



City Council Finance Committee

Meeting Agenda

Tuesday, March 17, 2020
City Hall – Spruce Room
749 Main Street
3:00 p.m.

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of the Minutes from the February 18, 2020 Meeting (page 2)
- V. Public Comments on Items Not on the Agenda
- VI. Budget Calendar & 2021-2022 Biennial Budget Process Discussion (page 8)
- VII. Capital Budgeting Processes & Delivery Efficiencies (page 11)
- VIII. Cost Projections for Recreation Center Upgrade Project (page 12)
- IX. Staff Reports/Updates/Discussions
 - 2020 Work Plan Update (page 13)
 - Special Meeting for Fiscal Impact Model Review (page 16)
- X. Possible Discussion Items for Next Regular Meeting
 - Renewal & Replacement Reserves
 - Final 2019 Financial Statements & Dashboards
 - Continued Discussions on Budget Process
- XI. Adjourn

City of Louisville, Colorado

Finance Department *749 Main Street* *Louisville CO 80027*
(303) 335-4505 (phone) *(303) 335-4506 (fax)* *www.ci.louisville.co.us*



City Council Finance Committee

Meeting Minutes

Monday, February 18, 2020
City Hall, Spruce Room
749 Main Street

CALL TO ORDER

The meeting was called to order at 3:00 p.m.

ROLL CALL

The following were present:

City Council: Council Member Maloney, Council Member Lipton, and Council Member Leh

Staff/Others Present: Heather Balsler, City Manager, Megan Davis, Deputy City Manager, Emily Hogan, Assistant City Manager for Communications & Special Projects, Megan Pierce, Director of Economic Vitality, and Penney Bolte, Tax Manager

Absent: None

APPROVAL OF THE AGENDA

Finance Committee Members approved the agenda as presented.

APPROVAL OF THE MINUTES FROM THE DECEMBER 16, 2019 MEETING

Finance Committee Member Leh requested paragraph 4 under the “The Capital Improvement Program Year-End Report” section of the minutes be corrected to read “Finance Committee Member Leh stated that we want to make sure the City is not creating expectations for the public”.

The Finance Committee approved the January 21, 2020 minutes as amended.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

None.

INSURANCE RENEWAL FOR 2020

Finance Committee Member Chris Leh disclosed to Committee Members and staff that his firm represents Pinnacol Assurance for internal employee matters. Members discussed that since the Pinnacol Assurance material being presented relates to Worker's Compensation, there is no conflict of interest.

Deputy City Manager Megan Davis presented the 2020 insurance renewal premium information to the Finance Committee. Deputy Manager Davis stated that twelve insurance companies declined to respond due to the City's large property losses sustained in 2018 and 2019 from hail, and others were not considered due to higher deductibles and pricing.

Manager Davis stated that Traveler's quote for 2020 represented a 12.27% increase over 2019, but was the only insurance carrier to offer all lines of coverage. In addition to the increased premium, certain policy coverages and deductibles were also changed. The City's hail and wind coverage increased from a 1% deductible to a 3% deductible, and the City's cyber and social engineering coverage was increased from \$100K to \$500K. Manager Davis stated that the City's Worker's Compensation coverage would be continued for 2020 with Pinnacol Assurance.

Ms. Davis stated that the actual premiums did increase 10% overall, but that the City is \$16,497 under budget for 2020.

City Manager Balser and Deputy City Manager Davis stated that efforts continue to identify ways to mitigate increasing premiums and higher deductibles, which could be significant and costly. City Manager Balser stated that staff is reviewing replacement property values, options for covers/carports to protect some assets, and even self-insurance and deductible buy-down options.

Finance Committee Member Lipton suggested investigating whether lower premiums could be attained through retention discounts (the City encumbering reserves), versus increasing deductibles.

Finance Committee Member Leh asked about the packaging of lines of insurance versus individual line pricing, and if the same information is provided to all potential companies. Manager Balser stated the City's broker provides all the same information to companies, and that only some companies will provide individual line quotes.

Finance Committee Chairperson Maloney asked about obtaining a quote from CIRSA. City Manager Balser stated that for the past 5-6 years, the quotes received from CIRSA have been significantly higher than what the City was able to obtain from Travelers. Manager Balser stated that CIRSA will be included again later this year when requesting quotes for 2021.

The reports and corresponding narrative can be located in the packet of the February 18, 2020 Finance Committee Meeting.

SALES TAX PREPARED FOR THE FOURTH QUARTER ENDED DECEMBER 31, 2019

Tax Manager Penney Bolte presented the year-end reports to the Finance Committee. Manager Bolte highlighted that 2019 ended with total sales tax revenue up 11.6% over 2018, 5% above 2018 excluding audit revenue. Consumer use tax also ended 2019 3% above 2018. Building use tax, auto use tax and lodging tax all declined for 2019.

Ms. Bolte stated that sales tax revenue generated inside the City was flat to 2018 in-City revenue, and that Outside City sales tax revenue increased 17% for 2019.

Tax Manager Penney Bolte reviewed the remaining reports with the Finance Committee Members and asked the Committee if they were interested in revising the reports for 2020. Manager Bolte stated that she had been working with IT Data Analyst Nat Ahrens to provide the Finance Committee more condensed reporting and dashboards. Ms. Bolte asked the Committee Members if they would be willing to take a small survey regarding the existing tax reports to determine which elements they like, and which they do not like.

Finance Committee Member Lipton stated that the role of the Finance Committee is to oversee the fiscal health of the City and to review actual revenue to the budget. Member Lipton stated that he is interested in fewer reports and would rather receive a managerial year-end summary regarding sales tax revenue, perhaps from Finance Director Kevin Watson.

Finance Committee Member Lipton stated that perhaps the Economic Vitality Committee would be the appropriate group to review more detail and trends which are actionable. Member Lipton stated his concern that tax revenues are leveling while inflation and the City's expenses are increasing.

The Finance Committee Members agreed that they would be receptive to taking a survey. Finance Committee Member Leh stated that he would also like to see the Communication revised, and for the City Tax Area map to be included in the packet

for each quarterly tax reporting. Deputy City Manager Megan Davis requested to receive a copy of the survey provided to the Committee.

The reports and corresponding narrative can be located in the packet of the February 18, 2020 Finance Committee Meeting.

ACCOUNTS RECEIVABLE WRITE-OFFS

Tax Manager Bolte presented to the Finance Committee a listing of write-offs totaling \$162.85 that were approved by Finance Director Kevin Watson. Ms. Bolte stated that under the City's Financial Policies, Director Watson can approve amounts up to \$100 per individual account. Ms. Bolte handed out a separate list to the Finance Committee for their write off approval totaling \$115.00 for one account. Finance Committee Members unanimously approved the requested write off.

The corresponding narrative can be located in the packet of the February 18, 2020 Finance Committee Meeting.

DISCUSSION OF TOP-50 REPORTING

Tax Manager Bolte handed out to the Finance Committee the listing of the Top 50 Vendors for 2019, along with a listing of the Top 50 proposed for 2020.

Manager Bolte stated that she had met with Economic Vitality Director Megan Pierce to review the detailed data and report for the 2019 Top 50. Ms. Bolte stated, after the discussions and review of various ADG reporting options, Director Pierce determined it would be most beneficial to her role to have the Top 50 report for 2020 reflect in-City businesses only.

The Finance Committee and staff discussed that the health of in-City businesses is the only relevant and actionable data that can be addressed by City staff. Manager Bolte stated that all variances are monitored by tax staff, and that anomalies for out-of-City vendors are addressed through contact by tax staff or, if necessary, by audit.

The Finance Committee and staff again discussed that the appropriate division of data and reporting between the Finance Committee and the Economic Vitality Committee needs to be established.

The corresponding narrative can be located in the packet of the February 18, 2020 Finance Committee Meeting.

2021-2022 BIENNIAL BUDGET PROCESS DISCUSSION

Finance Committee Chairperson Maloney asked how the budget process with program budgeting will be presented. City Manager Balser stated that staff will review the City's current KPI's to highlight which programs are, or are not, successful. Manager Balser stated that based on a holistic review of the programs, staff will make and present its program budget recommendations.

Finance Committee Member Lipton stated that sales tax is flattening and operational expenses are increasing. Member Lipton stated that staffing costs are increasing at a higher percentage than sales tax revenue. Member Lipton stated that the budget plan should be for the balanced funding of operations, making strategic use of one-time revenue, to be more efficient, and to iron out the semantic differences in funding the Renewal & Replacement Fund for the Golf Course and Recreation Center.

City Manager Balser stated that she understands the goal, but that the revenue from the General Fund, Capital Projects Fund, and the Renewal & Replacement Funds are so intertwined that decision may not be straight forward. Manager Balser stated that the City has large reserves and staff will present various options to the Finance Committee and Council.

City Manager Balser stated that it is difficult to convey to the public that service level cuts are necessary when the City's reserves are high. Manager Balser asked if funding the Renewal & Replacement Funds for the Golf Course and Recreation Center will be at the cost of staffing programs. Member Lipton stated that yes, building the Repair & Replacement Fund reserves will be a priority.

The corresponding narrative can be located in the packet of the February 18, 2020 Finance Committee Meeting.

STAFF REPORTS/UPDATES/DISCUSSIONS

Finance Committee Work Plan

Finance Committee Chairperson Maloney stated that discussion of the Recreation Center and Golf Course Renewal & Replacement Funds need to be added to the list of Major Initiatives for 2020.

Chairperson Maloney stated that the items the Committee would like placed on the agenda for March 17, is continued discussion of:

Renewal & Replacement Funds

Budget Calendar

Biennial Budget Process

Capital Budgeting Processes and Delivery Efficiencies

The reports and corresponding narrative can be located in the packet of the February 18, 2020 Finance Committee Meeting.

DISCUSSION ITEMS FOR THE NEXT REGULAR MEETING

The March regular Finance Committee Meeting is scheduled for Tuesday, March 17, 2020 at 3:00 p.m.

Items scheduled for discussion at the next meeting include:

- Continued Discussions on Budget Process
- Continued Discussions on Renewal & Replacement
- Capital Budgeting Processes and Delivery Efficiencies
- Projections for Recreation Center (\$200K reduction in General Fund contribution?)
- Budget Calendar

ADJOURN

The meeting was adjourned at 4:45 p.m.

**SUBJECT: BUDGET CALENDAR & 2021-2022 BIENNIAL BUDGET
PROCESS DISCUSSION**

DATE: MARCH 17, 2020

PRESENTED BY: KEVIN WATSON, FINANCE DIRECTOR

SUMMARY:

The Committee requested an agenda item to continue the general budget process discussion from the February meeting.

Attached is an updated Budget Calendar.

City of Louisville, Colorado
Budget Calendar
2021 - 2022 Biennial Budget Development

| Dates | Description | 2020 | | | | | | | | | | | | 2021 | |
|-----------------------------|--|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|---------|--|
| | | January | February | March | April | May | June | July | August | September | October | November | December | January | |
| January 23, 2020 | Finance Issues Instructions and Forms to Departments for Six-Year Capital Improvement Plan Requests | | | | | | | | | | | | | | |
| February 3 - March 27, 2020 | Department Liaisons Request Input and Recommendations on Operating & Capital Budget from Advisory Boards | | | | | | | | | | | | | | |
| February 5 - March 27, 2020 | Departments Prepare Requests for Six-Year Capital Improvement Plan | | | | | | | | | | | | | | |
| February 18, 2020 | City Manager Meets with Departments for Preliminary Capital Improvements Plan Discussion | | | | | | | | | | | | | | |
| March 23, 2020 | Finance Presents to Departments Current-Year Budget Amendment Worksheet for Rollovers, New Items, Etc. | | | | | | | | | | | | | | |
| March 23 - April 3, 2020 | Departments Prepare Requests for Current-Year Budget Amendments | | | | | | | | | | | | | | |
| March 27, 2020 | Departments Submit Requests for Six-Year Capital Improvement Plan | | | | | | | | | | | | | | |
| March 30 - May 1, 2020 | Finance Consolidates and Summarizes All Requests for the Six-Year Capital Improvements Plan | | | | | | | | | | | | | | |
| April 3, 2020 | Departments Submit Completed Budget Amendment Worksheets or Other Documentation to Finance | | | | | | | | | | | | | | |
| April 6 - April 24, 2020 | Finance Prepares Preliminary Current-Year Budget Amendment for Rollovers, New Items, and Revenue Adj | | | | | | | | | | | | | | |
| April 24, 2020 | Finance Issues Council Communication to Departments for Narratives on Current-Year Budget Amendment | | | | | | | | | | | | | | |
| April 27 - May 8, 2020 | Departments Review and Verify Preliminary Current-Year Budget Amendment and Prepare Narratives | | | | | | | | | | | | | | |
| May 1, 2020 | Finance Submits Consolidated C-I-P Requests and Fiscal Impact Summary to City Manager | | | | | | | | | | | | | | |
| May 4 - May 22, 2020 | City Manager Reviews Requests for Six-Year Capital Improvements Plan | | | | | | | | | | | | | | |
| May 5, 2020 | C-I-P Retreat: City Manager Meets with Departments and Reviews Requests for Six-Year Capital Improvements Plan | | | | | | | | | | | | | | |
| May 8, 2020 | Departments Submit to Finance Final Changes and Narratives for Current-Year Budget Amendments | | | | | | | | | | | | | | |
| May 11 - May 22, 2020 | Finance Consolidates Department Narratives and Makes Final Changes to Current-Year Budget Amendment | | | | | | | | | | | | | | |
| May 18 - May 29, 2020 | Training for Department Representatives on Inputting Operational Budgets into Tyler | | | | | | | | | | | | | | |
| May 22, 2020 | City Manager Issues Final Recommendations on the Six-Year Capital Improvements Plan | | | | | | | | | | | | | | |
| May 25, 2020 | Finance Submits Final Current-Year Budget Amendment for Council Adoption | | | | | | | | | | | | | | |
| May 25 - June 5, 2020 | Finance Consolidates and Summarizes City Manager's Recommendations on the Six-Year C-I-P | | | | | | | | | | | | | | |
| June 1, 2020 | Finance Issues Instructions and Personnel Request Forms to Departments for Requesting Operational Budgets | | | | | | | | | | | | | | |
| June 1, 2020 | Finance Issues Forms to Departments for Six-Year Revenue Estimates | | | | | | | | | | | | | | |
| June 1 - June 12, 2020 | Departments Review Employee Cost Allocations and Submit Changes to Human Resources | | | | | | | | | | | | | | |
| June 1 - June 19, 2020 | Departments Prepare Six-Year Revenue Estimates for All Revenue Collected or Assessed by Departments | | | | | | | | | | | | | | |
| June 1 - June 19, 2020 | Departments meet with Human Resources Regarding Requests for Additional FTE's | | | | | | | | | | | | | | |
| June 1 - June 26, 2020 | Departments Input Biennial Operating Budget Requests Into Tyler and Complete Personnel Request Forms | | | | | | | | | | | | | | |
| June 2, 2020 | City Council Considers Current-Year Budget Amendment for Rollovers, New Expenditure Items, & Revenue | | | | | | | | | | | | | | |
| June 8, 2020 | Finance Submits Preliminary Recommended C-I-P Document with Fiscal Impact to City Manager and Departments | | | | | | | | | | | | | | |
| June 12, 2020 | Finance Department Issues Letters and Application Forms to Non-Profit Agencies for Non-Profit Grant Program | | | | | | | | | | | | | | |

**SUBJECT: CAPITAL BUDGETING PROCESSES & DELIVERY
EFFICIENCIES**

DATE: MARCH 17, 2020

PRESENTED BY: KEVIN WATSON, FINANCE DIRECTOR

SUMMARY:

The Committee requested an agenda item to discuss capital budgeting processes and delivery efficiencies.

SUBJECT: COST PROJECTIONS FOR RECREATION CENTER UPGRADE PROJECT

DATE: MARCH 17, 2020

PRESENTED BY: KEVIN WATSON, FINANCE DIRECTOR

SUMMARY:

The Committee requested information regarding the current projections of cost for the Recreation Center Upgrade. As of December 31, 2019, the Recreation Center Construction Fund has an unaudited fund balance of \$264,720. Approximately \$62,102 is projected to be paid to Saunders Construction in 2020 as part of the approved contract.

Below is a Statement of Sources & Uses for the project from 2016 through 2019.

| | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | Total |
|--|----------------|-------------------|-------------------|------------------|-------------------|
| Sources of Funds: | | | | | |
| Bond Proceeds | - | 28,499,696 | - | - | 28,499,696 |
| Interest Earnings | - | 205,664 | 339,346 | 11,934 | 556,943 |
| DOLA Grant | - | - | 387,891 | 388,533 | 776,425 |
| Historic Preservation Grant | - | - | 90,171 | 23,332 | 113,503 |
| Xcel Energy Development Assistance | - | - | - | 83,242 | 83,242 |
| Insurance Recovery | - | - | 897,104 | 347,167 | 1,244,272 |
| Transfers from General Fund | - | - | 1,500,000 | - | 1,500,000 |
| Transfers from Lottery Fund | - | - | 430,280 | - | 430,280 |
| Transfers from Capital Projects Fund | - | - | 395,100 | - | 395,100 |
| Transfers from Impact Fee Fund | - | - | - | 247,414 | 247,414 |
| Total Sources of Funds | - | 28,705,359 | 4,039,893 | 1,101,622 | 33,846,875 |
| Uses of Funds: | | | | | |
| Banking Services | - | 399 | 725 | 411 | 1,535 |
| Bond Issuance Costs | - | 192,839 | - | - | 192,839 |
| Rec Center Design | 73,121 | 1,057,690 | 367,605 | 36,716 | 1,535,132 |
| Rec Center Construction Mgmt | 20,125 | 214,880 | 116,688 | 29,188 | 380,880 |
| Rec Center Construction | - | 1,934,774 | 25,938,981 | 3,598,015 | 31,471,769 |
| Total Uses of Funds | 93,246 | 3,400,581 | 26,423,998 | 3,664,329 | 33,582,155 |
| Excess of Sources Over Uses at December 31, 2019 | | | | | 264,720 |
| Additional Payments to Saunders Estimated for 2020 | | | | | (62,102) |
| Estimated Excess of Sources Over Uses Available for Appropriation | | | | | 202,618 |

SUBJECT: FINANCE COMMITTEE 2020 WORK PLAN

DATE: MARCH 17, 2020

PRESENTED BY: KEVIN WATSON, FINANCE DIRECTOR

SUMMARY:

Attached is the latest draft of the Finance Committee's 2020 Work Plan. This is presented for Committee information and no specific action is requested.

City of Louisville Colorado Finance Committee 2020 Work Plan

Topics will be discussed in the quarter which they are listed. Items that are not complete will roll to the next quarter.

Quarterly Reports: material exceptions will be discussed at monthly FC meetings

- Sales & Use Tax Reports
 - Financial Statements
 - Capital Improvement Program Reports
 - Enterprise Dashboards (recreation, golf, utilities)
 - Cash and Investments Reports
-

Major Initiatives for 2020:

- Biennial Budget Process – Program Budgeting utilizing zero-based concepts and processes
- Capital budgeting processes and delivery efficiencies
- Dashboards to Staff Initiatives
 - Discuss the dashboards results driving staff action
- Renewal & Replacement reserves for the Recreation Center and Golf Course
- KPI Review
 - Consultant recommendations
 - How are they informing departments?
- Fee-for-Service Methodologies
 - Recreation/Senior Center, Golf Course, discounts, rate-setting methods, etc.
- Building/Impact Fees
 - Comprehensive review and comparison with neighboring cities
 - How are fees calculated?
- BAPS, TIFS, and Other Development-Encouraging Tools
 - How are they being used?
 - Possible changes to Financial Policies

- Recreation Center Upgrade Project – Final Cost Projections (Mar)

Second Quarter

- Renewal & Replacement reserves for the Recreation Center and Golf Course (Apr)
- Biennial Budget Process (Apr)
- Presentation from Chandler on Economy and Investments (Apr)
- Quarterly Reports that are available (Apr)
- Final Dashboards & Financial Statements for 2019 (Apr)
- Review Renewal and Replacement schedules for Recreation Center and Golf Course (Apr)
- Recreation Center Fees (Apr)
- Remaining Quarterly Reports (May)
- Budget Amendment (May)
 - 2018 carryover
 - 2019 changes
- Biennial Budget Process (Jun)
- I.T. Update (Jun)

Third Quarter

- Biennial Budget Process (Jul)
- Previous Year KPI Review (Jul)
- Tap fee review (Jul)
- Quarterly Reports that are available (Jul)
- Revenue Projection Dashboards (Jul)
- Presentation from Eide Bailly on Audit of 2019 CAFR (Jul)
- Biennial Budget Process (Aug)
- Remaining Quarterly Reports (Aug)
- Revenue Projection Dashboards (Aug)
- Financial Policies – possible amendments (Aug)
- Preliminary Assessed Valuation (Sept)

First Quarter

- ✓ Biennial Budget Process (Jan)
- ✓ Quarterly Reports that are available (Jan)
- ✓ Example of Budget Request Analysis Using KPI's and Program Budget (Jan)
- ✓ Biennial Budget Process (Feb)
- ✓ Write-offs of Accounts Receivable (Feb)
- ✓ Remaining Quarterly Reports (Feb)
- Biennial Budget Process (Mar)
- Capital Budgeting Processes and Delivery Efficiencies (Mar)

Fourth Quarter

- Quarterly Reports that are Available (Oct)
- Charges for Services & Fees for 2021 (Oct)
- Revenue Projection Dashboards (Oct)
- Review 2021-2022 Biennial Budget (Oct)
- Review Non-Profit Grant Applications (Nov)

SUBJECT: FISCAL IMPACT MODEL REVIEW

DATE: MARCH 17, 2020

PRESENTED BY: KEVIN WATSON, FINANCE DIRECTOR

SUMMARY:

Finance Committee requested additional discussion on the Fiscal Impact Model. Staff will be in attendance to facilitate.