Supplemental Budget And Appropriation To The 2019 City Of Loveland Budget For Municipal Fiber

CARRIED 6-1 with Mayor Marsh no vote.

7.5 CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

There were no items removed from the Consent Agenda.

8. NO-ACTION ITEMS

8.1 FISCAL ADVISOR INVESTMENT REPORT FOR JANUARY 2019

At the end of January 2019, the market value of the City's investment portfolio was estimated to be \$224,316,105. The budget revenue projection for investment earnings for the full year of 2019 was set at \$3,319,680. For the month, accounting staff posted \$262,171 to various fund accounts. So far this year, actual interest received is \$14,421 behind the annual target at the end of the first month of the year. Using the portfolio's beginning year balance, the rate needed to reach the annual interest earning target is 1.43%. The annualized interest rate at the end of January rose up to 1.95%.

U.S. short-term (under five years) Treasury interest rates had moved sharply higher since November 2016. In mid-December of 2019, the Federal Open Market Committee increased the federal funds rate for the fourth time in 2019 to the range of 2.25% to 2.50%. The U.S. stock markets struggled greatly in December and almost all investment categories finished the year with losses. The Federal Reserve Chairman recently announced that it would be unlikely for another rate increase to be imposed at the March 19-20, 2019 meeting. The timing of future increases is now considered uncertain due to slowing economic growth in the Eurozone and in China.

Most economists and financial analysts believe the Fed needs to slow down the pace of increases. The Fed will be watching economic conditions closely and also paying attention to the yield curve. When very short-term interest rates (3 months) are higher than the longer term rates (10 years), the yield curve is "inverted." An inverted yield curve has been one of the most accurate predictors of an upcoming recession, usually within one year. At this time, the rates on 2-, 3-, 5-, and 7-year treasuries are lower than the three- and six-month and the one-year treasuries. Technically, this is not an inverted curve, but it shows a higher possibility for the 10-year to dip below the 3-month.

Council requested information regarding the impact of the minimum wage increase.

Information Only.

8.2 FINANCE

JANUARY 2019 FINANCIAL REPORT

The Snapshot Report is submitted for Council review and includes the reporting of the City's revenue and expenditures, including detailed reports on tax revenue and health claims, as of January 31, 2019. Citywide Revenue of \$25.1 million is 7.0% of total annual budget. Sales Tax collections January YTD are 0.8% below January 2018 YTD, and 11% of the total annual budget. Building Material Use Tax collections for January are 53.9% below January 2018 YTD, and 3.9% of the total annual budget. Sales and Use Tax collections combined are 10.3% of total annual budget. Citywide total expenditures of \$19.3 million are 7.2% of the total annual budget.

Information Only.

9. REPORTS

9.1 REPORTS FROM CITY COUNCIL

Councilor Olson reported that he likes professional reports being given, and thanked Justine & Steve for putting the National League of Cities effort together. Mr. Olson participated in the Urban Land Institute, and reviewed individuals he met with and items that were discussed.

Councilor Write attended the fire department celebration, and the creative district brainstorming session at library.

Councilor Fogle thanked City Council for the new building for the Cultural Services board. He also spoke regarding the National League of Cities, and the ITC committee. Councilor Fogle met new FCC commissioner. Reported that the cable boxes can be buried underground, which may require some code changes. Councilor Fogle is not opposed to 5G, however he wants it to look nice and be safe for citizens – there are currently no federal standards for 5G.

9.2 CITY MANAGER REPORT

City Manager Steve Adams reported there is no meeting on March 26, 2019. There will be a meeting March 27, 2019 with the Thompson School District. Councilor Olson will be gone for this meeting.

Mr. Adams also thanked staff prepping for National League of Cities, as well as thanked staff for work during the snowstorm.

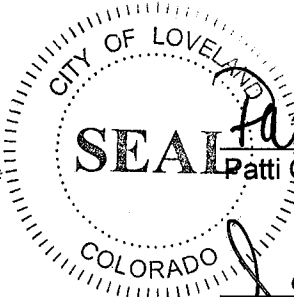
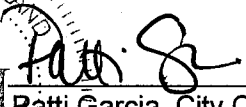
9.3 CITY ATTORNEY REPORT

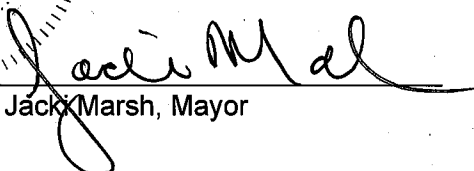
There was no report from the City Attorney.

10. ADJOURN

Mayor Marsh adjourned the March 19, 2019 regular City Council meeting at 9:27

Respectfully Submitted,

The seal of the City of Loveland, Colorado, is a circular emblem. It features the words "CITY OF LOVELAND" at the top and "COLORADO" at the bottom, separated by a dotted line. In the center, the word "SEAL" is prominently displayed. The seal is partially overlaid by the signature of Patti Garcia.


Patti Garcia, City Clerk


Jack Marsh, Mayor