



AGENDA ITEM: 1
MEETING DATE: 1/25/2011
TO: City Council
FROM: Greg George, Development Services Department
PRESENTER: Bob Paulsen, Current Planning Manager

TITLE:
NextMedia billboard reduction / enhancement / relocation proposal

DESCRIPTION:

This is an information and discussion item. A proposal has been submitted by NextMedia Outdoor, Inc. to reduce the number of billboards within the City's Growth Management Area (GMA) in exchange for the ability to relocate and upgrade their remaining billboards. At the present time, NextMedia owns 19 billboards within the GMA; approximately ½ of these are within the City limits. The proposal would reduce the number of billboards to eight and allow four of the remaining billboards to have electronic display panels. Implementation of this proposal would require an agreement between the City and NextMedia along with associated amendments to the City's sign code.

BUDGET IMPACT:

Yes No

SUMMARY:

As with many cities, the Loveland Municipal Code prohibits off-premise signs. These signs advertise products or services that are not necessarily associated with the on-premise businesses. The prohibition of off-premise signs is intended to reduce sign clutter. Billboards are the most notable type of off-premise signs. Existing billboards within the City limits are legally nonconforming and have no sunset or expiration deadline. Under the Code, these signs cannot be relocated, upgraded or otherwise altered except for needed repairs. The advertising message on these signs, however, can be changed as desired by the owner. The NextMedia proposal would give "permitted status" to the remaining billboards, enabling the billboards to be upgraded, replaced and/or relocated. These billboards could have advertising panels of up to

300 square feet and be up to 25 feet in height (or 45 feet height as measured from the crown of the roadway when a sign is within 660 feet of I-25). As mentioned, four of the billboards could utilize electronic message panels, including two-sided panels for each sign.

At the study session, NextMedia will present their proposal. Planning staff will provide a response to the proposal and present an alternative proposal developed by the Title 18 Committee. The Title 18 Committee alternative would allow NextMedia to construct four new electronic billboard signs in exchange for the elimination of all existing 19 billboards. With this alternative, the new electronic signs could only be sited at existing billboard locations and the new signs would have to comply with the size, setback, height and design requirements which currently apply to on-premise free-standing signs.

LIST OF ATTACHMENTS:

- A. Staff Memo
 - B. Letter to Bob Paulsen from Carolynne White (May 10, 2010) outlining NextMedia proposal
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RECOMMENDED CITY COUNCIL ACTION:

Staff requests City Council direction on whether amending the off-premise sign provisions to allow for the reduction / replacement of billboards has sufficient merit to warrant further staff effort. This process would include continued discussions with NextMedia, work on code amendment language, an agreement between the City and NextMedia, and completion of a public outreach process. The process would result in one or more hearings with the Planning Commission and ultimately a final decision by City Council. If City Council directs staff to pursue this effort, general direction is needed on the following items:

- The number of allowed billboards
- The number of allowed electronic billboards
- The general size / design of billboards
- Should new sites be available for billboards?

Given the complexity of this issue and the number of possible alternatives, staff will work out the details before this matter is brought through the hearing and decision process.

REVIEWED BY CITY MANAGER:



MEMORANDUM

TO: City Council

FROM: Bob Paulsen, Current Planning Manager

DATE: January 25, 2011

SUBJECT: NextMedia Billboard Proposal

I. NEXTMEDIA BILLBOARD REDUCTION / REPLACEMENT PROPOSAL

NextMedia Outdoor, Inc. owns 19 billboards within the Loveland Growth Management Area. Approximately half of these signs are within the City limits. These signs are defined in the Loveland Municipal Code as off-premise signs. While off-premise signs are prohibited by the Code, these existing billboards were installed legally, prior to the prohibition of off-premise signs; therefore, these signs are legal, nonconforming signs with no expiration deadline. Under current Code provisions, these signs cannot be relocated, upgraded, or altered other than to accommodate repairs. The face of these signs (the advertising element) can be replaced at any time by the owner. At the present time, NextMedia owns all off-premise within the City; however, there is no prohibition on the sale or transfer of the ownership of one or more signs.

NextMedia has brought forward a proposal to the City of Loveland for the reduction in the number of billboards which would allow for the relocation and improvement of the remaining billboards. The proposal would be accomplished through two components: an amendment to the signage provisions of the Municipal Code combined with an Agreement between the City and Nextmedia.

The Nextmedia proposal is summarized as follows:

- The existing 19 billboards (in the GMA) would be reduced to 8
- The 8 billboards would be relocated by NextMedia to strategic locations along the City's main transportation corridors. Locations would depend on NextMedia's ability to secure property leases or purchases.
- The 8 billboards would be upgraded in terms of quality and aesthetics so they are more consistent with existing signage design provisions.
- 4 of the billboards would be allowed to have electronic (digital) displays, with 1 or 2 sign faces (advertising panels) for each sign. The electronic elements would conform to the City's recently adopted electronic sign provisions pertaining to light intensity, movement and the minimum duration of images.

- NextMedia would accommodate the broadcast of emergency notices like Amber Alerts and weather alerts on the 4 electronic signs.

II. INITIAL REVIEW OF THE NEXTMEDIA PROPOSAL

In the summer of 2010, NextMedia representatives presented their proposal to the Title 18 Committee. In a series of follow-up discussions, Current Planning staff and the Title 18 Committee reviewed the NextMedia proposal assessed it as follows:

Attributes of the NextMedia proposal:

1. The proposal represents over a 50% reduction in the number of off-premise signs in the GMA.
2. The remaining 8 signs would be upgraded to have a higher-quality and be more consistent with contemporary architectural design standards.
3. The digital signs would be more modern, and may be more appealing to some community members.
4. Emergency notices such as Amber Alerts and other civic messages would be a community benefit.

Issues relating to the NextMedia proposal:

1. The Loveland sign code prohibits off-premise signs. Consequently, the NextMedia proposal is contrary to the sign code and is perhaps inconsistent with the spirit of the Comprehensive Plan which stresses the importance of the aesthetic aspects of the City's primary transportation corridors.
2. Many of the existing NextMedia billboards are outside the City limits. Including these signs into the calculations seems counter-intuitive since the City does not have control over these signs or the sites they are located on.
3. There appears to be little or no financial incentive for the City to enter into this agreement.
4. In real terms, the reduction in billboards may not be from 19 to 8 because several of the existing 19 signs may be removed over time due to development initiatives—as has occurred with billboard signs in the past. It is conceivable that 6 or more of the existing non-conforming off-premise signs would be removed as new sites are developed; thus a somewhat incremental process may achieve a partial reduction in signs with no agreements or code amendments. Moreover, several of the remaining billboards will remain fairly unobtrusive in their current location / condition.
5. The allowance for 4 electronic signs (possibly having 2 sign faces each) represents a tremendous increase in advertising potential—and visual impact. As Nextmedia representatives have indicated, each electronic sign face will allow for messages to change on 5 second intervals. Apparently, it is typical for 6 different advertisers rent or lease sign space or advertising time on each electronic billboard. This represents a

significant increase in advertising potential for NextMedia. Consequently, a digital billboard with 2 sign faces represents a significant increase in visual impact compared to the level of visual impact from any 2 of the existing conventional billboards.

6. Sign size as proposed would be 300 square feet for the actual message area of a billboard sign. Under most circumstances, a 120 square foot (on-premise) sign would be the maximum sign face allowed (signs within the I-25 corridor can be larger). For comparison purposes, the Outlets at Loveland obtained a variance and their new sign is 41 feet high and the electronic readerboard is 285 square feet. At 300 sf, the billboard signs may visually dominate the environment in which they are located. Proposed height and setback allowances are also significant.
7. The new signs, while more visible, may increase driver distraction and related safety hazards.
8. Signage content cannot be limited to advertisements for Loveland businesses.

III. ALTERNATIVE PROPOSAL BY THE TITLE 18 COMMITTEE

As part of the Title 18 Committee's review of the NextMedia proposal, an alternative concept was developed which reflected a consensus of the Committee. The alternative was not developed as a detailed counter proposal; rather, it was developed in anticipation of a future City Council study session in order to provide an alternative perspective.

The Alternative Proposal is summarized below:

- Limit the location of billboards to the existing sites; no new locations should be allowed.
- For every new electronic sign, require the removal of 4 existing billboards.
- Design / Dimensions: all new billboard signs (whether electronic or conventional) shall meet the freestanding sign provisions of the sign code. Requirements include sign setback, height, and size limits as follows:
 - Maximum sign height: 12' (This height is consistent with the Hwy. 34 Corridor standards)
 - Design: require horizontal presentation with an architectural base and landscaping
 - Exempt these off-premise signs from the City's normal requirement for electronic signs that 50% of the sign area be devoted to the identification of the on-site business.

Brownstein Hyatt
Farber Schreck

May 10, 2010

Bob Paulsen, AICP
Current Planning Manager
Development Services Department
City of Loveland
500 East Third Street
Loveland, CO 80537

RE: Application for Text Amendment to Chapter 18.50 of Title 18 of the Loveland Municipal Code (the "Sign Code")

Dear Bob:

The enclosed application for a text amendment to the Sign Code is submitted on behalf of NextMedia Outdoor, Inc., a Delaware corporation ("NextMedia"). As you know from our prior correspondence, NextMedia and the City of Loveland (the "City") desire to establish a program pursuant to which NextMedia will (i) remove its nineteen (19) existing billboards (the "Existing Signs") that are located within the Loveland Growth Management Area (the "LGMA") and (ii) install eight (8) new or replacement billboards (the "Proposed Signs") within the City. Because the Sign Code does not presently permit the installation of the Proposed Signs, the proposed text amendment is required to facilitate implementation of this program.

The program, which is detailed in the proposed Planned Sign Agreement enclosed herein, offers several benefits to the City. First, this program reduces the total number of billboards within the LGMA by over fifty-percent (50%), without the City having to pay compensation for the removal of such billboards. Second, the Proposed Signs will include architectural elements intended to make the signs more aesthetically attractive than the Existing Signs and will incorporate styles and colors that are compatible with the surrounding landscape and architecture.

In addition, four (4) of the Proposed Signs will include at least one digital sign face (the "Digital Signs"). The Digital Signs will provide benefits to the City that are not possible with traditional static signs. Specifically, as detailed in the proposed Planned Sign Agreement, the Digital Signs will be made available to communicate important time-sensitive messages to residents and passers-by such as Amber Alerts, weather warnings, and other public emergencies. Moreover, the new and upgraded signage proposed by NextMedia will provide a needed venue for businesses in the community and nearby areas to advertise their products and services.

In short, the proposed text amendment establishes the legislative framework necessary for implementation of the Planned Sign Agreement, which agreement allows NextMedia to utilize digital signage while simultaneously providing substantial benefits to the City, including a significant reduction of the total number of billboards in the LGMA and improvement in the design, quality, and

Bob Paulsen
May 10, 2010
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overall aesthetics of signage in the community. Equally important, NextMedia's proposed digital signs will provide for the timely dissemination of critical information to the public.

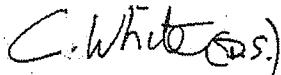
For the reasons set forth above, NextMedia respectfully requests the City's favorable consideration of the proposed text amendment, and looks forward to working with the City as we work through the text amendment process.

Lastly, for ease of reference, the following accompanying documents and materials are enclosed in this packet:

- City of Loveland Development Review Application
- Redline comparison of proposed text amendments
- Proposed Planned Sign Agreement to be entered into by the City and NextMedia

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "C. White (s.)". The signature is written in a cursive style.

Carolynne C. White

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AGENDA ITEM: 2
MEETING DATE: 1/25/2011
TO: City Council
FROM: Renee Wheeler, Finance
PRESENTER: John Hartman

TITLE:
General Fund Financial Sustainability Challenge 2012-2020 and Principles to Guide Decision Making

DESCRIPTION:
Develop a clear understanding of the challenge the City of Loveland faces from 2012-2020 and develop a series of principles to use as a “yardstick” for evaluating ideas that are generated for addressing the challenge. The City’s projected General Fund revenues and expenditures over the next 5-10 years will not allow for the City to continue providing services and programs at the current levels. Therefore the challenge is to close the \$3.0 - \$3.5 gap between the projected revenues available and the cost to provide service.

BUDGET IMPACT:
 Yes No

SUMMARY:
On December 14, 2010 the Financial Sustainability Process was outlined for City Council consideration as demonstrated in the graphic to the right. The City Council agreed that the process was reasonable.

	Dec	Jan	Feb	Mar	Apr	May
Process Development	X					
Data Collection	X	X	X	X		
Principles		X				
Priorities		X	X			
Strategy Development				X	X	
Strategy Approval						X

The data collection process is in progress. Employee ideas are being sorted and evaluated. Management teams have been working on compensation (salaries and benefits), minor revenue generation, Enterprise Fund PILT, and red light cameras. Departments analyzed services to respond to the November, 2010 ballot measures. The City Council has received a

priorities survey for completion by January 25 (the evening of this study session). These surveys are intended to be anonymous. The results will be tabulated and reported back as collective feedback. The public meetings to gather the citizens' perspective have been set. All priorities feedback will come back to City Council in a study session after these meetings.

Meeting Purpose	Date/Times All meetings are in the City Council Chambers	Notes
Orientation	February 2 nd 4:00 – 6:00 PM or 6:30 – 8:30 PM	There are two meetings for attendee convenience. They are asked to attend only one of these meetings.
Priorities Feedback	February 9 th 6:00 – 8:00 PM	Electronic voting devices to communicate responses and receive immediate feedback on collective responses.
Just in Case	February 16 th 6:00 – 8:00 PM	We are reserving this meeting on calendars for any follow up that may need to take place.

Staff's intent is to develop a clear understanding of the challenge to remain financially sustainable over the next ten years. Fundamentally, the revenues generated in each year need to be sufficient to cover the expenditures of that year.

The Problem: *The City's projected General Fund revenues and expenditures over the next 5-10 years will not allow for the City to continue providing services and programs at the current levels.*

The Challenge: *Close the \$3.0 - \$3.5 million gap between projected revenues available and the cost to provide the service.*

The attached presentation will be delivered by John Hartman, Budget Officer, on the evening of the study session. Please review it and call either John at 962-2329 or Renee at 962-2704 with questions you may have so that we can thoroughly address all of the questions the evening of the meeting.

There will also be a discussion of principles the City Council feels are important for guiding the development of the options to balance revenues and expenditures. These principles are intended to be representative of standards for our organization relative to sustainability over the next ten years. The following examples from another organization are intended only for illustration purposes to demonstrate the concept.

- Provide the highest level of public service which is sustainable on a long-term basis.
- Balance the services to be delivered with the resources available, both in terms of people and money.

- Maintain the City as an employer of choice, able to attract and retain high-quality employees.

The discussion will be important to set the parameters for the process. It is critical that a clear understanding of the challenge be achieved so that all participants are “driving down the same path.” The principles set the broad parameters for the path so that the collective energy for developing options is focused on solutions that are feasible for our organization to continue to serve the citizens of Loveland well.

LIST OF ATTACHMENTS:

Presentation: 2012 Budget Gap

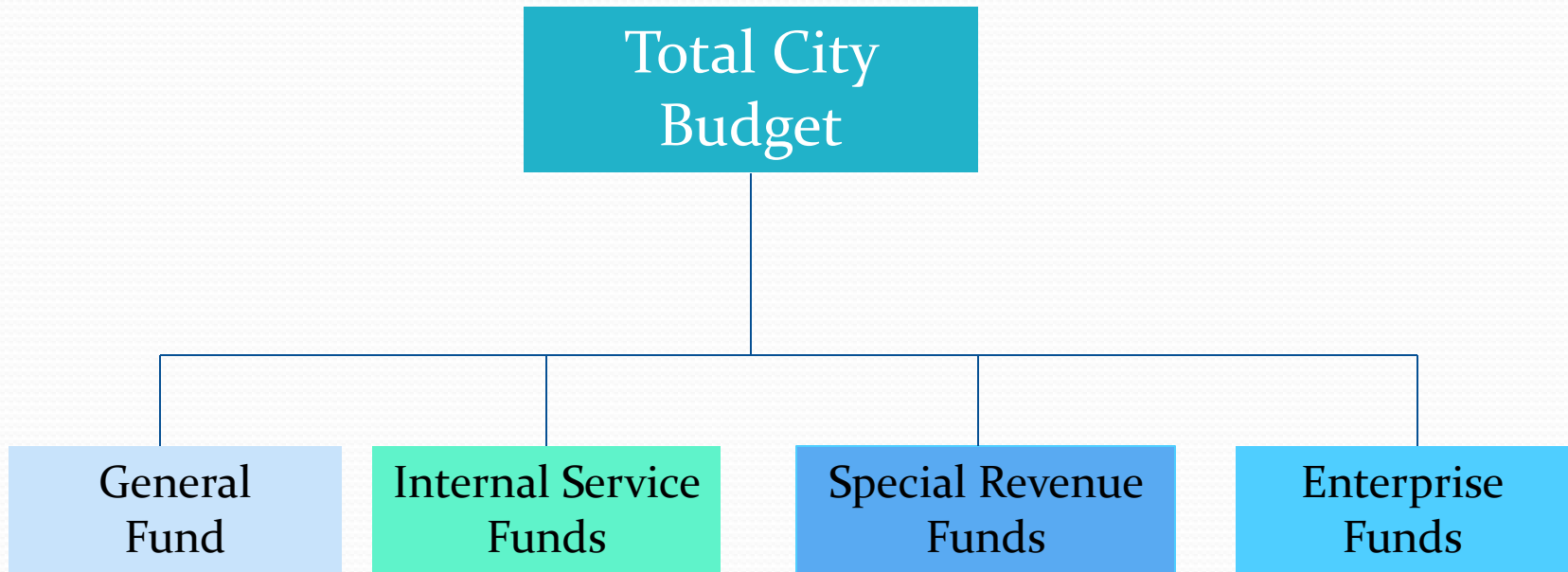
RECOMMENDED CITY COUNCIL ACTION:

REVIEWED BY CITY MANAGER:

2012 Budget Gap

Addressing Financial Sustainability

City Financial Structure



Enterprise Funds

- Provide a single service, i.e. delivery of electricity to homes and businesses; or trash and recycling materials pickup.
- Funded by rates on usage, not tax dollars.
 1. Water Rates
 2. Electric Rates
 3. Golf Fees
- Payments are made to the General Fund
 1. For administrative and facility services
 2. Payment in Lieu of Taxes (PILT)
- There is a limited ability to transfer funds out of the Enterprise to the General Fund.
- Management and employees are still subject to City-wide policy equity.

Special Revenue Funds

- Expenses generally limited to a specific purpose, i.e. purchase of Open Space, or capital construction.
- Funded from a dedicated revenue source, not tax dollars.
- Most are capital oriented. Few employees or operating expense.
 1. Recreation Trail
 2. Open Space
 3. Capital Expansion Fee funds
- Management and employees are still subject to City-wide policy equity.
- Most revenues are restricted to a specific purpose by law and cannot be used for General Fund operating purposes.

Internal Service Funds

- Provides Vehicle Maintenance and Insurance services to City Departments – all funds.
- Funded by charges or allocations based on historical use to user departments.
- Management and employees are still subject to City-wide policy equity.

General Fund

- Provides most City Services, i.e. City Administration, Cultural Activities, Development Review and Regulation, Parks & Recreation, Police, Fire, Street and Facility Maintenance, and Public Transit.
- Funded primarily by sales and use taxes, although fees, fines, and revenue from other governments are significant sources.
- 54% of all General Fund revenue derived from Sales and Use Tax.
- Solutions to a General Fund funding gap may impact other operations.

Total City Reserves

Reserve	Amount
Total City Reserves (Projected at the end of 2011)	\$133.9M
Construction & Land	\$87.7M
Insurance Claims	\$5.6M
Equipment Replacement	\$8.9M
Unrestricted Non-Gen. Fund	\$10.2M
Gen. Fund Reserves Balance	\$21.6M

Reserve	Amount
Total City Reserves (Proj at end of 2010 from Dec. Snapshot)	190.7
Construction and Land	113.76
Insurance Claims	11.6
Equipment Replacement	6.2
Unrestricted Non-General Fund	32.34
General Fund Balance	26.8

For the budget, 2011 beginning balances assumed all 2010 budgeted expenses including capital projects would be spent and that 2010 revenues would end at the budgeted amount. Revenues have been slightly higher, there are operational savings, and nearly \$30 Million in uncompleted capital.

General Fund

RESERVES

General Fund
\$21.6 Million

-\$6.0 Million TABOR
Reserves

-\$4.3 Million Council
Capital Reserve

-\$0.6 Million
Equipment
Replacement
Reserve

-\$0.4 Million
Miscellaneous

=\$10.3 Million
Unrestricted



We have a target of 15% of 2011 expenditures that is \$9.6 million.

The Problem

This is a General Fund Problem only, although solutions may impact other funds.

Problem: The City's projected General Fund revenues and expenditures over the next 5-10 years will not allow for the City to continue providing services and programs at the current levels.

The Problem

The goal is to find a permanent durable solution that:

1. Does not use 1-time resources;
2. Does not use gimmicks, such as putting off expenses to a future year;
3. Align expenses with revenues for the foreseeable future.

The Problem

Challenge: Close the \$3.5 million gap between projected revenues available and cost to provide service.

Top Seven Reasons Why We are in This Position

1. Drastically reduced construction of new residential and commercial property, with low levels expected to continue.
2. Sales tax revenue reduced to 07 levels, and growth in revenue not expected to pick up soon.
3. Projected Base Budget Increases projected at 3.5%.
4. Property tax assessment values projected to fall, reducing property tax revenue.
5. Property Assessment Growth is not projected to match previous years.
6. Revenue sharing from the State Highway Users Trust Fund projected to stay flat or decrease to meet State Budget Balancing efforts.
7. Additional operating cost for new amenities or infrastructure.

Myths – Items that did not Contribute to this Concern

- Use of one time reserves:
 1. Purchase of the property on 402.
 2. Loveland High School Swimming Pool.
 3. Downtown Improvements
- VNET – The incentive was paid from saved revenue and was a one-time use.
- Library and Chilson expansions – Funding for the expansions were from restricted capital funds and the projects were chosen because there was a minimal operating cost impact.
- Employee Pay and benefits.

General Fund

The Details

Background

- Intent of Analysis – to see if on-going revenue can support on-going expense
- Analysis only looks at revenue and expense
- Fund Balance is not included as a resource
- Expenses from fund balance (reserves) are excluded

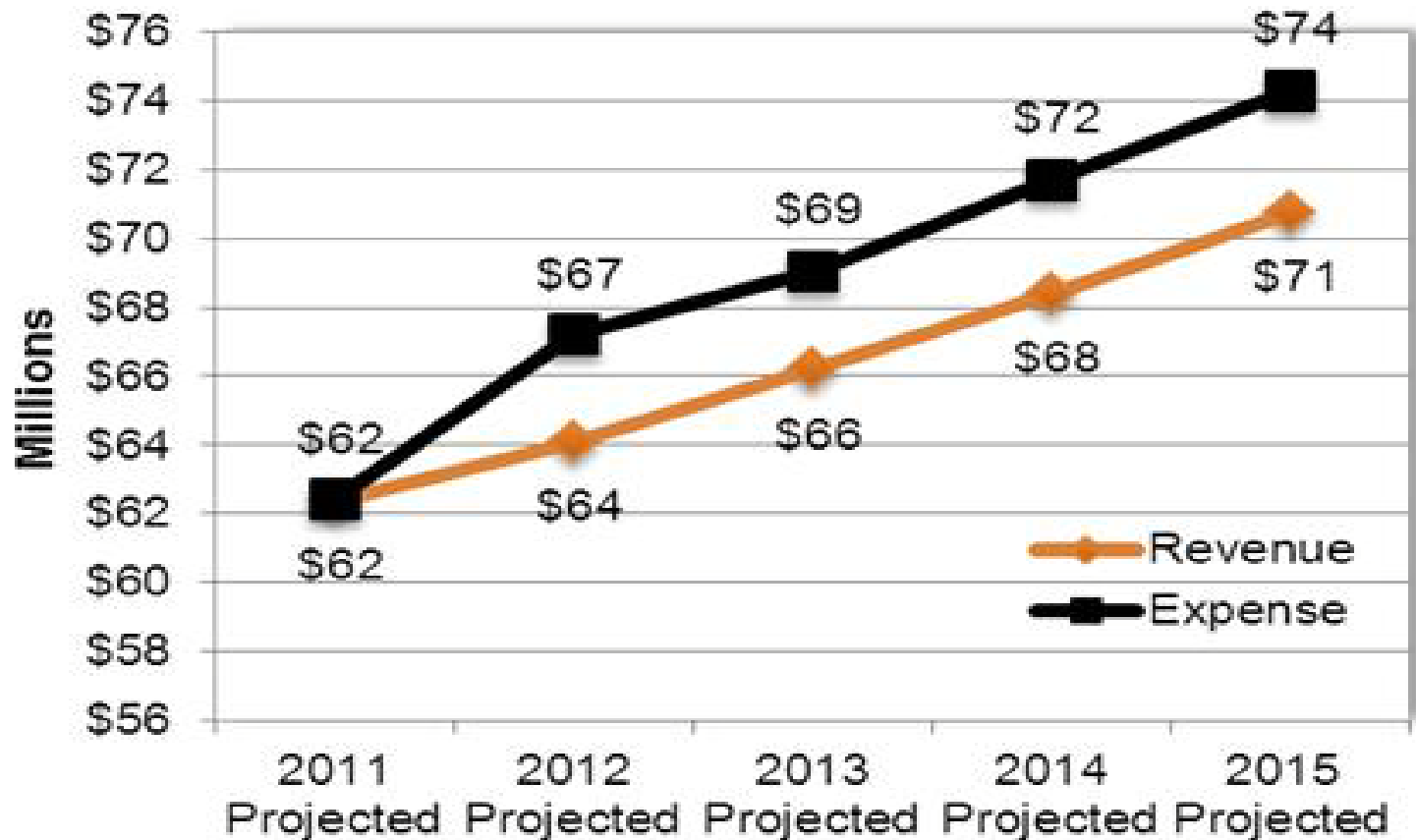
Background

- Revenue assumptions
 1. Sales tax increases 3% in 2012 and 4% in other years through 2015.
 2. Building Use averages a 2% annual increase.
 3. Property tax negative growth in 2012, resumes increases in 2014.
 4. Charges for service increase 3.5% annually
- Total revenue increase of 2.7% in 2012, around 3.3% in remaining years to 2015.

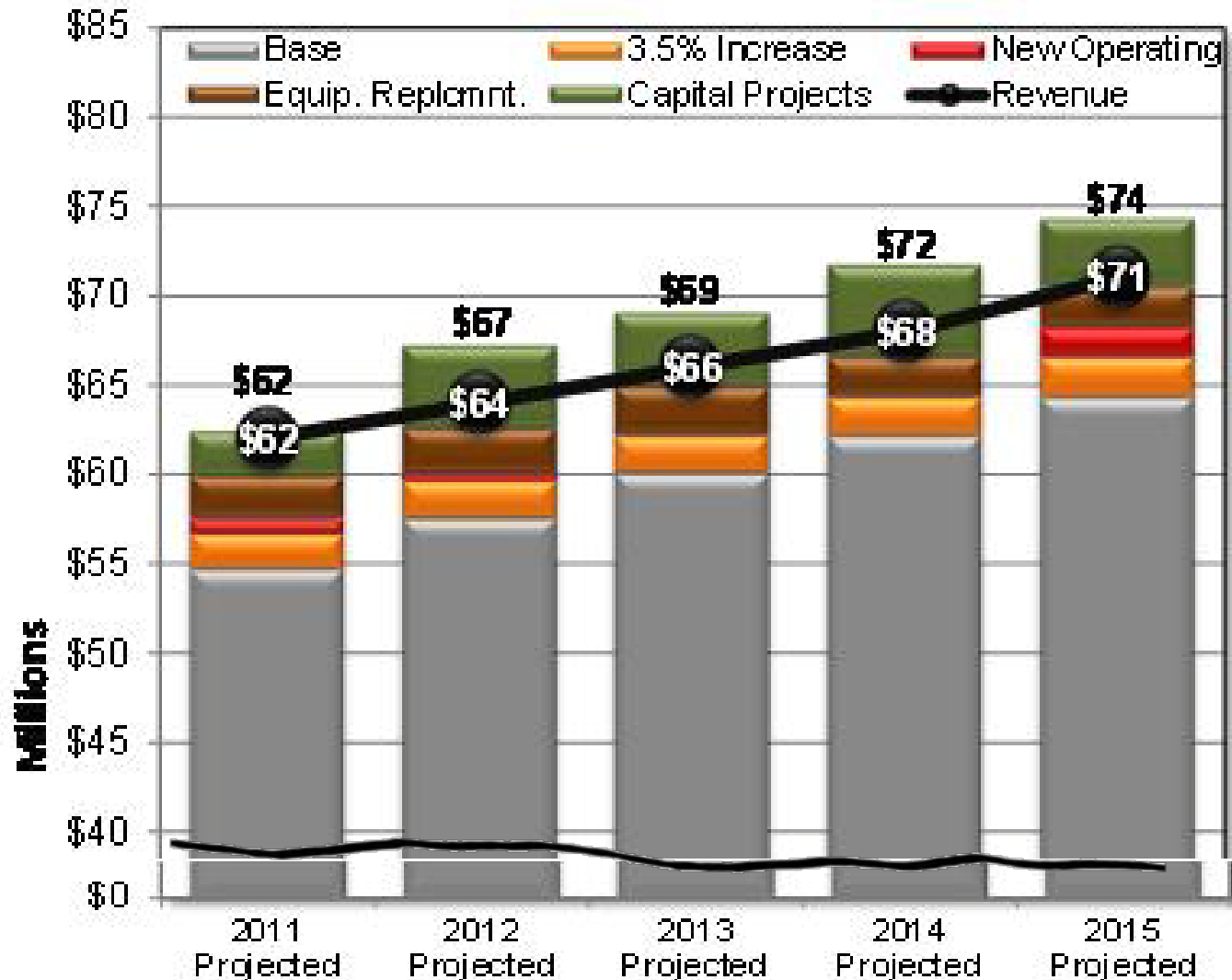
Background

- Expense Assumptions
 1. Core Budget increases 3.5% annually.
 - a. Compensation
 - b. Health cost increases
 - c. operating inflation
 2. Capital Program operating impact included.
 3. Equipment Replacement based on the 5-year Equipment Replacement Forms submitted for the 2011 budget.
 4. Capital Costs match Capital Program.

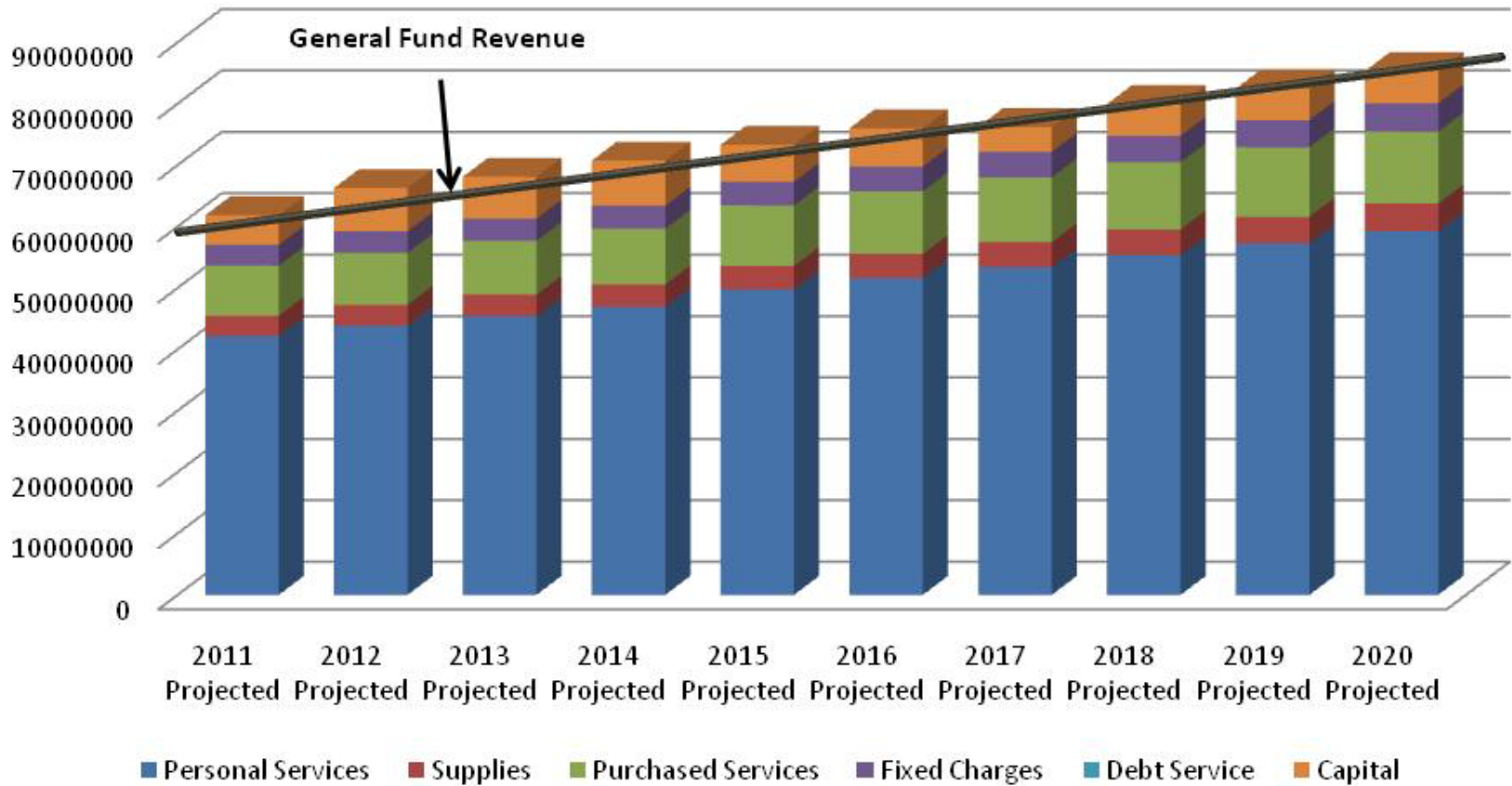
Revenue & Expense Comparison



Projected Budget Gap



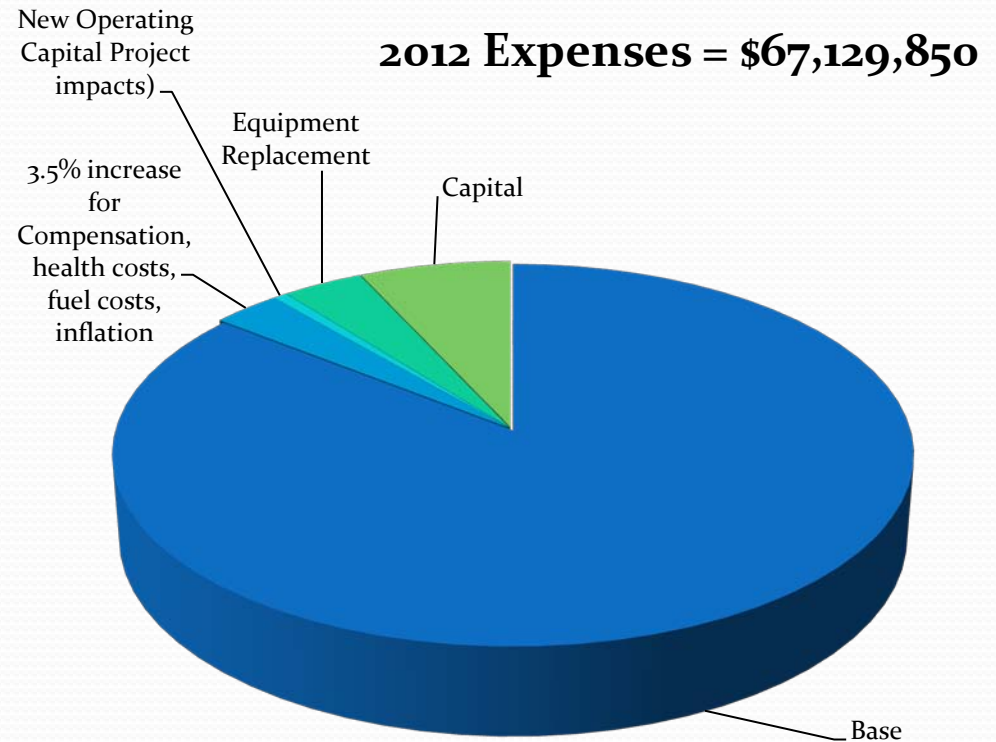
General Fund Revenue and Expense Projection



2012 Revenue Available = \$63,993,320

AMOUNT OF CHANGES OTHER THAN BASE AND PERCENT OF TOTAL

3.5% Increase	\$2,094,440	3.1%
New Operating	\$ 428,720	0.6%
Equip Rplc.	\$2,489,260	3.7%
Capital	\$4,649,300	6.9%



New Operating Expenses From Capital Projects

2012

• Library Expansion Annualization -	\$ 179,320
• Mehaffey Park -	<u>\$ 249,400</u>
Total	\$ 428,720

If Mehaffey Capital Project put on hold, the deficit in 2012 would still be \$2.9 million.

2013

• North Lake Tennis Courts -	\$ 3,000
• 2014	\$ 0

2015

• 3 projects totaling	\$1,673,970
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Capital Program Components

- Street Rehabilitation
- Facility Major Maintenance Projects
- Fire Apparatus Replacement
- Equipment Replacement for General Fund agencies – Ranges from \$2.2 million to \$2.8 million in 2012-2015.

There is not much discretion with the first three without degradation of existing infrastructure.

Financial Sustainability Process

Process: Challenge Statement

- Developing a clear understanding of the problem among management, employees, City Council, and the public
 - Process has begun with management team and will continue throughout the organization with all employees
 - City Council study session to focus on ensuring clarity
 - CFAC and process participants

Process: Principles and Priorities

- Priorities: establishing the relative importance of services and activities
 - Council survey tool and discussion
 - Public engagement process
- Principles: a set of criteria or standards to use as a “yardstick” for evaluating ideas that are generated
 - Management team to draft and bring before council for consideration in January

Process: Public Engagement

- Structured approach to gathering information on service priorities
 - Survey tool loaded into a voting technology owned by the City (60 devices)
 - Citizen Finance Advisory Commission to serve as public meeting hosts, tabulate results from 2-3 meetings and report back to Council
 - Participants Proposed
 - Citizen Finance Advisory Commission (9)
 - Chairperson or their designee from each board and commission (21)
 - 2 invitees from each council member
 - Any interested public that responds to meeting postings

Process: Data Gathering (occurring

simultaneously throughout Dec- Feb/Mar)

- Management process steering committee (in the works)
- Management team technical working groups (in the works)
- Employee suggestions (in the works)
- Tiered reductions identified for the ballot measure response (developed earlier in the year)
- Services inventory (in the works)
- Council priorities survey and discussion
- Public engagement process (as described earlier)

Process: Strategy Development

- Bring options to City Council to meet the challenge
- Target completion date: early May

Process Overview

	Dec	Jan	Feb	Mar	Apr	May
Process Development	X					
Data Collection	X	X	X	X		
Principles		X				
Priorities		X	X			
Strategy Development				X	X	
Strategy Approval						X

I don't work in the General Fund – Why Should I Care?

- This is a General Fund problem only, but.....
 - If compensation or benefits are part of the solutions they will be applied City-wide.
 - Operational changes are likely to be applied City-Wide.
 - New revenue solutions could include increase payments between funds, limiting revenue for operation growth in the Enterprises.
 - In this economic environment, rate increases will be harder to come by limiting what the Enterprises can provide.



We are One City

- We need to work together.
- We welcome employee participation and ideas