

Citizens' Finance Advisory Committee

June 12, 2019 – 6:00 PM

City of Loveland Council Chambers
500 E. 3rd Street, Loveland, CO 80537

Committee Members Present: Leslie Snow, Autumn Perry, Barbara Cogan, Roger Weidelman (arrived around 6:15), Cass Sosa, and John Cittadino.

Staff & Council Liaison Present: Theresa Wilson and Alan Krcmarik.

PUBLIC COMMENT:

No public comment.

CALL TO ORDER:

Leslie Snow called the meeting to order at 6:01 PM

APPROVAL OF MINUTES & AGENDA:

Barbara Cogan asked for approval of the May 22nd minutes and June agenda. **Motion was made and moved to approve the minutes and agenda as submitted. Motion passed 5-0.**

Leslie Snow asked for amendment to the agenda to remove the Boards and Commissions Training 2019 item, which the City Attorney requested to postpone until the July CFAC meeting. **Motion was made and passed 5-0.**

REGULAR AGENDA:

Boards and Commissions Training 2019 (Moses Garcia)

-Item postponed until July CFAC meeting.

Municipal Fiber Update (Alan Krcmarik)

-Alan Krcmarik provided municipal fiber update, explaining status of start-up Fiber Enterprise in Loveland and highlighting Longmont as example. The City's service delivery goals are lower costs, higher speeds, better customer service. City hired a firm, Magellan, to help assess viability of Fiber in Loveland (10-month study). Key City Council Objective is to serve entire community. Although City is looking for margin on investment, City Council does not want to leave parts of community behind. Different service delivery options were explored. Following effort with Magellan, second round of study conducted (another year of discussion) – very well debated. Last October, City Council voted against going down the broadband path, then a week later a couple councilors reconsidered original vote. City Council subsequently voted to reconsider and voted to approve broadband endeavor. Significant back and forth regarding issue of whether to pursue community wide vote. City received an A+ rating on broadband issue and lacked in a good rate. Borrowed \$95.4M – biggest bond deal the City has ever done. Effort is underway and contractors hired. The Design firm is Nokia and the construction firm is Bear.

Cass Sosa asked – what happens if we fail? This is one of biggest concerns of the City Council. There are multiple safety nets, such as capitalized interest and the rate stabilization fund of \$4M. City is targeting a 32% take rate. The worst-case scenario – existing electric utility customers would have to cover cost – estimated at \$14.95/month.

Cass Sosa asked – what monthly charge for broadband would be? There is a menu of options depending upon speed and service level.

Leslie Snow asked – how does City ensure service stays current. Briana Reed-Harmel is project lead and forming team to ensure success of broadband – lots of networking, toured number of places. New game, not a monopoly – City has to compete and stay up to date.

John Cittadino asked – are there any lease options with Century Link for existing fiber? Thought that there would be, but this is up to fiber team to figure out. Installation to occur over next three years.

Cass Sosa asked – where will installation occur first? This information not being released due to competitive nature of field.

Barbara Cogan asked – is Art in Public Places contribution being included? Yes, all part of the capital.

Community Improvement Program Update (Alan Krcmarik)

-Alan provided copies of the press release issued about a month ago. In the capital improvement program, Horizon Projects List includes things such as museum expansion, library branch, road projects, etc. Idea is to look at some of these projects and seek means of accelerated funding through voter approved sales tax increase. Started this process in 2018, but delayed effort to avoid competing with School District's measures passed. Ramping effort back up in 2019. Mail survey conducted in March - received 5,600 responses, which is almost 15%. Mail surveys not statistically valid for predicting how people might vote. More scientific and closely worded survey conducted by telephone. 70% support for half-cent sales tax increase for these projects. Moving toward including on ballot in the fall. If approved, will devise financing plan. Biggest enemy is inflation in construction costs.

-John Cittadino asked – is City able to collect use tax on on-line sales. Yes, City is receiving sales tax from on-line sales. Wayfair decision – clear on states, but not so clear on cities. State legislature working through this issue. Universe is huge, but level of compliance is small.

OLD BUSINESS:

-Leslie Snow asked – what is the status of the Budget Calendar. Timeframe departments had to work on base budgets, decision packages delayed by about a month. In addition to this, departments submitted department reductions that will be needed to balance 2020 budget and positively impact negative trajectory of financial master plan. More information regarding these efforts will be forthcoming. Importance of rebuilding reserves. Threat of future recession.

-Barbara Cogan – expressed concern regarding AIPP fund – and additional cost it requires. Should have a maximum cap. Believes portfolio has become financial liability. Needs to be more transparent.

-John Cittadino – first thing to talk about re: budget is needs vs. wants.

-Alan Krcmarik – can have arts group come speak to CFAC.

NEW BUSINESS:

-None.

REPORTS:

Staff Liaison Update (Theresa Wilson)

-Alan Krcmarik - went back and checked and discovered existing audit firm has one more year (has done four under existing contract, 2019 would be fifth year). Feeling that CFAC would like to see new auditor, but wondering if would be helpful to extend for one more year to work through grant finding. Also impression that Council wants new auditor for 2019, too. Could have new engagement lead for new set of eyes. Consensus among CFAC to stick with same auditor for one more year.

Motion was made and moved to allow auditor to continue one more year per terms of existing contract. Motion Passed 6-0.

-Theresa Wilson – confirmed topics for July agenda – Boards and Commissions Training 2019, Draft Financial Master Plan Review, and Sales, Use, and Property Tax Projections Update.

-Roger Weideman – asked question regarding property tax entities and whether there is a cap regarding property tax collected.

-Cass Sosa – expressed concern regarding cutting back services, while paying more taxes. Property taxes always delayed. Still feeling effects of two years ago. Sales tax – have seen fairly dramatic slowdown over last three years. Sales tax through May 2019 made it to 4%, but use tax underperforming.

ADJOURNMENT:

Meeting adjourned at 7:22PM

Minutes respectfully submitted,

Theresa Wilson, CFAC Staff Liaison

/s/ Leslie Snow, CFAC Chair