



**AGENDA ITEM:** 1  
**MEETING DATE:** 2/22/2011  
**TO:** City Council  
**FROM:** Renee Wheeler, Finance  
**PRESENTER:** Renee Wheeler

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**TITLE:**  
Financial Sustainability Principles and Priorities

**DESCRIPTION:**  
Finalize a set of principles to use as a “yardstick” for evaluating ideas that are generated for addressing the projected budgetary shortfall in 2012-2020, and review the results of the City Council Financial Sustainability Priorities Questionnaire.

**BUDGET IMPACT:**

Yes  No

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**SUMMARY:**

***Principles***

There will 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.

During the January 25, 2011 study session City Council members identified “value” words for the decision making process that would be used to create statements of principles. Those words were captured and placed in three general categories: service delivery, attributes of our community, and sustainability. The attachment is a distillation of the discussion, and previous material, into six principles to guide the Sustainability Strategy.

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.

***City Council Priorities Questionnaire Results***

A report is attached. The survey comments are transcribed how they were submitted to validate the integrity of the compiled data. The ranking tables are in the order of most important (smallest scores) to least important (largest scores). The individual rankings were summed and divided by the number of responses to get an average that was rounded to the nearest whole number.

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**LIST OF ATTACHMENTS:**

Six Principles for Financial Sustainability (Draft)  
Notes for Financial Sustainability Principles (based on 1/25/11 City Council Study Session)  
Financial Sustainability Plan: Council Priority Questionnaire Results

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**RECOMMENDED CITY COUNCIL ACTION:**

Set principles for guiding the Financial Sustainability decision-making.  
Consider and discuss results of the City Council Financial Sustainability Priorities Questionnaire

**REVIEWED BY CITY MANAGER:**

## DRAFT – Six Principles for Financial Sustainability

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1. Provide the highest quality of public service which is sustainable on a long-term basis.
2. Set reasonable expectations for delivering quality, customer-centered services in the most efficient and cost-effective manner.
3. Advance services and programs that promote quality of life and business growth.
4. Balance the services to be delivered with the resources available, both in terms of people and money.
5. Promote a fiscally conservative approach to achieve financial sustainability, maintaining flexibility to respond to opportunities and challenges.
6. Maintain the City as an employer of choice, able to attract and retain high-quality employees.

# Notes on Financial Sustainability Principles

## (Draft based on City Council Study Session 1/25/11)

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**Proposed Principle: Set reasonable expectations for delivering quality, customer-centric services in the most efficient and cost-effective manner**

- **Provide the highest quality public services**
- **Thrift is a value on all decisions**

Theme of City Council Responses: Service Delivery

Value	Competitive	Fair	Process Efficiencies
Balanced	Reduces Duplication	Equitable	Reality
Effective	Prioritize	Conservative	Prudent
Reasonable Expectations	Cross-functionality	Efficient	Privatization if efficiencies and savings
Reasonable	Sound	Quality	High Quality Services
Collaborations	Agreed	Expectations	Customer-Driven
Responsive to Public Need			

**Proposed Principle: Advance services and programs that promote of quality of life and business growth**

Theme of City Council Responses: Attributes of Our Community

Safe	Welcoming, Inclusive	Attractive Community	Prosperity
Diversity	Livable	Advantages for Youth and Elderly	Family Driven
Jobs	Reasonable Wages/Jobs	Affordable	Charity
Salaries			

**Proposed Principle: Promote a fiscally conservative approach to achieve financial sustainability**

- **Value existing assets (infrastructure and employees)**
- **Maintain the flexibility to respond to opportunities and challenges**

Theme of City Council Responses: Sustainability

Sustainable	Long Term Value	Durable	Long-Range
Sustainable			



# Financial Sustainability Plan: Council Priority Questionnaire Results

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## Organization – Wide Policy Issues

1. *What General Fund services does the City currently perform that you think are **NOT** generally considered “core” (essential) services provided by a municipality?(page 4-5 of the 2011 Budget for list by department, each department tab has more information on services provided in those departments)*

### Cultural Services:

Art in Public Places \$553,680! esp. Utility Boxes

### Library

Reduce story time, crafts (Volunteers) (UNC)

Reduce "tweens & teens" materials

Reduce free programs (CSU or UNC volunteers)

### Parks and Recreation

Reduce or stop expenditures for trails open space temporarily

Going down the list: 1) Legislative, 2) Community & Business Relations, 3) Cultural Services. The core services remain police, fire, streets, water/power, trash (Utilities and solid waste, while vital could be outsourced/privatized.) followed by amenities; library, parks & rec, open space, cultural services, etc.

I am comfortable with all services currently provide by the City of Loveland and consider all departments are providing core services necessary for maintaining a high quality, fiscally sound municipality.

Everything but Police, Fire & Rescue, Utilities, Roads

Open space                    we have all the open space we need

Fire, police, streets are core. All others should be evaluated.

All services beyond Public Safety (Police & Fire) and essentials (Water, power, sewer) and streets, are subject to Review and prioritization.

Cultural Services

library

Parks & Rec

Police, Fire, Water, Power and Sewer services are the only essential services. All the other categories deal with "quality of life" and are all negotiable when dealing with balancing the budget.



# Financial Sustainability Plan: Council Priority Questionnaire Results

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*2. Are there any specific City services or functions within the General Fund that you would consider performing with or by another agency (i.e. create new districts, County, County Sheriff, Thompson School District, City of Ft. Collins or other cities or towns, etc.)?*

Could we determine the users of Viestenz-Smith Park?

Most users may be from Greeley. Would Greeley, Ft Collins assist in the cost?

I am generally opposed to creating new districts/bureaucracies though I think there is a case for the fire district - creating a mechanism for municipalities to structure the sharing of that resource/service. If we created districts for library, science & culture, etc. they must not take from the general fund any longer.

I think special districts should be carefully considered all of the above, both pros and cons should be fairly presented to the community. Community members should be vigorously encouraged to participate and value should be placed on integration of such input.

Fire, Library, science/culture

Partnerships w/Cty, Cty Sheriff?

Shared resources.

Fire Authority

Fire and library districts should be considered. Any other partnerships with regional entities should be explored.

Yes! (1) Fire (2) Library

fire authority or district

library special district

SCFD

Contract out some public works functions

more regionalization w/fire & police functions ie SWAT, gun range

1. I won't consider going to "districts" until there is a codified commitment that the City will not implement ANY greenfield URA's.

2. When City and School District properties are adjacent to each other, we should consider partnering on grounds maintenance. This could save both entities on staffing and equipment needs. We should consider partnerships with them in payroll, HR, etc.



# Financial Sustainability Plan: Council Priority Questionnaire Results

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3. *Can you identify any area in the organization where you can see the need for greater efficiencies? Explanation: The City Manager is responsible for managing the organization, including its internal structure. However, it is appropriate for the City Council to contribute its perspective on efficiencies from a general policy point of view.*

Reduce grant applications because grants are not 100%, may focus on projects which are not a priority for the city and may be unfulfilled due to state/federal shortfalls.

Already in place is a review of positions coming open vis-a-vis replacement of staff. There probably are certain jobs/tasks that are duplicated across departments but I would not suggest to know the details.

I have confidence that City employees and management are diligent in efficiency efforts

(Possibly) Fewer boards & commissions, less involvement in details by Council.

Electronic packets vs. paper.

I think staff is having to do their jobs and constantly feed info to CC.

Creating districts (see 2 above) could help.

Parks & Rec                      Reduced amount of maintenance

Reduce staff/council time devoted to boards & commissions. Suggest every other month or quarterly mtgs for most, if not all, boards.

For all that the City does and provides, I consider the City to be proficient with a grade of A- or B+.

Fire is underfunded & police is overfunded from my perspective

1. Are there efficiencies in Development Services if the Review Processes were streamlined?
2. Are these efficiencies in the Finance Department if teaming with other Gov't agencies - School Dist., County, other area municipalities?
3. Are there efficiencies in the H. R. Department for same reasons?
4. Can IT be outsourced completely?



# Financial Sustainability Plan: Council Priority Questionnaire Results

## Identification of Core Services & Priorities in the General Fund

The following are functions or services that receive General Fund financial support. The largest departments in the General Fund are listed below to provide an opportunity to rank services within those departments. Some of those services are required by law to be provided by the City. Support services (City Manager, City Attorney, Municipal Court, Finance, Information Technology, Human Resources, Facility Maintenance, Vehicle Maintenance, and Risk Management) are not listed. They are either required by Charter and/or State law or are necessary for the support of the line services provided by all other departments. Some of those support services are eligible to be contracted or outsourced. Please see question number 9, with regard to commenting on those services.

4. Please rank order the following functions as "1" through "19" with 1 being the most important. Please do not assign the same value to more than one area. **Note: All service lists are alphabetical and do not indicate priority.**

Fire & Rescue	2
Police	2
Streets Maintenance	4
Transportation Planning/Engineering	6
Traffic Management	7
Building Review & Inspections	9
Development Review	9
Library	9
Transit	10
Downtown Planning	10
Land use code review and update	10
Code Enforcement	11
Economic Development (Cash Incentives/Fee Waivers)	12
Parks & Recreation	12
Museum	14
Public Information	14
Rialto	14
Non-Profit Grants	15
Historic Preservation Grants & Planning Support	16

While Downtown & Eco Dev are not "core" services, in our current economy I consider them priorities of necessity





# Financial Sustainability Plan: Council Priority Questionnaire Results

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***Core Services in Key “General Fund” Departments – As a reminder some services generate revenue to cover a portion of their costs.***

5. Please indicate priority services “1” through “9” within the **Fire & Rescue Department**, using the same ranking system as above.

Fire Response	1
Hazardous Materials Response	3
Accident Response	3
Emergency Management Planning	4
Fire Inspections	5
Medical Calls	6
Specialty Rescue (Dive Teams, Rope Rescue, etc.)	7
Development Review	7
Public Education	7



# Financial Sustainability Plan: Council Priority Questionnaire Results

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6. Please indicate priority services “1” through “13” within the **Parks & Recreation Department**, using the same ranking system as above.

Chilson Recreation Center	4
Youth Recreation Programs	5
Parks and Rec Infrastructure Repairs	5
Community Park Maintenance	5
Public Grounds Maintenance	6
Chilson Senior Center	6
Neighborhood Park Maintenance	7
Adaptive and Special Needs Programs	7
Winona Pool	8
Adult Recreation Programs	8
Loveland Lake Swim Beach	9
Viestenz-Smith Mountain	10
NorthLake Park Train	11



# Financial Sustainability Plan: Council Priority Questionnaire Results

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7. Please indicate priority services "1" through "11" within the **Police Department**, using the same ranking system as above.

Patrol	2
Dispatch (911)	2
Investigations	5
Crime Analysis	6
Street Crimes Unit	6
School Resource Officers	6
Traffic Enforcement	7
Crime Prevention Programs	7
Northern Colorado Drug Task Force	7
Canine Unit	9
Mounted Patrol Unit	10
Other: Walking Beats	0



# Financial Sustainability Plan: Council Priority Questionnaire Results

8. Please indicate priority services "1" through "13" within the **Public Works Department**, using the same ranking system as above.

Street Repair (Potholes, Crack Sealing, etc.)	2
Street Rehab (Resurfacing & Reconstruction)	3
Transportation Planning and Engineering	5
Snow Removal	5
School Zone Safety (Signals & Safe Routes to School Prog.)	6
Traffic Signal Maintenance	7
Deicing/Anti-icing	7
Transportation Development Review	8
Transit - Fixed Route	8
Transit - Para Transit	10
Sidewalk Snow Removal	10
Neighborhood Traffic Calming	10
Development Inspection	10

## Comments:

Do we know the cost of winter maintenance for the bike trails and the # of users?

Infrastructure should be the highest priority, amenities such as transit should follow.

It seems to me we could contract out some engineering functions

get some fresh perspectives



# Financial Sustainability Plan: Council Priority Questionnaire Results

## Contracting and Outsourcing

A number of City services may be outsourced (either to private companies or other governmental entities), including support services like City Attorney, Municipal Court, Finance, Information Technology, Human Resources, Facility Maintenance, Vehicle Maintenance, and Risk Management. An analysis would need to be conducted on any services considered for outsourcing to ensure that quality service would be delivered the most cost effective manner.

9. *Would you consider outsourcing any of the following functions?*

Function	Yes	Maybe	No
Light Vehicle Maintenance	6	3	0
Sales Tax Auditing	6	2	1
Pesticide Applications	6	1	2
Geographic Information System	5	4	0
Building Inspections	5	3	1
Snow Removal	5	3	1
Payroll Processing	5	2	2
Fire Inspection Services	5	2	1
Fixed Route Transit	4	5	0
General Park Maintenance	4	3	2
Para-transit Transit	4	3	2
Rialto Theater	4	1	4
Museum & Art Gallery	4	1	4
Accounts Payable	4	1	3
Risk Management	3	5	1
Human Resources	3	4	2
Information Technology	3	4	1
Building Plan Review	2	4	3
Other: Municipal Court	1	0	0
Other: Facility Maintenance	1	0	0

### Comments:

I was told outsourcing vehicle maintenance does not save money. Please clarify.

Is there a cost savings on any of these functions if outsourced?

It would be difficult to find more efficient sources in the private sector for items like sales tax auditing (They have been very efficient!), but if the quality is high enough and we can enjoy some cost saving is should be considered.

And/or creation of special districts



# Financial Sustainability Plan: Council Priority Questionnaire Results

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## Special Events

10. Each of these Community Special Events consumes substantial staff time and resources. Please rank them in order of priority (1 being the highest), using the ranking system above.

Sculpture Invitational and Show (Loveland Sculpture Group)	2.56
Sculpture in the Park (High Plains Art Council)	2.89
Summer Concert Series at Foot Lagoon	4.11
4th of July	4.78
Corn Festival Events and Parade	5.33
Arts in the Park (Thompson Valley Art League)	7.11
Veterans Day Parade	7.67
Summerfest	9.11
Children's Day	9.67
Christmas Parade	10.11
Larimer County Fair Parade	10.33
Public Works Day	10.89
Santa Cops	11.00
Sculpture in the Dark	11.67
Citizen Police Academy	12.11
Valley 5000 Race	12.11
Community Night Out	13.56

### Comments:

Combine some events ie corn roast/fair, Santa Cops/Christmas Parade.

I would like to know the cost of these events.

In all these cases we should look at past years accounting. If there is a possibility that they can earn their own revenue (keeping their own profits, if any) then we could look at discontinuing those expenses.

I have missed many of these due to City/board & commission meetings but feel the City should stay involved in civic-minded events (4th July, V-Day) and cut back on those than can be fueled by EL, Chamber, etc if necessary.

I would live without these remaining events although I have enjoyed many of them.

Parades are a pain in the butt which is why one is enough.



# Financial Sustainability Plan: Council Priority Questionnaire Results

## Major Revenue Sources

11. *Would you consider further discussion to explore any or all of the following revenue measures? Explanation: Each of these taxes would require a ballot issue and voter approval. In the comment section please comment on whether or not you would restrict the source to a specific purpose and what that purpose would be.*

	Yes	No	Maybe w/more info
Sales Tax Increase	3	3	3
Excise Tax	2	5	2
Use Taxes (other than auto and building materials)	2	3	4
Property Tax Mill Levy Increase	1	5	3
If responded "Yes", Desire restrictions on additional revenue	4	0	N/A

### Comments:

Rather than impose or increase a tax, reduce the city contribution or eliminate the program.

If our process indicates that citizens would rather pay higher taxes and decrease services I would consider referring that (those) question(s) to the voters. Only, however, after cutting the budget to the bone.

Restrictions related to specific benefits; increase fire & safety, public works & transportation are a few

Operating and maintenance costs for capital projects.

Reduction or elimination of food tax.

The Restriction(s) should always apply that the ballot language requires the monies to be spent for the specific purpose for which collected.

Our sales taxes are low in comparison to other cities

Any excise taxes collected must be used to support the specific department or activity that generated the tax.



# Financial Sustainability Plan: Council Priority Questionnaire Results

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12. Are there other new fees and charges that you would consider (i.e, Parks Maintenance Fee)?

**Comments:**

No

I would support new fees being charged specifically directed at the Users (Not the taxpaying public as a whole) of that specific service or product. If you play, you pay!

higher street maintenance fee

parks maintenance fee

Need more information





# Financial Sustainability Plan: Council Priority Questionnaire Results

## Taxpayers' Bill of Rights (Tabor) Revenue Limit

The TABOR ballot measure (aka de-Brucing) approved by the voters allowing the City to keep and spend any revenue over the TABOR Revenue limit expires at the end of 2012.

Taxpayers' Bill of Rights (Tabor) Revenue Limit	Yes	No	Avg Years
Would you consider referring another ballot question to allow the City to keep and spend revenue over the limit?	9	0	
If the above answer is yes should there be a sunset provision with a year limit?	4	4	
If the above answer is yes should there be an unlimited sunset?	4	1	
If you prefer a limitation to the number of years that the City could retain revenue over the limit, what number of years?	0	0	8.00
If the above answer is yes should there be restrictions place on the use of excess TABOR funds to include the current services listed:			
Police and Fire	3	2	
Police, Fire and Parks Maintenance & Construction	2	3	
Police, Fire, Parks Maintenance & Construction, and Street Maintenance & Construction	5	2	
Any General Fund Purpose	3	2	
Other: Police, Fire, Street Maint. & Const.	1	0	

Taxpayers' Bill of Rights (Tabor) Revenue Limit	Yes	No	Avg Years	Individual Surveys											
Would you consider referring another ballot question to allow the City to keep and spend revenue over the limit?	9	0		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
If the above answer is yes should there be a sunset provision with a year limit?	4	4		Y	Y		N	N	N	Y	N	Y			
If the above answer is yes should there be a unlimited sunset?	4	1					N	Y	Y		Y		Y		
If you prefer a limitation to the number of years that the City could retain revenue over the limit, what number of years?	0	0	8.00											5	10
If the above answer is yes should there be restrictions place on the use of excess TABOR funds to include the current services listed:															Y
Police and Fire	3	2		Y				Y		N	Y				N
Police, Fire and Parks Maintenance & Construction	2	3		N				Y		N	Y				N
Police, Fire, Parks Maintenance & Construction, and Street Maintenance & Construction	5	2		Y				Y	Y		N	Y	Y		N
Any General Fund Purpose	3	2		N				Y			N	Y	Y		
Other: Police, Fire, Street Maint. & Const.	1	0													Y

All results showing all data:

Comments:



# Financial Sustainability Plan: Council Priority Questionnaire Results

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The voters in Loveland have historically supported TABOR overrides. I would support putting the same de-Brucing measure we now have unless staff has some suggestions for restrictions or other changes.

To pass, would probably need to restrict to other than "any" GF purpose.

I marked "yes" to all above, But would not advocate "de-brucing" Be so Broad. I would suggest advocate ballot language be limited to two (three at the most) uses that have been ID'ed by the Citizenry and Council as having the greatest need.

let's quit messing with this and go for the whole enchilada

Voters would probably need a carrot of some kind and we would have to be creative about that.



# Financial Sustainability Plan: Council Priority Questionnaire Results

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## Wrap-Up

### *13. Are there other areas to consider in the Financial Sustainability process that have not been addressed in this survey?*

I am looking forward to hearing what our citizen meetings bring back. While I have my own ideas about what process we need to have moving forward I think the direction we get from our community will guide us remarkably well. The only thing I might mention is something that I have no doubt is already being used. In preparing for the ballot measures of last fall departments were tasked with taking a very hard look at what hierarchy they had for services and staff. I imagine this would be a good taking off point from the City side since so much hard work has already been done in that regard.

(1) Credit Cards pulled from Majority of employees

(2) Conference & travel limitations placed on Council & Staff & employees, training dollars carefully monitored.

(3) Consideration of Caps on higher salaried positions

We really need to get to a 3 man per truck standard on fire.

Police seems to get everything they want and I'm sure there are some cuts to be made there.

We should not be providing services that compete w/private sector i.e. - another recreation center, meeting space,

The city is not a social service agency. We should leave these things to the non-profit and faith sectors and give them financial support.

Staffing patterns in every department.