



**PROCLAMATION**

- WHEREAS,** Rotary International, founded on February 23, 1905 in Chicago, Illinois USA, is the world's first and one of the largest non-profit service organizations; and
- WHEREAS,** there are over 1.2 million Rotary club members comprised of professional and business leaders in over 31,000 clubs in more than 165 countries; and
- WHEREAS,** the Rotary motto "Service Above Self" inspires members to provide humanitarian service, encourage high ethical standards, and promote good will and peace in the world; and
- WHEREAS,** Rotary funds club projects and sponsors volunteers with community expertise to provide medical supplies, health care, clean water, food production, job training, and education to millions in need, particularly in developing countries; and
- WHEREAS,** Rotary in 1985 launched Polio Plus and spearheaded efforts with the World Health Organization, U.S Centers for Disease Control and Prevention, and UNICEF to immunize the children of the world against polio; and
- WHEREAS,** polio cases have dropped by 99 percent since 1988 and the world stands on the threshold of eradicating the disease; and
- WHEREAS,** Rotary is the world's largest privately-funded source of international scholarships and promotes international understanding through scholarships, exchange programs and humanitarian grants; and
- WHEREAS,** more than 35,000 students from 110 countries have studied abroad since 1947 as Rotary Ambassadorial Scholars; and
- WHEREAS,** Rotary's Group Study Exchange program has helped more than 46,000 young professionals explore their career fields in other countries; and
- WHEREAS,** 8,000 secondary-school students each year experience life in another country through Rotary's Youth Exchange Program; and
- WHEREAS,** there are over 300 Rotary club members in 3 clubs throughout this city sponsoring service projects to address such critical issues as poverty, health, hunger, illiteracy, and the environment in their local communities, and abroad.

**NOW, THEREFORE,** we, the City Council of Loveland, do hereby proclaim October 24<sup>th</sup>, 2011 as

**ROTARY INTERNATIONAL DAY IN LOVELAND**

and encourage all citizens to join us in recognizing Rotary International for 100 years of service to improving the human condition in local communities around the world.

Signed this 1st day of November, 2011

Cecil A. Gutierrez, Mayor

Mayor Gutierrez called the Study Session of the Loveland City Council to order at 6:30 p.m. on the above date. Councilors present: Gutierrez, Heckel, Solt, Klassen, McEwen, Rice, Johnson, McKean and Shaffer. City Manager, Bill Cahill was also present.

1. DEVELOPMENT SERVICES

Poverty and Homelessness in Loveland

Community Partnership Director, Alison Hade presented this discussion item to Council. The Community Partnership Office and the Poverty Task Force reviewed statistics and programs addressing poverty and homelessness in our community. Councilors commented on concerns they were aware of in the community. Ms Hade will pursue these concerns in planning future activities to address poverty and homelessness. Council thanked everyone involved for their hard work in this effort.

2. DEVELOPMENT SERVICES

Development Permitting Process Improvements

Development Services Director, Greg George presented this item to Council. Also present were Water and Power Director, Steve Adams and Public Works Director, Keith Reester, who joined Fire Chief, Randy Mirowski in reviewing the report of on-going initiatives undertaken to improve the development permitting process. The report focused primarily on the results of implementing the SMART Objectives – objectives that are Specific, Measurable, Achievable, Relevant and Time-Based - developed in January 2010 and fully implemented in January 2011. Staff has restructured the site plan process, improved coordination of inspections and approval of civil improvements, simplified the building permit process and initiated electronic submittal and reviews. Further process assessment has identified areas for future improvements staff will seek to implement and adjust going forward. Councilors gave input to staff to focus future efforts in assessing the process and thanked everyone involved for their hard work.

The study session was adjourned at 8:39 p.m.

Respectfully Submitted,

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Jeannie M. Weaver, Deputy City Clerk

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Cecil A. Gutierrez, Mayor

**CALL TO ORDER** Mayor Gutierrez called the regular meeting of the Loveland City Council to order on the above date at 6:30 PM.

**PLEDGE OF ALLEGIANCE**

**ROLL CALL** Roll was called and the following responded: Gutierrez, McKean, Klassen, Heckel, Johnson, Solt, Shaffer, McEwen and Rice.

**PROCLAMATION** Councilor Klassen read the proclamation which was received by Victor Beebe.  
**PROCLAMATION**

WHEREAS the City of Loveland recognizes the importance of the contributions of the disabled community; and  
WHEREAS according to the 2010 census, there are 36 million people who have at least one disability, about 12 percent of the total U.S. population. Those with vision difficulties number 6.5 million, while 19.4 million have problems walking or climbing stairs. Another 13.5 million have difficulty concentrating, remembering, or making decisions; and

WHEREAS in 2010, approximately 9.6% of citizens in Colorado are considered disabled; and

WHEREAS according to the 2010 census, the number of senior citizens and number of persons with disabilities living in Loveland is over 15% of the City's population; and

WHEREAS to give more of a voice to the people with disabilities in Loveland and to assist the City in addressing issues related to persons with disabilities, the City Council formed the Disabilities Advisory Commission in October, 1976. The formation of the Disabilities Advisory Commission 35 years ago predates the Americans with Disabilities Act, which was implemented in 1990. The City also recognizes the important role that the Disabilities Advisory Commission plays in assisting the City to meet the requirements of the ADA and in raising awareness regarding disability issues.

NOW, THEREFORE, we, the City Council of Loveland, do hereby proclaim October 12, 2011 as  
**DISABILITIES ADVISORY COMMISSION'S 35TH ANNIVERSARY DAY**

Signed this 18th day of October, 2011

Cecil A Gutierrez, Mayor

**PROCLAMATION** Councilor McEwen read the proclamation which was received by Danielle Willis.  
**PROCLAMATION**

WHEREAS, the prevalence of those living with HIV/AIDS continues to increase in communities across our nation; and

WHEREAS, the mission of the Northern Colorado AIDS Project (NCAP) is to improve the quality of life for people living with HIV/AIDS and to help reduce the spread and stigma of the disease; and

WHEREAS, for twenty-five years, NCAP has advocated for and served those living with HIV/AIDS in an eight-county area of northern Colorado that encompass nearly 16,000 square miles - an area roughly equivalent in size to West Virginia; and

WHEREAS, the work performed by NCAP is entirely unduplicated, offering comprehensive assistance through HIV testing, prevention counseling, medical case management and mental health care; and

WHEREAS, NCAP's national recognition in presentations at the Boston School of Social Work National Conference on HIV/AIDS 2008-2011, the Rural Centers for AIDS Prevention National Conference 2010-2011, and The US Conference on AIDS 2010 substantiates its efficacy as a successful model of delivery, programming and management; and,

WHEREAS, NCAP has now joined forces with Western Colorado Aids Project, Southern Colorado Aids Project and Denver Colorado Aids Project to form a new centralized, statewide organization to achieve greater efficiencies and benefits to those it serves.

NOW THEREFORE, we the City Council of Loveland, do hereby join with the Northern Colorado AIDS Project in its mission to improve awareness through prevention, education and the delivery of care through testing and case management do hereby proclaim November 2nd as

**NORTHERN COLORADO AIDS PROJECT DAY**

in Loveland and ask everyone in healthcare and our citizens as a whole to recognize the importance of prevention, education and testing in our effort to reduce the number of newly diagnosed cases of HIV/AIDS and to join us in thanking NCAP for twenty-five years of continuous service to our community.

Signed this 18th day of October, 2011

Cecil A. Gutierrez, Mayor

## PRESENTATIONS

1. Tom Donnelly, Larimer County Commissioner and Nick Christensen, Larimer County Sheriff's Office presented information about the Larimer County jail facility.
2. Ed Aitken and Tony DuMosch with Post 41 of the Associated Veterans of Loveland presented a certificate of appreciation to the City of Loveland.

## PROCEDURAL INFORMATION

Mayor Gutierrez made the following procedural announcement: Anyone in the audience will be given time to speak to any item on the Consent Agenda. Please ask for that item to be removed from the Consent Agenda. Items pulled will be heard at the beginning of the Regular Agenda. You will be given an opportunity to speak to the item before the Council acts upon it. Public hearings remaining on the Consent Agenda are considered to have been opened and closed, with the information furnished in connection with these items considered as the only evidence presented. Adoption of the items remaining on the Consent Agenda is considered as adoption of the staff recommendation for those items. Anyone making a comment during any portion of tonight's meeting should come forward to a microphone and identify yourself before being recognized by the Mayor. Please do not interrupt other speakers. Side conversations should be moved outside the Council Chambers. Please limit your comments to no more than three minutes.

## CONSENT AGENDA

Mayor Gutierrez asked if anyone in the audience, Council or staff wished to speak on any of the items or public hearings listed on the Consent Agenda. Councilor Johnson moved to approve the Consent Agenda. The motion was seconded by Councilor Heckel and a roll call vote was taken with all councilors present voting in favor thereof.

### 1. MINUTES

- a) Minutes for the September 27, 2011 Study Session were approved.
- b) Minutes for the September 27, 2011 Special Meeting were approved.
- c) Minutes for the September 28, 2011 Special Meeting were approved.
- d) Minutes for the October 4, 2011 Regular Meeting were approved.
- e) Minutes for the October 5, 2011 Special Meeting were approved.

### 2. CITY MANAGER

#### Board & Commission Appointments

#### Motion

Administrative Action: A motion to approve the following appointments was approved.

Community Marketing Commission: Diana McKinney for a partial term effective until June 30, 2013. Kurt Albers and Ingrid Bush were appointed as Alternate members each for a one year term effective until October 18, 2012.

Human Services Commission: Rebecca Paulson and Penn Street were each appointed to a three year term effective until June 30, 2014.

Open Lands Advisory Commission: Ted Mioduski, Jr was appointed to a term effective until December 31, 2014.

### 3. PUBLIC WORKS

#### Supplemental Appropriation – Safe Routes to School Program US 287 and Garfield Avenue Signal Replacement – CDOT Grant

Ordinance #5633

Administrative Action: "AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 CITY OF LOVELAND BUDGET FOR SIGNAL REPLACEMENT AT THE US 287 AND GARFIELD AVENUE INTERSECTION" was approved and ordered published on second reading.

### 4. PUBLIC WORKS

#### Supplemental Appropriation – Safe Routes to School Program

Ordinance #5634

Administrative Action: "AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 CITY OF LOVELAND BUDGET FOR THE SAFE ROUTES TO SCHOOL PROGRAM." was approved and ordered published on second reading.

### 5. PUBLIC WORKS

#### Supplemental Appropriation – Traffic Signals at I-25 and US34

Ordinance #5635

Administrative Action: "AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 CITY OF LOVELAND BUDGET FOR MANAGEMENT OF THE INSTALLATION OF THE I-25 AND U.S. 34 TRAFFIC SIGNALS" was approved and ordered published on second reading.

### 6. FINANCE

#### 2012 City of Loveland Budget

##### a) Resolution #R-63-2011

Administrative Action: Resolution #R-63-2011 adopting the 2012 Schedule of Rates, Charges, and Fees for services provided by the Stormwater Enterprise of the City of Loveland and superseding all prior Resolutions establishing such rates, charges and fees was approved on second reading.

##### RESOLUTION #R-63-2011

A RESOLUTION ADOPTING THE 2012 SCHEDULE OF RATES, CHARGES, AND FEES FOR SERVICES PROVIDED BY THE STORMWATER ENTERPRISE OF THE CITY OF LOVELAND AND SUPERSEDING ALL PRIOR RESOLUTIONS ESTABLISHING SUCH RATES, CHARGES, AND FEES

WHEREAS, the Loveland Municipal Charter and Code provide that all utility rates, charges, and fees of the City shall be set by resolution upon two readings of the City Council; and

WHEREAS, the City Council last set the rates, charges, and fees for services provided by the City's Stormwater Enterprise in Resolution #R-52-2010; and

WHEREAS, the City Council periodically adjusts the rates, charges, and fees for services provided by the City's Stormwater Enterprise to more accurately reflect the cost of providing such services to the customers; and

WHEREAS, City staff has presented to the City Council a revised "Schedule of Rates, Charges, and Fees," a copy of which is attached hereto as Exhibit A and incorporated herein by reference ("Schedule of Rates, Charges, and Fees").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the Schedule of Rates, Charges, and Fees, attached hereto as Exhibit A, is hereby adopted for services provided by the Stormwater Enterprise of the City of Loveland and shall apply to all billings mailed on or after January 1, 2012.

Section 2. That this Resolution shall supersede in all respects all previous resolutions of the City Council which set the rates, charges, and fees now being set, including those set in Resolution #R-52-2010, for all billings mailed on or after January 1, 2012.

Section 3. That notwithstanding the foregoing, the rates, charges, and fees set in Resolution #R-52-2010 shall continue in full force and effect from the date of this Resolution until they are superseded on January 1, 2012 as provided herein.

Section 4. That this Resolution shall be effective as of the date of its adoption on second reading as provided in the Loveland Municipal Code.

ADOPTED this 4th day of October, 2011.

Cecil A. Gutierrez, Mayor

Attest: Teresa G. Andrews, City Clerk

Exhibit A is available in the City Clerk's Office

**b) Resolution #R-64-2011** Administrative Action: Resolution #R-64-2011 adopting the 2012 Schedule of Rates, Charges, and Fees for services provided by the Water and Power Department of the City of Loveland and superseding all prior Resolutions establishing such rates, charges and fees was approved on second reading.

RESOLUTION #R-64-2011

A RESOLUTION ADOPTING THE 2012 SCHEDULE OF RATES, CHARGES, AND FEES FOR SERVICES PROVIDED BY THE WATER AND POWER DEPARTMENT OF THE CITY OF LOVELAND AND SUPERSEDING ALL PRIOR RESOLUTIONS ESTABLISHING SUCH RATES, CHARGES, AND FEES

WHEREAS, the Loveland Municipal Charter and Code provide that all utility rates, charges, and fees of the City shall be set by resolution upon two readings of the City Council; and

WHEREAS, the City Council last set the rates, charges, and fees for services provided by the City's Water and Power Department in Resolution #R-53-2010; and

WHEREAS, the City Council periodically adjusts the rates, charges, and fees for services provided by the City's Water and Power Department to more accurately reflect the cost of providing said services to the customers; and

WHEREAS, City staff has presented to the City Council a revised "Schedule of Rates, Charges, and Fees," a copy of which is attached hereto as Exhibit A and incorporated herein by reference ("Schedule of Rates, Charges, and Fees").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the Schedule of Rates, Charges, and Fees, attached hereto as Exhibit A, is hereby adopted for services provided by the Water and Power Department of the City of Loveland and shall apply to all billings mailed on or after January 1, 2012. Section 2. That this Resolution shall supersede in all respects all previous resolutions of the City Council which set the rates, charges, and fees now being set, including those set in Resolution #R-53-2010, for all billings mailed on or after January 1, 2012.

Section 3. That notwithstanding the foregoing, the rates, charges, and fees set in Resolution #R-53-2010 shall continue in full force and effect from the date of this Resolution until they are superseded on and after January 1, 2012 as provided herein.

Section 4. That this Resolution shall be effective as of the date of its adoption on second reading as provided in the Loveland Municipal Code.

Cecil A. Gutierrez, Mayor

Attest: Teresa G. Andrews, City Clerk

Exhibit A is available in the City Clerk's Office

**c) Ordinance #5636** Legislative Action: "AN ORDINANCE ADOPTING THE 2011 MILL LEVY FOR THE GENERAL FUND OF THE CITY OF LOVELAND, COLORADO" was approved and ordered published on second reading.

**d) Ordinance #5637** Administrative Action: "AN ORDINANCE ADOPTING A 2012 PAY PLAN FOR CITY EMPLOYEES, AND SUPERSEDING ALL PRIOR ORDINANCES ADOPTING SUCH A PAY PLAN" was approved and ordered published on second reading.

- e) Ordinance #5638 Administrative Action: "AN ORDINANCE ADOPTING THE 2012 BUDGET FOR THE CITY OF LOVELAND, COLORADO" was approved and ordered published on second reading.
- f) Ordinance #5639 Administrative Action: "AN ORDINANCE MAKING AN APPROPRIATION FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2012 AND ENDING DECEMBER 31, 2012 FOR THE CITY OF LOVELAND, COLORADO" was approved and ordered published on second reading.
- g) Ordinance #5640 Administrative Action: "AN ORDINANCE AMENDING SECTION 3.08.020 OF THE LOVELAND MUNICIPAL CODE REGARDING PLACEMENT OF GENERAL FUND TAX REVENUES IN A RESERVE ACCOUNT" was approved and ordered published on second reading.

## 7. FINANCE

### 2012 Budget for the Loveland Special Improvement District #1

- Ordinance #5641 Administrative Action: "AN ORDINANCE ADOPTING THE 2012 BUDGET FOR THE LOVELAND SPECIAL IMPROVEMENT DISTRICT #1" was approved and ordered published on second reading.

At 6:45 p.m., City Council adjourned and Convened as the Board of Commissioners for the Loveland Urban Renewal Authority (LURA)

## 8. FINANCE

### 2012 Budget for the Loveland Urban Renewal Authority

- Ordinance #5642 Administrative Action: "AN ORDINANCE ADOPTING THE 2012 BUDGET FOR THE LOVELAND URBAN RENEWAL AUTHORITY" was approved and ordered published on second reading.

At 6:45 p.m., the Board of Commissioners for the Loveland Urban Renewal Authority adjourned and Convened as the Board of Directors for the Loveland General Improvement District #1 (GID)

## 9. FINANCE

### 2012 Budget for the Loveland General Improvement District #1

- a) Ordinance #5643 Administrative Action: "AN ORDINANCE ADOPTING THE 2012 BUDGET FOR THE LOVELAND GENERAL IMPROVEMENT DISTRICT #1" was approved and ordered published on second reading.
- b) Ordinance #5644 Administrative Action: "AN ORDINANCE SETTING THE 2011 MILL LEVY FOR THE LOVELAND GENERAL IMPROVEMENT DISTRICT #1" was approved and ordered published on second reading.

At 6:45 p.m., the Board of Directors for the General Improvement District #1 adjourned and reconvened as City Council

## **10. FINANCE**

### **2012 Budget for Loveland-Fort Collins Municipal Airport**

#### **Ordinance #5645**

Administrative Action: "AN ORDINANCE ADOPTING THE 2012 BUDGET FOR THE FORT COLLINS-LOVELAND MUNICIPAL AIRPORT" was approved and ordered published on second reading.

## **11. PARKS & RECREATION**

### **Dryland Farm Lease Agreement**

#### **Resolution #R-59-2011**

Administrative Action: Resolution #R-59-2011 approving a Dryland Farm Lease on Sauer Open Lands Property was approved.

#### **RESOLUTION # R-66-2011**

#### **A RESOLUTION AUTHORIZING A GRANT AWARD AND AGREEMENT WITH THE U.S. DEPARTMENT OF TRANSPORTATION FOR A GRANT PERTAINING TO THE FORT COLLINS-LOVELAND MUNICIPAL AIRPORT**

WHEREAS, the Cities of Fort Collins and Loveland jointly own and operate the Fort Collins-Loveland Municipal Airport (the "Airport"); and

WHEREAS, the Cities have applied for a grant under the Small Community Air Service Development Program from the U.S. Department of Transportation ("DOT") in the amount of \$221,500.00 (the "Grant") to fund the Airport's efforts to address the air service needs of the community through completion of an air service development, communications and marketing plan for the Airport and development of a plan for the wingless flight program; and

WHEREAS, the DOT has notified that the Grant has been awarded to the Airport on the terms and conditions set forth in the Grant Award and Agreement attached hereto as Exhibit A and incorporated herein by this reference (the "Grant Agreement"); and

WHEREAS, the Grant requires local matching cash funds in the amount of \$19,602.00 (the "Local Cash Funds"), which are available for appropriation from the Airport Fund balance, and a local matching "in kind" contribution valued at \$16,335.00 to be provided by the Airport; and

WHEREAS, the Grant funds and the Local Cash Funds required under the Grant Agreement will be appropriated as a supplement appropriation to the Airport's 2011 budget.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO AS FOLLOWS:

Section 1. That the Grant Agreement and the Grant Assurances attached thereto are hereby approved.

Section 2. That the City Manager is authorized, following consultation with the City Attorney, to modify the Grant Agreement in form or substance as deemed necessary to effectuate the purposes of this resolution or to protect the interests of the City.

Section 3. That the City Manager and the City Clerk are hereby authorized and directed to execute the Grant Agreement, and the Grant Assurances attached thereto, on behalf of the City of Loveland.

Section 4. That this Resolution shall take effect as of the date and time of its adoption.

ADOPTED this 18th day of October, 2011.

Cecil A. Gutierrez, Mayor

Attest: Teresa G. Andrews, City Clerk

Exhibit A is available in the City Clerk's Office

## **11. AIRPORT**

### **Supplemental Appropriation - Small Community Air Service Development Program Grant**

#### **a)Resolution #R-66-2011**

Administrative Action: Resolution #R-66-2011 authorizing a grant award and agreement with the U.S. Department of Transportation for a grant pertaining to the Fort Collins-Loveland Municipal Airport was approved.

#### **RESOLUTION # R-66-2011**

#### **A RESOLUTION AUTHORIZING A GRANT AWARD AND AGREEMENT WITH THE U.S. DEPARTMENT OF TRANSPORTATION FOR A GRANT PERTAINING TO THE FORT COLLINS-LOVELAND MUNICIPAL AIRPORT**



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WHEREAS, the Grant requires local matching cash funds in the amount of \$19,602.00 (the "Local Cash Funds"), which are available for appropriation from the Airport Fund balance, and a local matching "in kind" contribution valued at \$16,335.00 to be provided by the Airport; and

WHEREAS, the Grant funds and the Local Cash Funds required under the Grant Agreement will be appropriated as a supplemental appropriation to the Airport's 2011 budget.

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Section 2. That the City Manager is authorized, following consultation with the City Attorney, to modify the Grant Agreement in form or substance as deemed necessary to effectuate the purposes of this resolution or to protect the interests of the City.

Section 3. That the City Manager and the City Clerk are hereby authorized and directed to execute the Grant Agreement, and the Grant Assurances attached thereto, on behalf of the City of Loveland.

Section 4. That this Resolution shall take effect as of the date and time of its adoption.

ADOPTED this 18th day of October, 2011.

Cecil A. Gutierrez, Mayor

Attest: Teresa G. Andrews, City Clerk

Exhibit A is available in the City Clerk's Office

b) 1<sup>st</sup> Rdg Ord & P.H. Administrative Action: A public hearing was held and "AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 FT. COLLINS-LOVELAND AIRPORT BUDGET FOR THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM GRANT" was approved and ordered published on first reading.

## 12. AIRPORT

### **Supplemental Appropriation – Facilities Remodeling Project**

1<sup>st</sup> Rdg Ord & P.H. Administrative Action: A public hearing was held and "AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 FT. COLLINS-LOVELAND AIRPORT BUDGET FOR THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM GRANT" was approved and ordered published on first reading.

## 13. PUBLIC WORKS

### **Utility Easement Vacation – Public Service Company of Colorado**

Resolution #R-67-2011 Administrative Action: Resolution #R-67-2011 granting a non-exclusive utility easement to Public Service Company of Colorado for installation and maintenance of gas, oil and associated communication facilities was approved.

#### RESOLUTION #R-67-2011

A RESOLUTION GRANTING A NON-EXCLUSIVE UTILITY EASEMENT TO PUBLIC SERVICE COMPANY OF COLORADO FOR INSTALLATION AND MAINTENANCE OF GAS, OIL, AND ASSOCIATED COMMUNICATION FACILITIES

WHEREAS, Public Service Company of Colorado ("PSCo") has requested that the City of Loveland grant PSCo a non-exclusive utility easement for installation of gas, oil, and associated communication facilities within a portion of property owned by the City at the northwest corner of Taft Avenue and 14th Street Southwest; and

WHEREAS, the Public Works Department reviewed PSCo's request and found that the proposed installation would not affect the City's operations at that location; and

WHEREAS, the City Council desires to grant the requested easement on the terms and conditions set forth in the "Public Service Company of Colorado Easement."

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the "Public Service Company of Colorado Easement," attached hereto as Exhibit A and incorporated herein by reference ("Easement"), is hereby approved.

Section 2. That the City Manager and the City Clerk are hereby authorized and directed to execute the Easement on behalf of the City of Loveland.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Easement as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 18th day of October, 2011.

Cecil A. Gutierrez, Mayor

Attest: Teresa G. Andrews, City Clerk

Exhibit A is available in the City Clerk's Office

## END OF CONSENT AGENDA

## CITY CLERK READ TITLES OF ORDINANCES ON THE CONSENT AGENDA.

### CITY COUNCIL

a) Citizens' Reports None

b) Business from Council

Shaffer Councilor Shaffer attended the Milner Schwartz house dedication, the ribbon cutting at the new Consignment Café and the poverty simulation. The Metropolitan Planning Organization reviewed funding. She extended "kudo's" to the Healthy Kids Club at B.F. Kitchen. The Alternative to Violence fundraiser will be held at Henry's.

Johnson Councilor Johnson mentioned there were additional agenda items for the Joint meeting with the School District.

Gutierrez Mayor Gutierrez also attended the Milner Schwartz house dedication, the Art Studio Tour and a ribbon cutting at Corecat Data Solutions. Group Publishing will host a luncheon for local charities on Wednesday.

c) City Manager Report City Manager Cahill announced Cumberland & Western (C&W) executed the letter of intent. The attorney's office is creating a draft purchase agent agreement to C&W. Economic Development Director Betsey Hale will attend the Transformative Investment Conference in Colorado Springs, October 27 and 28, 2011.

d) City Attorney Report None

## PROCEDURAL INFORMATION

Anyone who wishes to address the Council on any item on this part of the agenda may do so when the Mayor calls for public comment. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council present vote in favor of the

ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

## REGULAR AGENDA

### CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

#### 14. CITY MANAGER

##### **Support for Thompson School District's Mill Levy Override**

##### **Resolution #R-68-2011**

Administrative Action: This is an administrative item voicing City Council's support for the Thompson Schools Mill Levy Override 3A ballot issue on the November 1, 2011 ballot. The Mayor took public comment. Pam Howard spoke in support of the Resolution. Lucille Sienard, Thompson School District, spoke in support of the Resolution. Councilor Johnson made a motion to approve Resolution #R-68-2011 of the Loveland City Council in support of the Thompson School District's Mill Levy Override 3A Ballot Issue on the November 2011 Ballot. Councilor Shaffer seconded the motion and a roll call vote was taken with all Councilors present voting in favor thereof.

##### RESOLUTION #R-68-2011

A RESOLUTION OF THE LOVELAND CITY COUNCIL IN SUPPORT OF THOMPSON SCHOOL DISTRICT'S MILL LEVY OVERRIDE 3A BALLOT ISSUE ON THE NOVEMBER 2011 BALLOT

WHEREAS, the Thompson School District ("School District") has been faced with State funding cuts of \$18.5 million over the past three years; and

WHEREAS, the quality of Loveland's public schools is critical to retaining businesses and attracting other businesses with good paying jobs to the community; and

WHEREAS, businesses seeking to expand or relocate to Loveland require strong local schools; and

WHEREAS, strong local schools also attract and retain quality physicians, medical facilities and other professionals;

and

WHEREAS, the School District has placed on this November's ballot a TABOR ballot issue identified as "Mill Levy Override 3A" (the "Mill Levy Override"); and

WHEREAS, the Mill Levy Override will allow the School District to restore teacher and classroom support positions;

and

WHEREAS, the proceeds from the Mill Levy Override will stay exclusively within the School District; and

WHEREAS, the quality of our local schools has a direct impact on the readiness of our workforce; and

WHEREAS, the Mill Levy Override will raise an estimated \$12.8 million; and

WHEREAS, the Mill Levy Override sunsets in 12 years; and

WHEREAS, the City Council is permitted under the Colorado Fair Campaign Practices Act to express its support for the Mill Levy Override by the adoption of this Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF LOVELAND hereby declares its support for the School District's Mill Levy Override ballot issue that will be on the November 1 ballot. The City Council strongly urges the School District's registered electors to vote in favor of this Mill Levy Override, as it will directly benefit the entire community.

ADOPTED this 18th day of October, 2011

Cecil A. Gutierrez, Mayor

Attest: Teresa G. Andrews, City Clerk

**Councilor McEwen left the Council meeting at 8:35 p.m. and was absent during the rest of the meeting.**

#### 15. CITY MANAGER

##### **Annual Inflationary Increases in Capital Expansion Fees**

##### **Ordinance #5646**

Legislative Action: Executive Fiscal Advisor Alan Krmarik introduced this item to Council. This is a legislative action to approve an Ordinance suspending the normal and

customary annual inflationary increase for Capital Expansion Fees for 2012 on second reading. Councilor Johnson made a motion to approve and ordered published on second reading "AN ORDINANCE SUSPENDING ANNUAL INCREASES IN CAPITAL EXPANSION FEES PURSUANT TO LOVELAND MUNICIPAL CODE SECTION 16.38.110 FOR 2012". Councilor Heckel seconded the motion and a roll call vote was taken with five Councilors present voting in favor and Councilors Gutierrez, Shaffer and Solt voting against. The motion passed.

**16. Cultural Services**  
**State of the Arts in Loveland**

No action required. Andrea Svetlow, chair of the Visual Arts Commission and Museum staff member Suzanne Janssen introduced this item to Council. The presentation will provide an annual update regarding the activities of the Visual Arts Commission. Information on projects completed in the last year, projects currently in process with other City departments and an overview of plans for 2012 will be presented. The revised Art in Public Places Handbook of Guidelines, approved by the Visual Arts Commission on Tuesday, October 12, 2011 was distributed to Council.

**17. CITY MANAGER**

**Municipal Code Amendment – Investment Policy**

**1<sup>st</sup> Rdg Ord & P.H.**

Legislative Action: Executive Fiscal Advisor Alan Krcmarik introduced this item to Council. This is a legislative action to adopt an ordinance on first reading that will clarify the types of investments that may be made by the City. The ordinance (i) amends Loveland Municipal Code Section 3.04.070 so that City Council may authorize specified investments in addition to those already permitted under state law; and (ii) modifies the City's Investment Policy by adding descriptions, credit rating levels, maturity risk restrictions, and diversification limits for eight types of permitted investments. These changes provide specific guidance regarding investment in securities issued by government sponsored enterprises and corporate entities. The proposed changes provide support for the City to continue investing in the same manner as it has since 2005. The clarification is necessary because of the recent downgrade by Standard & Poor's of United States Treasury issues and securities issued by the United States government sponsored enterprises which constitute the majority of the City's investments.

**ADJOURNMENT**

Having no further business to come before Council, the October 18, 2011 Regular Meeting was adjourned at 9:48 p.m.

Respectfully Submitted,

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Teresa G. Andrews, City Clerk

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Cecil A. Gutierrez, Mayor



**CITY OF LOVELAND**  
CITY MANAGER'S OFFICE

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(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

---

**AGENDA ITEM:** 2  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** City Manager  
**PRESENTER:** Bill Cahill

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**TITLE:**

Appointment of members to Affordable Housing Commission, Community Marketing Commission, and Human Services Commission

**DESCRIPTION:**

An administrative item appointing members to the Affordable Housing Commission, the Community Marketing Commission, and the Human Services Commission

**BUDGET IMPACT:**

Yes  No

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**SUMMARY:**

**Affordable Housing Commission** has two openings. Angie Shafranek was interviewed October 17, 2011 and is recommended for appointment for a full term effective until June 30, 2014.

Rosemary Prawdzik resigned from **Community Marketing Commission** effective October 19, 2011. At the October 18, 2011 meeting, City Council approved Kurt Albers as an alternate member to the commission. At the October 19, 2011 meeting, the commission moved to recommend the appointment of Kurt Albers to the partial term effective until June 30, 2012.

**Human Services Commission** has had four openings. Amy Olinger was interviewed in mid-October, and she is recommended for appointment to HSC for a partial term effective until June 30, 2013. Three vacancies remain and recruiting continues.

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**LIST OF ATTACHMENTS:**

None

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**RECOMMENDED CITY COUNCIL ACTION:**

Motion to appoint Angie Shafranek to Affordable Housing Commission for a term effective until June 30, 2014.

Motion to appoint Kurt Albers to the Community Marketing Commission for a partial term effective until June 30, 2012.

Motion to appoint Amy Olinger to Human Services Commission for a partial term effective until June 30, 2013.

**REVIEWED BY CITY MANAGER:**



**CITY OF LOVELAND**  
**MUNICIPAL AIRPORT**

4900 Earhart Road • Loveland, Colorado 80538  
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**AGENDA ITEM:** 3  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Jason Licon, Airport Director  
**PRESENTER:** Keith Reester, Public Works Director

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**TITLE:**

An ordinance enacting a supplemental budget and appropriation to the 2011 Ft. Collins-Loveland Airport budget for the Small Community Air Service Development Program Grant

**DESCRIPTION:**

This is administrative action. The grant is in the amount of \$221,500.00. The grant will be used to fund the Airport's efforts to address the air service needs of the community through completion of an air service development, communications and marketing plan for the Airport and development of a plan for the wingless flight program. The appropriation is for a Federal Grant and local cash match to enhance service from the Airport.

**BUDGET IMPACT:**

Yes       No

The program is funded with a federal grant. The grant requires a local match of \$19,600, which is funded from reserves.

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**SUMMARY:**

With funds made available through the Small Community Air Service Development Pilot Program, the airport, in conjunction with the Cities of Loveland and Fort Collins plan to develop and implement a community based air service strategic plan with goals and objectives of meeting the growth needs of its aviation requirements needs for its citizens and business. This plan will work to increase awareness of airport initiatives, support incumbent carriers, provide new jobs and improve the region's access to the air transportation network. This plan will also include substantial public engagement in the local airport sponsor communities to further enhance the relationship between the airport and community members, including the general public and business interests.

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The funding derived from the grant totals \$221,500, and the Grant requires local matching cash funds in the amount of \$19,602.00 (the "Local Cash Funds"), which are available for appropriation from the Airport Fund balance, and a local matching "in kind" contribution valued at \$16,335.00 to be provided by the Airport.

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**LIST OF ATTACHMENTS:**

An ordinance enacting a supplemental budget and appropriation to the 2011 Ft. Collins-Loveland Airport budget for the Small Community Air Service Development Program Grant

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**RECOMMENDED CITY COUNCIL ACTION:**

Adopt the ordinance on second reading

**REVIEWED BY CITY MANAGER:**



**FIRST READING**            October 18, 2011

**SECOND READING**        November 1, 2011

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 FT. COLLINS-LOVELAND AIRPORT BUDGET FOR THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM GRANT**

**WHEREAS**, the Airport has received funds not anticipated or appropriated at the time of the adoption of the Airport budget for 2011; and

**WHEREAS**, the City Council desires to authorize the expenditure of these funds by enacting a supplemental budget and appropriation to the Airport budget for 2011, as authorized by Section 11-6(a) of the Loveland City Charter.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That revenues in the amount of \$19,600 from reserves and \$221,500 from a federal grant in the Airport Fund 018 are available for appropriation. Revenues in the total amount of \$241,500 are hereby appropriated for the Small Community Air Service Development Program and transferred to the funds as hereinafter set forth. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

<b>Supplemental Budget</b>	
<b>Airport Fund 018 - Small Community Air Service Development Program Grant</b>	
<b>Revenues</b>	
Fund Balance	19,600
018-0000-302-01-00-AP1110 Federal Aviation Authority Contribution	221,500
<b>Total Revenue</b>	<b>241,100</b>
<b>Appropriations</b>	
018-5503-409-30-50-AP1110 Professional Services	241,100
<b>Total Appropriations</b>	<b>241,100</b>

**Section 2.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

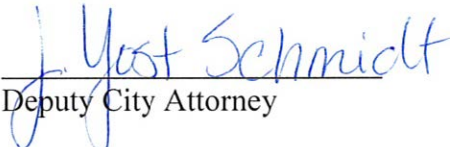
ADOPTED this \_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy City Attorney



**AGENDA ITEM:** 4  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Jason Licon, Airport Director  
**PRESENTER:** Jason Licon

---

**TITLE:**

An ordinance enacting a supplemental budget and appropriation to the 2011 Fort Collins-Loveland Municipal Airport Budget for a general aviation facilities remodeling project

**DESCRIPTION:**

This is an administrative action. The Airport currently has a newly renegotiated lease agreement with the Fort Collins – Loveland jetCenter. This lease requires the jetCenter Corporation to contribute \$141,000 worth of improvements to the airport owned facility prior to November 30, 2011, or their leased rate will be increased.

**BUDGET IMPACT:**

Yes  No

This project will be funded through new revenue not anticipated at the time of budget adoption, as a pass through to the airport, as the airport is the owner of the grounds and the associated improvements.

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**SUMMARY:**

The Airport owns the fixed base of operations building that is currently leased by Fort Collins – Loveland jetCenter. As part of a recently negotiated lease agreement, the jetCenter has until November 30, 2011 to make infrastructure improvements totaling \$141,000 or more. The jetCenter company will contribute \$141,000 to the Airport directly, and the Airport will then contract the necessary remodeling work to be done within the facility.

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**LIST OF ATTACHMENTS:**

Ordinance

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**RECOMMENDED CITY COUNCIL ACTION:**

Approve the ordinance on second reading

**REVIEWED BY CITY MANAGER:**

**FIRST READING**            October 18, 2011

**SECOND READING**        November 1, 2011

**ORDINANCE NO.** \_\_\_\_\_

**AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2011 FORT COLLINS-LOVELAND AIRPORT BUDGET FOR A GENERAL AVIATION FACILITIES REMODELING PROJECT**

**WHEREAS**, the Airport has received funds not anticipated or appropriated at the time of the adoption of the Airport budget for 2011; and

**WHEREAS**, the City Council desires to authorize the expenditure of these funds by enacting a supplemental budget and appropriation to the Airport budget for 2011, as authorized by Section 11-6(a) of the Loveland City Charter.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That revenues in the amount of \$141,000 from lease payments from the Loveland-Fort Collins jetCenter in the Airport Fund 018 are available for appropriation. Revenues in the total amount of \$141,000 are hereby appropriated for remodeling the General Aviations Facilities and transferred to the funds as hereinafter set forth. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget  
Airport Fund 018 - Ft. Collins -Loveland jetCenter Lease**

<b>Revenues</b>	
018-0000-301.25-00-AP1109 Fixed Base Operations Rent	141,000
<b>Total Revenue</b>	<b>141,000</b>
<b>Appropriations</b>	
018-5503-409-03-69 AP1109 Repair and Maintenance	141,000
<b>Total Appropriations</b>	<b>141,000</b>

**Section 2.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

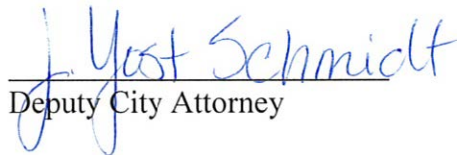
ADOPTED this \_\_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy City Attorney



**CITY OF LOVELAND**  
CITY MANAGER'S OFFICE

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**AGENDA ITEM:** 5  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Alan Krcmarik, Executive Fiscal Advisor  
**PRESENTER:** Alan Krcmarik

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**TITLE:**

Consideration of an ordinance on second reading amending Loveland Municipal Code Section 3.04.070 regarding investment of City Funds and the City Investment Policy

**DESCRIPTION:** This is a legislative action to adopt an ordinance on second reading that will clarify the types of investments that may be made by the City. The ordinance (i) amends Loveland Municipal Code Section 3.04.070 so that City Council may authorize specified investments in addition to those already permitted under state law; and (ii) modifies the City's Investment Policy by adding descriptions, credit rating levels, maturity risk restrictions, and diversification limits for eight types of permitted investments. These changes provide specific guidance regarding investment in securities issued by government sponsored enterprises and corporate entities. The proposed changes provide support for the City to continue investing in the same manner as it has since 2005. The clarification is necessary because of the recent downgrade by Standard & Poor's of United States Treasury issues and securities issued by the United States government sponsored enterprises which constitute the majority of the City's investments. On October 18, 2011 City Council unanimously approved the ordinance on first reading.

**BUDGET IMPACT:** This item has a budget impact in that investment earnings on reserve funds are part of the revenues on which the City relies to provide services and build capital improvements. Without this proposed set of amendments, the City would not be able to earn as much on its reserves as it has in the past.

Yes       No

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**SUMMARY:** On August 5, 2011, Standard & Poor's, one of three major credit rating firms, announced that it was lowering its rating on U.S. long-term credit. The other two major credit rating firms, Moody's and Fitch, reaffirmed their AAA ratings of the U.S. Treasury and government sponsored enterprise credit. Below, is S&P's summary statement regarding the downgrade.

“We lowered our long-term rating on the U.S. because we believe that the prolonged controversy over raising the statutory debt ceiling and the related fiscal policy debate indicate that further near-term progress containing the growth in public spending, especially on entitlements, or on

reaching an agreement on raising revenues is less likely than we previously assumed and will remain a contentious and fitful process. We also believe that the fiscal consolidation plan that Congress and the Administration agreed to this week falls short of the amount that we believe is necessary to stabilize the general government debt burden by the middle of the decade.

Our lowering of the rating was prompted by our view on the rising public debt burden and our perception of greater policymaking uncertainty, consistent with our criteria. Nevertheless, we view the U.S. federal government's other economic, external, and monetary credit attributes, which form the basis for the sovereign rating, as broadly unchanged.”

S&P also lowered its ratings on government sponsored enterprises (“GSE”), for example the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and others, from AAA to AA+. Based on discussions with representatives of the State of Colorado, investment professionals from other cities and counties, and investment advisors, this downgrade interacts with provisions of the State law regarding investments. To be able to maintain the current approach of investing in securities issued by the GSEs, the consensus of the discussions was to amend local investment policies because there is a six-month or longer delay in the State legislature taking action to clarify the state investment law.

### **Proposed City Ordinance**

The proposed ordinance makes a change to the Code and a change to the investment policy. The Colorado Revised Statutes regarding municipal investments specifically authorizes “*any home rule city, city and county, town, or county to invest any public funds in any security or other investment permitted under the charter or ordinance of such home rule city, city and county, town, or county.*” Section 1 of the proposed ordinance modifies Section 3.04.070 of the Loveland Municipal Code to allow Council to authorize specified investments for the City’s funds in addition to those already permitted under state law.

The second section of the proposed ordinance makes changes to the investment policy. The amendment is an addition to the existing investment policy Section VIII. Suitable and Authorized Investments. The amendment to the investment policy identifies eight types of investments: U.S. Treasuries, GSEs, State and Local bonds and notes, Corporate Securities, Local Government Investment Pools, Money Market Funds, Repurchase and Reverse Repurchase Agreements, and Bank Deposits as eligible investments. It also establishes the description of each eligible security type, credit rating requirements, maturity risk, and diversification limits.

The investment policy also contains an existing provision, which remains unmodified, regarding the application of the proposed changes in the investment policy to existing investments. Under Section XI. Policy 1. Exemption., each time the investment policy is amended this section is utilized as a “safe harbor” for existing investments.

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### **LIST OF ATTACHMENTS:**

Ordinance on second reading with Exhibit A

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### **RECOMMENDED CITY COUNCIL ACTION:**

Approve the ordinance on second reading

**REVIEWED BY CITY MANAGER:**



**FIRST READING**      October 18, 2011

**SECOND READING** November 1, 2011

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING LOVELAND MUNICIPAL CODE  
SECTION 3.04.070 REGARDING INVESTMENT OF CITY FUNDS AND  
THE CITY INVESTMENT POLICY**

**WHEREAS**, the City is a home-rule municipality under Article XX of the Colorado Constitution, with the authority to exercise as large a measure of home rule in municipal affairs as may be granted in the republican form of government, which the State of Colorado is obligated to maintain under its enabling act ; and

**WHEREAS**, Loveland Municipal Code Section 3.04.070 provides for deposit of City funds and for the investment of City funds as authorized by resolution and state law; and

**WHEREAS**, the City has adopted, by Resolution #R-9-2003, the City of Loveland Investment Policy dated February, 2003 (the “City Investment Policy”), which permits the investment of City funds as authorized by State law; and

**WHEREAS**, Colorado Revised Statutes §24-75-601.1(1)(m)(II) permits the governing body of a public entity to authorize certain investment in corporate or bank securities; and

**WHEREAS**, Colorado Revised Statutes §24-75-601.1(3)(b) expressly states that the statutory limits on investment of public funds do not limit the power of a home rule city to invest in any security or other investment permitted under the charter and ordinances of such city; and

**WHEREAS**, recent credit rating downgrades make it necessary to clarify the investments authorized by Code Section 3.04.070 and to modify the City Investment Policy with respect to investment in securities issued by government sponsored enterprises and corporate securities, to best serve the interests of the public.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That Section 3.04.070 of the Loveland Municipal Code is hereby amended to read in full as follows:

**3.04.070 Deposits--Investments.**

The city council may from time to time designate by resolution those banks, savings and loan associations, and other such institutions, which meet the qualifications required by the laws of the state for depositories of municipal funds, in which funds and moneys of the city may be deposited. All city funds shall be deposited in the name of the city in one or more of such institutions as may from time to time be directed by the city council. The

city council shall by ordinance authorize investment of all or any part of such funds and moneys in securities and other investments which are authorized by the ordinances of the city or by state law.

**Section 2.** That the City Council hereby amends the City Investment Policy to add the provisions set forth on **Exhibit A** attached hereto and incorporated herein by this reference to Section VIII of the Investment Policy.

**Section 3.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

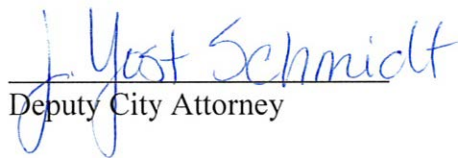
ADOPTED this \_\_\_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy City Attorney

# Exhibit A

*Section VIII. SUITABLE AND AUTHORIZED INVESTMENTS, of the City Investment Policy dated February, 2003 and approved by Resolution on February 4, 2003, shall be amended by the addition of the following provisions to read in full:*

“The following investments will be permitted by this investment policy:

## **1. United States Treasury and Agency Issues**

### Eligible Security Description:

Securities that are issued by the United States Treasury or Agencies of the United States Government for which the full faith and credit of the United States Treasury guarantees fully all principal and interest payments.

### Credit Rating:

Securities which carry two credit ratings with a minimum rating of AA-/Aa3/AA- respectively from Standard & Poor’s, Moody’s Investor service, or Fitch. Securities qualified under Section 2a-7 will be investment eligible on the agencies’ short-term credit scale, requiring a minimum rating of A1/P1/F1 from the respective rating agencies.

### Maturity Risk Restriction:

At the time of purchase, securities must have a maturity of no greater than five years from the date of settlement to the maximum possible maturity date.

### Diversification Limit:

Up to 100% of the total portfolio may be invested in securities purchased in United States Treasury and Agency issues.

## **2. Government Sponsored Enterprises (“GSE”)**

### Eligible Security Description:

Securities issued by federal government sponsored enterprises (“GSE”) such as, but not limited to the Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation. These securities are not guaranteed by the full faith and credit of the United States Government, however, they hold an implied federal guarantee.

### Credit Rating:

Must be senior debt obligations which carry two credit ratings with a minimum rating of AA-/Aa3/AA- from standard & Poor’s, Moody’s, or Fitch. Securities qualified under Section 2a-7 will be eligible for investing on the agencies’ short-term credit scale, requiring a minimum rating of A1/P1/F1 from Standard & Poor’s, Moody’s or Fitch.

Maturity Risk Restriction:

At the time of purchase, securities must have a maturity no greater than five years from the date of settlement to the maximum possible maturity date.

Diversification Limit:

Up to 75% of the portfolio may be invested in Government Sponsored Enterprises. No more than 35% of the total portfolio may be invested in the securities of any single GSE.

**3. State and Local Debt Issues**

Eligible Security Description:

General obligation or revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States, or, of any political subdivision, institution, department, agency, instrumentality, or authority or any such governmental entities.

Credit Rating:

Obligations which carry a minimum rating of AA-/Aa3/AA- respectively from Standard & Poor's Moody's or Fitch. Securities qualified under section 2s-7 will be eligible for investing on the agencies' short-term credit scale, requirement a minimum rating of A1/P1/F1 respectively from Standard & Poor's, Moody's, or Fitch. If a short-term rating has not been assigned, then apply the long-term credit scale.

The City may invest in its own bond, lease, or note issues, and those of its urban renewal authority without a rating, consistent with existing state law.

Maturity Risk Restriction:

At the time of purchase, such securities must have a maturity no greater than five years from the date of settlement.

Diversification Limit:

Up to 50% of the portfolio may be invested in State and Local Government debt issues. No more than 10% of the total portfolio may be invested in the securities of any single government entity.

**4. Corporate Securities**

Eligible Security Description:

United States dollar denominated debt instruments issued by a corporation or bank which is organized and operated within the United States and has a net worth in excess of two hundred fifty million dollars.

Credit Rating:

Must be obligations which carry two credit ratings with a minimum rating of AA-/Aa3/AA- respectively from Standard & Poor's, Moody's, or Fitch. Securities qualified under section 2a-7 will be eligible for investing on the agencies' short-term credit scale,

requiring a minimum rating of A1/P1/F1 respectively from Standard & Poor's, Moody's, or Fitch. If a 2a-7 security has no assigned short-term rating, then apply the long-term scale criteria.

Maturity Risk Restriction:

At the time of purchase such securities must have a maturity no greater than three years from the date of settlement to the maximum possible maturity date.

Diversification Limit:

Up to 25% of the portfolio may be invested in Corporate Debt, exclusive of any amount invested in GSE securities. No more than 5% of the total portfolio may be invested in the securities of any single corporation.

**5. Local Government Investment Pools (LGIP)**

Eligible Security Description:

Shares in local government investment pools organized and operated per Colorado Revised Statutes.

Credit Rating:

Must carry a minimum rating of AAAM/Aaa from Standard & Poor' or Moody's.

Maturity Risk Restriction:

At the time of purchase of shares in the LGIP, they must be fully redeemable on the next business day.

Diversification Limit:

Up to 100% of the portfolio may be invested in local government pools. No more than 50% of the total portfolio may be invested in shares of any single LGIP.

**6. Money Market Funds**

Eligible Security Description:

Accounts that pool money from many investors, have a fund manager, and trade the fund's assets in accordance with the fund's objective. The Fund must be actively controlled by a registered investment company under the "Investment Company Act of 1940", as amended, and Securities Exchange Commission rule 2a-7 (17 CFR 270.2a-7). The fund must have assets in excess of one billion dollars, hold only securities eligible under C.R.S. section 24-75-601.1, a maximum maturity no greater than three years, and shares redeemable the next business day.

Credit Rating:

Must carry a minimum rating of AAAm/Aaa respectively from Standard & Poor's or Moody's.

Maturity Risk Restriction:

At the time of purchase, shares must be fully redeemable on the next business day.

Diversification Limit:

Up to 50% of the portfolio may be deposited in Money Market Funds. No more than 20% of the total portfolio may be invested in any single fund.

**7. Repurchase and Reverse Repurchase Agreements**

Eligible Security Description:

Agreements between a seller and a buyer whereby the seller agrees to repurchase the securities at an agreed upon price and usually at a stated time. Such securities subject to these agreements must have a coupon rate that is fixed from the time of settlement until its maturity date, and must be marketable. The title to or a perfected security interest in such securities, along with any necessary transfer documents, must be transferred to the investing public entity or to a custodian acting on behalf of the investing public entity. Such securities must actually be delivered to a third-party custodian or third-party trustee for safekeeping on behalf of the public entity. The collateral securities of repurchase agreements must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly. Eligible securities consist of only those referenced in this Section: 1. United States Treasury and Agency Issues and, 2. Government Sponsored Enterprises.

Credit Rating:

The counter-party must carry two credit ratings with a minimum rating of AA-/Aa3/AA- respectively from Standard & Poor's, Moody's, or Fitch. Securities qualified under Section 2a.7 will be eligible for investing on the agencies' short-term credit scale, requiring a minimum rating of A1/P1/F1 respectively from Standard & Poor's, Moody's, or Fitch. If a 2a-7 qualified security has no assigned short-term rating, then apply the long-term scale criteria.

Maturity Risk Restriction:

For Repurchase Agreements, at the time of purchase such agreements must have a maturity no greater than one year from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days. For Reverse Repurchase Agreements, at the time of purchase, such agreements must have a maturity no greater than 90 days from the date of settlement to the maximum possible maturity date. Requirements for both Repurchase Agreements and Reverse Repurchase Agreements, at the time of purchase are 1) the forward delivery period on such securities may not exceed 30 days 2) securities must be fully marketable 3) City must have title to or a perfected interest in said securities 4) all required documents must be transferred to acting safekeeping agent 5) securities must be delivered versus payment into the City's safekeeping account 6) securities must be collateralized at no less than one hundred two

percent and marked to market value no less frequently than weekly.

Diversification Limit:

Up to 50% of the portfolio may be invested in Repurchase Agreements and up to 20% of the portfolio may be invested in Reverse Repurchase Agreements. No more than 20% of the total portfolio may be invested in either of these agreements with any single counterparty.

**8. Deposits in State or Nationally Chartered Depository Institutions**

Eligible Security Description:

Such depositories must be participants in the State of Colorado Public Deposit Protection Act (PDPA) collateralization program as defined in C.R.S. Section 11-10.5-103, whereby, the bank must pledge their own securities.

Credit Rating:

As depositories are often unrated by nationally recognized credit rating agencies, any deposit and accrued interest above the Federal Depository Insurance Corporation (FDIC) maximum insured amount must be collateralized through the Public Deposit Protection Act. The Colorado Division of Banking and Colorado Division of Financial Services are responsible to monitor and assure adequate collateralization in reserve. For deposits above the FDIC limit and if a long-term credit rating is available from Standard & Poor's, Moody's, and Fitch, on the bank, then a minimum rating of A-/A3/A- respectively is required. If no such rating is assigned, then the bank must carry an acceptable rating from Bauer Financial.

Maturity Risk Restriction:

Demand Deposit, Savings, and Money Market accounts have no final maturity, therefore, can remain on deposit as long as the financial institution retains a Bauer financial rating of two stars for deposits fully insured by the FDIC or three stars for deposits subject to PDPA. All financial institutions must have an Adjusted Risk Based Capital (RBC) greater than eight as reported on their quarterly Call report.

Diversification Limit:

Up to 75% of the portfolio may be deposited in State of Nationally Chartered Depository institutions. No more than 30% of the total portfolio may be invested in any single type of bank instrument (Demand Deposit, Saving, Time Deposit, Money Market) at one depository.”

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**AGENDA ITEM:** 6  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Steve Adams, Director, W&P Department  
**PRESENTER:** Larry Howard, Senior Civil Engineer/Water Resources

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**TITLE:**

A Resolution of the City Council of the City of Loveland, Colorado approving an amendment to Contract No. 01WR6C0252 among the United States of America, the City of Loveland, Colorado, the Northern Colorado Water Conservancy District, and the City of Loveland, Colorado, Water Enterprise for conveyance of non-project municipal and industrial water through the facilities of the Colorado-Big Thompson Project

**DESCRIPTION:**

This is an administrative item to adopt a resolution approving an amendment to Contract No. 01WR6C0252 with the U.S. Bureau of Reclamation and the Northern Colorado Water Conservancy District – commonly referred to as the City’s “Carriage Contract.” This amendment modifies the Carriage Contract to specify which entity receives the City’s payment under the Carriage Contract. It does not change the amount to be paid by the City or any other terms or conditions of the Carriage Contract.

**BUDGET IMPACT:**

Yes     No

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**SUMMARY:**

On September 30, 2001, the City of Loveland and the City of Loveland, Water Enterprise entered into Contract No. 01WR6C0252 with the U.S. Bureau of Reclamation (“Reclamation”) and the Northern Colorado Water Conservancy District (“Northern Water”) for conveyance of City-owned water rights originating from diversions in the Big Thompson River, through facilities of the Colorado-Big Thompson Project. This contract is commonly referred to as the City’s Carriage Contract. The Carriage Contract makes it possible for the City’s water to be delivered into Green Ridge Glade Reservoir for storage and eventual treatment for municipal use at Chasteen’s Grove Water Treatment Plant. An original copy of Contract No. 01WR6C0252 is available in the City Clerk’s Office for review if needed.



One of the components of the City's annual payment for use of these facilities is the construction cost, set at \$8.08 per acre-foot for the term of the Carriage Contract. When the Carriage Contract was signed, Reclamation and Northern Water could not reach agreement regarding which entity was entitled to the construction cost component of the City's annual payment. To facilitate signature of the Carriage Contract, the parties ultimately decided that the construction cost component would be paid to Reclamation, while not waiving or prejudicing Northern Water's rights or ability to seek relief.

Northern Water subsequently filed suit in the U.S. Court of Federal Claims, which determined that the construction cost component of the City's annual payment should be divided equally between Northern Water and Reclamation. This amendment revises the Carriage Contract to be consistent with the court's order. The amendment has no effect on the City's annual payments, and does not modify any other term or condition of the Carriage Contract.

The change to the Contract is as follows:

~~5.e. "The District and the Contracting Officer do not agree regarding the crediting of the payment by the Enterprise, on behalf of the City, for the construction cost of the facilities, set at \$8.08 per acre-foot conveyed, as provided for in paragraph 5.a.(1) above (the "Construction Payment"). In order to allow this contract to be executed by all parties and implemented at the earliest possible date, the District agrees to having the Construction Payment credited to the United States in accordance with the Act of February 21, 1911 (hereinafter referred to as the "District's Agreement"). However, all parties agree that the District's Agreement does not in any way waive or prejudice the District's right or ability to seek and obtain a federal administrative, legislative or judicial determination of this issue. Finally, the United States agrees that, in the event that a final administrative or judicial decision, or Act of Congress, determines or directs that the Construction Payment should be credited in a manner different than that provided in Article 5.a.(1) above, this contract shall provide for crediting of the Construction Payment in accordance with such determination."~~

5.e.

- (1) Any future construction charge, as provided for in paragraph 5.a.(1) above as well as any previously paid construction charge shall be credited equally to the District and the United States in accordance with Article 22 of the District Contract which states:

*"Miscellaneous revenues arising out of use of project works, facilities, and other properties, subject to Article 18, shall be credited to the cost of construction of the project until such time as the final determination of construction costs has been made by the Secretary as provided in Article 6, and thereafter shall be credited equally to the District and the United States; provided, however, that all*

revenues derive from the carriage of other than project water through the Continental Divide Tunnel shall be the property of the District.”

- (2) The portion of the excess capacity service charge credited to the United States will be deposited into the general Reclamation Fund without a credit to the Project or Project contractors as provided for in the Act of February 21, 1911.

The Loveland Utilities Commission has been informed of the amendment.

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**LIST OF ATTACHMENTS:**

Resolution of the City of Loveland, Colorado

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**RECOMMENDED CITY COUNCIL ACTION:**

Adopt the Resolution

**REVIEWED BY CITY MANAGER:**

**RESOLUTION #R-68-2011**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO APPROVING AN AMENDMENT TO CONTRACT NO. 01WR6C0252 AMONG THE UNITED STATES OF AMERICA, THE CITY OF LOVELAND, COLORADO, THE NORTHERN COLORADO WATER CONSERVANCY DISTRICT, AND THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE FOR CONVEYANCE OF NON-PROJECT MUNICIPAL AND INDUSTRIAL WATER THROUGH THE FACILITIES OF THE COLORADO-BIG THOMPSON PROJECT**

**WHEREAS**, on September 30, 2001, the United States of America, acting through the Bureau of Reclamation (“Reclamation”), the Northern Colorado Water Conservancy District (the “District”), the City of Loveland, Colorado (the “City”), and the City of Loveland, Colorado, Water Enterprise (the “Water Enterprise”) entered into a contract for carriage of the City’s non-project water through the Colorado Big-Thompson Project facilities (the “Carriage Contract”); and

**WHEREAS**, when the Carriage Contract was signed, Reclamation and the District did not agree on which entity was to receive certain payments to be made by the City under the Carriage Contract; and

**WHEREAS**, to facilitate signature of the Carriage Contract, Reclamation and the District agreed that Reclamation would receive the payments, but that the District would be entitled to seek administrative or judicial relief, and that the Carriage Contract would later be modified to the extent necessary to be consistent with any subsequent administrative or judicial order; and

**WHEREAS**, on August 28, 2007, the District filed suit against Reclamation in the United States Court of Federal Claims to resolve the issue; and

**WHEREAS**, the United States Court of Federal Claims issued an order stating that the payments must be divided equally between Reclamation and the District; and

**WHEREAS**, the parties desire to amend the Carriage Contract to be consistent with the order of the United States Court of Federal Claims; and

**WHEREAS**, pursuant to C.R.S. § 29-1-203, the City is authorized to cooperate or contract with other governmental entities to provide any function, service, or facility lawfully authorized to each.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That the “Contract Amendment Among the United States of America, the City of Loveland, Colorado, the Northern Colorado Water Conservancy District, and the City of Loveland, Colorado, Water Enterprise for Conveyance of Non-Project Municipal and Industrial Water Through the Facilities of the Colorado-Big Thompson Project,” attached hereto as Exhibit A and incorporated herein by reference (the “Amendment”), is hereby approved.

**Section 2.** That the Mayor is hereby authorized, following consultation with the City Attorney, to modify the Amendment in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

**Section 3.** That the Mayor and the City Clerk are hereby authorized and directed to execute the Amendment on behalf of the City.

**Section 4.** That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 1<sup>st</sup> day of November, 2011

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Cecil A. Gutierrez, Mayor

ATTEST:

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City Clerk

APPROVED AS TO FORM:

  
Assistant City Attorney

**ORIGINAL**Contract No. 01WR6C0252  
Amendment No. 1**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Colorado-Big Thompson Project****CONTRACT AMENDMENT AMONG THE UNITED STATES OF AMERICA, THE  
CITY OF LOVELAND, COLORADO, THE NORTHERN COLORADO WATER  
CONSERVANCY DISTRICT, AND THE CITY OF LOVELAND,  
COLORADO, WATER ENTERPRISE,  
FOR CONVEYANCE OF NONPROJECT MUNICIPAL AND INDUSTRIAL WATER  
THROUGH THE FACILITIES OF THE COLORADO-BIG THOMPSON PROJECT**

THIS CONTRACT AMENDMENT, made this \_\_\_ day of \_\_\_\_\_, 2011, pursuant to Section 208 of H.R. 5483, as incorporated by reference in Public Law 106-377, October 27, 2000 (H. Report 106-988), the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof and supplementary thereto, and the Act of February 21, 1911 (36 Stat. 925), all collectively referred to as the Federal Reclamation Laws, is between the UNITED STATES OF AMERICA, hereinafter referred to as the "United States," represented by the Contracting Officer executing this Contract Amendment; and the CITY OF LOVELAND, COLORADO, hereinafter referred to as the "City;" and the CITY OF LOVELAND, COLORADO, WATER ENTERPRISE, hereinafter referred to as "the Enterprise;" and the NORTHERN COLORADO WATER CONSERVANCY DISTRICT, hereinafter referred to as the "District", each sometimes hereinafter individually called "Party", and sometimes hereinafter collectively called "Parties".

**EXPLANATORY RECITALS**

The following statements are made in explanation:

- a. WHEREAS, the United States constructed the Colorado-Big Thompson Project (Project) as set forth pursuant to the Act of June 25, 1910 (36 Stat. 835; 43 U.S.C. 398), and Subsection B of Section 4 of the Act of December 5, 1924 (43 Stat. 702; 43 U.S.C. 412) (Factfinder's Act), and an Act making appropriations for the Department of the Interior for fiscal year ending June 30, 1938 (50 Stat. 595) (Interior Department Appropriation Act, 1938); and
- b. WHEREAS, on July 5, 1938, the United States, acting through the Bureau of Reclamation (Reclamation), and the District executed Repayment Contract No. 9-07-70-W0020 (District Contract), the terms of which include, but are not limited to, the repayment of the District's share of the reimbursable irrigation portion of the construction costs and payment of its share of the annual operation, maintenance and replacement (OM&R) costs; and
- c. WHEREAS, Article 22 of the District Contract directs the disposition of incidental revenues; and

d. WHEREAS, the Parties entered into Contract No. 01WR6C0252 on September 30, 2001 (Loveland Contract), for conveyance service, when available, within the Project facilities for delivery of Loveland's non-project water; and

e. WHEREAS, the District and the United States did not agree on the crediting of the incidental revenues at the time the Loveland Contract was executed but agreed that in the event of a final administrative or judicial decision, or Act of Congress that determines or directs that the conveyance charge be credited in a manner different than that as required in Article 5.e. of the Loveland Contract, the conveyance charge would be credited in accordance with the determination; and

f. WHEREAS, pursuant to Article 5.e. of the Loveland Contract, Reclamation credited the construction payment paid by Loveland to the Reclamation Fund without a credit to the Project or Project contractors in accordance with the Act of February 21, 1911, from the execution date of the Loveland Contract through 2009; and

g. WHEREAS, on August 28, 2007, the District filed suit (Northern Colorado Water Conservancy District v United States of America et al, United States Court of Federal Claims, Case No. 07-637 C) (Case No. 07-637 C) against the United States for breach or non-performance by the United States of the Article 22 requirements of the District Contract; and

h. WHEREAS, on July 31, 2009, an opinion and order was issued on Case No. 07-637 C, which held that Article 22 of the District Contract is enforceable; and

i. WHEREAS, due to the outcome of Case No. 07-637 C, the Parties desire to amend the Loveland Contract to reflect the crediting of the construction payment pursuant to the judicial decision.

NOW THEREFORE, in consideration of the mutual covenants herein contained the Parties hereto agree as follows:

1. Article 5.e. entitled "Payment Obligation" of the Loveland Contract is hereby deleted in its entirety and replaced by the following language:

(1) Any future construction charge, as provided for in paragraph 5.a.(1) above as well as any previously paid construction charge shall be credited equally to the District and the United States in accordance with Article 22 of the District Contract which states:

*"Miscellaneous revenues arising out of use of project works, facilities, and other properties, subject to Article 18, shall be credited to the cost of construction of the project until such time as the final determination of construction costs has been made by the Secretary as provided in Article 6, and thereafter shall be credited equally to the District and the United States; provided, however, that all revenues derived from the carriage of other than project water through the Continental Divide Tunnel shall be the property of the District."*

- (2) The portion of the excess capacity service charge credited to the United States will be deposited into the general Reclamation Fund without a credit to the Project or Project contractors as provided for in the Act of February 21, 1911.

**EXISTING CONTRACT TO REMAIN IN EFFECT**

2. Except as herein provided, the existing Contract between the Parties hereto shall remain in full force and effect. This amendment shall not affect other Contract terms and conditions in effect at this time.

IN WITNESS WHEREOF, the Parties hereto have signed their names the day and year first above written.

THE UNITED STATES OF AMERICA

\_\_\_\_\_  
Regional Director

CITY OF LOVELAND, COLORADO

By: \_\_\_\_\_

Title: Mayor

Attest:

\_\_\_\_\_  
City Clerk

CITY OF LOVELAND, COLORADO  
WATER ENTERPRISE

By \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
*Asst.* City Attorney and Attorney for the Enterprise



NORTHERN COLORADO WATER  
CONSERVANCY DISTRICT

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

Title: \_\_\_\_\_



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**AGENDA ITEM:** 7  
**MEETING DATE:** 11/1/2011  
**TO:** City Council acting as Water Enterprise Board  
**FROM:** Steve Adams, Director, W&P Department  
**PRESENTER:** Larry Howard, Senior Civil Engineer/Water Resources

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**TITLE:**

A Resolution of the City of Loveland, Colorado, Water Enterprise approving an amendment to Contract No. 01WR6C0252 among the United States of America, the City of Loveland, Colorado, the Northern Colorado Water Conservancy District, and the City of Loveland, Colorado, Water Enterprise for conveyance of non-project municipal and industrial water through the facilities of the Colorado-Big Thompson Project

**DESCRIPTION:**

This is an administrative item to adopt a resolution as the Water Enterprise Board acting on behalf of the City of Loveland, Colorado, Water Enterprise, approving an amendment to Contract No. 01WR6C0252 with the U.S. Bureau of Reclamation and the Northern Colorado Water Conservancy District – commonly referred to as the City’s “Carriage Contract.” This amendment modifies the Carriage Contract to specify which entity receives the City’s payment under the Carriage Contract. It does not change the amount to be paid by the City or any other terms or conditions of the Carriage Contract.

**BUDGET IMPACT:**

Yes     No

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**SUMMARY:**

On September 30, 2001, the City of Loveland and the City of Loveland, Water Enterprise entered into Contract No. 01WR6C0252 with the U.S. Bureau of Reclamation (“Reclamation”) and the Northern Colorado Water Conservancy District (“Northern Water”) for conveyance of City-owned water rights originating from diversions in the Big Thompson River, through facilities of the Colorado-Big Thompson Project. This contract is commonly referred to as the City’s Carriage Contract. The Carriage Contract makes it possible for the City’s water to be delivered into Green Ridge Glade Reservoir for storage and eventual treatment for municipal use at Chasteen’s Grove Water Treatment Plant. An original copy of Contract No. 01WR6C0252 is available in the City Clerk’s Office for review if needed.

One of the components of the City's annual payment for use of these facilities is the construction cost, set at \$8.08 per acre-foot for the term of the Carriage Contract. When the Carriage Contract was signed, Reclamation and Northern Water could not reach agreement regarding which entity was entitled to the construction cost component of the City's annual payment. To facilitate signature of the Carriage Contract, the parties ultimately decided that the construction cost component would be paid to Reclamation, while not waiving or prejudicing Northern Water's rights or ability to seek relief.

Northern Water subsequently filed suit in the U.S. Court of Federal Claims, which determined that the construction cost component of the City's annual payment should be divided equally between Northern Water and Reclamation. This amendment revises the Carriage Contract to be consistent with the court's order. The amendment has no effect on the City's annual payments, and does not modify any other term or condition of the Carriage Contract.

The change to the Contract is as follows:

~~5.e. "The District and the Contracting Officer do not agree regarding the crediting of the payment by the Enterprise, on behalf of the City, for the construction cost of the facilities, set at \$8.08 per acre-foot conveyed, as provided for in paragraph 5.a.(1) above (the "Construction Payment"). In order to allow this contract to be executed by all parties and implemented at the earliest possible date, the District agrees to having the Construction Payment credited to the United States in accordance with the Act of February 21, 1911 (hereinafter referred to as the "District's Agreement"). However, all parties agree that the District's Agreement does not in any way waive or prejudice the District's right or ability to seek and obtain a federal administrative, legislative or judicial determination of this issue. Finally, the United States agrees that, in the event that a final administrative or judicial decision, or Act of Congress, determines or directs that the Construction Payment should be credited in a manner different than that provided in Article 5.a.(1) above, this contract shall provide for crediting of the Construction Payment in accordance with such determination."~~

5.e.

- (1) Any future construction charge, as provided for in paragraph 5.a.(1) above as well as any previously paid construction charge shall be credited equally to the District and the United States in accordance with Article 22 of the District Contract which states:

*"Miscellaneous revenues arising out of use of project works, facilities, and other properties, subject to Article 18, shall be credited to the cost of construction of the project until such time as the final determination of construction costs has been made by the Secretary as provided in Article 6, and thereafter shall be*

credited equally to the District and the United States; provided, however, that all revenues derive from the carriage of other than project water through the Continental Divide Tunnel shall be the property of the District.”

- (2) The portion of the excess capacity service charge credited to the United States will be deposited into the general Reclamation Fund without a credit to the Project or Project contractors as provided for in the Act of February 21, 1911.

The Loveland Utilities Commission has been informed of the amendment.

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**LIST OF ATTACHMENTS:**

Resolution of the City of Loveland, Colorado, Water Enterprise

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**RECOMMENDED WATER ENTERPRISE BOARD ACTION:**

Adopt the Resolution

**REVIEWED BY CITY MANAGER:**

**RESOLUTION #R-69-2011**

**A RESOLUTION OF THE BOARD OF THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE APPROVING AN AMENDMENT TO CONTRACT NO. 01WR6C0252 AMONG THE UNITED STATES OF AMERICA, THE CITY OF LOVELAND, COLORADO, THE NORTHERN COLORADO WATER CONSERVANCY DISTRICT, AND THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE FOR CONVEYANCE OF NON-PROJECT MUNICIPAL AND INDUSTRIAL WATER THROUGH THE FACILITIES OF THE COLORADO-BIG THOMPSON PROJECT**

**WHEREAS**, on September 30, 2001, the United States of America, acting through the Bureau of Reclamation (“Reclamation”), the Northern Colorado Water Conservancy District (the “District”), the City of Loveland, Colorado (the “City”), and the City of Loveland, Colorado, Water Enterprise (the “Water Enterprise”) entered into a contract for carriage of the City’s non-project water through the Colorado Big-Thompson Project facilities (the “Carriage Contract”); and

**WHEREAS**, when the Carriage Contract was signed, Reclamation and the District did not agree on which entity was to receive certain payments to be made by the City under the Carriage Contract; and

**WHEREAS**, to facilitate signature of the Carriage Contract, Reclamation and the District agreed that Reclamation would receive the payments, but that the District would be entitled to seek administrative or judicial relief, and that the Carriage Contract would later be modified to the extent necessary to be consistent with any subsequent administrative or judicial order; and

**WHEREAS**, on August 28, 2007, the District filed suit against Reclamation in the United States Court of Federal Claims to resolve the issue; and

**WHEREAS**, the United States Court of Federal Claims issued an order stating that the payments must be divided equally between Reclamation and the District; and

**WHEREAS**, the parties desire to amend the Carriage Contract to be consistent with the order of the United States Court of Federal Claims; and

**WHEREAS**, pursuant to C.R.S. § 29-1-203, the Water Enterprise is authorized to cooperate or contract with other governmental entities to provide any function, service, or facility lawfully authorized to each.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE:**

**Section 1.** That the “Contract Amendment Among the United States of America, the City of Loveland, Colorado, the Northern Colorado Water Conservancy District, and the City of Loveland, Colorado, Water Enterprise for Conveyance of Non-Project Municipal and Industrial Water Through the Facilities of the Colorado-Big Thompson Project,” attached hereto as Exhibit A and incorporated herein by reference (the “Amendment”), is hereby approved.

**Section 2.** That the President of the Water Enterprise Board is hereby authorized, following consultation with the City Attorney, to modify the Amendment in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the Water Enterprise.

**Section 3.** That the President and the Secretary of the Water Enterprise Board are hereby authorized and directed to execute the Amendment on behalf of the Water Enterprise.

**Section 4.** That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 1<sup>st</sup> day of November, 2011

\_\_\_\_\_  
Cecil A. Gutierrez, President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Assistant City Attorney

**ORIGINAL**Contract No. 01WR6C0252  
Amendment No. 1**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Colorado-Big Thompson Project****CONTRACT AMENDMENT AMONG THE UNITED STATES OF AMERICA, THE  
CITY OF LOVELAND, COLORADO, THE NORTHERN COLORADO WATER  
CONSERVANCY DISTRICT, AND THE CITY OF LOVELAND,  
COLORADO, WATER ENTERPRISE,  
FOR CONVEYANCE OF NONPROJECT MUNICIPAL AND INDUSTRIAL WATER  
THROUGH THE FACILITIES OF THE COLORADO-BIG THOMPSON PROJECT**

THIS CONTRACT AMENDMENT, made this \_\_\_ day of \_\_\_\_\_, 2011, pursuant to Section 208 of H.R. 5483, as incorporated by reference in Public Law 106-377, October 27, 2000 (H. Report 106-988), the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof and supplementary thereto, and the Act of February 21, 1911 (36 Stat. 925), all collectively referred to as the Federal Reclamation Laws, is between the UNITED STATES OF AMERICA, hereinafter referred to as the "United States," represented by the Contracting Officer executing this Contract Amendment; and the CITY OF LOVELAND, COLORADO, hereinafter referred to as the "City;" and the CITY OF LOVELAND, COLORADO, WATER ENTERPRISE, hereinafter referred to as "the Enterprise;" and the NORTHERN COLORADO WATER CONSERVANCY DISTRICT, hereinafter referred to as the "District", each sometimes hereinafter individually called "Party", and sometimes hereinafter collectively called "Parties".

**EXPLANATORY RECITALS**

The following statements are made in explanation:

- a. WHEREAS, the United States constructed the Colorado-Big Thompson Project (Project) as set forth pursuant to the Act of June 25, 1910 (36 Stat. 835; 43 U.S.C. 398), and Subsection B of Section 4 of the Act of December 5, 1924 (43 Stat. 702; 43 U.S.C. 412) (Factfinder's Act), and an Act making appropriations for the Department of the Interior for fiscal year ending June 30, 1938 (50 Stat. 595) (Interior Department Appropriation Act, 1938); and
- b. WHEREAS, on July 5, 1938, the United States, acting through the Bureau of Reclamation (Reclamation), and the District executed Repayment Contract No. 9-07-70-W0020 (District Contract), the terms of which include, but are not limited to, the repayment of the District's share of the reimbursable irrigation portion of the construction costs and payment of its share of the annual operation, maintenance and replacement (OM&R) costs; and
- c. WHEREAS, Article 22 of the District Contract directs the disposition of incidental revenues; and

d. WHEREAS, the Parties entered into Contract No. 01WR6C0252 on September 30, 2001 (Loveland Contract), for conveyance service, when available, within the Project facilities for delivery of Loveland's non-project water; and

e. WHEREAS, the District and the United States did not agree on the crediting of the incidental revenues at the time the Loveland Contract was executed but agreed that in the event of a final administrative or judicial decision, or Act of Congress that determines or directs that the conveyance charge be credited in a manner different than that as required in Article 5.e. of the Loveland Contract, the conveyance charge would be credited in accordance with the determination; and

f. WHEREAS, pursuant to Article 5.e. of the Loveland Contract, Reclamation credited the construction payment paid by Loveland to the Reclamation Fund without a credit to the Project or Project contractors in accordance with the Act of February 21, 1911, from the execution date of the Loveland Contract through 2009; and

g. WHEREAS, on August 28, 2007, the District filed suit (Northern Colorado Water Conservancy District v United States of America et al, United States Court of Federal Claims, Case No. 07-637 C) (Case No. 07-637 C) against the United States for breach or non-performance by the United States of the Article 22 requirements of the District Contract; and

h. WHEREAS, on July 31, 2009, an opinion and order was issued on Case No. 07-637 C, which held that Article 22 of the District Contract is enforceable; and

i. WHEREAS, due to the outcome of Case No. 07-637 C, the Parties desire to amend the Loveland Contract to reflect the crediting of the construction payment pursuant to the judicial decision.

NOW THEREFORE, in consideration of the mutual covenants herein contained the Parties hereto agree as follows:

1. Article 5.e. entitled "Payment Obligation" of the Loveland Contract is hereby deleted in its entirety and replaced by the following language:

(1) Any future construction charge, as provided for in paragraph 5.a.(1) above as well as any previously paid construction charge shall be credited equally to the District and the United States in accordance with Article 22 of the District Contract which states:

*"Miscellaneous revenues arising out of use of project works, facilities, and other properties, subject to Article 18, shall be credited to the cost of construction of the project until such time as the final determination of construction costs has been made by the Secretary as provided in Article 6, and thereafter shall be credited equally to the District and the United States; provided, however, that all revenues derived from the carriage of other than project water through the Continental Divide Tunnel shall be the property of the District."*



- (2) The portion of the excess capacity service charge credited to the United States will be deposited into the general Reclamation Fund without a credit to the Project or Project contractors as provided for in the Act of February 21, 1911.

**EXISTING CONTRACT TO REMAIN IN EFFECT**

2. Except as herein provided, the existing Contract between the Parties hereto shall remain in full force and effect. This amendment shall not affect other Contract terms and conditions in effect at this time.

IN WITNESS WHEREOF, the Parties hereto have signed their names the day and year first above written.

THE UNITED STATES OF AMERICA

\_\_\_\_\_  
Regional Director

CITY OF LOVELAND, COLORADO

By: \_\_\_\_\_

Title: Mayor

Attest:

\_\_\_\_\_  
City Clerk

CITY OF LOVELAND, COLORADO  
WATER ENTERPRISE

By \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
*Asst.* City Attorney and Attorney for the Enterprise

NORTHERN COLORADO WATER  
CONSERVANCY DISTRICT

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

Title: \_\_\_\_\_



**AGENDA ITEM:** 8  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Economic Development Department  
**PRESENTER:** Betsey Hale

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**TITLE:**

A Resolution amending the scheduled meeting dates and location of the Community Marketing Commission

**DESCRIPTION:**

This is an administrative action to change the meeting dates and location of those meetings of the Community Marketing Commission (CMC) from the first Thursday of every month in the City Manager's Conference Room to the third Wednesday of every month in the Council Chambers.

**BUDGET IMPACT:**

Yes  No

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**SUMMARY:**

The Community Marketing Commission (CMC) meetings have traditionally been held on the first Thursday of each month in the City Manager's Conference Room. In order to conduct the meetings in a more effective way and provide for public participation, it is desirable to shift the meetings to the City Council Chambers. The City Council Chambers is currently reserved on the first Thursday of the month during the current Commission meeting time. However, it is available on the third Wednesday of the month. On October 19, 2011 the Commission approved a motion to recommend that City Council change the Commission meeting date and location to the third Wednesday of every month in the City Council Chambers.

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**LIST OF ATTACHMENTS:**

Resolution Amending the Scheduled Meeting Dates and Location of the Community Marketing Commission

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**RECOMMENDED CITY COUNCIL ACTION:**

Motion to approve the resolution

**REVIEWED BY CITY MANAGER:**

**RESOLUTION #R-70-2011**

**A RESOLUTION AMENDING THE SCHEDULED MEETING DATES AND  
LOCATION OF THE  
COMMUNITY MARKETING COMMISSION**

**WHEREAS**, on December 7, 2010, City Council adopted Resolution #R-67-2010 setting forth the 2011 meeting dates and location for the City's boards and commissions, including the City of Loveland Community Marketing Commission (the "CMC"); and

**WHEREAS**, the CMC regular meeting time is currently set on the first Thursday of each month at 6:00 p.m. in the City Manager's Conference Room, 500 East Third Street, Loveland, Colorado; and

**WHEREAS**, the CMC desires to change the regular meeting time to the third Wednesday of each calendar month and the meeting location commencing with the November, 2011 meeting as set forth in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF LOVELAND, COLORADO:**

**Section 1.** That the meeting dates and location adopted in Resolution #R-67-2010 are hereby amended to change the CMC's regular meeting dates and location from the first Thursday of each calendar month in the City Manager's Conference Room to the third Wednesday of each calendar month in the Council Chambers commencing with the November, 2011 meeting. The meeting time shall remain the same: 6:00 p.m. The Council Chambers is located at 500 East Third Street, Loveland, Colorado.

**Section 2.** That Resolution #R-67-2010, as amended herein and by prior resolutions, shall remain in full force and effect.

**Section 3.** That pursuant to City Code Section 2.14.020B, the City Clerk is directed to publish the revised meeting dates and location established by this Resolution within seven days after the date of this Resolution to be published in a newspaper of general circulation in the City and in addition to post notice of such revised meeting dates and location in a conspicuous place in the City Municipal Building.

**Section 4.** That this Resolution shall take effect as of the date and time of its adoption.

**ADOPTED** this 1<sup>st</sup> day of November, 2011.

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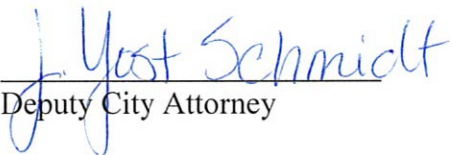
Cecil A. Gutierrez, Mayor

**ATTEST:**

---

City Clerk

APPROVED AS TO FORM:

  
Deputy City Attorney



**AGENDA ITEM:** 9  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Julia Garcia, Human Resources Director  
**PRESENTER:** Julia Garcia

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**TITLE:**

- A) A Resolution of the Loveland City Council regarding the compensation of the City Manager
- B) A Resolution of the Loveland City Council regarding the compensation of the City Attorney

**DESCRIPTION:**

This is an administrative action regarding compensation of the City Attorney and the City Manager. At the direction of City Council the City Attorney and City Manager shall receive a two percent (2%) merit increase to their base salary beginning on the initial pay period in 2012.

**BUDGET IMPACT:**

Yes      No

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**SUMMARY:**

On October 5, 2011, City Council conducted its annual evaluations. City Council has directed that the annual base salary for the City Attorney and City Manager increase by two percent (2%) for 2012.

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**LIST OF ATTACHMENTS:**

1. A Resolution of the City Council Regarding the Compensation of the City Attorney.
  2. A Resolution of the City Council Regarding the Compensation of the City Manager.
- 

**RECOMMENDED CITY COUNCIL ACTION:**

Staff recommends adoption of the two resolutions.

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**REVIEWED BY CITY MANAGER:**



**RESOLUTION #R-71-2011**

**A RESOLUTION OF THE LOVELAND CITY  
COUNCIL REGARDING THE COMPENSATION  
OF THE CITY MANAGER**

**WHEREAS**, on September 14, 2010, the City of Loveland (“the City”) and William D. Cahill entered into an Agreement appointing William D. Cahill (“Cahill”) as Loveland’s City Manager effective November 1, 2010 (the “Agreement”); and

**WHEREAS**, on October 5, 2011, pursuant to the terms of the Agreement and Loveland City Charter Section 8-1(d), City Council conducted its annual evaluation of the Cahill for 2011, and determined that Cahill’s compensation for 2012 should be increased by two percent (2.0%) of Cahill’s current annual base salary.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO** that:

Section 1. Cahill’s compensation for 2012 should be increased by two percent (2.0%) of Cahill’s current annual base salary.

Section 2. Except as amended by this Resolution, Cahill’s compensation and benefits as set forth in the Agreement shall remain unchanged and in full force and effect.

Section 3. The Agreement is hereby reaffirmed and ratified.

Section 4. Adequate cash reserves have been and shall be placed irrevocably in the City budget to be held for any severance payment made necessary pursuant to the terms of the Agreement.

Section 5. This Resolution shall take effect on the date and at the time of its adoption.

ADOPTED this \_\_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
Assistant City Attorney

A RESOLUTION OF THE LOVELAND CITY COUNCIL REGARDING THE COMPENSATION OF THE CITY MANAGER 2012

**RESOLUTION #R-72-2011**

**A RESOLUTION OF THE LOVELAND CITY  
COUNCIL REGARDING THE COMPENSATION  
OF THE CITY ATTORNEY**

**WHEREAS**, on April 23, 2001, the City of Loveland (“the City”) and John Duval entered into an Agreement appointing John Duval (“Duval”) as Loveland’s City Attorney effective May 8, 2001 (the “Agreement”); and

**WHEREAS**, on March 2, 2004, the City and Duval entered into that certain “First Addendum to Employment Agreement” (the “First Addendum”) in which paragraph 6.B. of the Agreement was amended to provide a severance payment after Duval’s initial three years of employment with the City; and

**WHEREAS**, in January of 2005, the City and Duval entered into that certain “Second Addendum to Employment Agreement” (the “Second Addendum”) in which paragraph 4.B. of the Agreement was amended to provide that the City’s contribution to Duval’s 401a plan was increased from two and one-half percent (2.5%) of Duval’s annual salary to three percent (3%) of Duval’s annual salary; and

**WHEREAS**, on March 3, 2009 City Council adopted Resolution #R-20-2009 increasing the compensation of Duval based on its annual evaluation of Duval in his capacity as City Attorney; and

**WHEREAS**, on November 3, 2009, City Council adopted Resolution #R-107-2009 that decreased the compensation of Duval through the use of four furlough days based on the economic downturn and to be consistent with the 2010 budget which reduced pay to most city employees through the implementation of four furlough days; and

**WHEREAS**, on December 7, 2010, City Council adopted Resolution #R-107-2009 that increased Duval’s vacation benefits by 5 days annually and increased the annual maximum vacation accrual carryover from 480 hours to 520 hours, as reflected in the “Third Addendum to Employment Agreement” (the “Third Addendum”) and excluded furlough days from Duval’s compensation; and

**WHEREAS**, on May 17, 2011, City Council adopted Resolution #R-35-2011 that increase Duval’s compensation for 2011 with a one-time, merit-based payment of 2.5 percent (2.5%) of Duval’s current annual base salary as reflected in the “Fourth Addendum to Employment Agreement” (the “Fourth Addendum”); and

**WHEREAS**, on October 5, 2011, pursuant to the terms of the Agreement and Loveland City Charter Section 9-1(g), City Council conducted its annual evaluation of the Duval for 2011, and determined that Duval’s compensation for 2012 should be increased by two percent (2.0%) of Duval’s current annual base salary, excluding the one-time merit-based payment reflected in the Fourth Addendum.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO that:**

Section 1. Duval's compensation for 2012 should be increased by two percent (2.0%) of Duval's current annual base salary, excluding the one-time merit-based payment reflected in the Fourth Addendum.

Section 2. Except as amended by this Resolution and the First Addendum, Second Addendum, Third Addendum and Fourth Addendum, Duval's compensation and benefits as set forth in the Agreement shall remain unchanged and in full force and effect.

Section 3. The Agreement, as amended by the First Addendum, Second Addendum, Third Addendum and Fourth Addendum is hereby reaffirmed and ratified.

Section 4. Adequate cash reserves have been and shall be placed irrevocably in the City budget to be held for any severance payment made necessary pursuant to the terms of the Agreement.

Section 5. This Resolution shall take effect on the date and at the time of its adoption.

ADOPTED this \_\_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Assistant City Attorney



**AGENDA ITEM:** 10  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Human Resources Department  
**PRESENTER:** Julia Garcia

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**TITLE:**

Motion to award the contract for City employee medical coverage to CIGNA HealthCare in an amount not to exceed \$1,212,000.00 and to authorize the City Manager to execute the contract on behalf of the City.

**DESCRIPTION:**

This is an administrative action. The item for consideration would allow the City Manager to enter into a contract for up to \$1,212,000.00 for 2012 with CIGNA HealthCare for City of Loveland employee healthcare administration. The contract stipulates that CIGNA HealthCare will provide healthcare administration for the City's employee healthcare.

**BUDGET IMPACT:**

Yes     No

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**SUMMARY:**

CIGNA HealthCare has provided third-party administration of City of Loveland employee healthcare plans since 1999. CIGNA was awarded the contract for these services in 2004 and again in 2011 through the Request for Proposals process. The contract is renewable each year until we request a new bid or either party terminates the agreement.

This contract is for expenditures of \$1,212,000. The money for this contract is appropriated in the 2012 budget.

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**LIST OF ATTACHMENTS:**

None

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**RECOMMENDED CITY COUNCIL ACTION:**

Motion to award the contract for City employee medical coverage administration to CIGNA HealthCare for an amount not to exceed \$1,212,000.00 and authorize the City Manager to execute the contract on behalf of the City.

**REVIEWED BY CITY MANAGER:**



**AGENDA ITEM:** 11  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Renee Wheeler, Finance Department  
**PRESENTER:** John Hartman, Budget Officer

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**TITLE:**

Public Hearing and consideration of an ordinance on first reading enacting a supplemental budget and appropriation to the City of Loveland, Colorado 2011 budget.

**DESCRIPTION:**

This is an administrative action. The ordinance is necessary to resolve several year-end issues and finalize the 2011 Budget. Several of the issues are new and the remainder we have been following through the year and have waited until now in order to provide the best forecast for the cost to the end of the year.

**BUDGET IMPACT:**

Yes       No

The additional appropriations are funded by unanticipated revenues and reserves.

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**SUMMARY:**

The Ordinance is necessary to make adjustments in several departments. Staff has been monitoring many of these issues throughout the year to arrive at a single more accurate forecast. The details of the adjustments are as follows:

- Funding is appropriated (\$25,000) in the Library Department for a mural or other art project to be displayed permanently on the curved wall on the second floor of the Library's new construction between the Administrative Offices and the iExplore public computer lab. The funding source is reserves from the balance in the Kroh Charitable Trust Account.
  - Appropriation of the PRPA contribution for economic development in 2011 (\$14,270).
  - Appropriation of donations received for the Business Appreciation event to offset the cost of the food for the event (\$10,000).
-

- Funding is included in the Development Services department for a reimbursement related to the asbestos cleanup at the Leslie the Cleaners building.
- Funding is appropriated (\$13,500) in the Development Services Department for the final payment on the Lincoln Hotel redevelopment project. This appropriation is to receive funds from the State Historical Fund to reimburse the costs the City paid for the preparation and recording of a conservation easement for the Lincoln Hotel Rehabilitation Grant. This appropriation will allow the grant to be finalized and closed out. The funding source is a reimbursement from a State Historical Grant.
- Funding for the purchase of bulletproof vests (\$2,600) and for supplies (\$16,760) in the Police Department. The funding source is a Federal Bureau of Justice Assistance Grant.
- Funding for overtime (\$9,350) is appropriated in the Police Department. The funding source is a State DUI Enforcement Grant.
- Funding is appropriated for the renovation and expansion of the Dispatch Communications Center (\$916,000). The funding sources are reserves in the General Fund (\$616,000) and Police CEF fees (\$300,000). The project will be completed in 2012 and the final funding for the total project of \$1.2 million is included in the 2012 adopted budget.
- The Fire Department receives reimbursements for Wildland fire response outside our jurisdiction to cover overtime and equipment use associated with the response. The department has also received rental fees for use of the training facility. These revenues are appropriated for overtime (\$25,000), training center repair and maintenance (\$9,730), and replacement of air compressor to fill breathing apparatus (\$42,680).
- Funding is appropriated to begin the design of the expansion of Fire Station 6 (\$25,000). The funding source is Fire CEF funds.
- Federal Grant funding for Transit operations is appropriated for an upgrade to the Paratransit scheduling software (\$36,730).
- Funding for a development agreement that allows generated sales tax to pay for deferred Capital Expansion Fees is appropriated based on actual sales tax generated. The funding source is General Fund reserves.
- Funding for fuel purchases is appropriated in the Public Works Department (\$175,000) due to higher than anticipated fuel prices. The funding source is Vehicle Maintenance Fund Unrestricted Fund Balance.
- The Police Department receives revenues from forfeited property and seizures (\$50,160). These revenues are appropriated to fund part of the expenses associated with the Regional Drug Task Force, primarily for overtime costs associated with investigations.

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#### **LIST OF ATTACHMENTS:**

1. An Ordinance on First Reading enacting a supplemental budget and appropriation to the City of Loveland, Colorado 2011 budget.



**RECOMMENDED CITY COUNCIL ACTION:**

Conduct a public hearing and approve the ordinance on First Reading.

**REVIEWED BY CITY MANAGER:**

FIRST READING      November 1, 2011

SECOND READING      \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND  
APPROPRIATION TO THE CITY OF LOVELAND, COLORADO 2011  
BUDGET**

**WHEREAS**, the City of Loveland has reserved funds on hand not appropriated at the time of the adoption of the City budget for 2011; and

**WHEREAS**, the City has received funds not anticipated or appropriated at the time of the adoption of the City budget for 2011; and

**WHEREAS**, the City Council desires to authorize the expenditure of these funds by enacting a supplemental budget and appropriation to the City budget for 2011, as authorized by Section 11-6(a) of the Loveland City Charter.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE  
CITY OF LOVELAND, COLORADO:**

**Section 1.** That revenues and reserves are available for appropriation and/or transfer from the following sources: donations, contributions, state and federal grants and reserves. In the Forfeiture Fund revenues from forfeitures are appropriated for overtime and other costs. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget  
General Fund 001**

**Revenues**

Fund Balance		676,520
001-1822-363-00-00	Contributions	24,270
001-1903-341-04-00	Code Abatement	1,200
001-1914-334-24-00-SP0501	State Historical Grant	13,500
001-2102-338-30-00-PDBULL	Federal Grant	2,600
001-2102-338-30-00-PDJAG0	Federal Grant	16,760
001-2113-334-02-00	State Grant - DUI Enforcement	9,350
001-2202-337-44-00	Wildland Fire Reimbursements	59,900
001-2202-341-25-00	Fire Academy Fees	17,510
001-2303-338-90-00	Federal Transit Authority Grant	36,730

**Total Revenue** **858,340**

**Appropriations**

001-1410-409-03-50	Professional Services	25,000
001-1822-409-03-76	Incentives	14,270
001-1822-414-02-22	Food/Special Events	10,000
001-1903-409-03-75	Code Abatement	1,200
001-1914-409-04-86-SP0501	Developer Reimbursement - Lincoln Hotel	13,500
001-2102-409-02-25-PDBULL	Clothing	2,600
001-2112-409-02-32-PDJAG0	Parts & Supplies	16,760
001-2113-409-01-21	Overtime	9,350
001-2202-409-01-21	Overtime	25,000
001-2202-409-03-69	Repair & Maintenance	9,730
001-2202-409-09-99	Other Capital	42,680
001-2304-409-02-15	Computer Software	36,730
001-5502-473-07-02	Transfer to Capital Project Fund	616,000
001-5502-473-07-41	Transfer to Water Enterprise Fund	200
001-5502-473-41-01	Transfer to Water SIF Fund	5,190
001-5502-473-07-42	Transfer to Wastewater Enterprise Fund	5,680
001-5502-473-07-43	Transfer to Storm Water Enterprise Fund	2,150
001-5502-473-07-46	Transfer to Raw Water Enterprise Fund	690
001-5502-473-22-04	Transfer to Fire CEF Fund	660
001-5502-473-22-05	Transfer to Police CEF Fund	790
001-5502-473-22-08	Transfer to General Government CEF Fund	920
001-5502-473-22-09	Transfer to Street CEF Fund	19,240

**Total Appropriations** **858,340**

**Supplemental Budget  
Capital Projects Fund 002**

**Revenues**

002-2107-363-01-00	Transfer from General Fund	616,000
002-2107-363-22-05	Transfer from Police CEF Fund	300,000

**Total Revenue** **916,000**

**Appropriations**

002-2107-409-09-47-PDDISP	Office Furniture & Equipment	9,790
002-2107-409-09-48-PDDISP	Computer Equipment	906,210

**Total Appropriations** **916,000**

**Supplemental Budget  
Vehicle Maintenance Fund 081**

**Revenues**

Fund Balance	175,000
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**Total Revenue** **175,000**

**Appropriations**

081-2362-409-02-30	Motor Fuel	175,000
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**Total Appropriations** **175,000**

**Supplemental Budget  
Fire CEF Fund 224**

**Revenues**

Fund Balance	25,000
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**Total Revenue** **25,000**

**Appropriations**

224-2202-409-09-55-GF1106	Fire Station 6 Expansion Design	25,000
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**Total Appropriations** **25,000**

**Supplemental Budget  
Police CEF Fund 225**

<b>Revenues</b>		
Fund Balance		300,000
<b>Total Revenue</b>		<b>300,000</b>
<b>Appropriations</b>		
225-2102-473-02-00	Transfer to Capital Projects Fund	300,000
<b>Total Appropriations</b>		<b>300,000</b>

**Supplemental Budget  
Police Seizure Fund 240**

<b>Revenues</b>		
240-2112-338-30-00	Federal Grant	50,000
240-2112-361-10-00	Interest	160
<b>Total Revenue</b>		<b>50,160</b>
<b>Appropriations</b>		
240-2112-409-01-21	Overtime	50,160
<b>Total Appropriations</b>		<b>50,160</b>

**Section 2.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full.

**Section 3.** That as provided in City Charter Section 11-5(d), this Ordinance shall be effective upon final adoption.

ADOPTED this \_\_\_\_ day of November, 2011.

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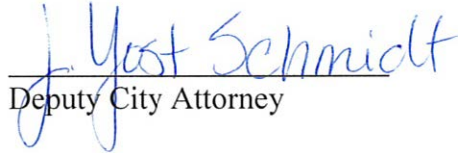
Cecil A. Gutierrez, Mayor

ATTEST:

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City Clerk

APPROVED AS TO FORM:

  
Deputy City Attorney



**AGENDA ITEM:** 12  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Renee Wheeler, Finance Department  
**PRESENTER:** John Hartman, Budget Officer

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**TITLE:**

Public Hearing and consideration of an ordinance on first reading enacting a supplemental budget and appropriation to Loveland Special Improvement District #1 2011 budget.

**DESCRIPTION:**

This is administrative action. The Ordinance appropriates funds from prepaid assessments to pay down debt.

**BUDGET IMPACT:**

Yes       No

The revenue is being used to call District bonds early reducing the debt service for the District.

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**SUMMARY:**

The Special Improvement District #1 (SID) was established to allow for the collection of assessments from property owners in the district to back bonded debt used to construct infrastructure improvements located within the district. The District is in east Loveland north of Eisenhower Boulevard along Rocky Mountain Avenue, extending north above Houts Reservoir. A large property within the district prepaid the assessment. The funds are used to call District bonds early reducing the debt service in the District.

The City does not have any legal obligation towards this debt.

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**LIST OF ATTACHMENTS:**

1. An Ordinance enacting a supplemental budget and appropriation to Loveland Special Improvement District #1 2011 budget.
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**RECOMMENDED CITY COUNCIL ACTION:**

Conduct a public hearing and approve the ordinance on first reading.

**REVIEWED BY CITY MANAGER:**



FIRST READING November 1, 2011

SECOND READING \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND  
APPROPRIATION TO LOVELAND SPECIAL IMPROVEMENT  
DISTRICT #1 2011 BUDGET**

**WHEREAS**, the Loveland Special Improvement District #1 has received funds not anticipated or appropriated at the time of the adoption of the District's budget for 2011; and

**WHEREAS**, the City Council acting as the Board of Directors for the Loveland Special Improvement District #1 desires to authorize the expenditure of these funds by enacting a supplemental budget and appropriation to the District's budget for 2011, as authorized by Section 11-6(a) of the Loveland City Charter.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That revenues are available for appropriation from prepaid assessments and are appropriated to call District bonds early, reducing the debt services amount. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget  
Loveland Special Improvement District #1 Fund 038**

**Revenues**

038-0000-318-35-00	Special Assessment -Prepaid	196,450
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<b>Total Revenue</b>		<b>196,450</b>
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Appropriations

038-5502-409-06-10	Principal	196,450
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<b>Total Appropriations</b>		<b>196,450</b>
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**Section 2.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full.

**Section 3.** That as provided in City Charter Section 11-5(d), this Ordinance shall be effective upon final adoption.

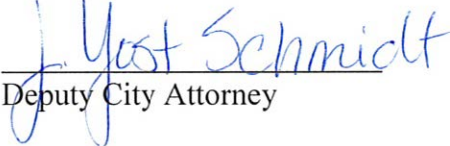
ADOPTED this \_\_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy City Attorney



**AGENDA ITEM:** 13  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Ken Cooper, Public Works – Facilities Management  
**PRESENTER:** Ken Cooper

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**TITLE:**

Public Hearing and first reading of an ordinance authorizing the sale of the “Bishop House,” and the sale of real property owned by the City of Loveland pursuant to City of Loveland Municipal Charter Section 4-7

**DESCRIPTION:**

This is an administrative matter approving the sale of the “Bishop House,” located at 871 E. 1<sup>st</sup> Street, and approximately 0.4 acres of City-owned real property located at 1317, 1321, & 1375 W. 8<sup>th</sup> Street (these parcels were acquired for the Taft Avenue widening project).

**BUDGET IMPACT:**

Yes      No

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**SUMMARY:**

In 1999, the City purchased approximately three acres of real property southeast of the Chilson Center to help provide growth space for future Civic Center needs. This three-acre parcel, which has a mailing address of 871 E. 1<sup>st</sup> Street, is commonly referred to as the “Bishop Property.” In 2009, City Council directed staff to move forward with expansion projects at both the Chilson Center and the Library, and the Bishop Property was targeted for redevelopment to meet additional access and parking needs for Civic Center visitors and employees. However, it was always the City’s desire to save the old farm house located on the Bishop Property (“Bishop House”).

In 2009, City staff sent out a Request for Proposals soliciting someone to purchase and move the Bishop House. Although there was interest, nobody bid on the Bishop House. Eventually, local business owner Steve Schroeder offered to buy the Bishop House for \$100 and pay for all

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costs to move it. Mr. Schroeder first planned to move it to 1179 E. 7<sup>th</sup> Street, but the site had too many constraints. Mr. Schroeder then set his sights on 1725 Garfield Avenue, land he owned near Lake Loveland, but opposition from neighbors was problematic.

Mr. Schroeder then hoped to buy the City-owned properties at the northeast corner of 8<sup>th</sup> Street and Taft Avenue known as 1317, 1321, and 1375 W. 8<sup>th</sup> Street (“8<sup>th</sup> Street Properties”) and buy the Bishop House and move the House to that location. The 8<sup>th</sup> Street Properties total approximately 0.4 acre and were purchased for the Taft Avenue widening project, which was completed in late 2005. Although the 8<sup>th</sup> Street Properties have been for sale by the City since early 2008, no other offers have been made, and there has been almost no interest. Mr. Schroeder had planned to offer the City \$25,000 for the purchase of the Bishop House and the properties at N. Taft and 8<sup>th</sup> Street, but was unable to formalize the offer because of the financial realities of the project. He stopped pursuing the project late in 2010.

In early 2011, another development group led by Bryant Bajema became involved. Mr. Bajema has now offered to buy the Bishop House and the 8<sup>th</sup> Street Properties for a total purchase price of \$18,000. He has done extensive due diligence on the project, including an asbestos survey on the Bishop House. If his offer is accepted, Mr. Bajema will move the Bishop House to the new location and use or sell it for use as a private residence. Mr. Bajema will pay all associated moving and site development costs, including applicable City fees. The 8<sup>th</sup> Street Properties come with water credits that are worth about \$24,500 due to the homes previously located there.

In a completely different real estate market in early 2007, the 8<sup>th</sup> Street Properties were appraised at \$145,000. The widening of Taft Avenue left the 8<sup>th</sup> Street Properties with only 0.4 acre, which is restrictive to development. In addition, access to the 8<sup>th</sup> Street Properties is limited to 8<sup>th</sup> Street. However, this site does provide visual access to Taft Avenue, and City staff believes it would be a fine location for the Bishop House. The Bishop House would remain in Loveland in a visible location where the community could enjoy it for many years to come.

If approved by City Council, the monies collected from the sale will be used to reimburse Public Works Capital Expansion Fees originally used to purchase the 8<sup>th</sup> Street Properties for the Taft Avenue widening project.

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**LIST OF ATTACHMENTS:**

Ordinance

Agreement for Purchase & Relocation of Bishop House (Exhibit A to Ordinance)

Maps of Site Locations

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**RECOMMENDED CITY COUNCIL ACTION:**

Approve the ordinance on first reading.

**REVIEWED BY CITY MANAGER:**

**FIRST READING**      November 1, 2011

**SECOND READING**      \_\_\_\_\_

**ORDINANCE NO.** \_\_\_\_\_

**AN ORDINANCE AUTHORIZING THE SALE OF THE BISHOP HOUSE  
AND THE SALE OF REAL PROPERTY OWNED BY THE CITY OF  
LOVELAND PURSUANT SECTION 4-7 OF THE CITY OF LOVELAND  
MUNICIPAL CHARTER**

**WHEREAS**, the City of Loveland is the owner of certain personal property known as the Bishop House, currently located at 871 E. First Street, Loveland, Colorado 80537 (the “Bishop House”); and

**WHEREAS**, the City is the owner of certain real property legally described Lots 11, 12, and 13 of Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-911, also known by the mailing addresses of 1317, 1321, and 1375 W. 8<sup>th</sup> Street, Loveland, CO 80537 respectively (the “Lots”); and

**WHEREAS**, the City acquired the Lots as part of the Taft Avenue Widening Project, which was completed in late 2005; and

**WHEREAS**, the Lots are not used for parks purposes and are not needed for any governmental purpose, and have been on the real estate market since 2008; and

**WHEREAS**, the City has been seeking a buyer for the Bishop House in order to relocate the Bishop House elsewhere in Loveland to preserve this local landmark and make way for Civic Center development; and

**WHEREAS**, Microproperties Indiana, LLC has offered purchase the Bishop House and the Lots from the City for a total of Eighteen Thousand Dollars (\$18,000); and

**WHEREAS**, Microproperties Indiana, LLC intends to relocate the Bishop House to the Lots, thereby preserving this local landmark and making use of real property that the City desires to put back into private ownership; and

**WHEREAS**, the City desires to sell the Bishop House and the Lots to Microproperties Indiana, LLC for Eighteen Thousand Dollars (\$18,000) on the terms and conditions set forth in the Agreement for Purchase and Relocation of Bishop House, attached hereto as Exhibit A and incorporated herein by reference (“Agreement”); and

**WHEREAS**, pursuant to Section 4-7 of the City of Loveland Municipal Charter, the City Council must act by ordinance to approve the transfer of fee ownership in real property owned by the City.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:**

**Section 1.** That the City Council hereby finds and determines that the Lots are not needed for any governmental purpose, and that the sale of the Lots is in the best interest of the City of Loveland.

**Section 2.** That the City Manager is authorized to enter into the Agreement for Purchase and Relocation of Bishop House, attached hereto as Exhibit A and incorporated herein by reference (“Agreement”) and execute all documents, the form of which shall be approved by the City Attorney, necessary to consummate the sale of the Bishop House and the Lots for the purchase price of Eighteen Thousand Dollars (\$18,000) and to transfer the City’s interest in the Bishop House and the Lots to Microproperties Indiana, LLC.

**Section 3.** That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Agreement as deemed necessary to effectuate the purposes of this Ordinance or to protect the interests of the City.

**Section 4.** That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

ADOPTED this \_\_\_ day of November, 2011.

\_\_\_\_\_  
Cecil A. Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Assistant City Attorney

EXHIBIT A

**AGREEMENT**  
**For Purchase and Relocation of Bishop House**

This Agreement ("Agreement") is made and entered into this \_\_\_\_ day of November, 2011, by and between the **City of Loveland, Colorado**, a home rule municipality, whose address is 500 E. 3<sup>rd</sup> Street, Loveland, Colorado 80537 ("Seller") and **Microproperties Five, LLC**, a Texas limited liability company, whose address is 14901 Quorum Drive, Suite 900, Dallas, Texas 75254 ("Buyer").

**Whereas**, the Seller desires to sell, and the Buyer desires to buy, the house currently located at 871 E. 1<sup>st</sup> Street, Loveland, Colorado 80537, and three lots located on W. 8<sup>th</sup> Street in Loveland, Colorado, as more specifically described below, subject to the condition precedent that the Buyer remove the house from its present location and install it on the three lots for future residential use.

**Now, therefore**, in consideration of the mutual covenants and conditions described more fully herein, the parties agree as follows:

**1. Description of Bishop House.** The personal property that is the subject of this Agreement is that certain house, including all fixtures of a permanent nature now part of the house, and all improvements, including the garage, located at 871 E. 1<sup>st</sup> Street, Loveland, Colorado 80537 ("Bishop House"). **THE BISHOP HOUSE DOES NOT INCLUDE THE UNDERLYING REAL ESTATE, WHICH SHALL REMAIN THE PROPERTY OF THE SELLER ("CITY'S PROPERTY"). NOTHING HEREIN SHALL OPERATE AS OR BE CONSTRUED TO BE A CONVEYANCE OF THE CITY'S PROPERTY.**

**2. Description of Lots.** The real property that is the subject of this Agreement is legally described as follows (collectively referred to herein as the "Lots"):

**a.** Lot 11, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-911, also known by the mailing address of 1317 W. 8<sup>th</sup> Street, Loveland, CO 80537;

**b.** Lot 12, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-912, also known by the mailing address of 1321 W. 8<sup>th</sup> Street, Loveland, CO 80537; and

**c.** Lot 13, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-913, also known by the mailing address of 1375 W. 8<sup>th</sup> Street, Loveland, CO 80537.

**3. Method of Conveyance.** The Seller agrees to sell, and the Buyer agrees to buy, the Bishop House and the Lots, subject to the terms and conditions of this Agreement. The Bishop House shall be conveyed to the Buyer by bill of sale in the form attached hereto as **Exhibit A** and incorporated herein by reference ("Bill of Sale"). The Lots shall be conveyed to

the Buyer by quitclaim deed in the form attached hereto as **Exhibit B** and incorporated herein by reference (“Quitclaim Deed”).

**4. Purchase Price.** The total purchase price for the Bishop House and the Lots shall be Eighteen Thousand Dollars (\$18,000.00) (“Purchase Price”), to be paid as follows:

**a.** Upon the Seller’s execution of this Agreement, the Buyer shall deposit One Thousand Dollars (\$1,000) as an earnest money deposit (“Earnest Money”), which shall be held in escrow with Chicago Title Company, 201 W. Virginia Street, McKinney, Texas 75069 (“Title Company”).

**b.** The Buyer shall pay to the Seller Seventeen Thousand Dollars (\$17,000) by certified check at the time of Escrow Closing, defined below.

**5. Escrow Closing.**

**a.** The Escrow Closing shall be held within seven (7) business days from the date that the Seller approves the application to merge the Lots into one legal lot, as more particularly described in Paragraph 7, at the Title Company’s Loveland office, located at 3013 N. Taft Avenue, Suite 3, Loveland, Colorado 80538 (“Title Company’s Office”), or at such time as the parties may mutually agree, but in no event later than February 28, 2012.

**b.** The following shall occur at Escrow Closing, each being a condition precedent to the others and all being considered as occurring simultaneously:

**(i)** The Seller shall execute, have notarized, and deliver to the Title Company the Bill of Sale conveying title to the Bishop House in place, F.O.B. City’s Property, in accordance with the provisions of this Agreement;

**(ii)** The Seller shall execute, have notarized, and deliver to the Buyer the Quitclaim Deed conveying title to the Lots, in accordance with the provisions of this Agreement;

**(iii)** The Buyer shall deliver to the Title Company the certified check required by Subparagraph 4.b. above;

**(iv)** The Buyer shall deliver to the Title Company a copy of the signed plat merging the Lots into one legal lot as required in Paragraph 7;

**(v)** The Seller shall execute and deliver to the Buyer an affidavit stating that the Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);



(vi) The Seller shall execute Certificates as to Taxpayer Identification Number as required by law;

(vii) The Seller and the Buyer shall each execute and deliver Settlement Statements, showing adjustments in the payment of the costs of the closing;

(viii) The Buyer shall execute a Real Property Transfer Declaration as required by Colorado law; and

(ix) Each party shall deliver to the Title Company such other documents, certificates, and the like as may be required herein or as may be necessary or helpful to carry out each party's obligations under this Agreement, with copies of all such documents to the other party.

**6. Escrow Release.**

a. The Title Company shall release and deliver to the Seller or to the Buyer, as the case may be, all original documents and funds in its possession pursuant to Escrow Closing ("Escrow Release") only after all of the following have occurred:

(i) The Buyer's Relocation of the Bishop House onto the Lots as required in Paragraph 11;

(ii) The Buyer's completion of the City's property finish as required in Paragraph 13; and

(iii) Title Company's receipt of written instructions signed by both the Buyer and the Seller authorizing Escrow Release.

b. Following Escrow Release, the Title Company shall have no other duties or responsibilities to the parties.

7. **Lot Merger Required.** Following execution of this Agreement, the Seller and the Buyer shall cooperate to file an application with the City's Current Planning Division to merge the Lots into one legal lot. The Buyer shall pay all City fees associated with the application. The Seller agrees to cooperate with the Buyer and to expedite its review and approval, as appropriate, of the application in order to facilitate the transaction contemplated in this Agreement. The Buyer must obtain a signed plat recognizing the new legal lot prior to Escrow Release. In the event the Seller denies said application to merge the Lots into one legal lot, or fails to approve it by January 31, 2012, then this Agreement shall terminate, the Earnest Money shall be returned to the Buyer, and the parties hereto shall be released from all further obligations hereunder.

8. **Insurance.** The Buyer shall obtain insurance against all losses and damages to the Seller resulting from the Buyer's activities on the Lots prior to Escrow Release, the Buyer's relocation of the Bishop House from the City's Property to the Lots, and the Buyer's activities on

the City's Property. Said policy shall be for the mutual and joint benefit and protection of the Buyer and the Seller and shall provide that the Seller, although named as an additional insured, shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its officers, employees, and agents by reason of the negligence of the Buyer, its officers, employees, agents, subcontractors, or business invitees. Such policy shall be written as a primary policy not contributing to and not in excess of coverage the Seller may carry. Prior to accessing the Lots and the City's Property for any reason other than for the limited purposes stated in Paragraph 18, the Buyer shall deliver a certificate of insurance to the Seller evidencing the insurance coverage required herein. Except as permitted for the limited purposes stated in Paragraph 18, the Buyer's right to access the Lots and the City's Property granted in this Agreement is expressly contingent on the Buyer's delivery of said certificate of insurance to the Seller.

**9. Access to Lots Prior to Escrow Release; Improvements.** The Seller recognizes the Buyer's need to access and improve the Lots prior to Escrow Release in order to prepare the Relocation Site for installation of the Bishop House. Therefore, following Escrow Closing and subject to the requirements of paragraph 8, the Seller authorizes the Buyer to access the Lots, and after obtaining all permits required by the Loveland Municipal Code, to install a foundation upon the Lots and to install and make all necessary utility connections to the Relocation Site in order to provide residential utility services to the Bishop House following its relocation. Such access shall be during regular business hours, and at such other times as may be permitted by the Seller.

**10. Possession of Bishop House.** Subject to the requirements of paragraph 8, the Buyer shall be entitled to take possession of the Bishop House immediately following Escrow Closing. The Buyer may not occupy the Bishop House while it remains on the City's Property and may not authorize any other party to do so.

**11. Relocation of Bishop House.**

**a.** After Escrow Closing, but before Escrow Release, the Buyer shall remove the Bishop House from the City's Property and relocate it to the Lots. Said relocation shall be at the Buyer's sole cost and expense. Said relocation must occur on or before one hundred eighty (180) days after Escrow Closing ("Relocation Deadline"). If the Buyer fails to relocate the Bishop House as required herein on or before the Relocation Deadline without the Seller's express written consent, which shall not be unreasonably withheld, then the Buyer shall be in default, and the provisions of Paragraph 19 shall apply.

**b.** The Buyer shall be responsible, at its sole cost and expense, for hiring a licensed contractor to remove and transport the Bishop House from the City's Property to the Lots. The Seller shall have no responsibility for any action, inaction, success, or lack of success of the contractor. The Buyer and the contractor shall be solely responsible for selection of the means and methods regarding the work to be performed under the contract between them; provided, however, that the Buyer shall require the contractor to have in place insurance, including general liability and automobile insurance, adequate to cover the work. The Buyer shall require the contractor to list the Seller as an additional

insured under said policies. The Buyer shall deliver to the Seller a certificate of insurance evidencing said coverage prior to relocating the Bishop House.

c. The Buyer shall be responsible for obtaining any and all permits and approvals necessary to move the Bishop House from the City's Property to the Lots, including, without limitation, any and all permits and approvals required by the City and of utility providers whose overhead lines may need to be moved.

**12. Transportation and Risk of Loss.** The Buyer shall be solely responsible for all costs of transporting the Bishop House from the City's Property to the Lots. The Buyer further agrees to assume all risk of loss or damage to the Bishop House during removal and transport from the City's Property to the Lots. The Buyer shall secure insurance against such loss or damages during removal and transport and thereafter as the Buyer deems necessary or desirable.

**13. City's Property Finish.** The Buyer shall do all of the following prior to Escrow Release:

a. **Basement.** The Buyer acknowledges that there is a partial basement under the Bishop House. Following removal of the Bishop House from the City's Property, the Buyer shall fill in the basement with clean fill dirt and return the City's Property to grade.

b. **Septic System.** The Buyer acknowledges that there is a septic system located on the City's Property that served the Bishop House. The Buyer shall do all work to properly abandon the septic system as required by Larimer County in accordance with all applicable laws. Upon completion of the abandonment, the Buyer shall deliver to the Seller a septic system pumping report and a letter from the Buyer to the Seller stating the methods used to abandon the septic system.

c. **Performance of Work.** The Buyer shall perform all work on the City's Property in a safe, careful, and workmanlike manner and shall not modify, damage, or destroy the Seller's landscaping, irrigation system, adjacent sidewalks, and right-of-way improvements and, except for the work required in this Paragraph 13, shall return the surface of the City's Property to its prior condition after completion of said work. The Buyer shall not leave any materials, equipment, or debris of any kind on the City's Property.

**14. Indemnification.** The Buyer hereby covenants and agrees to indemnify, save, and hold harmless the Seller, its officers, employees, and agents from any and all liability, loss, costs, charges, obligations, expenses, attorney's fees, litigation, judgments, damages, claims, and demands of any kind whatsoever arising from or out of any violation of any applicable law, regulation, or permit requirement, or any negligent act or omission or other tortious conduct of the Buyer, its officers, employees, or agents in the performance or nonperformance of its obligations under this Agreement.

**15. Bishop House and Lots Sold As-Is; No Warranties. THE BISHOP HOUSE AND LOTS ARE SOLD BY THE SELLER AS-IS. THE SELLER DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE ENTIRE RISK AS TO QUALITY AND SUITABILITY OF THE BISHOP HOUSE AND LOTS IS WITH THE BUYER, AND SHOULD THE BISHOP HOUSE OR LOTS PROVE TO BE DEFECTIVE IN ANY WAY FOLLOWING THE PURCHASE, THE BUYER SHALL ASSUME THE ENTIRE COST OF ALL MAINTENANCE AND REPAIR. THE SELLER SHALL NOT BE LIABLE TO THE BUYER, AND THE BUYER HEREBY WAIVES ALL CLAIMS AGAINST THE SELLER, REGARDLESS OF THE NATURE OR THEORY UNDER WHICH SAID CLAIMS MAY ARISE, FOR ANY CONSEQUENTIAL DAMAGES, DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR LOSS OF INCOME, OR ANY OTHER DAMAGES, INCIDENTAL OR OTHERWISE, ARISING OUT OF THE SALE OR USE OF THE BISHOP HOUSE OR THE LOTS.**

**16. Maintenance of Bishop House and Lots.** The Seller shall keep, or cause to be kept, the Bishop House and the Lots in their condition as of the date of this Agreement to the date of Escrow Closing, subject to the terms of this Agreement, and agrees not to commit or permit waste thereon.

**17. Casualty.** In the event that the Bishop House is substantially damaged by fire, flood, or casualty between the date of this Agreement and the date of Escrow Closing, this Agreement may, at the option of the Buyer, be declared null and void and of no effect, in which case the Earnest Money shall be returned to the Buyer, and the parties shall be released from all further obligations hereunder.

**18. Right to Inspect.**

**a.** The Buyer shall be allowed to fully inspect the Bishop House and the Lots at any time up to and including November 30, 2011 (the "Inspection Period"). The Seller agrees that the Buyer and its agents may have reasonable access to the Bishop House and the Lots to conduct tests and/or inspections, at the Buyer's expense, concerning the environmental or geological conditions that could expose the Buyer to future liability for damages or clean-up expenses.

**b.** Notwithstanding anything contained herein to the contrary, the Buyer shall have the term of the Inspection Period within which to inspect the Bishop House and the Lots and any and all matters related to the purchase or relocation of the Bishop House, including without limitation, governmental requirements, environmental conditions, and other matters that might affect the feasibility of the Bishop House for the Buyer's anticipated use thereof or its relocation, or that might affect the feasibility of the Lots for the Buyer's anticipated use thereof, to determine whether or not the Buyer desires to proceed with the purchase of the Bishop House and the Lots from the Seller. In the event that the Buyer, within the Inspection Period, gives written notice to the Seller of the

Buyer's decision not to purchase the Bishop House and the Lots for any of the reasons set forth in this paragraph, then this Agreement shall be null and void and of no effect, the Earnest Money shall be returned to the Buyer, and the parties shall be released from all further obligations hereunder.

c. Notwithstanding anything contained herein to the contrary, the Buyer shall not be obligated to obtain the insurance coverage or provide to the Seller the certificate of insurance required by Paragraph 8 in order to have access to the City's Property and the Lots to inspect the Bishop House and the Lots as permitted in this Paragraph 18.

**19. Remedies on Default.** If any payment due hereunder is not paid, honored, or tendered when due, or if any other obligation hereunder is not performed as herein provided, there shall be the following remedies:

a. If the Buyer is in default, the Seller's sole remedy shall be to elect to treat this Agreement as terminated, in which case the Earnest Money and all payments and things of value received hereunder from the Buyer, including any improvements made to the Lots pursuant to Paragraph 9, shall be forfeited by the Buyer and retained by the Seller, and the Seller may recover such damages as may be proper, but not to exceed Thirty-six Thousand Dollars (\$36,000.00).

b. If the Seller is in default, the Buyer's sole remedy shall be to elect to terminate this Agreement and retain the Earnest Money, or seek specific performance of this Agreement.

**20. Lead-Based Paint.** A completed Lead-Based Paint Disclosure form signed by the Seller is attached hereto as **Exhibit C** and incorporated herein by reference. The Buyer acknowledges timely receipt of the completed Lead-Based Paint Disclosure form signed by the Seller.

**21. Methamphetamine Disclosure.**

a. If the Seller knows that methamphetamine was ever manufactured, processed, cooked, disposed of, used, or stored at the Bishop House, the Seller is required to disclose such fact. No disclosure is required if the Bishop House was remediated in accordance with state standards and other requirements are fulfilled pursuant to C.R.S. § 25-18.5-102. The Buyer further acknowledges that the Buyer has the right to engage a certified hygienist or industrial hygienist to test whether the Bishop House has ever been used as a methamphetamine laboratory. If the Buyer's test results indicate that the Bishop House has been contaminated with methamphetamine, but has not been remediated to meet the standards established by rules of the State Board of Health promulgated pursuant to C.R.S. § 25-18.5-102, the Buyer shall promptly give written notice to the Seller of the results of the test, and the Buyer may terminate this Agreement upon the Seller's receipt of the Buyer's written notice to terminate, notwithstanding any other provision of this Agreement.

b. THE SELLER HAS NO KNOWLEDGE OF ANY METHAMPHETAMINE MANUFACTURE, PROCESSING, COOKING, DISPOSAL, USE, OR STORAGE AT THE BISHOP HOUSE.

c. Any testing to be performed and notice given under this paragraph shall be done within the Inspection Period and in accordance with the procedures set forth in Paragraph 18. The Buyer's failure to test or notify the Seller before expiration of the Inspection Period shall be deemed a waiver of any objection on the grounds stated in this paragraph.

22. **Notices.** Written notices shall be directed as follows and shall be deemed received when hand-delivered or emailed, or three days after being sent by certified mail, return receipt requested:

	<u>To the Seller:</u>	<u>To the Buyer:</u>
Work Coordination:	Ken Cooper Public Works, Facilities 510 E. 5 <sup>th</sup> Street Loveland, CO 80537 coopek@ci.loveland.co.us	Bryant Bajema 15851 NCR 7 Wellington, CO 80549 blbajema@hotmail.com
Legal Notices:	City Attorney City Attorney's Office 500 E. 3 <sup>rd</sup> Street Loveland, CO 80537 citins@ci.loveland.co.us	James Lang, Chief Financial Officer Microproperties Five, LLC 14901 Quorum Drive, Suite 900 Dallas, TX 75254 jlang@usrproperties.com

23. **Attorney's Fees and Costs.** In the event either party hereto shall default in any of its covenants or obligations herein provided, and the party not in default commences legal or equitable action against the defaulting party, the party adjudged to be the defaulting party expressly agrees to pay all of the non-defaulting party's reasonable expenses of said litigation, including a reasonable sum for attorney's fees.

24. **Governing Law.** This Agreement and the legal relations between the parties hereto shall be governed by and be construed in accordance with the laws of the State of Colorado, without reference to its conflict of laws principles. Venue for any judicial proceeding arising under this Agreement shall be only in the District Court for Larimer County, Colorado. In addition, the parties acknowledge that there are legal constraints imposed upon the Seller by the constitutions, statutes, and rules and regulations of the State of Colorado and of the United States, and imposed upon the Seller by its Charter and Code and that, subject to such legal constraints, the parties shall carry out the terms and conditions of this Agreement.

25. **Time is of the Essence.** It is agreed that time shall be of the essence to this Agreement and each and every provision hereof.

26. **Terms Survive Closings.** Except those terms and conditions that, by their nature, are fully and completely performed upon Escrow Release, all terms and conditions of this Agreement shall survive Escrow Release and shall continue to be binding on and inure to the benefit of the parties and their respective successors, and assigns.

**In Witness Whereof**, the parties have executed this Agreement on the day and year first written above.

**Seller:**

**City of Loveland, Colorado**

By: \_\_\_\_\_  
William D. Cahill, City Manager

Attest:

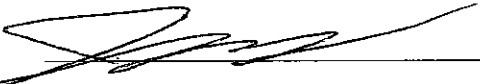
\_\_\_\_\_  
City Clerk

Approved as to Form:

  
\_\_\_\_\_  
Assistant City Attorney

**Buyer:**

**Microproperties Five, LLC**

By:   
\_\_\_\_\_  
Title: CFO  
\_\_\_\_\_

State of TEXAS            )  
                                  ) ss.  
County of DALLAS        )

The foregoing Agreement was acknowledged before me this 25<sup>th</sup> day of Oct,  
2011, by James Lang as CEO of Microproperties  
Five, LLC.

Witness my hand and official seal.

My commission expires 8/6/2012.

Janet L. Green  
Notary Public





**Exhibit A**  
**Bill of Sale – Form**

**BILL OF SALE**

**The City of Loveland, Colorado** (“Grantor”), in consideration of Nine Thousand Dollars (\$9,000) to it paid by **Microproperties Five, LLC** (“Grantee”), the receipt of which is acknowledged, hereby grants, sells, transfers, conveys, and delivers in “AS-IS” condition to the Grantee the following personal property, namely: that certain house, including all fixtures of a permanent nature now part of the house, and all improvements, including the garage, located at 871 E. 1<sup>st</sup> Street, Loveland, Colorado 80537 (“Bishop House”). **THE BISHOP HOUSE DOES NOT INCLUDE THE UNDERLYING REAL ESTATE, WHICH SHALL REMAIN THE PROPERTY OF THE GRANTOR. NOTHING HEREIN SHALL OPERATE AS OR BE CONSTRUED TO BE A CONVEYANCE OF THE UNDERLYING REAL PROPERTY OWNED BY THE GRANTOR.**

To have and to hold the Bishop House by the Grantee, its successors, and assigns forever.

**In Witness Whereof**, the Grantor has signed this Bill of Sale on \_\_\_\_\_, 2011.

**Grantor:**

**City of Loveland, Colorado**

By: \_\_\_\_\_  
William D. Cahill, City Manager

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
Assistant City Attorney

**Exhibit B**  
**Quitclaim Deed – Form**

**QUITCLAIM DEED**

**THIS DEED** is made this \_\_\_\_ day of \_\_\_\_\_, 2011, between **City of Loveland, Colorado**, a home rule municipality, whose address is 500 E. 3<sup>rd</sup> Street, Loveland, Colorado 80537 (“Grantor”), and **Microproperties Five, LLC**, a Texas limited liability company, whose address is 14901 Quorum Drive, Suite 900, Dallas, Texas 75254 (“Grantee”)

**WITNESS**, that the Grantor, for and in consideration of the sum of Nine Thousand Dollars (\$9,000), the receipt and sufficiency of which is hereby acknowledged, has remised, released, sold, and QUITCLAIMED, and by these presents does remise, release, sell, and QUITCLAIM unto the Grantee, its successors, and assigns forever all the right, title, interest, claim, and demand which the Grantor has in and to the real property, together with improvements, if any, situate, lying and being in the County of Larimer, State of Colorado, described as follows:

**Lot 11, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado**, County Parcel No. 95142-36-911, also known by the mailing address of 1317 W. 8<sup>th</sup> Street, Loveland, CO 80537.

**Lot 12, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado**, County Parcel No. 95142-36-912, also known by the mailing address of 1321 W. 8<sup>th</sup> Street, Loveland, CO 80537.

**Lot 13, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado**, County Parcel No. 95142-36-913, also known by the mailing address of 1375 W. 8<sup>th</sup> Street, Loveland, CO 80537.

**TO HAVE AND TO HOLD** the same, together with all and singular the appurtenances and privileges thereunto belonging, or in anywise thereto appertaining, and all the estate, right, title, interest, and claim whatsoever, either in law or in equity, of the Grantor, its successors, and assigns.

**IN WITNESS WHEREOF**, the Grantor has executed this deed on the date set forth above.

**Grantor:**

**City of Loveland, Colorado**

By: \_\_\_\_\_  
William D. Cahill, City Manager

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
Assistant City Attorney

State of Colorado    )  
                                  ) ss.  
County of Larimer    )

The foregoing Quitclaim Deed was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011, by William D. Cahill as City Manager of the City of Loveland, Colorado.

Witness my hand and official seal.

My commission expires \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

The printed portions of this form except differentiated additions, have been approved by the Colorado Real Estate Commission.  
(LP45-5-04)

## Lead-Based Paint Disclosure (Sales)

Attachment to Contract to Buy and Sell Real Estate for the Property known as:

871 E. 1st Street, Loveland, Colorado 80537

Street Address

City

State

Zip

**WARNING! LEAD FROM PAINT, DUST, AND SOIL CAN BE DANGEROUS IF NOT MANAGED PROPERLY**

**Penalties for failure to comply with Federal Lead-Based Paint Disclosure Laws include treble (3 times) damages, attorney fees, costs, and a penalty up to \$10,000 (plus adjustment for inflation) for each violation.**

### Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

#### Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the Seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

### Seller's Disclosure to Buyer and Real Estate Licensee(s) and Acknowledgment

(a) Seller acknowledges that Seller has been informed of Seller's obligations. Seller is aware that Seller must retain a copy of this disclosure for not less than three years from the completion date of the sale.

(b) Presence of lead-based paint and/or lead-based paint hazards (check one box below):

- Seller has no knowledge of any lead-based paint and/or lead-based paint hazards present in the housing.  
 Seller has knowledge of lead-based paint and/or lead-based paint hazards present in the housing (explain):

(c) Records and reports available to Seller (check one box below):

- Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.  
 Seller has provided Buyer with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below):

### Buyer's Acknowledgment

(d) Buyer has read the Lead Warning Statement above and understands its contents.

(e) Buyer has received copies of all information, including any records and reports listed by Seller above.

(f) Buyer has received the pamphlet "Protect Your Family From Lead in Your Home".

(g) Buyer acknowledges federal law requires that before a buyer is obligated under any contract to buy and sell real estate, Seller shall permit Buyer a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

(h) Buyer, after having reviewed the contents of this form, and any records and reports listed by Seller, has elected to (check one box below):

- Obtain a risk assessment or an inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards, within the time limit and under the terms of Section 10 of the Contract to Buy and Sell Real Estate; or  
 Waive the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

**Real Estate Licensee's Acknowledgment**

Each real estate licensee signing below acknowledges receipt of the above Seller's Disclosure, has informed Seller of Seller's obligations and is aware of licensee's responsibility to ensure compliance.

---

**Certification of Accuracy**

I certify that the statements I have made are accurate to the best of my knowledge.

Date: October 27, 2011 Date: \_\_\_\_\_

\_\_\_\_\_  
Seller Seller  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Buyer Buyer  
Date: October 27, 2011 Date: \_\_\_\_\_

\_\_\_\_\_  
Real Estate Licensee (Listing) Real Estate Licensee (Selling)



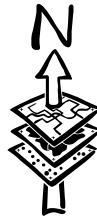
VICINITY MAP

BISHOP HOUSE

871 EAST 1ST STREET  
LOVELAND, CO 80537







## VICINITY MAP

# 8TH STREET & TAFT AVENUE VACANT PROPERTIES

LOVELAND, CO 80537





**CITY OF LOVELAND**  
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537  
(970) 962-2695 • FAX (970) 962-2900 • TDD (970) 962-2620

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**AGENDA ITEM:** 14  
**MEETING DATE:** 11/1/2011  
**TO:** City Council  
**FROM:** Renee Wheeler, Assistant City Manager/Finance Director  
**PRESENTER:** Bonnie Steele

---

**TITLE:**  
September 2011 Financial Report

**DESCRIPTION:**  
This is an information only item. No action is required. The Snapshot Report includes the City's preliminary revenue and expenditures including detailed reports on tax revenue, health claims and cash reserves for the nine months ending September 30, 2011.

**BUDGET IMPACT:**  
Yes  No

---

**SUMMARY:**  
The Snapshot Report is submitted for Council review and includes the reporting of the City's preliminary revenue and expenditures including detailed reports on tax revenue, health claims and cash reserves for the nine months ending September 30, 2011. Citywide Revenue (excluding internal transfers) of \$154,938,305 is 103.2% of year to date (YTD) budget or \$4,797,885 over the budget. Sales Tax collections year to date are 104.9% of the YTD budget or \$1,129,472 over budget. Building Material Use Tax is 56.8% of YTD budget, or \$598,554 under budget. The year to date Sales and Use Tax collections were 102.5% of YTD budget or \$642,106 over YTD budget. When the combined sales and use tax for the current year are compared to 2010 the same period last year, they are higher by 5.1% or \$1,293,021.

City wide total expenditures of \$149,567,707 (excluding internal transfers) are 86.0% of the YTD budget or \$24,435,900 under the budget, primarily due to the construction timing of capital projects (64.6% YTD budget).



The City's health claims paid year-to-date is \$5,003,546 or 92.0% of budget. Compared to 2010 for the same period, claims paid in 2011 increased \$392,565 or 8.51%. The City's cash and reserve balance year-to-date was \$193,238,095.

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**LIST OF ATTACHMENTS:**

Snapshot report for September 2011

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**RECOMMENDED CITY COUNCIL ACTION:**

No action is required

**REVIEWED BY CITY MANAGER:**

# SnapShot

Monthly Financial Report

September 2011

## Inside This Edition

Citywide Revenues & Expenditures	2
General Fund Revenues & Expenditures	4
Tax Totals & Comparison	6
Sales Tax SIC & Geo Codes	8
Health Care Claims	9
Activity Measures	10
Cash & Reserves	11
Capital Projects	12

## Financial Sustainability Strategies Can Be Found At:

<a href="http://CITYOFLOVELAND.ORG">CITYOFLOVELAND.ORG</a>
↳ Departments
↳ Finance
↳ Administration
↳ Financial Reports
↳ Financial Sustainability Strategies



## A Snapshot In Time

- Citywide Revenue, excluding transfers between funds, \$154.9 million (103.2% of Year-To-Date Budget, 3.2% above projected)
- Sales & Use Tax Collection, \$26.5 million (102.5% of Year-To-Date Budget, 2.5% above projected)
- Citywide Expenditures, excluding transfers between funds, \$149.6 million (86.0% of Year-To-Date Budget, 14.0% below projected)
- Citywide Year-To-Date Revenues exceed Year-To-Date Expenditures by \$5.4 million.
- General Fund Revenue, excluding transfers between funds, \$50.6 million (104.7% of Year-To-Date Budget, 4.7% above projected).
- General Fund Expenditures, excluding transfers between funds, \$43.5 million, (92.9% of Year-To-Date Budget, 7.1% below projected)
- General Fund Revenues exceed Expenditures by \$5.6 million.
- Health Claims, \$5.0 million (92.0% of Year-To-Date Budget, 8.0% below projected)
- Cash & Reserves Year-To-Date Balance, \$193.2 million, \$137.5 million or 71.1% of these funds are restricted or reserved primarily for future capital projects.



## The Sales Tax Basics

September 2011	Sales Tax	Motor Vehicle		Building	
		Use Tax	Materials Use Tax	Use Tax	Combined
Budget 2011	\$ 22,994,660	\$ 1,452,190	\$ 1,385,470	\$ 25,832,320	
Actual 2011	\$ 24,124,132	\$ 1,563,378	\$ 786,916	\$ 26,474,426	
% of Budget	104.9%	107.7%	56.8%	102.5%	
Actual 2010	\$ 22,720,361	\$ 1,464,627	\$ 996,417	\$ 25,181,405	
Change from prior year	6.2%	6.7%	-21.0%	5.1%	

## Financial Sustainability

The City of Loveland uses a 10-year financial planning horizon. Last year the financial plan indicated that General Fund revenues would exceed General Fund expenditures annually by an average of \$3.5 million 2012-2020. Therefore the City engaged in a process to achieve financial sustainability over that time by engaging the public and identifying a strategy for balancing future budgets. Recommendations were developed pursuant to the principles adopted by City Council, and reflecting the policy views and priorities expressed by the City Council and the public. The resulting strategy includes both expenditure reductions and revenue increases, as the Council and the public indicated was desirable. The cumulative impact from recommended actions will mount over the next decade to \$33.5 million (\$22.6 million in cost reductions, \$6.6 million in revenue). The recommended actions consist of 81% cost reductions and 19% in revenues benefiting the General Fund for 2012. The strategy is also phased in over a number of years. Savings from early actions allow phased-in reductions in cost over the time period. City Council formally approved the strategy June 7, 2011.

# Citywide Revenues & Expenditures

## Monthly Financial Report

### Combined Statement of Revenues and Expenditures September 2011

REVENUE	Current Month	YTD Actual	YTD Revised Budget **	% of Budget
<b>General Governmental</b>				
1 General Fund	\$ 4,714,955	\$ 50,644,456	\$ 48,374,198	104.7%
2 Special Revenue	98,868	778,175	890,564	87.4%
3 Other Entities	4,766,378	17,770,904	17,089,154	104.0%
4 Internal Service	1,287,043	12,163,892	12,263,238	99.2%
5 <i>Subtotal General Govt Operations</i>	<i>\$ 10,867,245</i>	<i>\$ 81,357,427</i>	<i>\$ 78,617,154</i>	<i>103.5%</i>
6 Capital Projects	1,128,515	9,264,082	9,961,588	93.0%
<b>Enterprise Fund</b>				
7 Water & Power	6,955,577	53,193,378	50,682,835	105.0%
8 Stormwater	361,274	3,180,504	3,224,997	98.6%
9 Golf	446,913	3,183,996	3,200,700	99.5%
10 Solid Waste	522,532	4,758,918	4,453,146	106.9%
11 <i>Subtotal Enterprise</i>	<i>\$ 8,286,296</i>	<i>\$ 64,316,796</i>	<i>\$ 61,561,678</i>	<i>104.5%</i>
<b>12 Total Revenue</b>	<b>\$ 20,282,055</b>	<b>\$ 154,938,305</b>	<b>\$ 150,140,420</b>	<b>103.2%</b>
<i>Prior Year External Revenue</i>		<i>142,660,830</i>		
<i>Increase (-Decrease) From Prior Year</i>		<i>8.6%</i>		
13 Internal Transfers	2,926,476	13,619,221	17,299,872	78.7%
<b>14 Grand Total Revenues</b>	<b>\$ 23,208,531</b>	<b>\$ 168,557,526</b>	<b>\$ 167,440,292</b>	<b>100.7%</b>

<b>EXPENDITURES</b>				
<b>General Governmental</b>				
15 General Fund	\$ 4,133,810	\$ 42,877,912	\$ 45,248,273	94.8%
16 Special Revenue	91,469	498,683	791,207	63.0%
17 Other Entities	235,177	12,229,602	12,949,159	94.4%
18 Internal Services	1,141,543	10,368,727	12,643,005	82.0%
19 <i>Subtotal General Gov't Operations</i>	<i>\$ 5,601,999</i>	<i>\$ 65,974,924</i>	<i>\$ 71,631,644</i>	<i>92.1%</i>
20 Capital	7,287,188	35,851,429	55,525,376	64.6%
<b>Enterprise Fund</b>				
21 Water & Power	4,811,863	41,240,128	39,911,315	103.3%
22 Stormwater	168,162	1,518,054	1,542,390	98.4%
23 Golf	249,347	1,978,339	2,069,447	95.6%
24 Solid Waste	374,481	3,004,833	3,323,435	90.4%
25 <i>Subtotal Enterprise</i>	<i>\$ 5,603,853</i>	<i>\$ 47,741,354</i>	<i>\$ 46,846,587</i>	<i>101.9%</i>
<b>26 Total Expenditures</b>	<b>\$ 18,493,041</b>	<b>\$ 149,567,707</b>	<b>\$ 174,003,607</b>	<b>86.0%</b>
<i>Prior Year External Expenditures</i>		<i>129,101,353</i>		
<i>Increase (-Decrease) From Prior Year</i>		<i>15.9%</i>		
27 Internal Transfers	2,926,476	13,619,221	17,299,872	78.7%
<b>28 Grand Total Expenditures</b>	<b>\$ 21,419,516</b>	<b>\$ 163,186,928</b>	<b>\$ 191,303,479</b>	<b>85.3%</b>

\*\* Based on seasonality of receipts and expenditures since 1995.

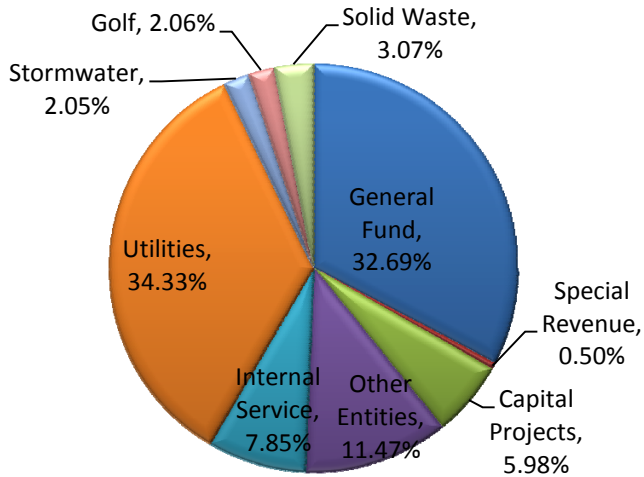
Special Revenue Funds: Community Development Block Grant, Cemetery, Local Improvement District, Lodging Tax, Affordable Housing, Seizure & Forfeitures.

Other Entities Fund: Special Improvement District #1, Airport, General Improvement District #1, Loveland Urban Renewal Authority, Loveland/Larimer Building Authority.

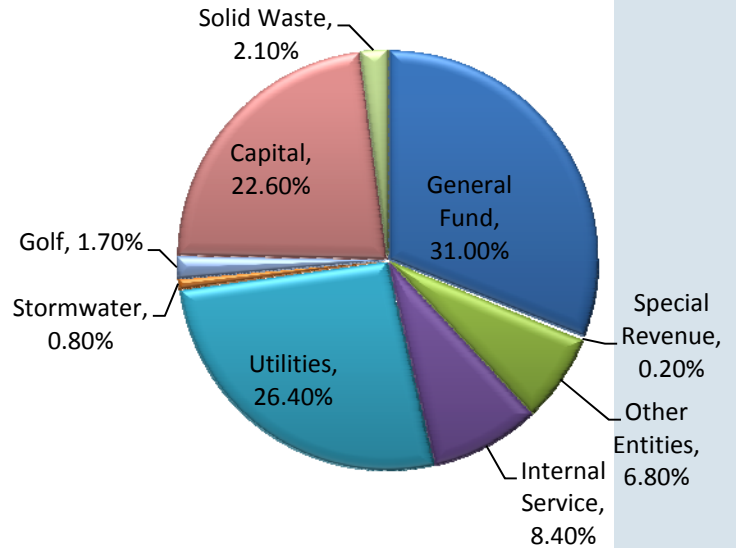
General Government Capital Projects Fund: Capital Expansion Fee Funds, Park Improvement, Conservation Trust, Open Space, Art In Public Places.

Internal Service Funds: Risk/Insurance, Fleet, Employee Benefits.

**YTD Operating Revenues of \$154.94 Million**



**YTD Operating Expenditures of \$149.57 Million**



Revenues exceed expenditures YTD by \$5,370,598. (Line #14 less Line #28)

Special Revenues (Line #2) are under budget due to less grants from Community Development Block program.

Capital Projects (Line #6) is under budget due to lower building activity, and CEF fee credits given on multi-family units in the Van DeWater Subdivision.

Water & Power (Line # 7) is over budget due to System Impact fees paid on multi-family units in the Van DeWater and Lake Vista subdivisions.

Solid Waste (Line # 10) is over budget due to proceeds on sale of assets and higher than anticipated sales of recyclable materials

Internal transfers (Lines #13 & #27) is under budget due to slower than anticipated progress on several projects in the capital projects fund. Transfers are made based on actual expenditures.

Special Revenue (Line #16) is under budget due to timing of Grants from lodging tax revenue and CDBG.

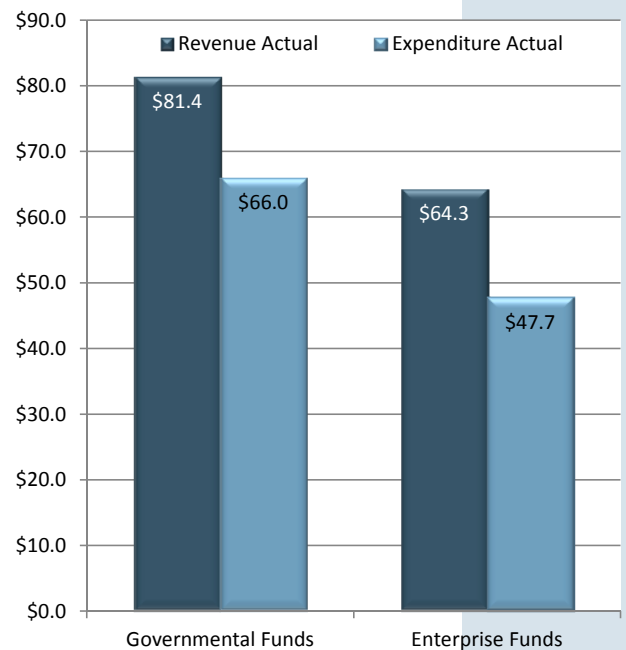
Other Entities (Line #17) are under budget due to property taxes coming in slower than anticipated to the Loveland Urban Renewal Authority. Payments are made that match the revenue coming in.

Internal services (Line #18) is under budget due to timing of recording health claims, and payments for workers compensation.

Capital expenditures (Line #20) is under budget due to low activity on several projects throughout the City.

Solid Waste (Line #24) is under budget due to less spending on carts and bins, yard waste and solid waste disposal charges, and personal services.

**YTD Operating Revenue & Expenditures By Comparison, Excluding Transfers**



# General Fund Revenues & Expenditures

## Monthly Financial Report

### General Fund Revenue & Expenditures September 2011

	September 2011	YTD Actual	YTD Revised Budget	% of Budget
<b>REVENUE</b>				
1 Taxes				
2 Property Tax	123,250	7,612,308	7,434,630	102.4%
3 Sales Tax	2,710,738	24,124,131	22,994,660	104.9%
4 Building Use Tax	99,544	786,916	1,385,470	56.8%
5 Auto Use Tax	198,355	1,563,380	1,452,190	107.7%
6 Other Taxes	280,653	2,134,417	1,977,228	107.9%
7 Intergovernmental	658,326	5,370,319	5,119,033	104.9%
8 License & Permits				
9 Building Permits	83,625	874,333	585,810	149.3%
10 Other Permits	37,405	387,293	224,839	172.3%
11 Charges For Services	211,107	2,828,268	2,657,694	106.4%
12 Fines & Forfeitures	76,226	706,214	721,746	97.8%
13 Interest Income	44,089	438,490	335,835	130.6%
14 Miscellaneous	191,639	3,818,388	3,485,063	109.6%
<b>15 Subtotal</b>	<b>\$ 4,714,955</b>	<b>\$ 50,644,456</b>	<b>\$ 48,374,198</b>	<b>104.7%</b>
16 Internal Transfers	166,745	1,593,953	1,618,275	98.5%
<b>17 Total Revenue</b>	<b>\$ 4,881,700</b>	<b>\$ 52,238,408</b>	<b>\$ 49,992,473</b>	<b>104.5%</b>
<b>EXPENDITURES</b>				
Operating				
18 Legislative	\$ 12,835	\$ 78,355	\$ 95,345	82.2%
19 Executive & Legal	124,052	1,249,991	1,246,748	100.3%
20 Comm. & Bus. Relations	35,756	268,555	312,058	86.1%
21 Cultural Services	77,129	857,636	896,472	95.7%
22 Development Services	222,616	2,275,707	2,656,022	85.7%
23 Finance	137,141	1,425,196	1,669,424	85.4%
24 Fire & Rescue	602,687	5,795,142	5,929,380	97.7%
25 Human Resources	65,901	547,705	758,900	72.2%
26 Information Technology	175,081	2,329,987	2,637,347	88.3%
27 Library	167,834	1,666,507	1,819,562	91.6%
28 Parks & Recreation	576,771	5,613,399	6,382,215	88.0%
29 Police	1,170,924	12,106,260	12,354,926	98.0%
30 Public Works	892,629	8,276,845	8,457,432	97.9%
31 Non-Departmental	70,960	1,031,931	1,650,808	62.5%
<b>32 Subtotal Operating</b>	<b>\$ 4,332,316</b>	<b>\$ 43,523,215</b>	<b>\$ 46,866,639</b>	<b>92.9%</b>
33 Internal Transfers	1,287,503	3,096,164	4,295,523	72.1%
<b>34 Total Expenditures</b>	<b>\$ 5,619,819</b>	<b>\$ 46,619,379</b>	<b>\$ 51,162,162</b>	<b>91.1%</b>



Building Use Tax (Line #4) is under budget due to low building activity.

Auto Use Tax (Line #5) is over budget due to higher than expected sales.

Other Taxes (Line # 6) is over budget due to higher revenue from sales and use tax audits, and cigarette tax.

Building Permits (Line #9) is over budget due to fees paid for an office building on Rocky Mountain Avenue.

Other Permits (Line #10) is over budget primarily due to school fees in lieu of land, police and fire special events permits and inspection fees, and street cut permits.

Charges for Services (Line #11) is over budget primarily due to recreation and adult athletics revenues.

Interest Income (Line #13) is over budget due to higher than expected interest earnings.

Miscellaneous (Line #14) is over budget due to higher than anticipated collections for rental income, Library and Cultural Services donations, proceeds on sale of assets, construction management fees, and police drug seizure revenue.

Legislative (Line #18) is under budget mainly due to budget dollars for the Council Advance and travel and meetings not being used.

Comm. & Bus. Relations (Line #20) is under budget due to timing in spending their personal services and purchased services budgets.

Development Services (Line #22) is under budget due to timing in spending their supplies, grants and historic preservation budgets.

Finance (Line #23) is under budget due to timing in spending their supplies, purchased services budgets for revenue audits, and bank charges/investment fees.

Human Resources (Line #25) is under budget due to timing in spending their supplies, and purchased services budget, as well as a vacant position.

Information Technology (Line #26) is under budget due to timing in spending their computer supplies, capital, and purchased services budgets.

Library (Line #27) is under budget due to timing in spending their supplies and capital budgets.

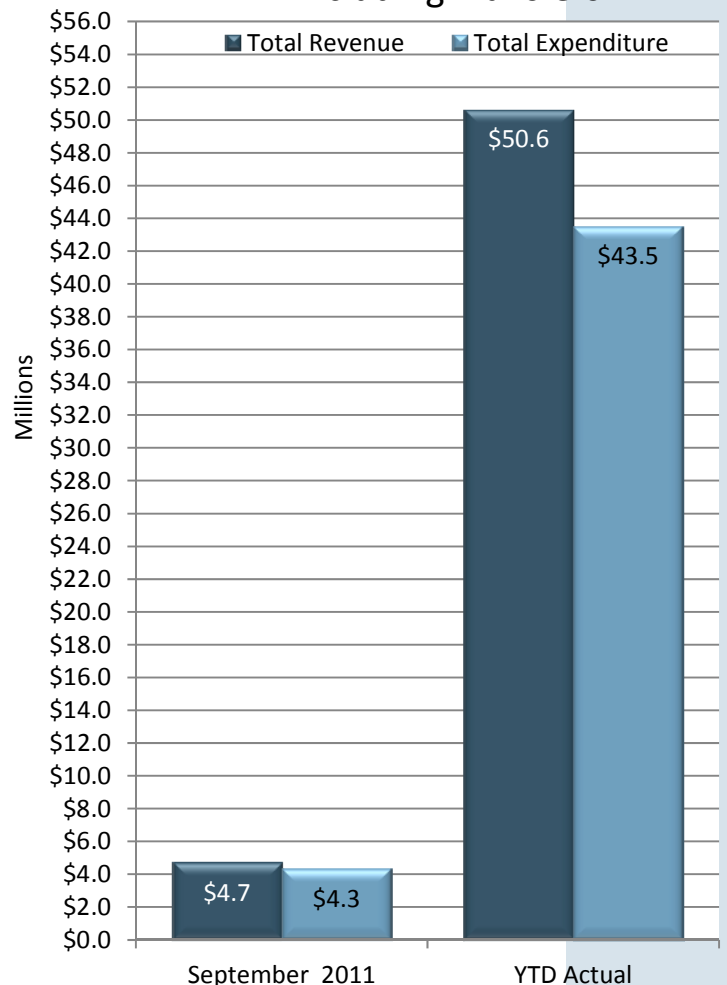
Parks & Recreation (Line #28) is under budget due to timing in spending their personal services, and capital budgets.

Non-Departmental (Line #31) is under budget due to timing in spending their purchased services, food sales tax rebate, and economic incentives budget.

Internal Transfers (Line #33) are under budget due to timing of capital projects expenditures. Transfers are made monthly based on actual project costs. Also, no transfers have been made to risk for unemployment claims. The transfer to the Recreation and Fire CEF fund for the interfund loan is lower than budgeted due to a lower interest rate than anticipated during the budget process.

Revenues exceed expenditures by \$5,619,030 (line #17 less line #34)

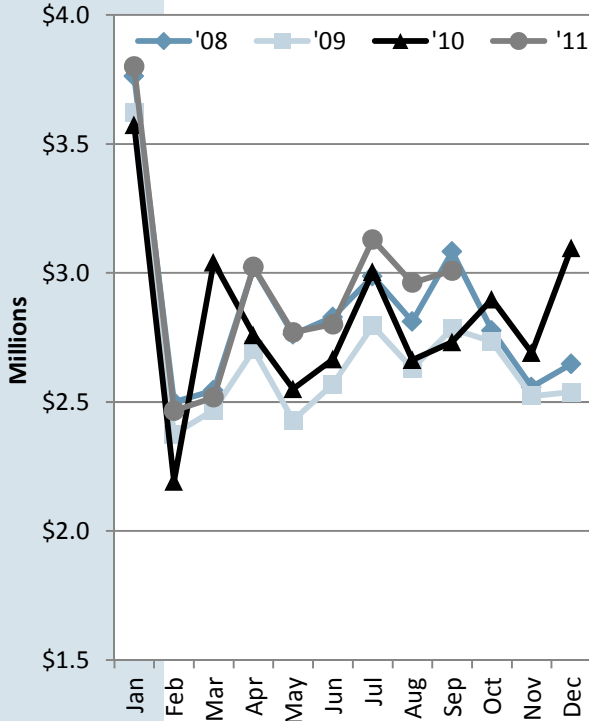
General Fund Operating Revenue & Expenditures By Comparison, Excluding Transfers



# Tax Totals & Comparisons

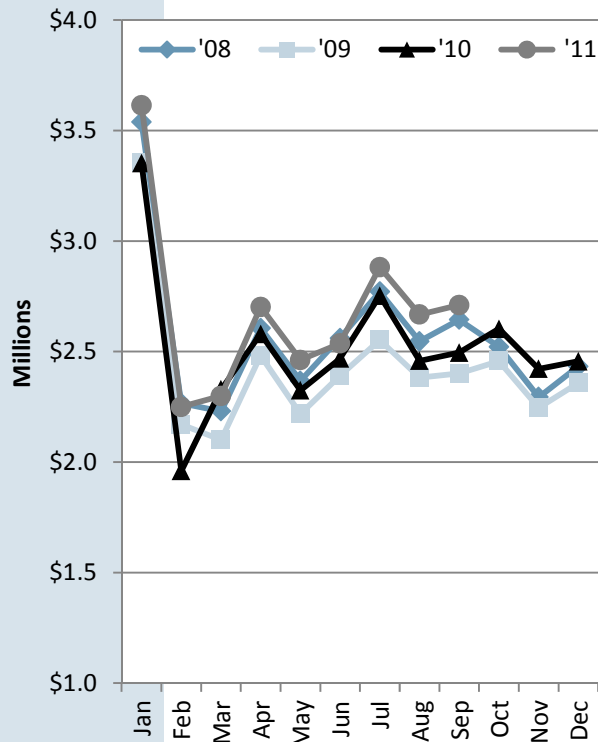
## Monthly Financial Report

### Sales & Use Tax



	'08	'09	'10	'11	2011 Budget	+ / - Budget
Jan	\$ 3,763,212	\$ 3,622,251	\$ 3,573,972	\$ 3,799,760	\$ 3,708,140	2.5%
Feb	\$ 2,499,464	\$ 2,374,608	\$ 2,191,609	\$ 2,465,447	\$ 2,618,440	-5.8%
Mar	\$ 2,544,688	\$ 2,468,095	\$ 3,041,068	\$ 2,517,162	\$ 2,559,770	-1.7%
Apr	\$ 3,020,580	\$ 2,701,737	\$ 2,759,556	\$ 3,022,770	\$ 2,910,840	3.8%
May	\$ 2,761,197	\$ 2,428,860	\$ 2,550,227	\$ 2,769,526	\$ 2,628,350	5.4%
Jun	\$ 2,829,423	\$ 2,569,125	\$ 2,665,632	\$ 2,800,184	\$ 2,738,110	2.3%
Jul	\$ 2,987,495	\$ 2,794,222	\$ 3,004,324	\$ 3,129,254	\$ 2,968,340	5.4%
Aug	\$ 2,811,579	\$ 2,628,842	\$ 2,662,932	\$ 2,961,686	\$ 2,815,690	5.2%
Sep	\$ 3,082,644	\$ 2,782,768	\$ 2,732,087	\$ 3,008,637	\$ 2,884,640	4.3%
Oct	\$ 2,776,559	\$ 2,733,964	\$ 2,897,370		\$ 2,941,910	
Nov	\$ 2,557,802	\$ 2,522,092	\$ 2,690,549		\$ 2,659,950	
Dec	\$ 2,646,945	\$ 2,537,802	\$ 3,096,111		\$ 2,682,740	
	\$ 34,281,588	\$ 32,164,365	\$ 33,865,435	\$ 26,474,426	\$ 34,116,920	
<b>YTD</b>	\$ 26,300,282	\$ 24,370,507	\$ 25,181,405	\$ 26,474,426	\$ 25,832,320	2.5%

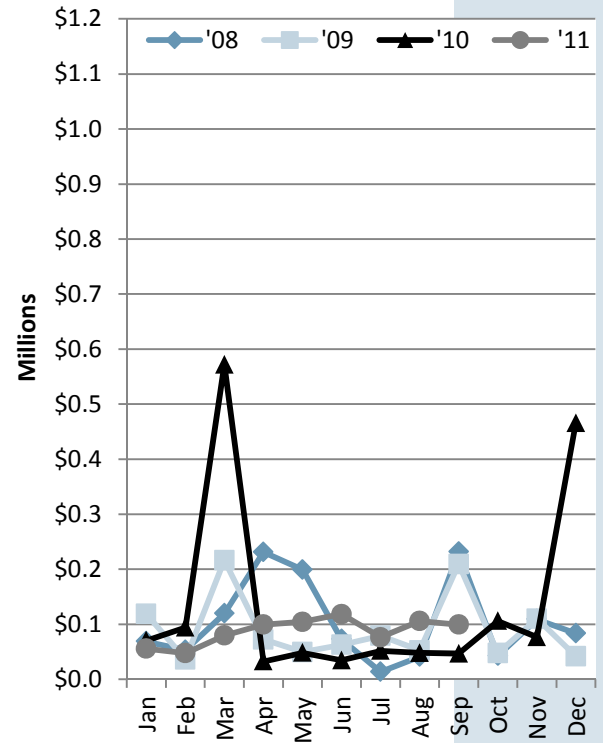
### Retail Sales Tax



	'08	'09	'10	'11	2011 Budget	+ / - Budget
Jan	\$ 3,538,021	\$ 3,354,704	\$ 3,352,821	\$ 3,613,881	\$ 3,419,500	5.7%
Feb	\$ 2,266,805	\$ 2,170,562	\$ 1,959,729	\$ 2,249,749	\$ 2,333,970	-3.6%
Mar	\$ 2,229,963	\$ 2,100,216	\$ 2,328,701	\$ 2,299,237	\$ 2,216,570	3.7%
Apr	\$ 2,605,919	\$ 2,482,752	\$ 2,579,918	\$ 2,702,024	\$ 2,585,290	4.5%
May	\$ 2,367,597	\$ 2,218,482	\$ 2,324,395	\$ 2,462,213	\$ 2,310,110	6.6%
Jun	\$ 2,560,453	\$ 2,390,535	\$ 2,468,207	\$ 2,536,541	\$ 2,489,270	1.9%
Jul	\$ 2,770,864	\$ 2,552,195	\$ 2,752,870	\$ 2,882,075	\$ 2,657,610	8.4%
Aug	\$ 2,546,052	\$ 2,383,119	\$ 2,458,382	\$ 2,667,674	\$ 2,481,550	7.5%
Sep	\$ 2,644,113	\$ 2,401,596	\$ 2,495,338	\$ 2,710,738	\$ 2,500,790	8.4%
Oct	\$ 2,521,253	\$ 2,457,158	\$ 2,602,599		\$ 2,558,640	
Nov	\$ 2,294,503	\$ 2,245,659	\$ 2,422,352		\$ 2,338,410	
Dec	\$ 2,432,635	\$ 2,358,273	\$ 2,455,821		\$ 2,424,090	
	\$ 30,778,179	\$ 29,115,253	\$ 30,201,133	\$ 24,124,132	\$ 30,315,800	
<b>YTD</b>	\$ 23,529,787	\$ 22,054,163	\$ 22,720,361	\$ 24,124,132	\$ 22,994,660	4.9%

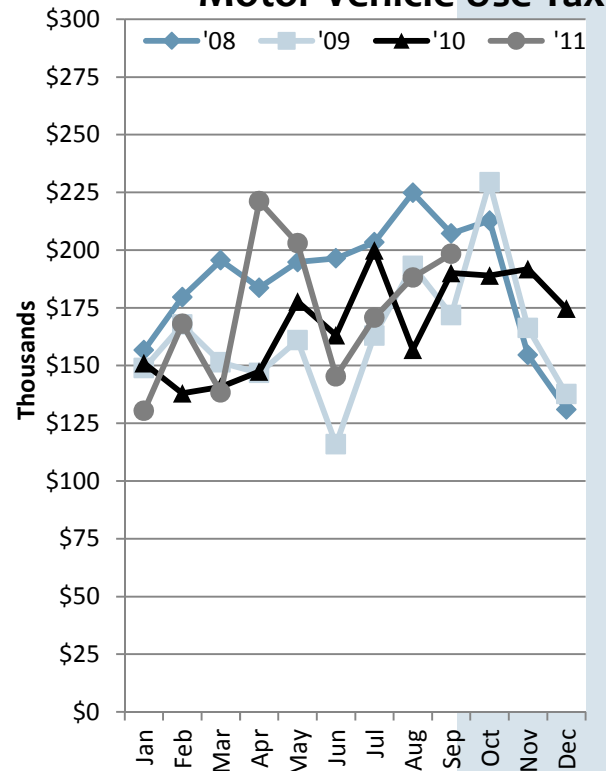
	'08	'09	'10	'11	2011 Budget	+ / - Budget
Jan	\$ 68,522	\$ 118,719	\$ 70,117	\$ 55,542	\$ 136,380	-59.3%
Feb	\$ 52,986	\$ 36,254	\$ 93,928	\$ 47,621	\$ 112,810	-57.8%
Mar	\$ 119,149	\$ 216,500	\$ 571,599	\$ 79,590	\$ 188,330	-57.7%
Apr	\$ 230,954	\$ 72,251	\$ 32,260	\$ 99,569	\$ 175,440	-43.2%
May	\$ 198,765	\$ 49,434	\$ 48,145	\$ 104,373	\$ 153,590	-32.0%
Jun	\$ 72,544	\$ 62,723	\$ 34,349	\$ 118,318	\$ 130,300	-9.2%
Jul	\$ 13,276	\$ 79,061	\$ 51,657	\$ 76,488	\$ 144,010	-46.9%
Aug	\$ 40,683	\$ 52,578	\$ 47,716	\$ 105,871	\$ 136,550	-22.5%
Sep	\$ 231,321	\$ 209,338	\$ 46,646	\$ 99,544	\$ 208,060	-52.2%
Oct	\$ 42,561	\$ 47,437	\$ 105,818		\$ 148,620	
Nov	\$ 108,737	\$ 110,207	\$ 76,444		\$ 151,490	
Dec	\$ 83,315	\$ 41,844	\$ 465,626		\$ 115,540	
	\$ 1,262,815	\$ 1,096,346	\$ 1,644,305	\$ 786,916	\$ 1,801,120	
<b>YTD</b>	\$ 1,028,201	\$ 896,858	\$ 996,417	\$ 786,916	\$ 1,385,470	-43.2%

### Building Material Use Tax



	'08	'09	'10	'11	2011 Budget	+ / - Budget
Jan	\$ 156,669	\$ 148,828	\$ 151,034	\$ 130,337	\$ 152,260	-14.4%
Feb	\$ 179,673	\$ 167,793	\$ 137,951	\$ 168,077	\$ 171,660	-2.1%
Mar	\$ 195,576	\$ 151,378	\$ 140,768	\$ 138,335	\$ 154,870	-10.7%
Apr	\$ 183,707	\$ 146,734	\$ 147,378	\$ 221,177	\$ 150,110	47.3%
May	\$ 194,835	\$ 160,943	\$ 177,687	\$ 202,940	\$ 164,650	23.3%
Jun	\$ 196,426	\$ 115,867	\$ 163,076	\$ 145,325	\$ 118,540	22.6%
Jul	\$ 203,356	\$ 162,966	\$ 199,797	\$ 170,691	\$ 166,720	2.4%
Aug	\$ 224,843	\$ 193,144	\$ 156,834	\$ 188,141	\$ 197,590	-4.8%
Sep	\$ 207,209	\$ 171,833	\$ 190,102	\$ 198,355	\$ 175,790	12.8%
Oct	\$ 212,745	\$ 229,369	\$ 188,953		\$ 234,650	
Nov	\$ 154,561	\$ 166,225	\$ 191,753		\$ 170,050	
Dec	\$ 130,995	\$ 137,685	\$ 174,664		\$ 143,110	
	\$ 2,240,595	\$ 1,952,766	\$ 2,019,997	\$ 1,563,378	\$ 2,000,000	
<b>YTD</b>	\$ 1,742,294	\$ 1,419,487	\$ 1,464,627	\$ 1,563,378	\$ 1,452,190	7.7%

### Motor Vehicle Use Tax





# Sales Tax Collections

## Monthly Financial Report

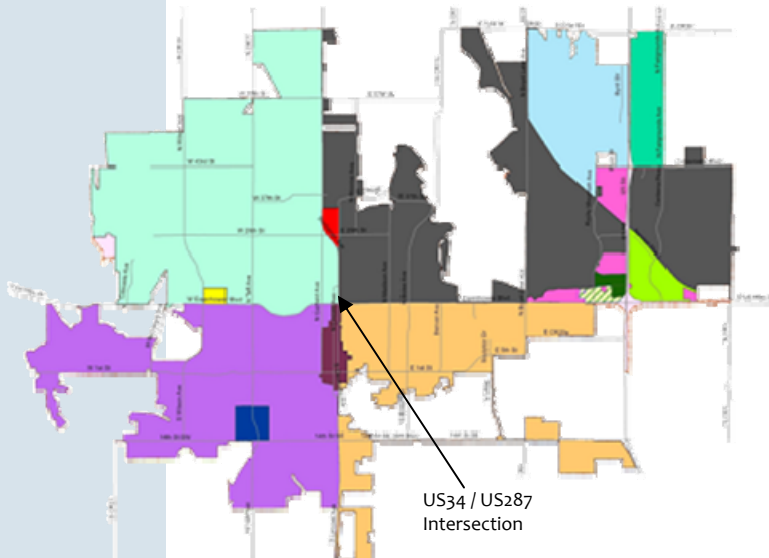
### Collections By Standard Industrial Classification Code

Summary of Sales Tax Collections by Industry Code							
September 2011							
Description	YTD 2011	YTD 2010	\$ Change	% Change	% of Total	Cumulative %	
1 Department Stores & General Merchandise	\$ 5,563,335	\$ 5,492,195	\$ 71,139	1.3%	23.1%	23.1%	
2 Restaurants & Bars	2,917,204	2,655,014	262,190	9.9%	12.1%	35.2%	
3 Grocery Stores & Specialty Foods	2,441,689	2,318,654	123,035	5.3%	10.1%	45.3%	
4 Clothing & Clothing Accessories Stores	1,771,838	1,556,315	215,522	13.8%	7.3%	52.6%	
5 Building Material & Lawn & Garden Supplies	1,592,804	1,515,704	77,100	5.1%	6.6%	59.2%	
6 Motor Vehicle Dealers, Auto Parts & Leasing	1,467,878	1,343,244	124,634	9.3%	6.1%	65.3%	
7 Utilities	1,306,093	1,291,957	14,136	1.1%	5.4%	70.7%	
8 Sporting Goods, Hobby, Book & Music Stores	1,162,844	1,076,881	85,963	8.0%	4.8%	75.5%	
9 Broadcasting & Telecommunications	994,980	976,040	18,939	1.9%	4.1%	79.6%	
10 Used Merchandise Stores	658,187	593,578	64,609	10.9%	2.7%	82.3%	
11 Beer, Wine & Liquor Stores	539,238	513,413	25,825	5.0%	2.2%	84.5%	
12 Hotels, Motels & Other Accommodations	528,983	454,992	73,991	16.3%	2.2%	86.7%	
13 Electronics & Appliance Stores	503,482	482,366	21,116	4.4%	2.1%	88.8%	
14 Health & Personal Care Stores	412,137	370,711	41,426	11.2%	1.7%	90.5%	
15 Consumer Goods & Commercial Equipment	382,089	344,518	37,571	10.9%	1.6%	92.1%	
16 Electronic Shopping & Mail-Order Houses	334,023	271,674	62,349	23.0%	1.4%	93.5%	
17 Furniture & Home Furnishing Stores	324,734	280,731	44,003	15.7%	1.3%	94.8%	
18 Office Supplies, Stationery & Gift Stores	249,677	247,632	2,045	0.8%	1.0%	95.8%	
19 Gasoline Stations with Convenience Stores	186,879	177,633	9,246	5.2%	0.8%	96.6%	
20 All Other Categories	786,039	757,109	28,930	3.8%	3.4%	100.0%	
<b>Total</b>	<b>\$ 24,124,132</b>	<b>\$ 22,720,361</b>	<b>\$ 1,403,771</b>	<b>6.2%</b>	<b>100.0%</b>		

Loveland area is showing gains over last year on strong performances by the Hotels in the area and several new businesses in the Crossroads section of the North East Loveland area. The Outlet Mall maintains its trend upward coming in at 13.7% over 2010, thanks several new store openings.

By business category; Hotels & Motels remain up 16.3% over last year's sales numbers while Furniture and Home Furnishing Stores are up 15.7%, followed by Clothing & Clothing Accessories at 13.8%. Restaurants & Bars showed the largest increase in dollars while achieving a 9.9% increase over 2010.

The year to date Audit Revenue is at \$474,119 and \$408,954 has been collected in Lodging Tax.

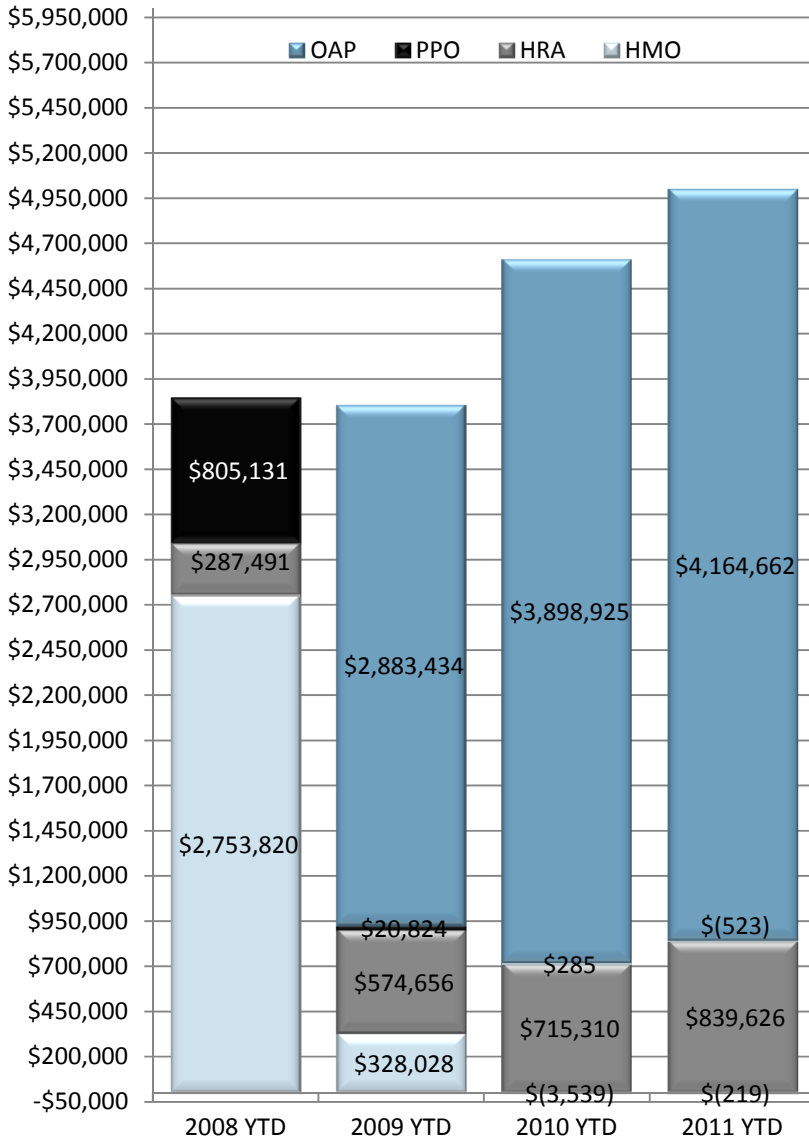


### Collections By Geographical Code

Geographical Area	YTD 2011	YTD 2010	% Change
North West Loveland	\$2,800,480	\$2,770,449	1.1%
South West Loveland	\$811,919	\$782,858	3.7%
North East Loveland	\$1,592,886	\$1,434,277	11.1%
South East Loveland	\$5,942,247	\$5,779,469	2.8%
Orchards Shopping Center	\$1,517,069	\$1,430,198	6.1%
Columbine Shopping Center	\$457,352	\$425,887	7.4%
Downtown	\$777,601	\$752,376	3.4%
Centerra	\$2,233,394	\$2,040,261	9.5%
Promenade Shops	\$1,777,773	\$1,678,992	5.9%
Outlet Mall	\$971,622	\$854,496	13.7%
Thompson Valley Shopping Center	\$1,168,669	\$1,077,559	8.5%
The Ranch	\$509,509	\$420,919	21.0%
Airport	\$288,483	\$240,220	20.1%
All Other Areas	\$3,275,128	\$3,032,400	8.0%
<b>Total</b>	<b>\$24,124,132</b>	<b>\$22,720,361</b>	<b>6.2%</b>

## August Incurred Claims Posted In September

### YTD Processed Claims

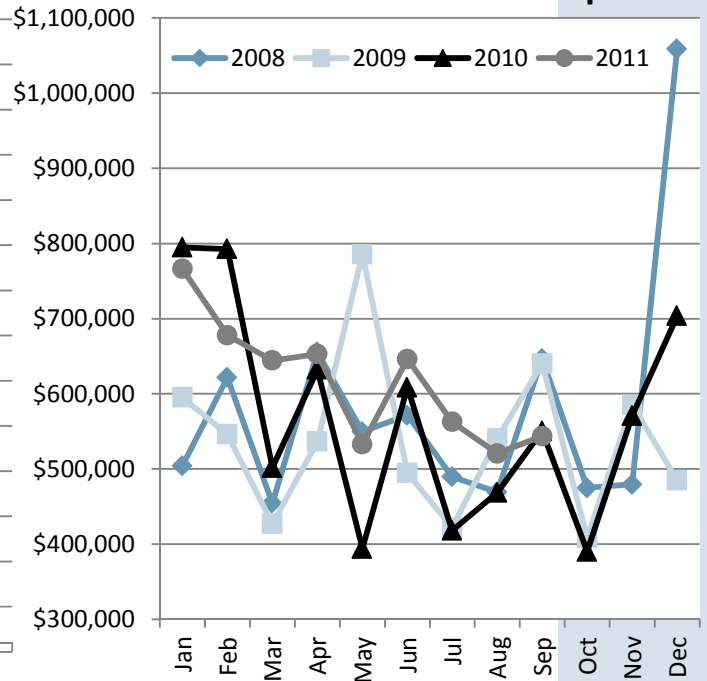


### Claims Over \$25k Comparison (2008-2011)

# of Claims	2008	2009	2010	2011
September - YTD	29	34	36	44

2011 Stoploss YTD Claims: 0

### Total Incurred Claims Comparison



### Cash Basis for Claims Paid

		HMO	OAP	HRA	PPO	Total	Budget	\$ Over /	% Over /
								(Under)	(Under) Budge
2011	September	\$ -	\$ 388,293	\$ 132,192	\$ -	\$ 520,485	\$ 680,043	\$ (159,558)	-23.5%
	YTD	-	4,164,662	839,407	\$(523)	5,003,546	5,440,340	(436,794)	-8.0%
2010	September	261	357,925	110,401	-	468,587	630,046	(161,459)	-25.6%
	YTD	(3,539)	3,898,925	715,310	285	4,610,981	5,040,367	(429,386)	-8.5%
Change	September	(261)	30,368	21,791	-	51,898			
	% Aug	0.0%	8.5%	19.7%	0.0%	11.1%			
	YTD	\$ (3,539)	\$ 265,737	\$ 124,097	\$ (808)	\$ 392,565			
	% YTD	100.0%	6.8%	17.3%	-283.5%	8.5%			

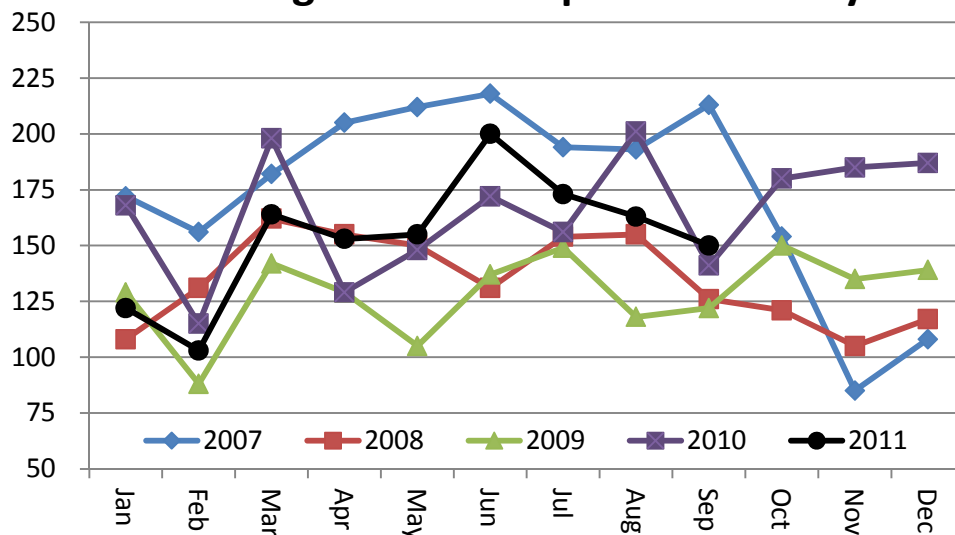
# Activity Measures

## Monthly Financial Report

### Activity Measures

Measures	Sep '09	Sep '10	Sep '11	2009 YTD	2010 YTD	2011 YTD
# of Building Permits	122	141	150	1,119	1,428	1,383
Building Permit Valuations	14,703,247	8,642,011	6,693,147	63,060,848	96,497,412	68,625,163
# of Certified Occupancies	15	8	26	164	131	173
Net # of Sales Tax Licenses	8	25	(36)	136	96	131
New Residential Electric Meter Sets	9	15	38	81	134	289
# of Utility Bills Sent	34,944	35,059	35,718	303,620	314,961	319,764
Rounds of Golf	13,665	14,733	14,016	115,611	102,402	104,627
Health Claim Costs/Emp.	1,055	895	833	8,203	8,378	8,818
# of Vacant Positions	9	10	26	62	83	125
# of Frozen Vacant Positions	9	14	9	86	115	110
# of Eliminated Positions	35	40	46	119	351	396
KWH Demand (kH)	105,571	108,624	127,069	912,950	952,559	986,062
KWH Purchased (kwh)	55,236,883	57,071,518	58,964,037	506,130,243	527,252,807	551,211,729
Gallons of Water Sold	480,524,148	585,681,964	606,626,412	2,594,830,482	2,759,683,480	2,896,348,177
# of Workers' Comp Claims	13	3	11	84	100	93
\$ of Workers' Comp Claims Paid	43,256	158,564	21,912	210,294	445,470	125,843
# of Open Claims Current Year	NA	10	19	-	82	121
# of Total Open Claims	NA	10	22	-	122	149
\$ of Total Open Claims	503,337	178,817	222,484	1,980,929	1,969,672	964,220
# of Hotel Rooms	NA	1,117	1,117	-	8,936	10,053
\$ of Lodging Tax Collected	NA	64,057	69,447	-	358,134	408,954

### Building Permit Comparison History



### Cash & Reserves

Total Cash & Reserves = \$193.2 million, of which \$137.5 million is restricted or reserved, or 71.1%, leaving \$55.8 million unrestricted.

Statement of Cash Sept 2011				
	Beginning	YTD Activity	Ending	
<b>Restricted</b>				
1 Capital Expansion Fees	\$ 36,464,857	\$ (2,103,744)	\$ 34,361,113	
2 Other Special Revenue Funds	20,268,968	1,356,938	21,625,905	
3 Capital Projects	3,439,842	(1,118,650)	2,321,193	
4 Debt Reserves-Golf	-	-	-	
5 Water System Impact Fees	5,634,568	1,188,119	6,822,687	
6 Windy Gap	4,776,059	(498,950)	4,277,109	*Operating/Emergency: TABOR
7 Raw Water	22,801,762	(9,174,062)	13,627,700	Amendment requirement for 3% of
8 Wastewater System Impact Fees	4,258,451	423,990	4,682,441	operating expenditures excluding
9 Storm Drainage System Impact Fees	1,542,372	(158,508)	1,383,864	transfers and debt.
10 Power System Impact Fees	5,624,382	1,394,616	7,018,998	
11 Cemetery	2,433,991	75,398	2,509,389	**Other Entities Fund: Special
12 Other Entities	3,393,300	1,128,233	4,521,533	Improvement District #1, Airport, General
<b>13 Total Restricted</b>	<b>\$ 110,638,551</b>	<b>\$ (7,486,621)</b>	<b>\$ 103,151,931</b>	Improvement District #1, Loveland Urban
<b>Committed/Assigned Balance Amounts</b>				Renewal Authority, Loveland/Larimer
14 General Fund				Building Authority
15 Operating/Emergency ***	1,731,040	-	1,731,040	***Contributions made at year end.
16 Council Contingency	-	-	-	
17 Council Capital Reserve ***	4,730,850	(1,240,285)	3,490,565	(Line #17) Council Capital Reserve:
18 Liability	125,000	-	125,000	\$900,000 Downtown Improvements
19 Equipment Replacement	-	-	-	\$97,485 Interfund Loan Payment
20 Police Communication Console Replacement	512,000	104,000	616,000	\$242,800 Leslie Cleaners Property
21 Library Reserve	158,379	2,429	160,808	
22 Library Building Reserve	16,750	-	16,750	(Line #22) The market value of the
23 Telephone Switch Reserve	261,460	-	261,460	Proctor & Gamble Stock as of December
24 Excess TABOR	5,698,193	(560,345)	5,137,848	31, 2010 is \$205,856. This value represents
25 Water	660,898	(57,500)	603,398	the original value of the stock when it
26 Wastewater	816,746	28,158	844,904	was first donated.
27 Storm Water	442,355	(101,186)	341,169	
28 Power	2,696,087	242,956	2,939,043	(Line #24) Six main streets projects are:
29 Golf	243,784	3,738	247,522	US 34/Madison, Boyd Lake Ave
30 Insurance Reserves	4,632,532	81,103	4,713,635	Extension, Signal at 4th/Lincoln,
31 Employee Benefits	6,443,162	232,274	6,675,436	Crossroads/71st St, 57th/287, and
32 Fleet Replacement	6,208,177	210,520	6,418,697	Crossroads/I-25
<b>33 Total Committed/Assigned</b>	<b>\$ 35,377,415</b>	<b>\$ (1,054,138)</b>	<b>\$ 34,323,277</b>	
<b>34 Total Restricted/Committed/Assigned</b>	<b>\$ 146,015,966</b>	<b>\$ (8,540,758)</b>	<b>\$ 137,475,208</b>	
<b>Unassigned Balance Amounts</b>				
35 General	12,740,445	6,171,269	18,911,714	
36 Airport	814,146	249,189	1,063,335	
37 Internal Service - Vehicle Maintenance	57,032	99,465	156,497	
38 Golf	902,662	908,075	1,810,737	
39 Water	3,745,091	(325,835)	3,419,256	
40 Wastewater	7,350,712	253,421	7,604,132	
41 Power	15,277,828	1,376,752	16,654,580	
42 Stormwater	2,506,679	(573,386)	1,933,293	
43 Solid Waste	2,873,450	1,335,894	4,209,344	
<b>44 Total Unassigned</b>	<b>\$ 46,268,044</b>	<b>\$ 9,494,844</b>	<b>\$ 55,762,888</b>	
<b>45 Total Cash</b>	<b>\$ 192,284,010</b>	<b>\$ 954,085</b>	<b>\$ 193,238,095</b>	

Prepared by:  
Finance Department

WEBSITE: [WWW.CITYOFLOVELAND.ORG](http://WWW.CITYOFLOVELAND.ORG)

## Citywide Capital Projects Over \$500,000

Project Title	2011 Budget	2011 Expenditures	Remaining 2011 Budget	% of 2011 Budget (Exp/Bud)	Budget Book Page #
<b>Water Capital</b>					
Washington Ave WL Replacement	\$ 497,810	\$ 343,128	\$ 154,682	68.93%	C-115
Filter Plant 2 Improvements	\$ 1,251,850	\$ 995,011	\$ 256,839	79.48%	C-113
<b>Raw Water Capital</b>					
Windy Gap Firming Project	\$ 596,490	\$ -	\$ 596,490	0.00%	C-86
Purchase Colorado Big Thompson Water	\$ 4,623,000	\$ 4,500,200	\$ 122,800	97.34%	C-87
<b>Wastewater Utility Capital</b>					
Carlisle Phase IV (Taft to RR)	\$ 623,730	\$ 20,788	\$ 602,942	3.33%	C-101
Waste Activated Sludge Thickening	\$ 4,802,740	\$ 1,066,144	\$ 3,736,596	22.20%	C-88
South Horseshoe Lift Station Submersible	\$ 887,000	\$ 289	\$ 886,711	0.03%	
<b>Power Capital</b>					
Horseshoe Sub tie S along Taft to ckt existing on West 29th	\$ 2,300,000	\$ 5,982	\$ 2,294,018	0.26%	
West Sub tie E along Arkins Branch, N along Wilson to 29th	\$ 971,736	\$ 47,699	\$ 924,037	4.91%	
Valley Sub tie W along 402, N along Wilson, W along Arkins to W Sub	\$ 1,100,000	\$ 9,077	\$ 1,090,923	0.83%	
Horseshoe Sub - New Transformer	\$ 1,200,000	\$ -	\$ 1,200,000	0.00%	
<b>Stormwater Capital</b>					
Washington Ave Outfall Phase 4	\$ 3,380,185	\$ 2,271,736	\$ 1,108,449	67.21%	
<b>Streets Transportation Program</b>					
US34/Madison	\$ 749,020	\$ 251,168	\$ 497,852	33.53%	
Boyd Lake Ave Extension	\$ 1,005,100	\$ 478,495	\$ 526,605	47.61%	C-71
2011 Street Rehabilitation	\$ 2,956,210	\$ 2,069,676	\$ 886,534	70.01%	C-39
<b>All Other</b>					
Downtown Infrastructure	\$ 900,000	\$ -	\$ 900,000	0.00%	C-40
Open Lands Acquisition	\$ 2,445,000	\$ -	\$ 2,445,000	0.00%	C-29
MeHaffey Park Development	\$ 640,000	\$ -	\$ 640,000	0.00%	C-28
Library Expansion	\$ 7,870,850	\$ 4,617,766	\$ 3,253,084	58.67%	
ACE Center Land/Building	\$ 5,675,000	\$ 5,280,884	\$ 394,116	93.06%	
Rialto Bridge (City's Share of the Project)	\$ 2,097,700	\$ 1,095,580	\$ 1,002,120	52.23%	

City of Loveland  
500 East 3rd Street  
Loveland, CO 80537

For more information regarding this report contact:  
Renee Wheeler, Assistant City Manager  
970.962.2704 or [wheeler@ci.loveland.co.us](mailto:wheeler@ci.loveland.co.us)







**CITY OF LOVELAND**  
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537  
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

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**AGENDA ITEM:** 15  
**MEETING DATE:** 11/1/2011  
**TO:** Mayor and City Council  
**FROM:** Alan Krcmarik, Executive Fiscal Advisor  
**PRESENTER:** Alan Krcmarik

---

**TITLE:** Investment Report for September 2011

**DESCRIPTION:** This is an information only item. No Council action is required. The budget estimate for investment earnings for 2011 is \$3,163,130. For the first nine months of 2011, the amount posted to the investment account is \$2,900,744 including realized gains. Actual year-to-date earnings are *higher* than the year-to-date projection by \$528,396. Based on September's monthly statement, the estimated annualized yield on the U.S. agencies and corporates was up to 1.58%, well under the annual target rate and also under the budget target for 2012. Reinvestment rates are now significantly lower.

**BUDGET IMPACT:** Investment earnings provide revenue to the City's various funds.

Yes       No

---

**SUMMARY:** At the end of September, the City's total portfolio had an estimated market value of \$193.9 million, about \$ 600,000 more than a month ago. Of this amount, USBank held (including accrued interest) \$178.1 million in trust accounts; other funds are held in local government investment pools, in operating accounts at WellsFargo Bank, and a few miscellaneous accounts. Interest rates have trended significantly lower over the past few months. Investments are in US Treasury Notes, highly-rated US Agency Bonds, highly-rated corporate bonds, money market accounts, and local government investment pools. The City's investment strategy emphasizes safety of principal, then sufficient liquidity to meet cash needs, and finally, return on investment. Each percent of earnings on the portfolio equates to \$1.9 million annually. Each basis point would be about \$19,300 annually.

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**LIST OF ATTACHMENTS:** Investment Focus September 2011

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**RECOMMENDED CITY COUNCIL ACTION:** For Council's information; questions welcomed.

**REVIEWED BY CITY MANAGER:**

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# Investment Focus

Monthly Investment Report

September 2011

## What's in here?

- Focal Points** 1
- Gain / Loss**
- Rate Trends** 2
- Cash Statement** 3
- Portfolio size** 4
- Investment types**
- Transactions /** 5
- Maturity**
- Future Scan** 6

## Focal Points

- \* **2011 targets for the City's portfolio: 1) the interest rate target is 2.0%; 2) the earnings goal = \$3,163,130.**
- \* **City investments are in high quality, low risk securities, in compliance with state law and the adopted investment policy.**
- \* **Revenue posted to accounts = \$2,900,744 or 91% of target. This includes realized gains on the sales of \$444,600.**
- \* **Each 1% of the total portfolio amounts to about \$1.9 million.**
- \* **The month end market value shows an unrealized loss of \$433,572.**

## Consumers remained in the doldrums.

The Conference Board's Consumer Confidence Index registered 45.4 in September, up a bit from August's 45.2 and near its lowest levels since early 2009.

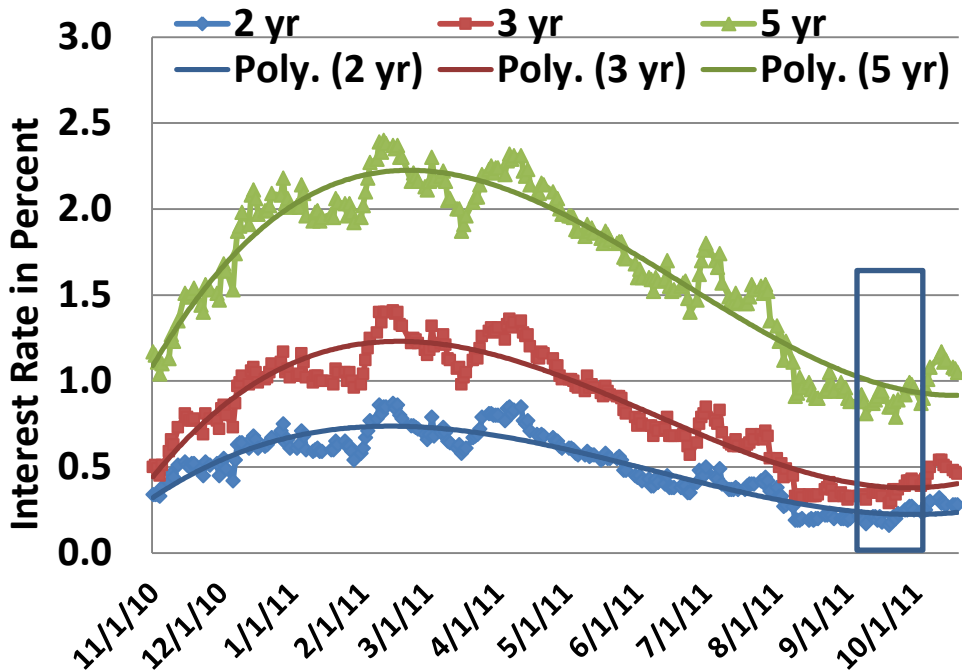
Consumer expectations of how the economy will perform in the next half-year improved, but was mostly offset by a decline in the assessment of current conditions.

Source: Wall Street Journal, September 28, 2011.

Type of Investment	Purchase Price	Market Value	Unrealized Gain or Loss
Checking Accounts	\$ 10,235,806	\$ 10,235,806	--
Investment Pools	5,589,881	5,589,881	--
Money Markets	<u>28,352,309</u>	<u>28,352,309</u>	--
Subtotal	\$ 44,177,996	\$ 44,177,996	--
Notes and Bonds	<u>150,198,818</u>	<u>149,765,246</u>	\$ (433,572)
<b>Total Portfolio</b>	<b>\$ 194,376,815</b>	<b>\$ 193,943,242</b>	<b>\$ (433,572)</b>
Data Sources	(Morgan Stanley)	(US Bank)	

# Monthly Investment Report

## Treasury rate trends / 4 years of Performance



Interest rates on US treasuries again reached new record lows in mid-September and then moved back up slightly.

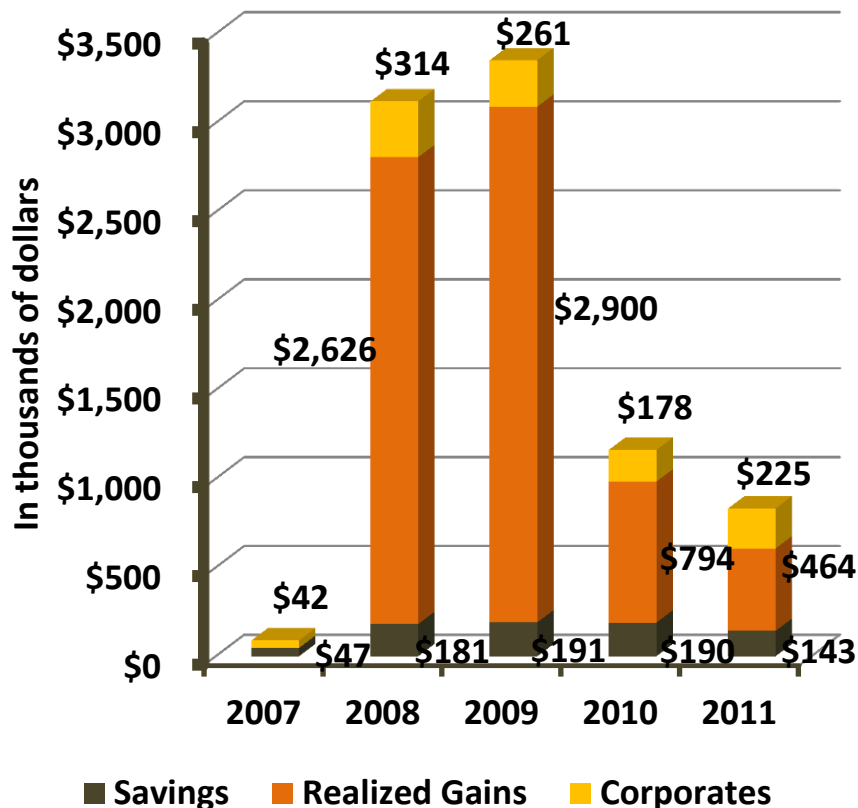
Based on the 2-year treasury, the September month-end rate was 25% higher than August. The 3-year was 25% higher and the 5-year rates was flat.

When the treasury market shifts like this, the value of prior investments decreases making the unrealized loss higher. For new investments, yields were higher at the end of September.

### Four Years of Results

Four years ago, the City developed and implemented a new investment strategy. The goals were to save money on fees, diversify and buy corporate securities, and to more actively manage the portfolio to add value.

- ❖ Lower banking fees are estimated to be \$752,000.
- ❖ Investing in high-grade, short-term corporate securities has added \$1,020,000.
- ❖ Active management, the sale of securities to lock in gains, has amounted to about \$6.78 million.





September 2011

# Cash Position Summary

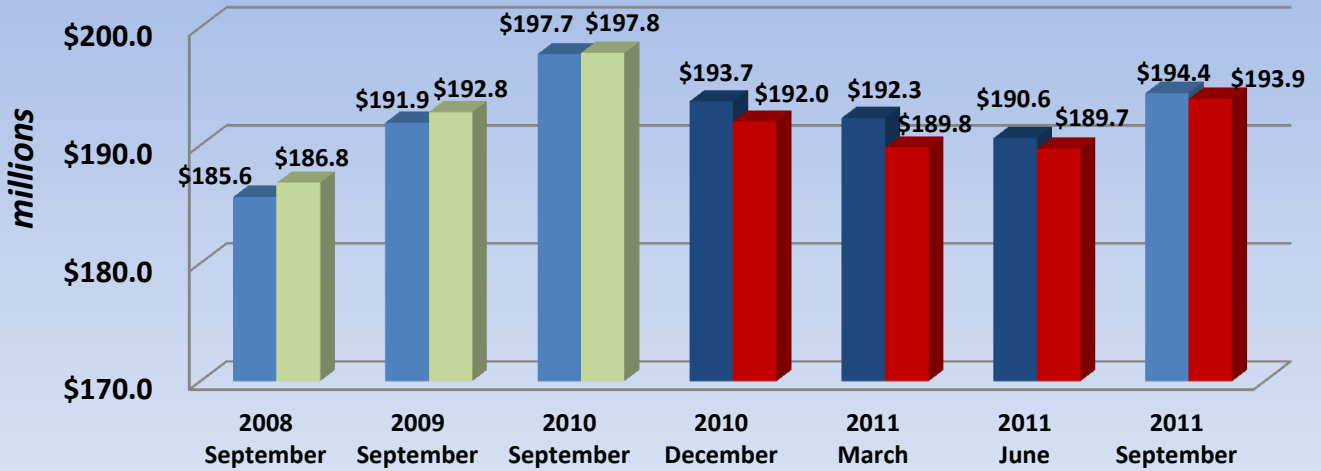
## Cash & Reserves (unaudited)

		2011 Beginning	YTD Activity	Month End Total
<b>Restricted Reserves</b>				
1	Capital Expansion Fees	\$ 36,464,857	\$ (2,103,744)	\$ 34,361,113
2	Water System Impact Fees	5,634,568	1,188,119	6,822,687
3	Raw Water Revenue – Windy Gap	27,577,821	(9,673,012)	17,904,809
4	Wastewater System Imp. Fees	4,258,451	423,990	4,682,441
5	Storm Drain System Imp. Fees	1,542,372	(158,508)	1,383,864
6	Power Plant Investment Fees	5,624,382	1,394,616	7,018,998
7	Cemetery Perpetual Care	2,433,991	75,398	2,509,389
8	Other Restricted	27,102,110	1,366,520	28,468,631
9	<b>Total Restricted</b>	<b>\$ 110,638,551</b>	<b>\$ (7,486,621)</b>	<b>\$ 103,151,931</b>
<b>Reserve Balance Amounts</b>				
10	General Fund	\$ 13,233,672	\$ (1,694,201)	\$ 11,539,472
11	Enterprise Funds	4,859,870	116,166	4,976,037
12	Internal Service Funds	17,283,872	523,897	17,807,768
13	<b>Total Reserves</b>	<b>\$ 35,377,415</b>	<b>\$ (1,054,138)</b>	<b>\$ 34,323,208</b>
14	<b>Total Restricted and Reserved</b>	<b>\$ 146,015,966</b>	<b>\$ (8,540,758)</b>	<b>\$ 137,475,208</b>
<b>Unrestricted</b>				
15	General Fund	\$ 12,740,445	\$ 6,171,269	\$ 18,911,714
16	Airport	814,146	249,189	1,063,335
17	Internal Service – Vehicle Maint	57,032	99,465	156,497
18	Enterprise Funds	32,656,422	2,974,920	35,631,342
19	<b>Total Unrestricted</b>	<b>\$ 46,268,044</b>	<b>\$ 9,494,844</b>	<b>\$ 55,762,888</b>
20	<b>TOTAL CASH</b>	<b>\$ 192,284,010</b>	<b>\$ 954,085</b>	<b>\$ 193,238,095</b>

# Monthly Investment Report

## Portfolio Size / Types of Investments

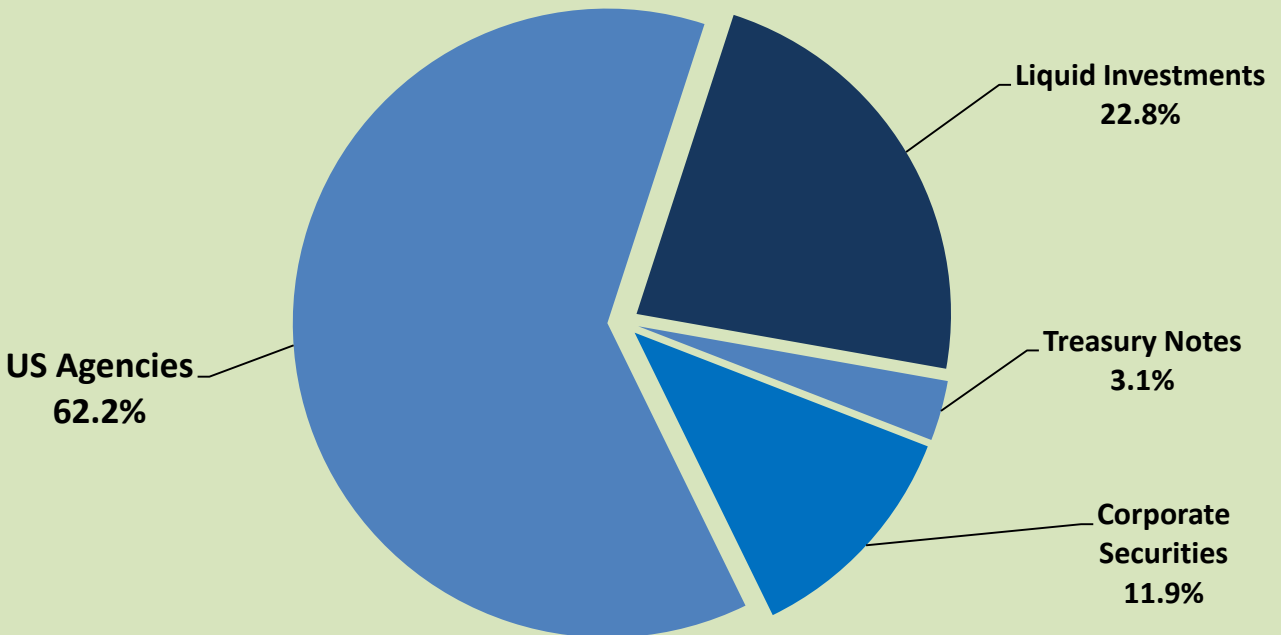
### Portfolio Size since September 2008



Blue bars show Purchase value, red and green bars show market value, red = loss and green = gain

### Portfolio by Type of Investment

September 2011 – Market Value of \$193.9 million

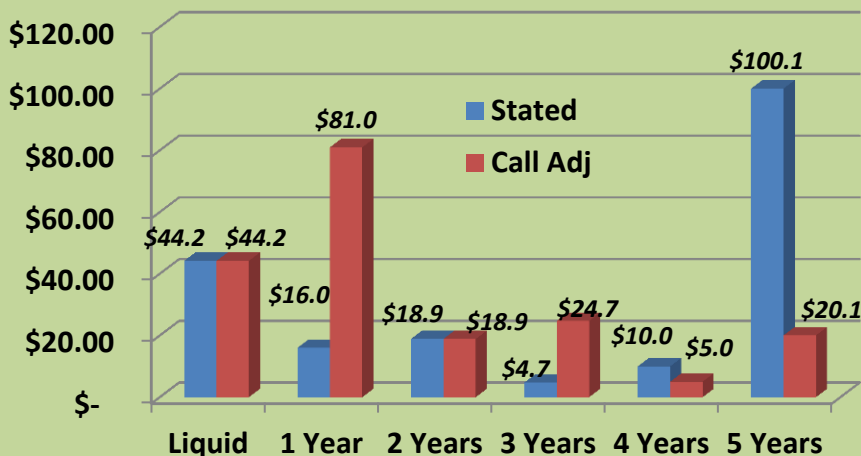


## Transactions / Portfolio by Maturity

	Maturity Date	Face Value	Purchase \$	Stated Rate
<b>Purchases</b>				
Federal Home Loan Bank	09/15/2016	\$ 5,000,000	\$ 5,000,000.00	1.370%
Federal Home Loan Bank	09/16/2016	10,000,000	10,000,000.00	2.120%
Federal Home Loan Bank	09/22/2016	5,000,000	5,000,000.00	1.000%
Fed. Home Loan Mort. Corp.	09/28/2016	5,000,000	5,000,000.00	2.000%
Federal Home Loan Bank	10/14/2016	<u>5,000,000</u>	<u>5,000,000.00</u>	2.000%
		\$ 30,000,000	\$ 30,000,000.00	
<b>Matured</b>				
None this month				
<b>Called</b>				
			<u>Call Value \$</u>	
Fed. Home Loan Mort. Corp.	06/30/2016	\$ 5,000,000	\$ 5,000,000.00	1.375%
Federal Nat. Mortgage Assn.	12/16/2015	5,000,000	5,000,000.00	1.500%
Federal Nat. Mortgage Assn.	09/02/2015	5,000,000	5,000,000.00	1.850%
Federal Nat. Mortgage Assn.	03/28/2016	<u>5,000,000</u>	<u>4,997,500.00</u>	2.000%
		\$ 20,000,000	\$ 19,997,500.00	
<b>Sales</b>				
None this month				
			<u>Gain \$</u>	

### Portfolio by Maturity Term

(in millions - Total = \$193.9 at the end of September 2011)



The target rate for 2011 is 2.0%. In recent months, rates have fallen to record lows. Through September, the portfolio is still on track to reach the earnings target level for 2011.

To support earnings or to reposition the portfolio, bonds may be sold. Gains on sales total \$ 444,600 to date.

The blue bars show the stated term. Red bars show the calls. More of the five year bonds will be called early.



## *Future Scan / rates still on hold – jobs growing*

- ❖ The **Federal Open Market Committee** (“FOMC” or “Committee”) launched new stimulus at its September 20-21 meeting. “There are significant downside risks to the economic outlook, including strains in global financial markets,” was the summary of the meeting. The Committee kept short-term interest rates at a record low, near zero, at the meeting. The latest move by Chairman Bernanke recast the Fed’s \$2.65 trillion portfolio to reduce long-term interest rates. The intent is to lower interest rates and this will boost investment and spending and provide a shot of adrenaline to the beleaguered housing industry. The next FOMC meeting is set for November 1-2.
- ❖ **Loveland’s employment** level *expanded* in September with 754 more jobs when compared to August. Compared to the revised estimate for September 2010, there are 874 *more* jobs for city residents. Using non-seasonally adjusted data for September, the national unemployment rate was 8.8%, the State of Colorado was 7.6%, Larimer County was 6.0%, Fort Collins was 6.9% and Loveland was 5.2%. Of Colorado cities, only Lafayette and Parker were lower at 4.8% and 4.5% respectively. Aurora (Adams County) had the highest unemployment rate at 14.6%.
- ❖ **Recession concerns.** In August, the Morgan Stanley Global Economics team issued a report that stated developed economies were moving “dangerously close” to recession but maintained a base case that a recession was not yet probable. More recently, the Economic Cycle Research Institute (ECRI), an independent research institution, warned that the US economy is on track for a recession. The ECRI has successfully called each of the last four US recessions with no false alarms. (Source: Global Investment Committee *Tactical Asset Allocation Change*, Morgan Stanley, 10/6/2011)
- ❖ **European Debt Still Problematic.** “As for Europe, the GDP growth outlook was not robust before the latest round of sovereign debt deliberations. With further fiscal policy tightening in the offing and policy missteps by the European Central Bank, we expect Europe will soon be in recession. (Source: Morgan Stanley, 10/6/2011)

[For more information regarding this report, please contact:](#)

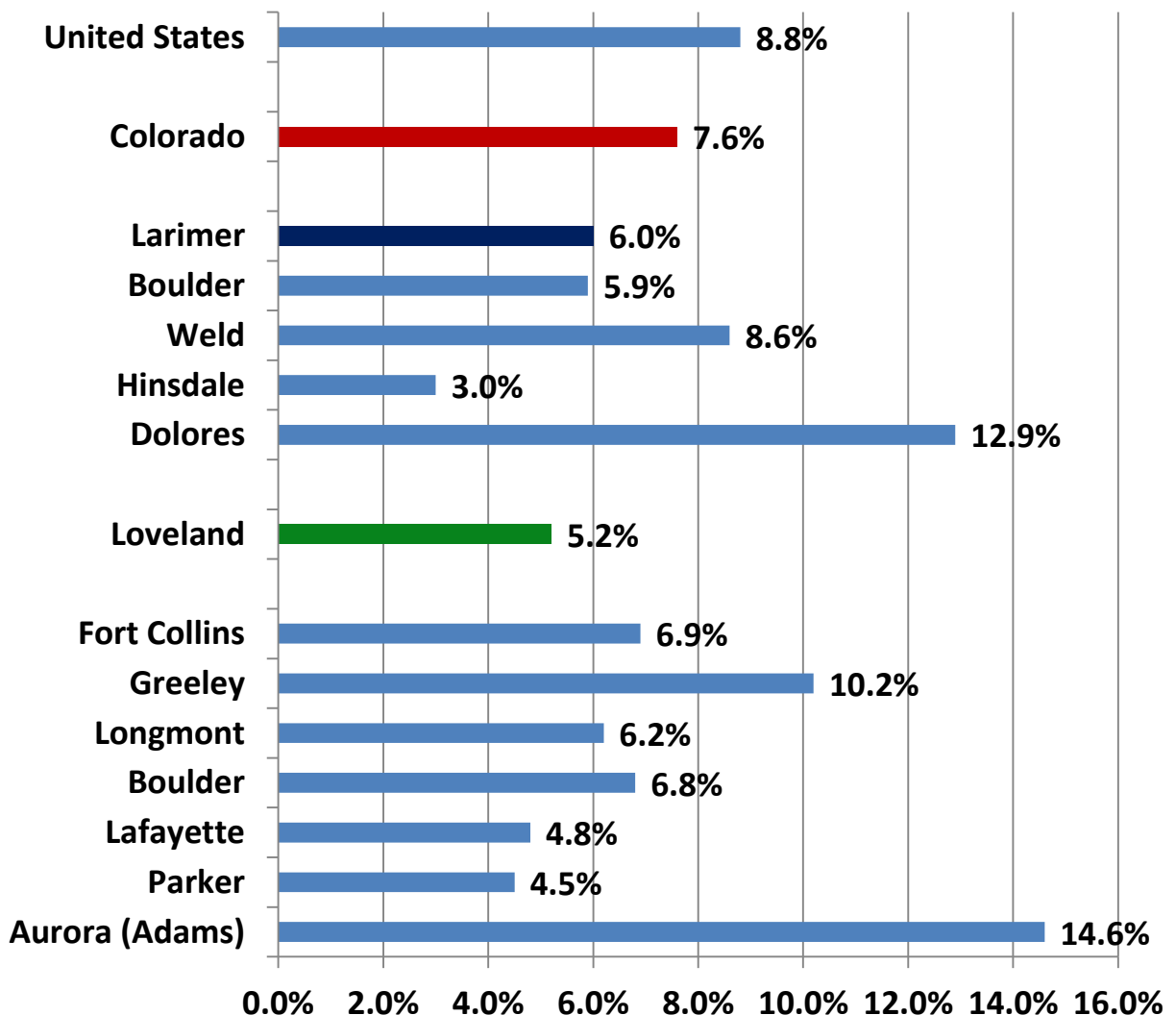
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## Updated for Colorado Labor data for September

- Loveland's employment level **expanded** strongly in September, up 754 jobs from August 2011.
- Compared to one year ago in September, there are 874 **more** jobs.

### September Unemployment Rates

Data not adjusted for seasonality



# Loveland Employment levels moving up

- The chart shows how Loveland resident employment has changed since the beginning of 2006. The total number of residents employed has been increasing since March 2011. The levels have not yet returned to the pre-recession count, but are within 700 jobs of doing so.

