

Loveland Citizens' Finance Advisory Commission Meeting

Regular Minutes

Wednesday October 12, 2011 6:00 PM

500 East Third Street

Council Chambers

I. **Call to Order & Roll Call 6:02 PM**

Ralph Trenary, Jennifer Travis, Jim Atkins, Bruce Finger, Jon Smela, Cathleen McEwen, Jodi Radke; Brad Pierson came in 6:38 PM
Renee Wheeler, Bettie Greenberg, Alan Krcmarik

II. **Public Comment**

No public in attendance

III. **Approval of Minutes and Agenda**

- a. September Minutes – motion by Jim Atkins and second from Jon Smela ; unanimously approved by the commission as written.
- b. October Agenda-one revision related to a revision to the investment policy from Alan Krcmarik. The agenda was unanimously approved as amended.

IV. **Regular Agenda**

a. **Investment Policy Amendment**

Alan Krcmarik made a presentation to the commission indicating that action is required to revise the investment policy due to Standard and Poor's downgrades of government securities from AAA to AA+. Based on discussion with investment officers in other cities and state officials, it appears the City needs to count government sponsored enterprise securities as corporate securities. The current policy limits the percentage of the total portfolio invested in corporate grade securities at 10% of the total portfolio. Based on investors' reaction to the downgrade, US Treasuries and government sponsored enterprise securities are still the highest quality investments. Alan is proposing that City Council use the authorization in the state investment law and the City's home rule authority to continue to allow investment US government sponsored institutions as the City was doing before the downgrade. He will present an ordinance with this revision on first reading October 18, 2011 and the second reading at the November 1, 2011 City Council meetings.

b. **Dashboard (web)**

A printed copy of the dashboard presentation was distributed. Ralph Trenary pointed out that on page 13, slide number 25 the retail activity in geo areas have experienced growth for 9 months in a row. He also pointed out that on page 15 slides 30 and 31

reflect that the TANF and food stamps cases are rising. He is not optimistic for the results of the School District free and reduced lunch counts that should be available at the November meeting. He would also like to include commercial real estate vacancy information in the dashboard presentation; and Alan Krcmarik was given the handout from last month on vital statistics on real estate.

c. **Review responses to Worker's Compensation and Property Liability Insurance RFP's**
(Bettie Greenberg)

The requests for proposal (RFP), the respondent proposals, and a summary of responses were distributed in advance of the meeting via email and at the meeting in printed form. Bettie reviewed the RFP process with the commission, explained broker market assignments, and difficulty getting quotes in the current market. CIRSA quote for property liability insurance is significantly less (\$326,978 versus \$478,717 and \$557,007) than other two respondents.

CIRSA and Pinnacol were the only responses to the workers compensation RFP. Pinnacol was \$55,000 less than CIRSA. There were questions with regard to State regulators impact on Pinnacol. Bettie felt that if City Council were to contract with Pinnacol, the policy would be in effect and would be honored for the term of the contract. If circumstances change, then the City would conduct the RFP process again to make a new selection. Pinnacol provides excellent service. We have a high deductible (\$200k deductible per occurrence), so essentially we gain the expertise of claims administration. The City has not had a claim exceed the deductible since 2007. Annual expense in workers compensation premiums and claims was estimated to be around \$600,000.

The commission asked about self-insuring for workers compensation. The City is not likely at the size that self-insurance would be effective. The commission asked if there is an opportunity to have a consortium of other cities for claims administration. There has not been an interest to this point. The City's experience modification rate is .74, which is better than many cities. If the City joined a pool, it may not be beneficial. The commission also asked if the City audits to make sure employees are classified correctly. Pinnacol audits classifications extensively.

There was concurrence from CFAC to endorse the staff recommendation without objection.

V. Reports

a. Council Update (Cathleen McEwen)

Poverty was discussed at study session last night. Poverty is on the increase particularly children, single parent families, and elderly. There were suggestions that a poverty task force continue and support organizations. There were other discussions encouraging volunteers, lack of jobs with sustainable wages, and single mothers with child care needs. The commission was referred to city council packet for data.

The budget was approved on first reading but there are concerns about the reduction in the humane society contract. Some of the commission members felt the issue would need to be addressed again at a later date to restore service.

b. Director Update (Renee Wheeler)

Fund balance policy resolution was approved.

First reading of the ordinance to retain the current 2.5% of revenues contribution to the council reserve contribution rather than increasing it to 5% after 2015 was approved.

This action moves \$1.3 million annual back to operations after 2015.

c. Community Outreach Subcommittee (Jim Atkins/Jennifer Travis)

Jim and Jennifer met with a party interested in advocating for TABOR. There isn't desire or demand for advocacy. There is a desire for clear factual information. Factual information was presented to the Rotary Club that meets at the LaQuinta Hotel. The same factual information will be presented at the First Methodist church this weekend. Rebecca Powell interviewed Jennifer Travis. Ralph Trenary and Dave Clark were interviewed for an article in the Loveland Reporter-Herald. A concern was expressed that many City Council candidates may not understand TABOR. Handouts were deemed to be unnecessary. Information was received that a Political Action Committee (PAC) must be formed to distribute any information in print. After the election, the Outreach Subcommittee focus will change back to educating the public about the purpose of CFAC.

VI. Old Business

None

VII. New Business

a. Lessons Learned, Fiscal Austerity (2008-2011)

Ralph Trenary distributed a motion and background information for commission consideration. Commission members that expressed interest in this program at the last meeting received this in advance of the meeting to review and no additional edits were received by Ralph. The objective is to capture lessons learned during efforts associated with financial sustainability and budget management over the last five years. Prevent loss of "tribal knowledge". It is intended to serve as a framework for response in the next economic downturn. Policies that were successful before and created financial position as the downturn occurred should be included in the context of the review. CFAC switched in 2008 from development model to dash board creation. The proposed document would be helpful with CFAC future member orientation. It was suggested that the commission survey previous commission members and council members about what they believed were significant actions. It is anticipated that this project is a multiple month work plan. Ralph Trenary will try to get access to formal Lessons Learned Army Program (process and philosophy) for presentation at the next meeting. There are similar programs at IBM and HP.

Ralph Trenary committed to sending the information early to Renee Wheeler so that it could be reviewed by the City Manager. It will also be sent to Brad Pierson, Bruce Finger and Jon Smela who expressed an interest in serving as subcommittee members with Ralph to lead the project. Bruce Finger made a motion as written in the recommendation (*"The City of Loveland Citizens' Finance Advisory Commission (CFAC) shall conduct an extended examination of the actions taken by the City of Loveland related to the 2008 recession. The end result is a report to the City Council and a definitive public record of this challenging period of time."*) and Jodi Radke seconded the motion. Discussion ensued about researching other alternate programs. The motion was unanimously approved.

VIII. Adjournment - Adjourned at 7:51 PM

During the vacancy of the Board Secretary, meeting notes have been prepared by Renee Wheeler.