

Fort Collins City Council Work Session Agenda

6:00 p.m. Tuesday, April 25, 2023

Colorado River Community Room, 222 Laporte Ave, Fort Collins, CO 80521

NOTICE:

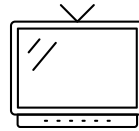
Work Sessions of the City Council are held on the 2nd and 4th Tuesdays of each month in the Colorado Room of the 222 Building. Meetings are conducted in a hybrid format, however there is no public participation permitted in a work session.

City Council members may participate in this meeting via electronic means pursuant to their adopted policies and protocol.

How to view this Meeting:



Meetings are open to the public and can be attended in person by anyone.



Meetings are televised live on Channels 14 & 881 on cable television.



Meetings are livestreamed on the City's website, fcgov.com/fctv

Upon request, the City of Fort Collins will provide language access services for individuals who have limited English proficiency, or auxiliary aids and services for individuals with disabilities, to access City services, programs and activities. Contact 970.221.6515 (V/TDD: Dial 711 for Relay Colorado) for assistance. Please provide advance notice. Requests for interpretation at a meeting should be made by noon the day before.

A solicitud, la Ciudad de Fort Collins proporcionará servicios de acceso a idiomas para personas que no dominan el idioma inglés, o ayudas y servicios auxiliares para personas con discapacidad, para que puedan acceder a los servicios, programas y actividades de la Ciudad. Para asistencia, llame al 970.221.6515 (V/TDD: Marque 711 para Relay Colorado). Por favor proporcione aviso previo. Las solicitudes de interpretación en una reunión deben realizarse antes del mediodía del día anterior.



While work sessions do not include public comment, mail comments about any item on the agenda to cityleaders@fcgov.com





City Council Work Session Agenda

April 25, 2023 at 6:00 PM

Jeni Arndt, Mayor
Emily Francis, District 6, Mayor Pro Tem
Susan Gutowsky, District 1
Julie Pignataro, District 2
Tricia Canonico, District 3
Shirley Peel, District 4
Kelly Ohlson, District 5

Colorado River Community Room
222 Laporte Avenue, Fort Collins

Cablecast on FCTV
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Channel 14 and 881 on Comcast

Carrie Daggett
City Attorney

Kelly DiMartino
City Manager

Anissa Hollingshead
City Clerk

CITY COUNCIL WORK SESSION 6:00 PM

A) CALL MEETING TO ORDER

B) ITEMS FOR DISCUSSION

1. Community Report with CSU President, Amy Parsons.

President Parsons will provide highlights and an update on CSU to Council.

2. Council Priorities Update.

The purpose of this item is to provide Council a 2-year mark update regarding Council Priorities and other major initiatives. Goals are to confirm key milestones, review items that may need additional action, and highlight upcoming focus areas.

3. Sustainable Funding Update.

The purpose of this item is to seek Council direction on timing and revenue options to consider for referral to the November 2023 ballot.

Staff is also providing additional funding mechanism information as background.

Also of note, staff is currently focusing on a November 2024 election to bring forward the Street Maintenance renewal and the Community Capital Renewal.

C) ANNOUNCEMENTS

D) ADJOURNMENT

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April 25, 2023



WORK SESSION AGENDA ITEM SUMMARY

City Council

PRESENTER

Amy Parsons, Colorado State University President

SUBJECT FOR DISCUSSION

Community Report with CSU President, Amy Parsons.

EXECUTIVE SUMMARY

President Parsons will provide highlights and an update on CSU to Council.

ATTACHMENTS

1. Colorado State University Presentation

City Council Update

Colorado State University

April 25, 2023



New CSU Highlights

- CSU earned its fourth consecutive platinum rating in Sustainability
- Research expenditures continuing to climb, \$457M in FY 2022
- 85% of CSU graduates find employment or continue their education within 6 months of graduation
- 80% of CSU students complete their degree in 4.5 years or less
- Top Online MBA in Colorado for 6th year in a row
- CSU named top producer of prestigious Fulbright U.S. Scholars

**Stay up-to-date with
CSU's SOURCE:**



April 25, 2023

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

Ginny Sawyer, Policy and Project Manager

SUBJECT FOR DISCUSSION

Council Priorities Update.

EXECUTIVE SUMMARY

The purpose of this item is to provide Council a 2-year mark update regarding Council Priorities and other major initiatives. Goals are to confirm key milestones, review items that may need additional action, and highlight upcoming focus areas.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions or feedback does Council have on Priority progress?
2. What, if any, recommended adjustments do Council have for focus areas through the remainder of the year?

BACKGROUND / DISCUSSION

Every two years, following a Council election, the newly seated Council participates in a planning retreat to identify priorities and confirm strategic direction. This process typically involves Councilmembers reflecting what they have heard throughout their campaigns followed by general agreement on items to move forward. Typically, 3 buckets emerge out of this work: Council Priorities, Existing Work, and items that would be New Initiatives.

Council identified 31 items as priorities for the 2021-2023 term and adopted these by Resolution in July 2021. Since October 2021, bi-monthly updates have been provided and posted at <https://www.fcgov.com/council/>.

These reports represent efforts to provide transparency, efficiency in tracking, and accountability for achieving progress on the Priorities.

The following update provides status on not only the Priorities but also on items that were identified as Existing Work and New Initiatives.

PRIORITIES

Complete/Substantially Complete

COUNCIL PRIORITY	STATUS
Juvenile Diversion	Program up and running with a 90% successful completion rate.
More Stringent Penalties for Animal Cruelty and Neglect	New position statement added to the Legislative Policy Agenda: "Supports efforts to ensure the health and safety of domestic animals and appropriate penalties for cases of abuse, cruelty, and neglect."
Improved Traffic Compliance	Ongoing enforcement efforts in place.
Look into Changing the April Election to November with School Board Years to Have All Local Elections at Once	Completed.
Advance Gender Equity in City Sales Tax Code	Completed.
Adopt Graywater Statute to Allow Graywater Systems in New Buildings	Completed.
Effective Soil Amendment Policies and Compliance	First Reading of Code Amendments scheduled for September 19, 2023.
Xeriscape-Increase Rebates and Education, Less Green Lawns with New Development	Programs continue. Code changes coming September 19, 2023.
Create a Targeted, Specific Plan for Community Recovery	Complete. Plan developed and adopted; implementation woven into 2023-2024 BFO (Budgeting for Outcomes).
Tree Planting Subsidy	Complete.
Improve Tree Policies	Evaluation work complete, anticipate bringing code changes in Q3 2023.
Reduce Plastic Pollution	Implementation of local disposable bag ordinance complete; education will be ongoing. Implementation of statewide act underway in 2023 (expansion to more stores) and in 2024 (banning plastic bags and Styrofoam). Microplastics review complete.
Raise the Minimum Wage	First reading of ordinance scheduled for May 16, 2023.
Districted System for Garbage, Recycling, and Compost	Ordinance adopted and contract complete. Implementation efforts underway. Contract begins in the fall of 2024.
Help Bird Species Recover	Bird City designation achieved and will be maintained.

COUNCIL PRIORITY	STATUS
Attract and Retain Competitive and Diverse Talent to Meet the Needs of the Community: Provide Childcare Options for City Employees	Ongoing efforts and partners identified. Evaluations, funding efforts, and policy implementation will continue.
Implementation of 15-minute Community Concept	Work completed and presented to Council. Implementations on-going.

Significant Progress by Term End (Implementation and Impacts Past Term)

COUNCIL PRIORITY	STATUS
Advance Transit Initiatives that Remove Barriers	Identified Milestones completed. Funding and build efforts will continue.
Accelerate Composting (curbside and business)	Residential waste contract offers opportunity for a 78-130% increase in yard waste composting. Regional wasteshed partnership may deliver additional composting opportunities, and if not, staff will seek other partnership opportunities.
Enhanced Recycling Education	Barriers and improvements identified. Implementation ongoing.
Explore Climate Emergency Messaging and Action	Climate emergency language embedded into materials and outreach. Interim greenhouse goals adopted for 2026. Development and implementation of Next Moves plan continues.
Access Funding for Parks	Possible ballot initiative in November 2023.
Develop a Circular Economy Plan	Work underway and council work sessions scheduled in March and August.
Advance Regionalism-Collaboration Regionally While Maintaining the Unique Character of Fort Collins	Efforts identified and tracking mechanism created.
Improved Air Quality	Grant and programming efforts achieved. Oil and Gas code efforts partially complete. Regional and State collaborations continue. New workstream identified to consider additional standards for existing oil and gas operations; work session to be scheduled.
Improved and Accelerated Stream Restoration	Projects underway. Stormwater Capital Plan to include accelerated rehab program.
Protect and Enhance Instream River Flows	Numerous initiatives underway including regional efforts, 1041 work, and programs funded through budgeting process.
Make Real Progress on Road to Zero Waste	100% compliance with multi-family and commercial properties on the community recycling ordinance (expansion of recycling access). Additional compliance staff hired. Pro-active enforcement in place.

COUNCIL PRIORITY	STATUS
Affordable, Quality, and Accessible Childcare Infrastructure	City providing licensed childcare services to families, including sliding scale spots, through the Recreation Department. Continue to work with partners and update Council via memo.
Partner with PSD for Workforce Development	Staff and process in place to continue to partner and leverage opportunities.
Homelessness Initiatives	Identified milestones completed. Multiple efforts continue.

In addition to progress made on the identified Priorities, work was also completed in the Existing Work and New Initiative categories. Highlights include:

- Addition of Juneteenth and Indigenous People's Day holidays starting in 2022.
- Fare Free bus service and evaluation.
- Addition of Mental Health responders in Police Services.
- Ranked Choice voting referred to ballot (passed).
- Budget offer for Land Acknowledgement development.
- Continued efforts towards Safe Routes programming, including adoption of the Active Modes Plan .
- 1041 efforts.
- Continued Painted Streets program.
- Small cell code adoption.
- Land Use code work including conversations on Additional Dwelling Units, Occupancy, and rental registration/licensing.
- Oil & Gas code and policy work to address impacts.
- Continued work and programming to protect and enhance mobile home park communities.

The remainder of 2023 will see heavy focus on land use efforts, sustainable funding options, ballot items for November, and soil amendment work for ordinance consideration in September.

NEXT STEPS


Continue work to advance Priorities and other initiatives. An End of Term report will also be scheduled before the end of the year.











ATTACHMENTS


1. Resolution 2021-077 Adopting Council Priorities
2. Priority Update Report, February 2023
3. Presentation





Item 2. e Data Report





2021-23 Council Priorities















Initiatives	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
 0. Key to Council Priorities Dashboard	 1. Gray = Not Started	9/1/21	12/31/23	0 %	
	 2. Green = On Target	9/1/21	12/31/23	0 %	
	 3. Yellow = Caution	9/1/21	12/31/23	0 %	
	 4. Red = Below Plan	9/1/21	12/31/23	0 %	
	 5. Blue Star = Completed	9/1/21	12/31/23	0 %	
 1. More stringent penalties for animal cruelty and neglect	 Provide memo to Council describing current state and issues	10/1/21	12/31/21	100 %	Memo "Review of Animal Cruelty Penalty Provisions" was sent to City Council on January 14th, 2022 and resent following May check-in. Decision was made to pursue this Priority through the Legislative Policy Agenda. Previously scheduled work session has been removed from calendar.
	 Council follow up questions/ possible work session or other dialogue	1/1/22	10/31/22	0 %	This Initiative is being marked complete as it will be pursued through the Legislative Agenda process.
	 Public outreach	7/1/22	9/30/22	0 %	This Initiative is being marked complete as it will be pursued through the Legislative Agenda process.
	 Consideration of Code/ policy/ program changes	10/1/22	12/31/22	0 %	This Initiative is being marked complete as it will be pursued through the Legislative Agenda process.
	 Draft ordinance/ policy/ program changes	10/25/22	12/31/22	0 %	This Initiative is being marked complete as it will be pursued through the Legislative Agenda process.
 2. Juvenile diversion	 Reallocate dollars to Launch program	1/1/22	3/30/22	100 %	The Restorative Traffic Circle has been well received by participants and community panel members. The program has a 90% successful completion rate.

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
 3. Advance transit initiatives that remove barriers	 3a. Funding & Fare Study begins	10/1/21	12/31/21	95 %	On budget and schedule as planned, concluding in Q1 2023
	 3a. W. Eliz. BRT prelim design complete	10/1/21	12/31/21	100 %	Concluded.
	 3a. North College Transit Oriented Development Plan complete	4/1/22	6/30/22	95 %	On budget and schedule as planned.
	 3b. Transfort & PSD Coordination Study begins	4/1/22	6/30/22	5 %	On budget and schedule as planned, contract signed for work to begin in Q2.
	 3a. Funding & Fare Study complete	10/1/22	12/31/22	95 %	On budget and schedule as planned, concluding in Q1 2023
	 3a. North Transit Facility Design and Study complete	10/1/22	12/31/22	5 %	Seeking funding for land acquisition & identifying potential sites. Design will follow.
	 3b. Transfort & PSD Coordination Study complete	1/1/23	3/31/23	5 %	On budget and schedule as planned, contract signed for work to begin in Q2.
 4. Improved traffic compliance	 Determine high-risk locations and formulate strategy	10/1/21	12/31/21	100 %	<p>The following intersections have been identified for increased enforcement:</p> <ol style="list-style-type: none"> 1. College & Trilby 2. Shields & Horsetooth 3. College & Drake 4. Boardwalk & Harmony 5. Shields & Prospect 6. College & Mulberry 7. Lemay & Vine 8. Shields & Plum 9. Lemay & Drake 10. Timberline & Carpenter <p>Traffic Operations will kick off the Vision Zero action plan work in Q3. Council Work Session scheduled on December 13.</p>








	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	 Deploy strategy	1/1/22	6/30/22	95 %	<p>Fort Collins Police Services is moving forward to install red light cameras for the following intersections. NB and SB Harmony and Shields. EB and NB Drake and Lemay. FCPS is waiting for the notice to proceed with those approaches and the two new photo radar vehicles from VERRA mobility. Once we get the notice to proceed signed the process will continue to move forward.</p> <p>The traffic calming BFO was approved by City Council in September. A job description for a Professional Staff member to administer and monitor the speed van and red-light camera contract with Verra Mobility was drafted and is currently in the HR process.</p>
★ 5. Advance Regionalism - collaboration regionally while maintaining the unique character of Fort Collins	★ Create matrix of collaborative groups' meetings/ purpose/goals	10/1/21	12/31/21	100 %	Following May work session, regionalism focus areas have been narrowed and will be highlighted in update cover memo.
★ 6. Look into changing the April election to November with School Board years to have all local elections at once	★ Develop background information	10/1/21	12/31/21	0 %	
	★ Organize Election Code Committee	10/1/21	12/31/21	100 %	Meetings started August , 2021, and the Committee meets every third Monday monthly from 12:00-1:30. Discussion begins.
	★ Completion of tasks to allow voter consideration	5/1/22	11/11/22	0 %	
★ 7. Advance gender equity in City Sales Tax Code	★ October adoption of Code Changes	9/1/21	12/31/21	100 %	Ordinance passed on 2nd reading - October 19th
★ 8. Attract and retain competitive and diverse talent to meet the needs of the community: provide child care options for City employees.	★ EPIC to submit final report with recommendations by the end of December.	10/1/21	12/31/21	100 %	EPIC/Human Resources to present to ELT in May/June with specific recommendations.

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	 Consideration of recommendations with funding requirements. Deploy strategies where funding not a factor.	1/1/22	12/31/22	100 %	<p>Work to ensure the right strategies to attract and retain caregivers as talent in our City will be an ongoing journey. To keep the momentum going into 2023, the following is on our plans:</p> <ul style="list-style-type: none"> We met with Christina Taylor, CEO of the Early Childhood Council of Larimer County, to see about optimizing our partnership with them, particularly as they have a database of providers for parents to find care. We have begun communications of this invaluable resource and welcome further dialogue with ECCLC in 2023. We have decided to keep the employee co-pay for emergency care through Family Care Connection the same, even though our costs are increasing in 2023. Katherine Bailey, the chair of our employee resource group, Caregivers' Alliance, will be a featured speaker at our spring 2023 All Managers Meeting as we continue to promote ways to support caregivers at work.
 9. Help bird species recover	 Create inter-departmental team	1/1/22	3/30/22	100 %	The team is established and meeting regularly. The Bird City USA application has been submitted. The team is led by the Natural Areas Department and includes the Gardens on Spring Creek, City of Fort Collins Parks Department, Audubon Fort Collins, Audubon Rockies, and Bird Conservancy of the Rockies. All is on track.
	 Develop education program for Migratory Bird Day	1/1/22	3/30/22	100 %	World Migratory Bird Day events were held on Saturday, May 14 in collaboration with Bird Conservancy of the Rockies, Northern Colorado Wildlife Center, the City's night sky program, Fort Collins Audubon, and City of Fort Collins Utilities and Natural Areas Departments. Activities included bird walks and migratory bird banding, bird box building/decorating, and a night hike with information about night sky-friendly lighting. One hundred and fifty seven community members participated. This is complete.






Item 2.						
Issues	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete		Milestone Analysis
	 Resolution for World Migratory Bird Day	4/1/22	6/30/22	100 %		<p>The Bird City designation is a prestigious award given by Environment for the Americas, a Boulder-based non-profit organization. The application consists of 64 questions/criteria, across six categories: Habitat Creation, Protection and Monitoring, Community Forest or Grassland Management, Limiting or Removing Threats to Birds, Public Education and Inclusion, Climate, Energy, and Sustainability, and World Migratory Bird Day.</p> <p>Application was submitted and a site visit with Environment for the Americas to Fossil Creek Reservoir Natural Area was held August 19 hosted by staff from City of Fort Collins Natural Areas and Audubon Rockies. The official designation letter is expected in September.</p> <p>Presentation of the Bird City award is scheduled as a Community Report at the October 18 City Council meeting.</p> <p>A memo outlining current efforts to help bird species recover and opportunities for future work was submitted to City Council in their August 2 packet.</p>
	 Bird City Award presented to City Council	10/1/22	10/31/22	100 %		<p>Bird City Award presented at October 18, 2022 Council Meeting.</p> <p>Staff will continue to work with partner agencies to consider and address awareness activities regarding outdoor cats.</p>
 10. Accelerate composting - (Curbside and business)	 Work toward compost facility via Regional Wasteshed Project	10/1/21	4/30/23	20 %		<p>Infrastructure: Staff and Councilmembers Gutowsky and Ohlson continuing to engage in Regional Wasteshed Coalition. Larimer County is reviewing responses to their Request for Proposals seeking private partners to construct facilities including the compost facility. More information about potential compost facility timing may be clearer after the County's Request for Proposals (RFP) process concludes, which is likely to occur in Q1 2023 but is further behind than anticipated (hence the yellow status). A more detailed memo was provided in January 2023.</p> <p>Policy: The contracted residential solid waste collection program presents an opportunity for a 78% - 130% increase in residential curbside yard trimmings composted and is a more affordable way to add this compost service for residents than the current system. City Council's First Reading of the contracted hauling program will be on February 21, 2023.</p> <p>Staff shared a roadmap for policy and infrastructure for compost at the Our Climate Future topic at the October 11, 2022 Work Session. Feedback from that Work Session will be incorporated in future work planning and Council onboarding.</p>

Item	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
 11. Adopt graywater statute to allow graywater systems in new buildings	 November Council Work Session	10/1/21	12/31/21	100 %	<ul style="list-style-type: none"> Council Work Session completed on Nov. 21, 2021, resulting in: <ul style="list-style-type: none"> Direction to staff to create a graywater ordinance that aligned with Colorado law and water right limitations.
	 Ordinance Development	1/1/22	3/30/22	100 %	
	 Stakeholder Outreach	4/1/22	6/30/22	100 %	
	 Present Ordinance to Council	7/1/22	9/30/22	100 %	
	 Implement Ordinance and revised building code	10/1/22	12/31/22	100 %	Staff are completed final tasks to prepare for implementation on effective date of ordinance - Nov. 1, 2022. These items, such as website updates, training, design criteria document, and GIS map showing the graywater boundary are complete. As of Jan. 2023, all water and wastewater providers in the City Limits have agreed to allow graywater in thier service area.
 12. Districted system for garbage, recycling and compost	 Project scope and plan	10/1/21	12/31/21	100 %	Memo of project outline and timing sent to Council on 12/28/21.
	 Research, modeling, metrics	1/1/22	3/30/22	100 %	Complete
	 Hauler and resident engagement	4/1/22	9/30/22	100 %	Staff has engaged extensively with haulers and the community throughout this project. Active engagement was on pause during the competitive purchasing process (Q3& Q4 2022) and restarted at the end of January 2023 when the proposed contract was negotiated. The project website includes information about the proposed program including an extensive FAQ and the proposed contract. Engagement before First Reading (on February 21) includes two community information sessions, social media engagement, meetings with Boards and Commissions, and more.
	 Council review of engagement findings and RFP approach	10/1/22	12/31/22	100 %	Complete
	 Determine next steps with Council	1/1/23	3/30/23	25 %	First Reading of the proposed contracted residential solid waste collection program is scheduled for February 21, 2023.
 13. Explore climate emergency messaging and action	 Begin update of OCF tactical plan	1/1/22	3/30/22	100 %	Complete: Workplan created for '23-'24 Tactical / Next Moves update







	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	★ Continue update OCF tactical plan	4/1/22	9/30/22	100 %	Complete: Next Moves Workplan being developed by staff and community leaders that lays out strategies to be implemented over the next two years supporting the Council OCF Action Roadmap and OCF outcomes (Big Moves) overall
	★ Test messaging with community; evaluate Climate goals; update Council	4/1/22	9/30/22	100 %	Council received PRPA (Platte River Power Authority) overview of IRP to reach ~90% RE by 2030; Council confirmed OCF Council Action Road Map to reach 80% reduction in greenhouse gases below 2005 levels by 2030; Council adopted an interim greenhouse gas reduction goal of 50% below 2005 levels by 2026.
	Complete update of OCF tactical plan; recommendations for goals and messaging to Council	10/1/22	12/31/22	75 %	Next Moves Plan for 2023-24 on track to be completed in Q1 of 2023; Council updated GHG goals in Q4 of 2022
	Implement recommendations	1/1/23	6/30/23	10 %	Staff working to advance Big Move priorities within Council-confirmed OCF Road Map (shared during Q4 2022 Work Session); OCF update memo/staff report to Council in Q2
14. Effective soil amendment policies and compliance (water usage)	★ Research best practices and coordinate internally	10/1/21	10/1/22	100 %	Deliverables: <ul style="list-style-type: none"> • Third-party best practice report • Initial set of proposals, developed with staff and external stakeholders
	Initiate and complete outreach	6/17/22	6/1/23	66 %	Two public engagement campaigns are planned for this project. Following Council Work Session on Jan. 10, staff have drafted a revised set of proposals for Round 2 engagement. Current efforts: <ul style="list-style-type: none"> • Promote, conduct Round 2 engagement events to further develop details and considerations of proposed standards
	Draft ordinance for consideration of adoption	7/1/22	9/19/23	50 %	Current efforts: <ul style="list-style-type: none"> • Ongoing rounds of revision in preparation of draft ordinance for first reading on Sept. 19, 2023. • Code audit to identify conflicts, misalignments of proposed standards The original timeline was extended to accommodate a second round of engagement.



Issues	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
 15. Protect and Enhance Instream River Flows	 Discussions with Northern Water, 1041 Regulatory Development, & Regional Water Discussion	10/1/21	12/31/21	25 %	<ul style="list-style-type: none"> Utility and City staff continue to engage Northern Water on strategies to collaborate as both entities plan for the challenges of the water future. Discussions include leadership roles for Northern Colorado Water Regional initiatives. Conversations also continue on working with Northern in response to the NISP Project receiving the Record of Decision (ROD) and opportunities the City has to be at the table as they progress with that project. Utility staff provided many comments to Planning staff to help in the development of 1041 version 3. Jason Graham met with Councilmember Peel to answer questions and provided a memo as part of the read before packet. The Water Utility will continue to be engaged and support both the Planning Department's 1041 directive and represent the needs and concerns of the Water Utility. Water Utility and City leadership continues to engage at the Northern Colorado regional level through participation in Strat-Op workshops. The workshops are intended to build alignment and partnership between all water services providers in the South Platte River Basin.
	 Begin implementation of BFO Offers accepted	1/1/22	3/30/22	10 %	<p>This initiative is on-track given the early date in 2023. BFO offers that are in the works to support this initiative include:</p> <ul style="list-style-type: none"> Water Efficiency Plan Update Xeriscape Incentive Program for HOAs Environmental Learning Center Flow Restoration - (Lake Canal)
	 1041 Regulatory Development and Regional Water Discussion	4/1/22	9/30/22	90 %	<p>The Water Utility has been engaged with internal and external stakeholders to support and fine tune the proposed 1041 regulations. Staff has met with other Water Service providers as part of the Planning Departments outreach and provided input at every opportunity. Leadership has provided comments during work sessions and has provided read before memos to council to help inform them of the potential impacts 1041 regulations may have on Water Utility projects.</p>
 16. Reduce Plastic Pollution	 Distribution of free reusable bags	10/1/21	12/31/21	100 %	<p>Initial round of bag distribution was completed in December 2021. Staff distributed an additional 5,500 free reusable bags in Q2 2022 to the general public, low-to-moderate income households, and LatinX/Hispanic community members.</p>
	 Stakeholder engagement	10/1/21	12/31/21	100 %	<p>Stakeholder engagement has taken place from 2021 to today and will continue through the end of 2022 through the stages of preparing for and rolling out the Disposable Bag Ordinance. (Stakeholders include grocers, community organizations, and community members.)</p>











	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	★ Council work session	1/1/22	3/30/22	100 %	Completed on 3/1/2022
	★ Ordinance implementation and outreach	4/1/22	6/30/22	100 %	Staff conducted 18 outreach events to distribute free reusable bags as well as multiple grocers check-ins in Q2. Two community groups servicing historically underrepresented community members distributed free reusable bags in Q2.
	★ Additional Community engagement	7/1/22	12/31/22	100 %	Engaged the community and businesses on the Plastic Pollution Reduction Act that was effective on January 1, 2023. Utilized postcards, newsletters, social media, our websites, Transfort Ads, and interviews with news outlets. Created tools to support businesses including timelines, checklists, a Business Confirmation Form, template social media content, and printable signage Engagement planning underway for 2024 Plastic Pollution Reduction Act changes (1. styrofoam ban on retail food establishments and 2. plastic bag ban on retailers)
	● Possible Council work session to review policy options	1/1/23	3/30/23	0 %	Given Council direction on May 10, 2022 to focus implementation of local and state single-use plastics policies are implemented, staff does not recommend an additional Work Session at this time
	★ Review current microplastics reduction technology with consultant support	6/1/23	9/1/23	100 %	Complete
17. Improved Air Quality	★ Council work session on oil and gas regulations	10/1/21	12/31/21	100 %	Complete




	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	 EPA grant	10/1/21	12/31/21	70 %	<ul style="list-style-type: none"> • The EPA awarded the Air Quality team a two-year environmental justice grant that is focused on how best to align and integrate our indoor air quality program with energy efficiency programs. • Conducted the Healthy Homes training in both English and Spanish with language justice • 13 new Healthy Homes Educators completed the training • Continuing to explore various partnerships with HVAC servicing companies and others to provide resources • 5 Neighborhood connectors have been identified to support promoting the Healthy Homes program in the Neighborhoods assessments will be provided in Spanish
	 Consider oil and gas code revisions	1/1/22	3/30/22	75 %	<ul style="list-style-type: none"> • Passed first reading on December 20, 2022. Scheduled for second reading on April 4, 2023. • Panel discussion with City, County and State regarding implementation of existing regulations TBA, tentatively scheduled for March 9, 2023.
	 Create interagency task force	1/1/22	3/30/22	25 %	<ul style="list-style-type: none"> • County and City staff were notified of a \$500K EPA grant award which will support the task force. Award allocation has been delayed, so continues to be deferred to align and use new grant resources. Anticipate award in place by Q2 2023.
	 Lawn and garden equipment rebate program	4/1/22	9/30/22	0 %	<ul style="list-style-type: none"> • Initial conversations have begun with the Regional Air Quality Council (RAQC) regarding implementation of 2023 rebates. Program anticipated to begin in May 2023 (this program runs every year, and % complete was reset to 0% for 2023)
	 State considers updated State Implementation Plan (SIP) re: ozone non-attainment	10/1/22	12/31/22	75 %	<ul style="list-style-type: none"> • Air Quality Control Commission approved portions of the State Implementation Plan (SIP) in December 2022. Additional planning efforts are underway to update SIP sections with plans for ozone attainment, with rulemakings expected in Fall 2023












		Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
<div>18. Make real progress on the road to Zero Waste (with focus on multi-family and commercial recycling and construction and demolition recycling)</div> <div></div>	<div></div>	<div>★</div> Multifamily and commercial Community Recycling Ordinance compliance sweep.	10/1/21	1/1/22	100 %	<p>The compliance sweep is complete. Staff is working with the hauler and the national accounts team of the one remaining non-compliant business. If there is not a concrete timeline to resolution within the next week staff will issue a citation.</p> <p>Complete. Successfully worked with haulers and businesses to add recycling service. Achieved 100% compliance with multi-family housing developments and commercial businesses.</p>
		<div>★</div> Hire C&D staff (if funded), or continue C&D recycling complaint response and compliance inspections as time allows.	1/1/22	3/1/22	100 %	Complete
		<div>★</div> Memo to Council on compliance sweep.	1/1/22	3/1/22	100 %	<div>Update memo sent to Council on 4/7/22.</div>
		<div></div> C&D staff (if funded) works to increase proactive C&D recycling compliance.	3/1/22	4/30/23	80 %	Staff member is distributing educational materials, conducting visits to C&D sites, is implementing identified program improvements, and has begun issuing warnings to sites out of compliance.
		<div>★</div> C&D staff (if funded) engages in C&D market development projects at state & regional level.	6/1/22	4/30/23	100 %	<p>C&D staff member is participating in state-level market development work through Recycle Colorado C&D Council.</p> <p>Assisting with policy brief to be distributed to state legislators. Assisting with policy toolkit for local governments.</p>
		<div></div> C&D staff (if funded) provide update and impact memo to Council on C&D recycling.	1/1/23	3/31/23	15 %	Drafting memo to Council to be completed no later than 03/31/2023













	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	 Compile research on deconstruction ordinance and determine next steps if applicable.	4/1/23	6/30/23	0 %	Work to begin in Q2 2023
	 Share outcome of deconstruction ordinance and recommendations via memo to Council.	4/1/23	6/30/23	0 %	Work to begin in Q2 2023
 19. Xeriscape – Increase rebates and education, less green lawns with new development	 Increase Xeriscape rebates and incentives	9/1/21	10/31/23	66 %	<p>The 2022 Xeriscape Incentive Program year ended with a record 94 residential projects and 6 commercial projects completed.</p> <p>The Xeriscape Incentive Program (XIP) application for commercial and residential customers launched in September.</p> <p>Current efforts:</p> <ul style="list-style-type: none"> • Appropriating grant funds for rebates • Discussions with ELCO and FCLWD to explore opportunities to expand xeriscape rebates to customers in those water districts • Exploring options for how to use funding from State Turf Replacement Program (CO House Bill 22-1151) • Engaging with managers to apply for funding for turf replacement projects on city-owned properties
	 Improve Xeriscape literacy and increase education opportunities	10/1/21	10/31/23	66 %	<p>Staff continues to explore ways to educate customers about xeriscape.</p> <p>Utilities has partnered with the Gardens on Spring Creek to offer subsidies for adult education classes in 2023 that promote water conservation.</p> <p>The 2023 Xeriscape Garden Party will take place in June. Over 700 people attended the educational event in 2022.</p>
	 Update Xeriscape regulations	10/1/21	5/31/23	66 %	<p>Current efforts:</p> <ul style="list-style-type: none"> • Promote, conduct Round 2 engagement events to further develop details and considerations of proposed standards • Ongoing rounds of revision in preparation of draft ordinance for first reading on Sept. 19, 2023. • Code audit to identify conflicts, misalignments of proposed standards

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	★ Water Supply Requirement modification	10/1/21	12/31/21	100 %	<ul style="list-style-type: none"> On Oct. 5, 2021, Council adopted Ordinance No. 119, 2021 which brings changes to Fort Collins Utilities Water Supply Requirements. These changes will encourage efficient landscaping in new developments by linking cost to water use (e.g., higher water use landscapes will pay more and lower water use landscapes will pay less). Changes go into effect on Jan. 1 2022. Staff is actively finalizing the implementation plan and working with developments that will take place in 2022.
 20. Enhanced recycling education	★ Barriers to Recycling engagement and benchmarking	10/1/21	12/31/21	100 %	Complete
	★ Analyze engagement feedback	1/1/22	3/30/22	100 %	Feedback from historically underrepresented groups compiled and analyzed.
	 Implement and track new education elements	4/1/22	12/31/22	60 %	<p>In the last part of 2022, staff continued implementing now standard practices that address barriers:</p> <ul style="list-style-type: none"> - Consistently provided materials in Spanish. - Leveraged community partners as trusted engagement partners. - Employed more visual storytelling through educational videos. <p>Two communications barriers remain to be addressed through the 2023 workplan, including:</p> <ul style="list-style-type: none"> - Highlighting diverse stories of recycling leadership in the community. (All year) - Partnering with CSU to strengthen existing recycling guideline alignment. (Q1-Q2) <p>Beyond short-term approaches to removing barriers, staff will continue integrating strategies into long-term planning efforts, such as through the creation of a five-year plan for the TRC, and as new staff positions are filled, such as the Recycling Partnerships and Volunteer Coordinator.</p>
	★ Memo to Council on engagement findings and recommendations	4/1/22	6/30/22	100 %	<p>June 2022</p> <div> <p>Memo sent to Council on May 4, 2022.</p> </div>

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	 Memo to Council summarizing changes made and next steps	1/1/23	3/30/23	0 %	Staff will prepare a memo by the end of March describing the first year's efforts on removing barriers to recycling and increasing equitable recycling education and will also include plans for 2023.
 21. Improved and accelerated stream (riparian) restoration	 Review options for work acceleration with Council Finance	10/1/21	12/31/21	100 %	
	 Stream (riparian) restoration Off-Cycle Budget Offer	1/1/22	12/31/22	0 %	The Mail Creek off-cycle offer was not submitted. The current Mail Creek at Two Creeks Natural Area is under construction and on-schedule. The Stormwater CIP will be updated to reflect an accelerated stream rehab program.
	 Stream (riparian) restoration 2023-24 BFO Offer	1/1/23	12/31/23	5 %	A project charter has been developed with coordination from Natural Areas, floodplain management, and the trails program. An RFP for design work is near completion and should be posted in March. Construction is planned for 2024/25.
 22. Raise the minimum wage	 Issue RFP and Select Consultant	10/1/21	12/31/21	100 %	Completed
	 Complete Survey and Engagement	1/1/22	3/30/22	70 %	At the November 15, 2022 Council Meeting direction was given to re-open engagement. The interest is to connect more directly with low-wage earners and impacted businesses. Staff has engaged a number of partners in the community that work directly with low wage earners, including the County Workforce Center and some non-profits. Engagement is still on-going and will be included in the next work session on this topic scheduled for April 11, 2023.
	 Present Findings to City Council	4/1/22	6/30/22	70 %	On November 15, 2022, City Council voted to postpone consideration of a local minimum wage ordinance until May of 2023. Based on feedback from Council staff has conducted additional analysis on the potential impacts to low wage earners and their social safety net benefits. This information as well as additional information will be shared with Council on April 11, 2023 at a work session.
	 Council Consider local ordinance	7/1/22	9/30/22	50 %	On November 15, 2022, City Council postponed consideration of a local minimum wage ordinance to May 16, 2023 instructing staff to conduct additional targeted outreach and analysis.

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
	 Local minimum wage effective [Depending on Council Action]	1/1/23	3/30/23	0 %	Council will reconsider a local minimum wage ordinance on May 16, 2023.
 23. Develop a Circular Economy Plan (EHSP)	 Issue RFP and select Consultant	1/1/22	3/30/22	100 %	
	 Engage Community	4/1/22	9/30/22	70 %	Business community engagement has been completed. Review of SWOT (strength, weakness, opportunities and threats) Analysis is currently underway. Circular economy business survey has been deployed.
	 Prepare Existing Conditions Analysis	4/1/22	6/30/22	20 %	Work continues to be done in partnership with Environmental Services and our consultants to map the existing conditions for analysis.
	 Present Big Moves and Strategy Update to Council	10/1/22	12/31/22	65 %	1st Council Work Session is scheduled for 3/14/2023; 2nd Work Session for 8/8/2023.
	 Develop Implementation Plan	1/1/23	3/30/23	0 %	
 24. Partner with Poudre School District (PSD) for workforce development	 On-going support of PSD for workforce development through partners, including assistance in siting the Future's Lab.	10/1/21	4/30/23	50 %	<p>Launch of NoCO Works, the regional workforce talent initiative (talent 3.0) was released in January 2023, in partnership with PSD and other regional partners. Apprenticeships, internships, sector partnerships are some proven models that continue to be supported. Initiatives within the NoCO Works program (2-county workforce initiative) include:</p> <ul style="list-style-type: none"> • Economic Inclusion • External Barriers • Business Resources • Training and Development • Talent Pipeline • Work-Based Learning <p>Continue to explore opportunities and support PSD in the application of the State's Opportunity Now grant application.</p>

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
 25. Affordable, Quality and Accessible Childcare Infrastructure	 Periodic memo updates to Council as appropriate and necessary	4/1/22	6/30/22	100 %	Memo submitted to Council in May 2022 detailing activity, status and progress occurring within the community and the City organization re: childcare
	 Periodic memo updates to Council as appropriate and necessary	10/1/22	12/31/22	100 %	Memo submitted to Council in November 2022 detailing activity, status and progress occurring within the community and the City organization re: childcare
 26. Create a targeted, specific plan for community recovery	 Draft Recovery Plan: Work session (Oct 26), and Council adoption (Dec 7)	10/1/21	12/31/21	100 %	Completed and Council adopted.
	 Implementation	1/1/22	12/31/22	100 %	Q4: All \$28.1M of federal ARPA funds awarded to the City of Fort Collins have been appropriated to recovery programs, with 60+ programs expected to run and/or launch in 2023.
 27. Access funding for parks (maintenance and operations, refresh, and new parks)	 Council Finance Committee	10/1/21	12/31/21	75 %	Staff has met with the CFC 6 times to discuss and explore potential funding options. Meetings will continue on 2023 with the most recent meeting on February 6th.
	 Convene internal team.	1/1/22	3/30/22	100 %	<ul style="list-style-type: none"> The team has been formed and is made up with representatives of Budget, Finance, CMO, City Gives, Parks, Park Planning and Community Services. Materials were prepared for the Jan, Mar, June and Sept CFC meetings. Materials were prepared for the June and Dec. Work Sessions.
	 Council work session.	1/1/22	3/30/22	25 %	Council work sessions occurred in April and December 2022. Staff will schedule additional work sessions in 2023.
	 Develop & implement plan following direction clarification	4/1/22	6/30/22	10 %	<ul style="list-style-type: none"> A combination of resource options was presented to the CFC at the February meeting. Staff recommendation was to separate the P&R Infrastructure Program funding gap from the other three priority areas. Feedback from Council was to keep the four priorities together and bring solutions that address them as a package.

Item	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
 28. Improve tree policies	 Complete evaluation of current pertinent code	10/1/21	12/31/22	100 %	<ul style="list-style-type: none"> Staff has evaluated current pertinent code and brought code update themes to the January 24, 2023 council work session.
	 Present potential code updates at Council Work Session	12/1/22	3/31/23	100 %	<ul style="list-style-type: none"> Staff brought proposed tree-related land use code updates to the January 24, 2023 Council Work Session. Staff will continue internal and external stakeholder engagement to draft new code and are planning to bring code changes forward in Q3 2023 for adoption. <ul style="list-style-type: none"> In conjunction with other Land Use Code changes related to LUC 3.2.1 Landscape Standards (Xeriscape, soils, irrigation and trees).
	 Draft code updates	1/1/23	10/31/23	0 %	
 29. Tree planting subsidy	 Implement offer and order trees if funded	1/1/22	3/30/22	100 %	Offer was funded and 1000 trees have been ordered through Fort Collins Wholesale Nursery for a September 2022 tree sale. Staff has begun planning on how to prioritize underserved areas of the community and create better access to all, to increase canopy equity through this program.
	 100% of trees sold to residents for planting	7/1/22	9/30/22	100 %	The 2022 Community Canopy Program was a success in that all 1000 trees were sold and picked up to be planted on private property within the GMA.
 30. Implementation of 15-minute community concept	 Develop a set of needs/strategies-funding dependent	4/1/22	12/31/22	100 %	
	 Council Work Session	4/20/22	10/25/22	0 %	
	 Create draft plan	7/1/22	9/30/22	0 %	
	 Finalize plan for approval	10/1/22	12/31/22	100 %	This effort has been completed. Staff presented a draft analysis to Council in October, and has since then incorporated their feedback. Then final report has been shared back to Council via a memo. The findings of the analysis will be used to inform efforts throughout the City.

	Milestones	Milestone Start Date	Milestone End Date	Milestone Percent Complete	Milestone Analysis
★ 31. Homelessness Initiatives	★ Shelter "inform" campaign	11/1/21	12/31/21	100 %	<ul style="list-style-type: none"> Conducted Homelessness Awareness Month campaign in November via social media. Collaborated with six partner agencies to share posts throughout the month. Proclamation at City Council on November 16 had over 50 representatives from partner agencies! Staff spoke with the Coloradoan and KCSU-TV about current conditions and future 24/7 shelter.
	★ Community Engagement for future 24/7 shelter-funding dependent	1/1/22	3/30/22	100 %	<p>In preparation for their future 24/7 shelter facility, Fort Collins Rescue Mission conducted engagement and information-finding by:</p> <ul style="list-style-type: none"> Holding trauma-informed design interviews with diverse stakeholders Completing a geotechnical survey and report Completing a conceptual review Conducting a traffic study <p>This information has helped informed next step, which include a neighborhood meeting and development review process, and ongoing refinement of shelter services and design.</p>
	★ Outreach Fort Collins midtown planning.	1/1/22	3/30/22	100 %	Outreach Fort Collins has completed their planning for the midtown expansion and will officially begin serving this area on September 6.
	★ Implementation of OFC midtown expansion.	7/1/22	9/30/22	100 %	Outreach Fort Collins officially begin serving midtown Fort Collins on September 6, 2022. They are fully staffed and, after conducting much outreach to midtown businesses and residents, have set their service area boundaries as the entire College corridor from Mulberry to Trilby, and a couple blocks east and west.

RESOLUTION 2021-077
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING THE 2021-2023 CITY COUNCIL PRIORITIES

WHEREAS, the Fort Collins City Council met at a Council Retreat on May 7 and 8, 2021, to initiate and discuss plans for their new Council term; and

WHEREAS, Council further discussed and refined plans and priorities as part of a June 29, 2021, follow-up meeting; and

WHEREAS, in these discussions, Council worked together to develop Council priorities to guide the work of the City organization over the next two years ("Council Priorities"); and

WHEREAS, the Council Priorities supplement the City's Vision, Mission and Strategic Plan, City Plan and other adopted plans and policies and the funding priorities embodied in the adopted budget for 2021-2023; and

WHEREAS, Council priorities are identified for specific focus and action by the organization on items that fit within the broader context while ensuring provision of world class service to the community 24 hours a day, 365 days a year; and

WHEREAS, the Council is committed to continuing and building on longstanding and important City efforts around diversity, equity and inclusion, climate action, attainable housing, enhancing environmental health, broadband and a safe and accessible community for all Fort Collins residents; and


WHEREAS, City Council may amend the list of retreat priorities from time to time, based on community needs, available resources, and new opportunities.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, that the Council hereby adopts as its priorities for action during the 2021-2023 Council term the initiatives within the seven Key Outcome Areas to supplement approved Strategic Plan, Budgeting for Outcomes and other approved programs and plans described on Exhibit "A", attached hereto and incorporated herein by this reference.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 20th day of July, A.D. 2021.


Mayor

ATTEST:


Interim City Clerk



CITY COUNCIL PRIORITIES
2021-2023

Strategic Outcome	Priority	Outcome Statement
Safe Community	More stringent penalties for animal cruelty and neglect	Evaluate existing penalties and policies to ensure alignment with Council, then if needed explore possible options with Legislative Review Committee to influence state law, or pursue policy changes within the City's purview.
	Juvenile diversion	Develop proposal for a pilot juvenile diversion program based on evidence-based practices to provide educational and restorative age-appropriate interventions targeting top two or three behaviors.
Transportation and Mobility	Advance transit initiatives that remove barriers	<ul style="list-style-type: none"> • 2021: Complete funding and fare study to begin by the end of 2021 to assess cost benefit analysis of fare collection and alternatives. This study will inform future action such as ballot initiatives. • 2022 BFO Offer submitted with a focus on collaboration with PSD. • 2021: Complete Preliminary Design on W. Elizabeth Bus Rapid Transit project and continue to explore funding sources for final design and construction. • 2021: Complete North Transit Facility Design and Study. • 2021: Complete the North College Transit Oriented Development Plan, which considers an extension of Bus Rapid Transit to North College area. • WS 2021: Report on progress on these projects and to seek guidance on funding and fare study. • 2022: Budgeting For Outcomes Offer submitted with a focus on collaboration with Poudre School District.
	Improved traffic compliance	Police will evaluate methods for enhancing traffic compliance, and continue/increase traffic enforcement at locations where concerns have been raised.
High Performing Government	Advance Regionalism - collaboration regionally while maintaining the unique character of Fort Collins	Establish a framework and relationships for continued progress toward numerous issues that have impacts and likely solutions at the regional level, such as water, transportation, housing, and air quality.

Strategic Outcome	Priority	Outcome Statement
	Look into changing the April election to November with School Board years to have all local elections at once	Gather information and present findings at a future work session to identify and evaluate advantages and disadvantages, resource needs, policy changes, and calendar implications of moving to November elections. If Council determines a change should move forward, staff would prepare an implementation plan to support the transition and Charter amendment.
	Advance gender equity in City Sales Tax Code	Establish a Pink Tax or Menstrual Equity Ordinance for the City of Fort Collins to exempt certain products from sales tax. Input will be sought from residents and businesses to provide feedback to Council prior to consideration on first reading.
	Attract and retain competitive and diverse talent to meet the needs of the community	The first phase will be to determine current and future childcare needs of our employees and then recommend strategies and solutions within a financial model that is sustainable. Working very closely with the County as they desire to have an onsite childcare facility and welcome any possible alignment.
Environmental Health	Help bird species recover	Explore opportunities to become a certified bird-friendly city through organizations such as the Audubon Society.
	Accelerate composting - (Curbside and business)	Work toward implementation of Our Climate Future (OCF) Big Move 2: Zero Waste Neighborhoods, specifically: <ul style="list-style-type: none"> Collaborate through Regional Wasteshed to identify opportunities to accelerate development of yard trimmings and food scraps composting facilities on Larimer County property adjacent to the Larimer County Landfill. Commence policy development regarding yard trimmings and food scraps per Council direction.
	Adopt grey water statute to allow grey water systems in new buildings	Explore and implement, if feasible, a Graywater Ordinance for the City of Fort Collins to promote the use of the "right water for the right use". Staff will present policy issues related to this priority in a work session in late 2021 timeframe. An update to the Plumbing Code would be needed in addition to an implementing ordinance.

Strategic Outcome	Priority	Outcome Statement
	Districted system for garbage, recycling and compost	Utilizing information from previous studies about districting trash and recycling services in Fort Collins and best practices from peer communities, develop a strategy and timeline to explore districting in Fort Collins.
	Explore climate emergency messaging and action	Work with the community to identify the most effective messaging to intensify progress towards goals and implement <i>Our Climate Future</i> .
	Effective soil amendment policies and compliance (water usage),	Optimize staff resources to modernize the current soil amendment code while evaluating best practices in the industry. Coordination with multiple City departments will be necessary in addition to aligning the timing appropriately with Land Use Code updates.
	Protect and Enhance Instream River Flows	Continue efforts currently underway, including: <ul style="list-style-type: none"> • Developing and using regulatory and infrastructure/resource mechanisms • Multiple BFO offers are included in the 2022 budget process.
	Reduce Plastic Pollution	<ul style="list-style-type: none"> • Explore what technologies are available for washing machine microfibers and if there is enough evidence to warrant the City endorsing and incentivizing them as a whole. • Continue comprehensive plastic policy development: Re-engage community to understand what items and policy interventions have support. Bring engagement results and best practices to Council for further consideration. • Implement disposable bag ordinance: Work with historically underrepresented groups and highly impacted community members to identify potential equity impacts of disposable bag ordinance and work to alleviate them. Work with grocers and community as a whole to implement disposable bag ordinance in 2022.

Strategic Outcome	Priority	Outcome Statement
	Improved Air Quality	<p>Continue to implement a full spectrum of options—including engagement, incentives and regulation—that focus on prevention of air pollution at the source, including:</p> <ul style="list-style-type: none"> • Incentivizing and promoting use of electric or low-emission alternatives to non-road gas and diesel engines such as lawn and garden maintenance equipment, for residential, municipal and commercial use. • Supporting reductions in oil and gas production and development related emissions, through regional collaboration and updates to local regulations. • Continuing to support outreach and enforcement related to local air quality regulations, such as outdoor wood burning and fugitive dust policies. • Electrification of buses in progress and work toward reducing Single Occupancy Vehicles. • Improved understanding of regional impacts on local air quality through enhanced monitoring.
	Make real progress on the road to Zero Waste (with focus on multi-family and commercial recycling and construction and demolition recycling)	<ul style="list-style-type: none"> • Implement the Community Recycling Ordinance, which brings recycling to multi-family complexes and businesses in 2021. • Improve enforcement of recycling requirements at construction and demolition sites • Continue to work toward construction and demolition sorting facility as part of Regional Wasteshed Project • As part of regional and state efforts, work to develop construction and demolition materials recycling markets • Could consider the value of evolving our demolition ordinance to deconstruction ordinance.
	Xeriscape – Increase rebates and education, less green lawns with new development	<p>Optimize City resources, including funding and staff, to promote and implement xeriscape landscaping where appropriate. Landscape code requirements will be coordinated with the Land Use Code update efforts.</p>

Strategic Outcome	Priority	Outcome Statement
	Enhanced recycling education	<ul style="list-style-type: none"> Implement OCF strategy to explore barriers to recycling, reuse, and sharing experienced by historically underrepresented groups and the broader community, including but not limited to education. Implement recommendations to remove barriers where feasible, including those related to how the City provides recycling education. Depending on input from the community, possible actions could include enhanced partnerships with community organizations or more focus on language justice. Build trust and maintain more relationships in the community to ensure ongoing feedback instead of one-off engagement.
	Improved and accelerated stream (riparian) restoration	Continue and enhance the Stream Rehabilitation program in stormwater by implementing stream rehabilitation projects such as successful work on Spring Creek at Edora Park and Mail Creek, including work with Natural Areas on additional projects, with the goal of optimizing the balance of floodplain safety and rehabilitation work.
Economic Health	Raise the minimum wage	<p>Evaluate and consider raising the minimum wage locally as allowed under HB19-1210 within Fort Collins to address the rising cost of living. Potential activities include:</p> <ul style="list-style-type: none"> Prepare and implement a public engagement plan that meets the state statute requirements. Conduct an economic analysis of the impacts of a local minimum wage on the local economy. Present the results to City Council, Boards and Commissions, and other key stakeholders. Based on direction from Council prepare a local ordinance establishing a local minimum wage consistent with state law.

Strategic Outcome	Priority	Outcome Statement
	Develop a Circular Economy Plan	<p>Consider a circular economy plan and tech incubator as part of a holistic update to the City's Economic Health Strategic Plan and in partnership with implementation of Our Climate Future</p> <ul style="list-style-type: none"> Encourage innovation and the local use of materials that are either the by-product or waste of another industry. Incorporate Austin Tech circular economy incubator as a model.
	Partner with Poudre School District (PSD) for workforce development	Engage with PSD to support identifying a site for the Futures Lab and continue to consider the role of the Urban Renewal Authority in supporting Power House II. Partnership opportunities include the development of internships, fellows, and work/study or mentoring programs.
	Affordable, Quality and Accessible Childcare Infrastructure	<p>With a focus on workforce development/retention, expand the City's support for system-level childcare projects; capacity expansion for school-age summer care spots; increase support for accessibility resources for vulnerable populations; mental health resources built into childcare programs. Additional activities may include:</p> <ul style="list-style-type: none"> Provide direct care services (Recreation), policies and partnership efforts that align with the City's role/scope. Prioritize efforts to catalyze entrepreneurial opportunities for home-based providers. Integrate childcare infrastructure into the City Recovery Plan and Economic Health Strategic Plan update. Reduce development review barriers to center-based childcare, particularly when it involves reusing or expanding existing buildings.
	Create a targeted, specific plan for community recovery	Adopt a City Recovery Plan in December 2021 to direct the administration of various federal programming, including the American Rescue Plan Act (ARPA) proceeds.
Culture and Recreation	Access funding for parks (maintenance and operations, refresh, and new parks)	<p>Increase funding for parks refresh and asset management;</p> <ul style="list-style-type: none"> 2022 BFO offers have been submitted Long-term funding strategy is an identified priority for new Community Services Director.

Strategic Outcome	Priority	Outcome Statement
	Improved tree policies	Analyze opportunities for improved tree policies in the Land Use Code. Work in collaboration with Development Review to include amendments focused on tree protection guidelines and mitigation requirements that highlight the sliding scale of value of mature trees.
	Tree planting subsidy	Develop a 2022 BFO offer that increases the size of the Community Canopy program that provides a subsidy to private property owners for tree planting.
Neighborhood Livability and Social Health	Implementation of 15-minute community concept	2022: BFO offer submitted to analyze existing citywide plans and metrics for alignment with 15-minute concept in coordination with the update to our Active Modes Plan; identify critical next steps and implementation priorities.
	Homelessness Initiatives:	<p>City will collaborate with partners on 24/7 shelter community engagement and planning in addition to supporting Outreach Fort Collins enabling expansion into mid-town and continue in North Fort Collins to:</p> <ol style="list-style-type: none"> 1. Increase service referrals for people experiencing homelessness and respond to reported disruptive behaviors. 2. Foster relationships among businesses, service providers, and residents in mid-town.



Council Priorities

2-Year Check-in and Alignment

Ginny Sawyer, Project and Policy Manager

April 25, 2023

1. What questions or feedback does Council have on the Priority progress?
2. What, if any, recommended adjustments does Council have for focus areas through the remainder of the year?

- Every 2 years, newly elected Council identifies Priorities.
- 2021-2023 Priorities adopted on July 20, 2021.
- 31 Priorities identified.
- Priorities support City's Vision, Mission, Strategic Plan and ensure world class service provision 24 hours a day, 365 days a year.
- Priority Update Report provided every-other month. Reports found at www.fcgov.com/council.



- Xeriscape-increase rebates and education, less green lawns with new development
- Create a targeted, specific plan for community recovery
- Tree planting subsidy
- Improve tree policies
- Juvenile Diversion
- Effective soil amendment policies and compliance



- More stringent penalties for animal cruelty and neglect
- Improved traffic compliance
- Look into changing the April election to November
- Advance gender equity in City Sales Tax Code
- Adopt grey water statute to allow grey water systems in new buildings



- Attract & retain competitive & diverse talent; provide childcare options for City employees
- Reduce plastic pollution
- Districted system for garbage, recycling, and compost
- Local minimum wage
- Help bird species recover.



- Advance transit initiatives that remove barriers
- Accelerate composting (curbside and business)
- Enhanced recycling education
- Explore climate emergency messaging and action
- Access funding for parks
- Develop circular economy program
- Advance regionalism-collaboration regionally while maintaining the unique character of Fort Collins
- Improved air quality
- Improved/accelerated stream restoration
- Protect/enhance instream river flow
- Make real progress on Road to Zero Waste
- Affordable, quality, and accessible childcare infrastructure
- Partner with PSD for workforce development
- Homelessness initiatives





- Land use engagement and completion
- Sustainable funding
 - Soil Amendments
 - Ballot items

1. What questions or feedback does Council have on the Priority progress?
2. What, if any, recommended adjustments does Council have for focus areas through the remainder of the year?

April 25, 2023

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

Travis Storin, Chief Financial Officer
Ginny Sawyer, Sr. Project Manager

SUBJECT FOR DISCUSSION

Sustainable Funding Update.

EXECUTIVE SUMMARY

The purpose of this item is to seek Council direction on timing and revenue options to consider for referral to the November 2023 ballot.

Staff is also providing additional funding mechanism information as background.

Also of note, staff is currently focusing on a November 2024 election to bring forward the Street Maintenance renewal and the Community Capital Renewal.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What feedback do Councilmembers have on the revenue options presented?
2. What feedback do Councilmembers have regarding ballot measures in November 2023?
3. What additional information would Councilmembers like to see?

BACKGROUND / DISCUSSION

Over the past year, staff worked with Council Finance Committee (CFC) and the full Council to seek ways to address identified funding needs in the areas of parks and recreation, transit, and housing. Along with these needs the criticality of advancing City climate action goals has also been identified as an area of need.

- Parks and Recreation - \$8 to \$12M annual shortfall (Parks & Recreation Master Plan)
- Transit - \$8M to \$14.7M annual shortfall (Transit Master Plan)
- Housing - \$8M to \$9.5M annual shortfall (Housing Strategic Plan)
- Climate - \$9.5M+ annual shortfall (Our Climate Future Plan)

Transit, Housing, and Climate are the initiatives targeted as "Climate Umbrella" based on efforts identified in the Climate Action "Big Moves."

Big Move	Focus	Investment Target
4	Transit	\$14.7M
4	Active Modes	\$1.5M
6	Building Efficiency & Electrification	\$2.85M
7	Housing Affordability	\$8-9.5M
13	Electric Vehicles	\$1.85M
2 & 10	Zero Waste	\$2M
Total Annual Investments:		\$31M+

CFC discussions to date have highlighted a desire to:

- Clearly define and articulate revenue needs.
- Thoroughly research funding options including impacts to residents.
- Work to keep overall resident impact and tax burden as low as possible.
- Consider existing dedicated tax renewals and associated election timelines in a strategic manner.
- Develop clear understanding of how funds will be utilized.

These considerations have also been supported by the full Council.

Funding Options and Analysis

Through discussion and analysis at CFC and Council work sessions, sales tax, property tax and excise/additional sales taxes have emerged as the most feasible mechanisms. Staff has also researched and added an increase to the Xcel franchise fee and a utility occupation tax, commonly referred to as a “climate tax” as well as a large emitter tax and the potential of a dedicated sales tax. The table below demonstrates the potential revenue gain of these mechanisms along with estimated annual impact to residents.

Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills		Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$14/household
Substance Tax	1 to 5% on Alcohol/MJ/Nicotine		TBD	\$6 to 11M+	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Utility Occupation Tax	4.5% on Natural Gas Bills		Climate Umbrella	\$4M	<ul style="list-style-type: none"> • 4.5% residential increase per household • ~\$32 per residential household
Property Tax	1 to 5 Mills		Parks & Rec	\$4 to 18M+	<ul style="list-style-type: none"> • Residential increase of \$21 to \$107 • Commercial increase of \$87 to \$435
Sales Tax	Additional ¼ Cent Dedicated Tax		Climate Umbrella	\$10M	<ul style="list-style-type: none"> • \$31 per resident/ \$78* per household • Sales tax on food would remain at 2.25% • Visitors also impacted
Large Emitter Tax	\$51/MT CO2e		Climate Umbrella	\$5M	<ul style="list-style-type: none"> • N/A to residents • Two applicable businesses
Total				\$30M to 49M+	<ul style="list-style-type: none"> • \$145 to \$231 net annual increase per household* + impact of substance tax

Franchise Fee

The maximum allowable Xcel franchise fee surcharge is 3%. The City currently assesses the fee at 1.07% and could increase the fee to its maximum through an Ordinance approved by Council and with 60 days' notice to Xcel.

Though the data may fluctuate year to year, staff predicts that increasing the natural gas franchise fee to its maximum 3% would likely result in new revenue generation between \$930,000 and \$1.3M per year, with average annual impacts to end consumers estimated to be ~\$14 for residential customers and ~\$80 for businesses. Any revenue generated by this approach is likely to be volatile from year to year given the unpredictability of wholesale natural gas prices.

Additional Sales Tax

An additional sales tax is a sales tax on the purchase price to the end customer. For consideration in these discussions, staff has estimated additional tax revenue using an additional 3% and 5% tax on marijuana, alcohol and nicotine.

Numerous other municipalities across Colorado have an additional tax on marijuana. Requires voter approval.

Tax Type	Additional 3%	Additional 5%
Alcohol*	\$2M+	\$4M+
Marijuana	\$3M	\$5M
Nicotine**	\$1M+	\$2M+

*Liquor store estimate only **Cigarette estimate only

Of note are the existing taxing levels on these products:

Taxing Authority	Cigarettes	Other Tobacco	Alcohol	Marijuana
State (Excise)	\$1.94 (per pack)	-	-	-
State	2.90%	2.90%	2.90%	15.00%
County	0.0%	0.80%	0.80%	0.80%
City	3.85%	3.85%	3.85%	3.85%
Total	6.75% + excise tax	7.55%	7.55%	19.65%

Marijuana Sales Tax Rate Comparison

Taxing Authority	Fort Collins	Boulder	Thornton	Aurora	Denver	Commerce City	Berthoud	Englewood
State	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
County	0.80%	1.19%	0.75%	1.00%	0.00%	0.75%	0.80%	0.25%
City	3.85%	3.86%	3.75%	3.75%	4.81%	4.50%	4.90%	3.80%
City Additional	0.00%	3.50%	5.00%	5.00%	5.50%	7.00%	7.00%	10.30%
Total*	19.65%	23.55%	24.50%	24.75%	25.31%	27.25%	27.70%	29.35%

Property Tax

Since 1992, the City has collected 9.797 mills of property tax which equates to 10.5% of a Fort Collins property owner's total annual property tax. Requires voter approval.

Poudre Fire Authority gets 67% of the City's portion (approximately 6 of the City's 9 mills) of property tax amount through an intergovernmental agreement.

Property tax is collected in arrears. If additional mills were adopted in November 2023, the City would see those collections in 2025.

Dedicated renewal Sales Tax

This would be an additional quarter ($\frac{1}{4}$) cent sales tax dedicated to a particular use or uses. A $\frac{1}{4}$ cent sales tax is estimated to generate \$10 annually with an impact of ~\$31 per person or \$78 per household based on average household size (*assumes a household size of 2.5, American Community Survey 2021 1-year estimates, table DP04*). Groceries would not be taxed. Requires voter approval.

Utility Occupation Tax:

This mechanism taxes natural gas as a proxy for greenhouse gas emissions. Council may select the amount of revenue they would like to generate per year and require the provider to adjust annual rates accordingly to meet this revenue requirement. Annual cost increases are relatively high for natural gas consumers. At a tax rate of 4.5% staff estimates new revenue of roughly \$3.6M per year at a cost of ~\$32 dollars per household annually.

Large Emitter Tax:

A large emitter tax has the potential to accelerate de-carbonizing two entities currently producing more GHG emissions than the EPA reporting threshold. It would generate several million dollars a year in new revenue in the short term, but its financial returns diminish steadily, with the last year of projected revenue generation before 2030 after the two entities drop below the EPA's reporting threshold.

At the current reporting requirement of 25,000 MT CO₂e annually, only two entities (Broadcom and Anheuser-Busch) would be subject to a large emitter tax. Should both organizations follow through with their public statements regarding reductions, Broadcom would not be subject to the tax after 2027, and Anheuser-Busch would not be subject after 2030.

Using forecasted levels of CO₂e emitted from Anheuser-Busch and Broadcom, the following table shows the annual revenue the City would expect to generate in 2024 utilizing the SC-CO₂ as a baseline per metric ton.

Facility	Total Reported Emissions (MT CO ₂ e) 2024 Forecast	Revenue (\$51/MT)
Broadcom	57,400	\$2.9M
Anheuser-Busch	37,474	\$1.9M
Total	94,874	\$4.8M

Requires voter approval.

Funding Scenarios

Achieving additional funding will likely be a phased effort that lessens the funding gaps incrementally over time. Knowing this, and through CFC conversations, two demonstration scenarios have been created.

The scenarios presented are not intended to be final or recommended options. They are intended to demonstrate the flexibility and variable means and ways to add additional revenue to cover the identified gaps. These scenarios do consider the number of initiatives on any one ballot, the timeline for generating revenue, and the impacts to residents and businesses.

Staff has also developed a tool that can be used live to adjust mechanisms and scenarios.

Scenario A:

\$11M in 2024 and the addition of \$18M of property tax in 2025.

Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills	2023	Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$14/household
Substance Tax	1 to 5% on Alcohol/MJ/Nicotine	2023	TBD	\$10M	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Property Tax	5 Mills	2023	Parks & Rec	\$18M+	<ul style="list-style-type: none"> • Residential increase of \$107 • Commercial increase of \$435
Total				\$29M+	<ul style="list-style-type: none"> • \$121 net annual increase per household* + impact of substance tax

Scenario B:

\$11M in 2024, and the addition of \$10M in substance tax and \$18M in property tax starting in 2025.

Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills	2023	Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$14/household
Substance Tax	1 to 5% on Alcohol/MJ/Nicotine	2024	TBD	\$10M	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Property Tax	1 to 5 Mills	2023	Parks & Rec	\$18M+	<ul style="list-style-type: none"> • Residential increase of \$107 • Commercial increase of \$435
Sales Tax	Additional ¼ Cent Dedicated Tax	2023	Climate Umbrella	\$10M	<ul style="list-style-type: none"> • \$31 per resident/ \$78* per household • Sales tax on food would remain at 2.25% • Visitors also impacted
Total				\$39M+	<ul style="list-style-type: none"> • \$199 net annual increase per household* + impact of substance tax

NEXT STEPS

Election Timeline Considerations

Per the recent ballot initiative, City elections will now be in November. Ballot referral would need to happen in August.

TABOR initiatives cannot be considered during special elections.

Street Maintenance and Community Capital Taxes expire December 31, 2025. November 2024 and November 2025 are two opportunities for renewal.

ATTACHMENTS

1. Council Finance Committee Materials, April 6, 2023
2. Franchise Fee Information Sheet
3. Occupation Tax Information Sheet
4. Large Emitter Tax Information Sheet
5. Sustainable Funding Presentation

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Ginny Sawyer, Sr. Project Manager
Travis Storin, Chief Financial Officer
Jennifer Poznanovic, Sr. Revenue Manager

Date: April 6, 2023

SUBJECT FOR DISCUSSION Sustainable Funding Update

EXECUTIVE SUMMARY

The purpose of this item is to seek Council Finance Committee (CFC) direction on timing and revenue options to consider for referral to the November 2023 ballot.

Staff is also providing additional budget information as background.

Also of note, staff is currently focusing on a November 2024 election to bring forward the Street Maintenance renewal and the Community Capital Renewal.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What is Council Finance feedback on revenue options and timelines presented?
2. What additional information would Council Finance like to see?

BACKGROUND/DISCUSSION

Over the past year, staff has been working with CFC and the full Council to seek ways to address identified funding needs in the areas of parks and recreation, transit, and housing. Along with these needs the criticality of advancing City climate action goals has also been identified as an area of need. Estimated annual shortfalls range from six to twelve million per area.

- Parks & Recreation - \$8 to \$12M annual shortfall (Parks & Recreation Master Plan)
- Transit - \$8M to \$14.7M annual shortfall (Transit Master Plan)
- Housing - \$8M to \$9.5M annual shortfall (Housing Strategic Plan)
- Climate - \$6M to \$9.5M annual shortfall (Our Climate Future Plan)

Transit, Housing, and Climate are the initiatives targeted as “Climate Umbrella.”

CFC discussions to date have highlighted a desire to:

- Clearly define and articulate revenue needs.
- Thoroughly research funding options including impacts to residents.
- Work to keep overall resident impact and tax burden as low as possible.
- Consider existing dedicated tax renewals and associated election timelines in a strategic manner.

These considerations have also been supported by the full Council.

Funding Options and Analysis

Through discussion and analysis at CFC and Council work sessions, sales tax, property tax and excise/additional sales taxes have emerged as the most feasible mechanisms. Staff has also

researched and added an increase to the Xcel franchise fee and a Utility Occupation Tax, commonly referred to as a “climate tax.” The table below demonstrates the potential revenue gain of these mechanisms along with estimated annual impact to residents.

Category	Funding Mechanism	Use	Annual Revenue Estimate	Stakeholder Impact
Franchise Fee to 3%	Natural Gas Bills	“Core” Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$11/household annually
Substance tax	1 to 5% on Alcohol/MJ/Tobacco	Parks & Rec	\$6 to 11M+	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Utility Occupation Tax	8 to 9% on Natural Gas Bills	Climate Umbrella	\$3 to 4M	<ul style="list-style-type: none"> • 8% residential increase per household. ~\$50 per residential household annually
Property Tax	1 to 5 Mills	Climate Umbrella	\$4 to 18M+	<ul style="list-style-type: none"> • Residential annual increase of \$21 to 107 • Commercial annual increase of \$87 to 435
Total			\$15 to 40M+	<ul style="list-style-type: none"> • \$81 to \$168 net annual increase per household + impact of excise tax

Franchise Fee:

The maximum allowable Xcel franchise fee surcharge is 3%. The City currently assesses the fee at 1.07% and could increase the fee to its maximum through an Ordinance approved by City Council and with 60 days’ notice to Xcel. Although this revenue source is designated as a “fee” it is not subject to the restrictions of other types of fees that require any use of those funds directly benefit the fee payer.

Additional Sales Tax:

An additional sales tax is a sales tax on the purchase price to the end customer. For consideration in these discussions, staff has estimated additional tax revenue using an additional 3% and 5% tax on marijuana, alcohol and tobacco.

Numerous other municipalities across Colorado have an additional tax on marijuana.

Tax Type	Additional 3%	Additional 5%
Alcohol*	\$2M+	\$4M+
Marijuana	\$3M	\$5M

Tobacco	\$1M	\$2M
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An additional sales tax would require voter approval.

Property Tax:

Since 1992, the City has collected 9.797 mills of property tax which equates to 10.5% of a Fort Collins property owners total annual property tax. Below is the breakdown of what a Fort Collins property owner pays in property tax.

Poudre Fire Authority gets 67% of the City's portion (approx. 6 of the City's 9 mills) of property tax amount through an intergovernmental agreement. Requires voter approval.

Utility Occupation Tax:

This mechanism taxes natural gas as a proxy for greenhouse gas emissions. Council may select an amount of revenue they would like to generate per year and require the provider to adjust annual rates accordingly to meet this revenue requirement.

Funding Scenarios

Achieving additional funding will likely be a phased effort that lessens the funding gaps incrementally over time. Knowing this, and through CFC conversations, two demonstration scenarios have been created.

The scenarios presented are not intended to be final or recommended options. They are intended to demonstrate the flexibility and variable means and ways to add additional revenue to cover the identified gaps.

Scenario A:

\$29M in 2024 with two ballot measures in November 2023

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Resident Impact
Franchise Fee to 3%	Natural Gas Bills	2023	"Core" Climate	\$1M	2% increase. ~ \$11/household annually
Substance tax	(?)% on Alcohol/MJ/Tobacco	2023	Parks & Rec	\$10M	\$1 to 5 per \$100 purchase
Property Tax	5 mills	2023	Climate Umbrella	\$18M+	Residential annual increase of \$107 Commercial annual increase of \$87 to 435
Total				\$29M	\$118 net annual increase per household + impact of excise tax

Scenario B:

\$15-20M in 2024 and the addition of \$18M in property tax starting in 2026. Option to sunset the Utility Occupation tax upon approval of the property tax.

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Stakeholder Impact
Franchise Fee to 3%	Natural Gas Bills	2023	"Core" Climate	\$1M	2% increase. ~ \$11/household annually
Substance tax	(?)% on Alcohol/MJ/Tobacco	2023	Parks & Rec	\$10M	\$1 to 5 per \$100 purchase
Utility Occupation Tax	Natural Gas bills	2023	Climate Umbrella	\$3-4M	8-9% residential increase per household. ~ \$50 per residential household annually
Property Tax	5 mills	2025	Climate Umbrella	\$18M+	Residential annual increase of \$107 Commercial annual increase of \$87 to 435
Total				\$32M+	\$168 net annual increase per household + impact of excise tax

** A ¼ -cent tax increase is estimated to generate \$9+M/annually and to cost a resident \$31 per/year.

Election Timeline Considerations

Per the recent ballot initiative, City elections will now be in November. Ballot referral would need to happen in August.

TABOR initiatives cannot be considered during special elections.

Street Maintenance and Community Capital Taxes expire December 31, 2025. November 2024 and November 2025 are two opportunities for renewal.

Community Messaging: City Budget and Revenue Context

Prior to putting tax measures on the ballot, the City typically works to provide residents with information regarding financial stewardship practices and implementation. This goes beyond the cyclical process of creating a transparent and balanced budget every 2 years and looks to include revenue, staffing, inflation, and efficiencies over time.

Staff has begun its outreach efforts with Boards and Commissions, with sessions completed or to-be-completed with the Parks & Recreation Board, Natural Resources Board, Transportation Board, Economic Advisory Board, Affordable Housing Board, and Super Issues Meeting.

Below are some high level points from recent analysis:

- The City's annual operating budget grew from \$307M in 2003 to \$597M in 2023.
- The compound annual rate of increase for this 20-year period is 3.6%.
 - High of 10% in 2008
 - Low of -3% in 2007
- From 2006 through 2024 (projected), population has grown by an average of 1.6% per year and inflation has averaged 2.4% per year
- Composite inflation and population amounting to 4% has outpaced growth in the City budget of 3.6%
- For the same span of time, compensation dollars per capita has increased an average of 2.1% per year, which compares well with inflation.
- \$6.2M of ongoing budgets were cut since 2020, net of any Restore offers.
- The City's Charter ensures that deficit spending is never permitted, and that service levels will always be matched to revenue
- The BFO process incorporates requirements to document and measure efficiencies and cost savings, these can be viewed at:
 - fcgov.com/budget (ongoing offer narratives)
 - fcgov.com/kfcg (annual KFCG reporting)
- From 2000 to 2022, the City Net Taxable sales dropped from 80% to 50% of total County sales (i.e. When Fort Collins was the "only" place to shop our sales tax revenues were more heavily subsidized by non-residents. Today residents are taking more of the burden to create revenue for the City.)

Climate Progress:

- Ongoing initiatives
 - Energy Efficiency, Customer Renewable and Grid Flexibility programs
 - \$6.6M annually
 - EPIC Loan program, up to \$2.5M annually in available financing
 - Streetlight LED conversion, \$1Mk annually
 - Efficiency Works programs (via Platte River budgeting)
 - ~\$5M annually
- 23/24 Enhancement Offers
 - \$1.7M over two years for grid flexibility software, hardware and programs
 - \$150k for mobile home efficiency demonstration
- Planned investments
 - New tools for distribution system planning and operations
- Federal and State Grant Funding: active research and application processes

Staff estimates that community electricity utilization would be 20% higher without the Utilities energy programs since 2005.

ATTACHMENTS (numbered Attachment 1, 2, 3,...)

1. Sustainable Funding Update PPT



QUESTIONS:

1

What is CFC's feedback on revenue options and timelines presented?

2

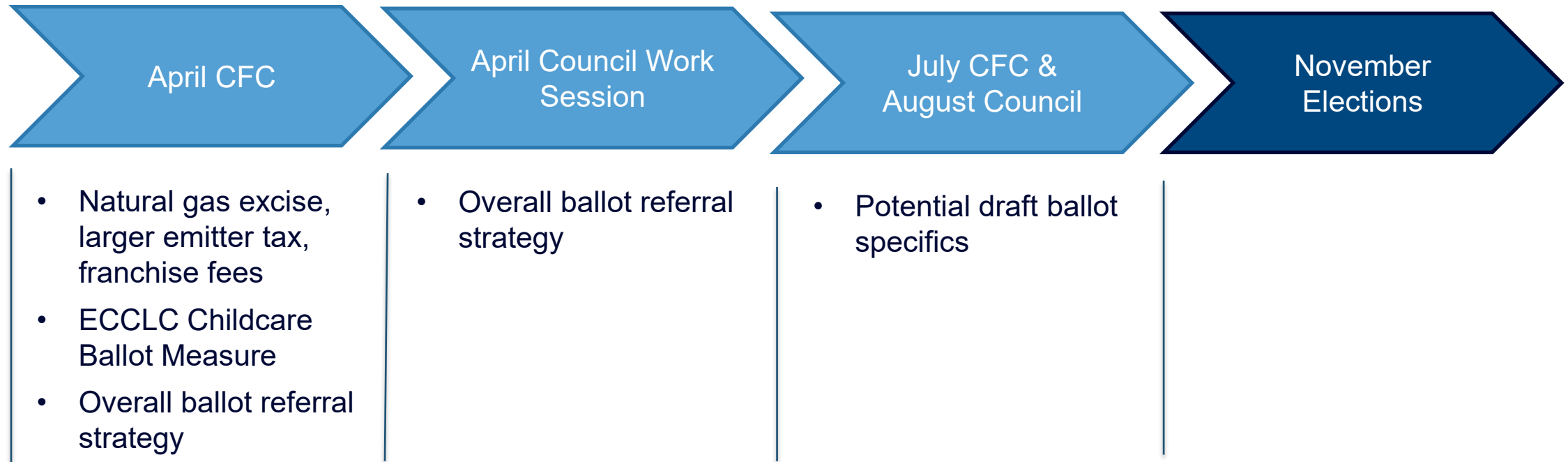
What additional information would Council Finance like to see?

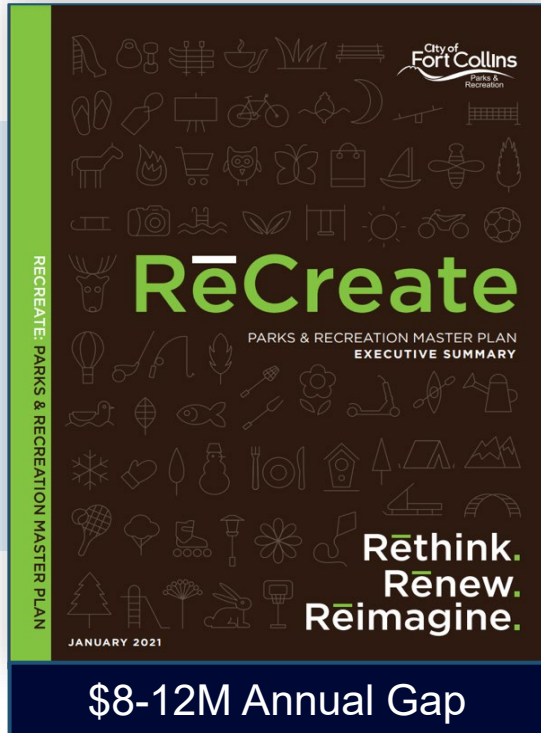
FEBRUARY CFC

- Staff presented an option of additional sales tax dedicated to Parks & Recreation in 2023, tax renewals in 2024 and potential housing, climate, transit tax in 2025
- Council Finance requested exploring more than one tax measure in 2023 and more clarity in how funds would be dedicated

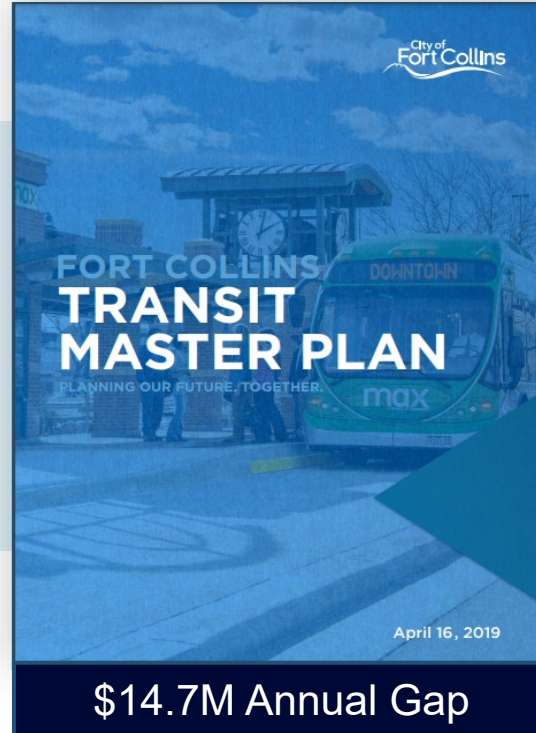
- Refresher on timing and 4 priority areas
- Ballot Package Strategies
 - Pros/cons on each ballot package:
 - Community viability/landscape
 - Equity impacts and mitigation techniques
 - Risks
 - Nexus: Mission/action/ask
- Community Messaging: City Budget Review
 - Budget and service footprint
 - Staffing levels
 - Efficiencies gained
- Existing Climate Backdrop

SUSTAINABLE FUNDING TIMELINE

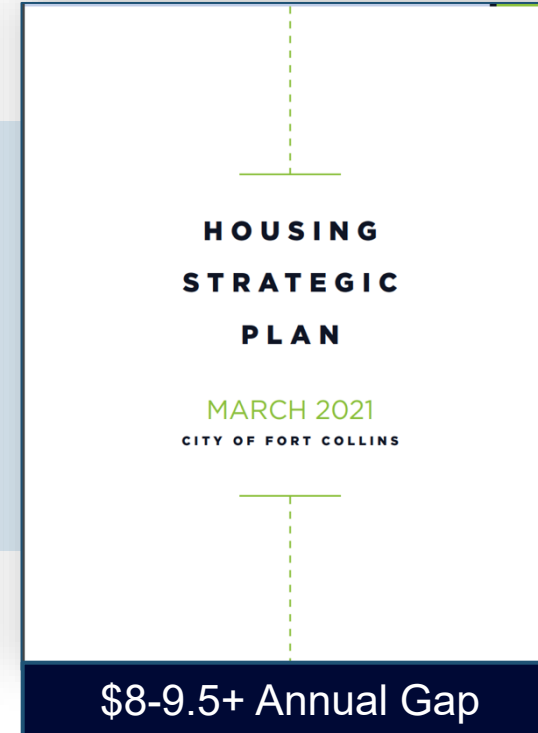




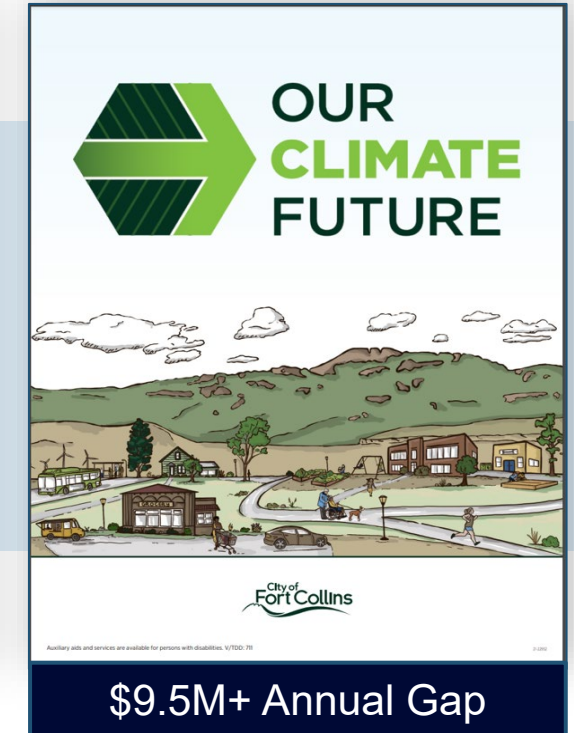
Masterplan Projects



Masterplan to Build Out Projects



To Achieve 10% Affordable Housing Stock



To Accelerate Community Transition From Fossil Fuels

ANNUAL REVENUE GAP = \$40M TO \$46M+

- Refresher on timing and 4 priority areas
- Ballot Package Strategies
- Community Messaging: City Budget Review
 - Budget and service footprint
 - Staffing levels
 - Efficiencies gained
 - Existing Climate Backdrop

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Resident Impact
Franchise Fee to 3%	Natural Gas Bills		“Core” Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$11/household annually
Substance tax	1 to 5% on Alcohol/MJ/Tobacco		Parks & Rec	\$6 to 11M+	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Utility Occupation Tax	8 to 9% on Natural Gas Bills		Climate Umbrella	\$3 to 4M	<ul style="list-style-type: none"> • 8-9% residential increase per household. ~\$50 per residential household annually
Property Tax	1 to 5 Mills		Climate Umbrella	\$4 to 18M+	<ul style="list-style-type: none"> • Residential annual increase of \$21 to 107 • Commercial annual increase of \$87 to 435
Total				\$15 to 40M+	<ul style="list-style-type: none"> • \$81 to \$168 net annual increase per household + impact of excise tax

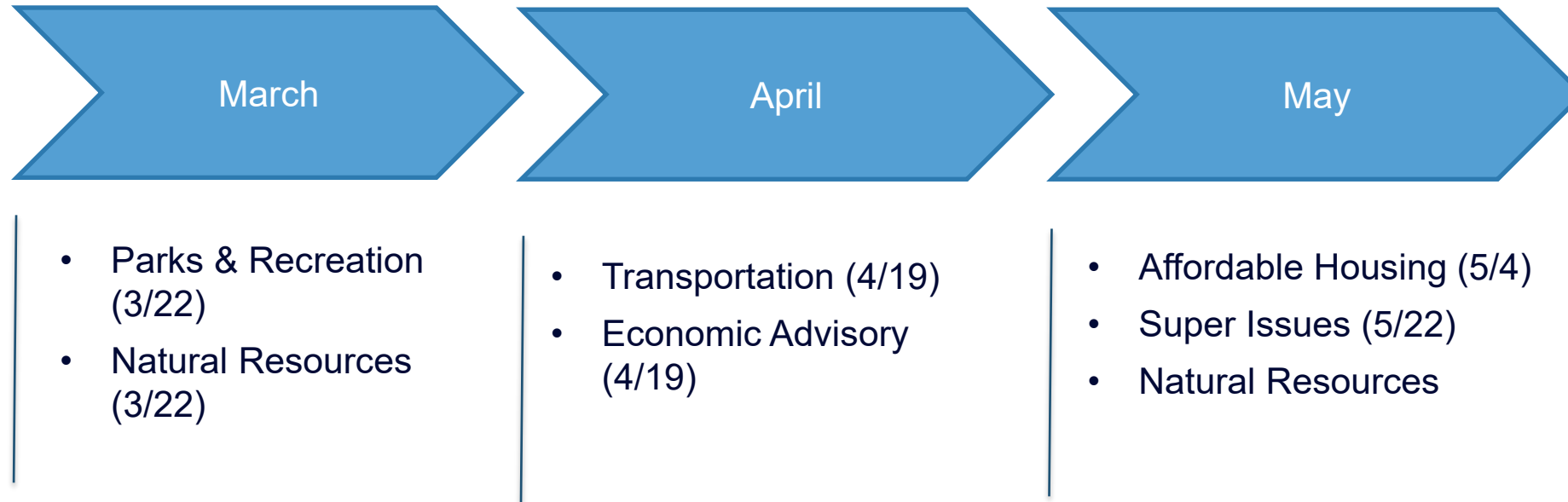
Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Stakeholder Impact
Franchise Fee to 3%	Natural Gas Bills	2023	“Core” Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$11/household annually
Substance tax	(?)% on Alcohol/MJ/Tobacco	2023	Parks & Rec	\$10M	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Property Tax	5 mills	2023	Climate Umbrella	\$18M+	<ul style="list-style-type: none"> • Residential annual increase of \$107 • Commercial annual increase of \$435
Total				\$29M+	<ul style="list-style-type: none"> • \$118 net annual increase per household + impact of excise tax

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Stakeholder Impact
Franchise Fee to 3%	Natural Gas Bills	2023	“Core” Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$20/household annually
Substance tax	(?)% on Alcohol/MJ/Tobacco	2023	Parks & Rec	\$10M	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Utility Occupation Tax	8 to 9% on Natural Gas Bills	2023	Climate Umbrella	\$3 to 4M	<ul style="list-style-type: none"> • 8-9% residential increase per household. ~\$50 per residential household annually
Property Tax	5 Mills	2025	Climate Umbrella	\$18M+	<ul style="list-style-type: none"> • Residential annual increase of \$107 • Commercial annual increase of \$435
Total				\$32M+	<ul style="list-style-type: none"> • \$177 net annual increase per household + impact of excise tax

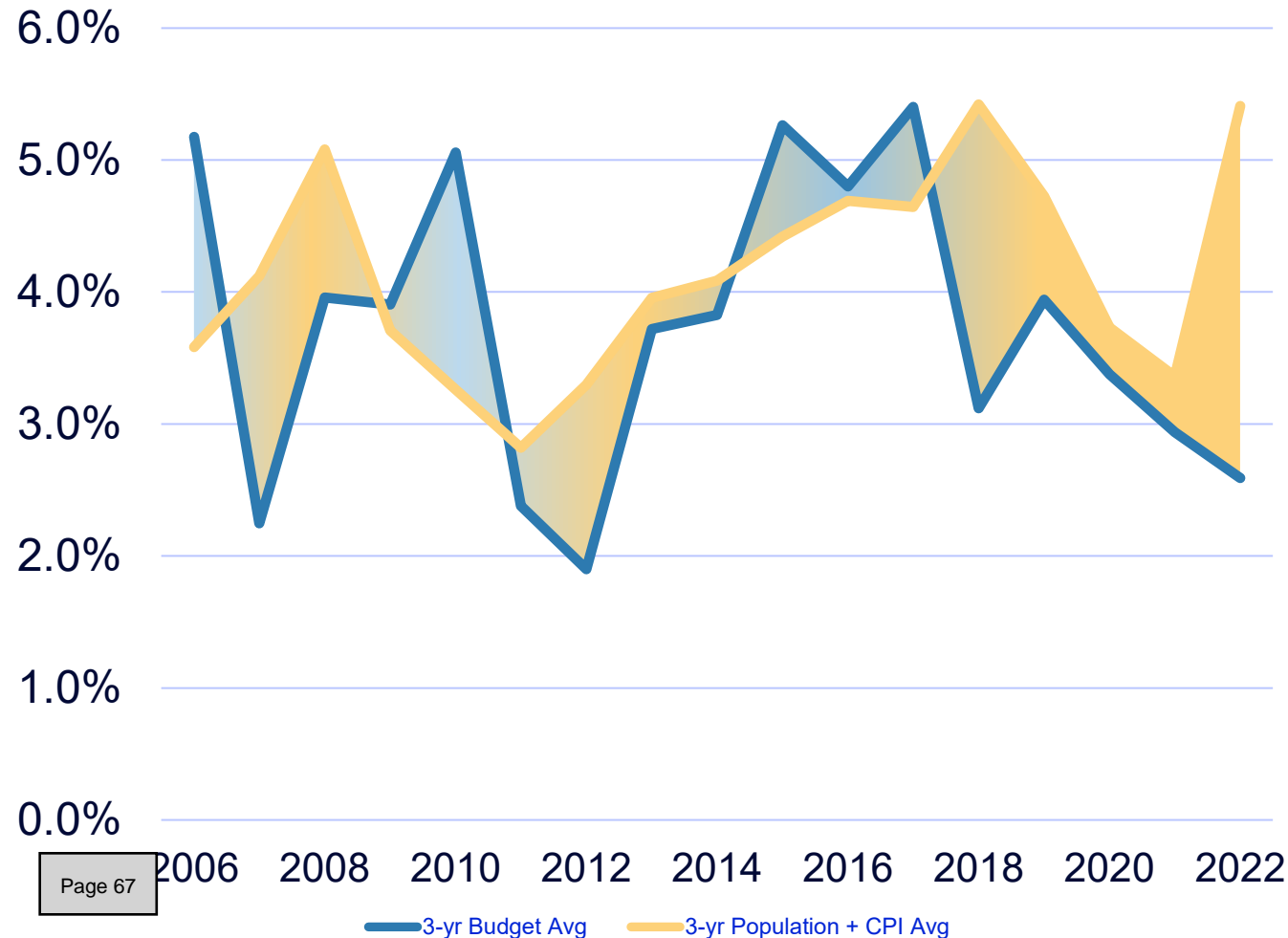
- If successful, Utility Occupation Tax would naturally decline over time.
- Also an option to sunset this tax upon approval of Property Tax.
- For reference, a ¼-cent sales tax increase generates \$9M+ annually with a significant impact of \$31/yr.

- Refresher on timing and 4 priority areas
- Ballot Package Strategies
- Community Messaging: City Budget Review
 - Budget and service footprint
 - Staffing levels
 - Efficiencies gained
 - Existing Climate Backdrop

SUSTAINABLE FUNDING ENGAGEMENT TIMELINE



City Budget Growth vs. Population + CPI Growth



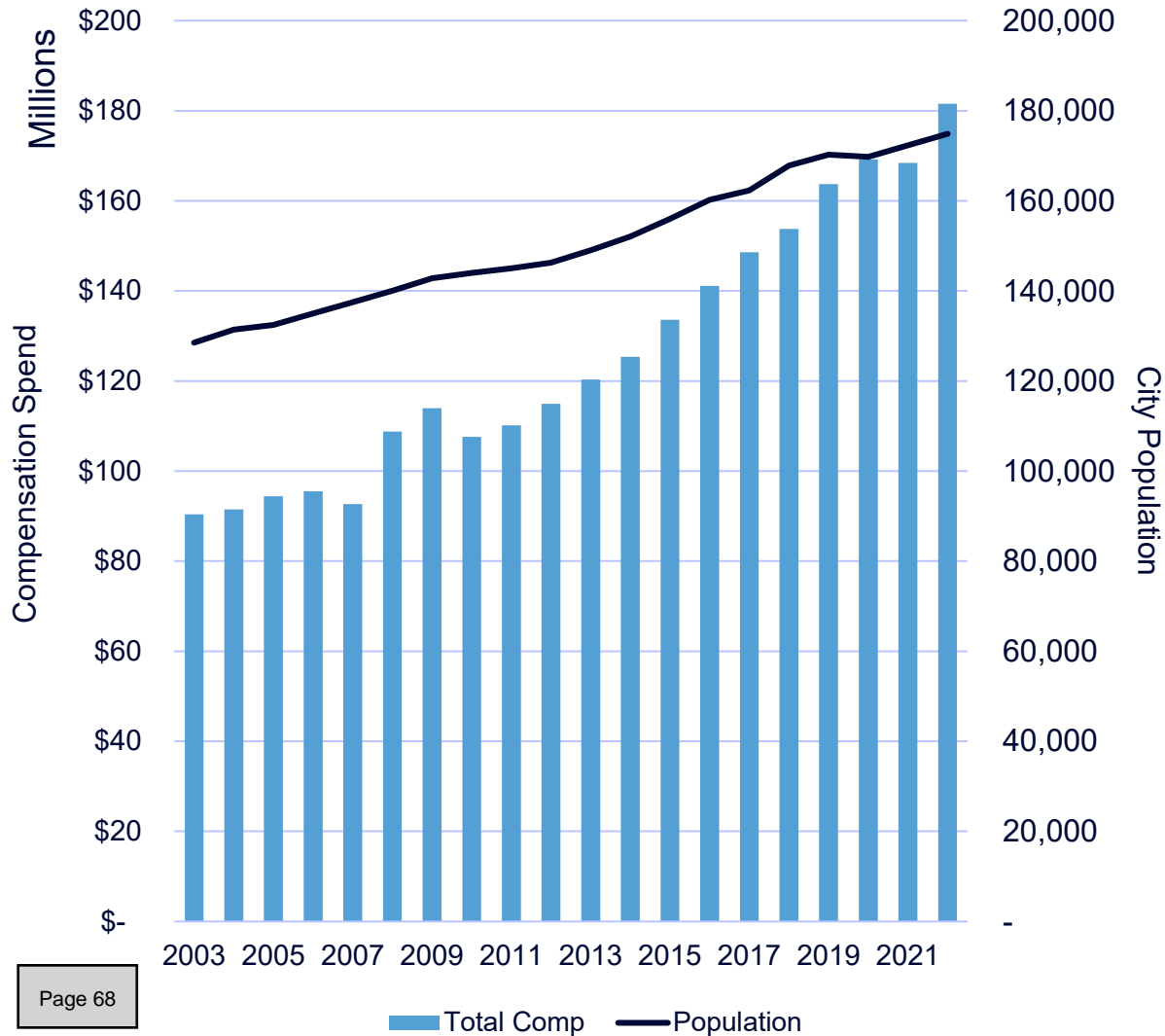
- The City's annual budget grew from \$307M in 2003 to \$597M in 2022
- The compound annual growth rate of City Spend for this 20-year period is **3.6%**
- The compound annual growth rate for population + CPI is **4.0%**

Four priority areas 2003-2023:

Environmental Svcs. (non-utility)*	8.9%
Parks and Recreation	3.1%
Social Sustainability	4.5%
Transit	3.9%

* Excludes disposable bag ordinance and landfill remediation budgets

City Staffing Spend and Population



- City strives to parallel staffing growth with population growth for **existing** services
- From 2006 through 2024 (projected), population has grown by an average of 1.6% per year
- For the same span of time, compensation per capita has increased an average of 2.1% per year
- 2006:
 - Population: 135,034
 - FTE: 1,154.3
 - FTE per 1,000: 8.5
- 2024:
 - Population: 180,191
 - FTE: 1,794.6
 - FTE per 1,000: 10.0

The City's Charter holds two key requirements pertaining to budget:

- The City is not permitted to deficit spend – every appropriation must be matched to a specific revenue or reserve source
- City Council adopts all appropriations via Ordinance

This budgetary environment of forced trade-offs and our Charter ensures that:

- Despite revenue challenges, service levels will always be right-sized to available revenues.
- Staff are compelled to implement efficiencies and process improvements as a matter of service continuity, and to document and measure these in their BFO offers, KFCG annual reports, etc. (see backup slides)
- \$6.2M of ongoing budget cuts have been made since 2020, net of restoration offers

- **Ongoing initiatives**

- Energy Efficiency, Customer Renewable and Grid Flexibility programs
 - \$6.6M annually
- EPIC Loan program, up to \$2.5M annually in available financing
- Streetlight LED conversion, \$1Mk annually
- Efficiency Works programs (via Platte River budgeting)
 - ~\$5M annually

- **23/24 Enhancement Offers**

- \$1.7M over two years for grid flexibility software, hardware and programs
- \$150k for mobile home efficiency demonstration

- **Planned investments**

- New tools for distribution system planning and operations

- **Federal and State Grant Funding:** active research and application processes

OUR IMPACT

Community-wide total electricity use would be over 20% higher without Utilities energy programs since 2005

QUESTIONS:

1

What is CFC's feedback on revenue options and timelines presented?

2

What additional information would Council Finance like to see?

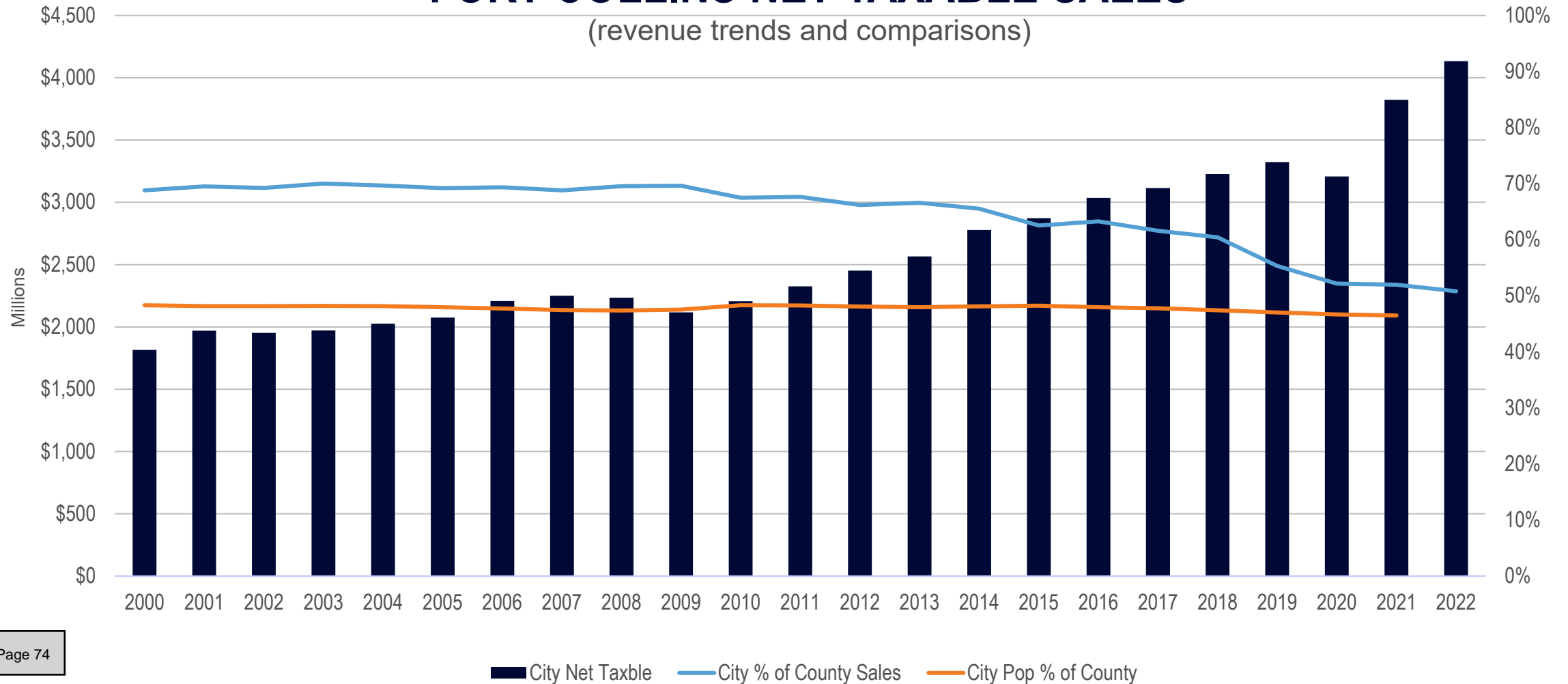
THESE MATERIALS WERE PRESENTED TO COUNCIL FINANCE COMMITTEE ON APRIL 6, 2023.



Backup

FORT COLLINS NET TAXABLE SALES

(revenue trends and comparisons)



Category	Funding Mechanism	Annual Revenue Estimate	Household Impact
Property Tax	1 Mill Property Tax	\$3.5M	<ul style="list-style-type: none"> Residential annual increase of \$21.45 Commercial annual increase of \$87.00
	2 Mill Property Tax	\$7M+	<ul style="list-style-type: none"> Residential annual increase of \$42.90 Commercial annual increase of \$174.00
	3 Mill Property Tax	\$11M+	<ul style="list-style-type: none"> Residential annual increase of \$64.35 Commercial annual increase of \$261.00
	4 Mill Property Tax	\$14.5M+	<ul style="list-style-type: none"> Residential annual increase of \$85.80 Commercial annual increase of \$348.00
	5 Mill Property Tax	\$18M+	<ul style="list-style-type: none"> Residential annual increase of \$107.25 Commercial annual increase of \$435.00

Category	Substance	Funding Mechanism	Annual Revenue Estimate	Household Impact
Additional (Excise) Sales Tax	Alcohol*	1% Additional Tax	\$780K+	<ul style="list-style-type: none"> \$1 per \$100 purchase in Fort Collins Visitors also impacted
	Alcohol*	3% Additional Tax	\$2M+	<ul style="list-style-type: none"> \$3 per \$100 purchase in Fort Collins Visitors also impacted
	Alcohol*	5% Additional Tax	\$4M+	<ul style="list-style-type: none"> \$5 per \$100 purchase in Fort Collins Visitors also impacted
	Marijuana	1% Additional Tax	\$900K+	<ul style="list-style-type: none"> \$1 per \$100 purchase in Fort Collins Visitors also impacted
	Marijuana	3% Additional Tax	\$3M+	<ul style="list-style-type: none"> \$3 per \$100 purchase in Fort Collins Visitors also impacted
	Marijuana	5% Additional Tax	\$5M+	<ul style="list-style-type: none"> \$5 per \$100 purchase in Fort Collins Visitors also impacted
	Tobacco**	1% Additional Tax	\$340K+	<ul style="list-style-type: none"> \$1 per \$100 purchase in Fort Collins Visitors also impacted
	Tobacco**	3% Additional Tax	\$1M+	<ul style="list-style-type: none"> \$3 per \$100 purchase in Fort Collins Visitors also impacted
	Tobacco**	5% Additional Tax	\$2M+	<ul style="list-style-type: none"> \$5 per \$100 purchase in Fort Collins Visitors also impacted

Election Timeline Options:



- Street Maintenance and Community Capital Taxes expire Dec. 31, 2025

Staff completed a review of adopted budgets, KFCG annual reports, FC Lean Program Results, and department-provided “stop-doing” lists.

Sources Cited:

- Ongoing offer narratives – responses to “Improvements and Efficiencies” section (fcgov.com/budget)
- KFCG Annual Reporting (fcgov.com/kfcg)
- Reduction Offers during current and previous BFO cycles (fcgov.com/budget)

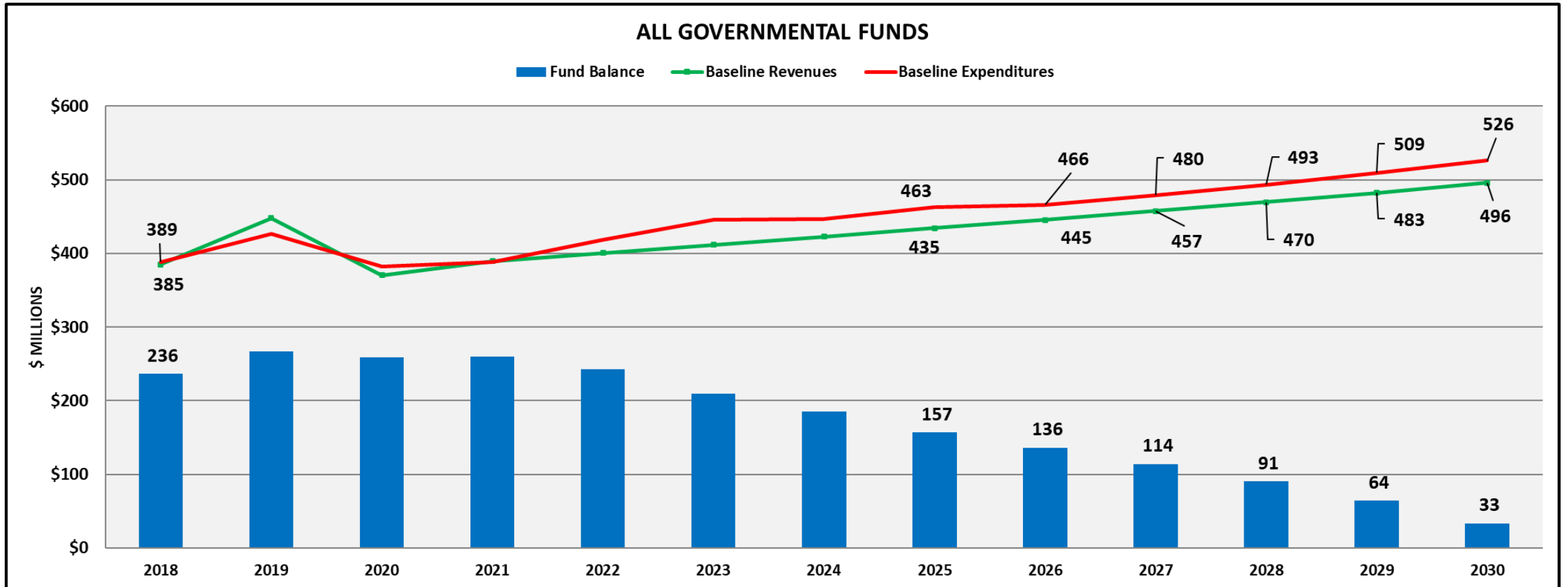
In addition to these narrative examples, staff confirmed that \$6.2M of ongoing budgets were cut since 2020, net of any Restore offers.

2023-2024 BFO Cycle – Ongoing Offers

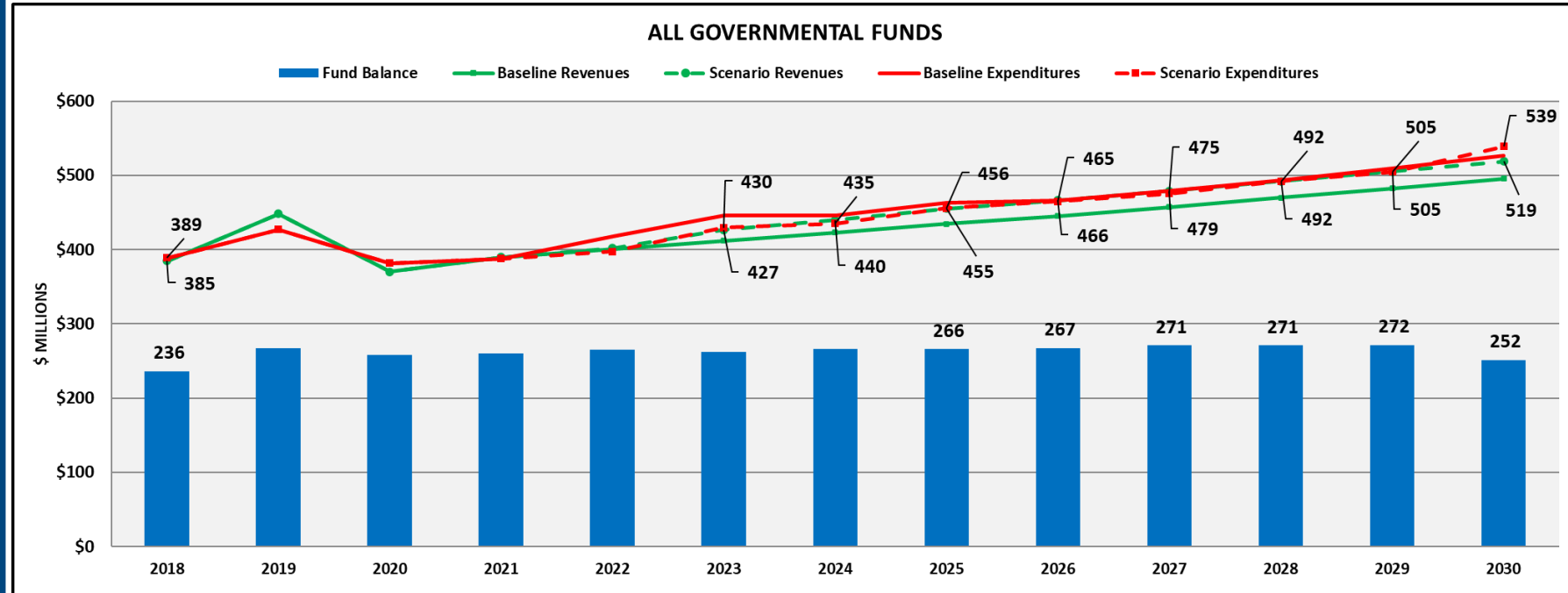
- Digital processing of dozens of city services and functions
- Reduction in total cost of ownership of City computer hardware
- Decrease in injuries leading to decreased cost of Workers' Comp
- Fleet management improvements
- City budget application was brought in-house, saving \$50,000+ per year
- Pricing discounts on telephony for circuit access and long-distance costs
- FCTV updated closed captioning cost lowered from \$20/hr to \$0.16/hr
- Re-assignment of certain police functions to non-sworn positions
- Reduction in 911 call times and costs through Colorado Regional Information Sharing Project
- Construction of Law Enforcement Training Center saves up to \$90,000 per year
- East-side Park Maintenance Shop provides more efficient service with fewer cross-town trips

2020 KFCG Annual Report:

- Lower cost on building rentals and travel time by moving community meetings to virtual forums
- Lower costs for Parks and Utilities and leading to an early project completion of Horsetooth Outlet
- Elimination of superintendent position at City Park Nine golf course
- Reduced printing and mailing of the Recreator, saving nearly \$100,000
- Cross-department collaboration on capital projects leading to significant cost savings
- CDNS electronic conversion for final approval and recording process, eliminating paper and mylar
- Online roofing permit processing saves staff from ~500 permits/month
- Smart Irrigation Controllers for 48 city sites plus 57 medians/streetscapes
- GIS mapping of Parks snow removal routes and irrigation systems drove fuel and labor savings
- GIS mapping of street sweeping operations improves air quality and saves cost



- Additional 0.25% Sales Tax (~ \$9M per year) starting in 2023.
- New Property Tax Mill assessed (~ \$4M per year) starting in 2023.
- Implement New Maintenance and Improvement use fee to support Lifecycle projects (builds up to ~ \$7M per year) in 2026 to offset gap in ongoing maintenance needs.



- Improved energy performance in existing homes and commercial buildings
- Electrifying heating to reduce natural gas emissions and improve local air quality
- Electrifying cars and fleets to reduce petroleum emissions and improve local air quality
- Improved mobility choice through active modes and infrastructure
- Advancing a circular economy to reduce waste
- Higher recycling and diversion rates through education and removing barriers
- More robust community partnerships and leadership to implement OCF initiatives

Big Move 6 – Efficient, Emissions Free Buildings; \$2.65M annually

- Expand programs for electrification of space and water heating
- Explore adding performance standards to Building Energy and Water Scoring program
- Explore residential Home Energy Score point of listing requirement
- Support home electrical panel and service upgrades for electrification

Big Move 13 – Electric Cars and Fleets; \$1.85M annually

- Support home electrical panel and service upgrades for EVs
- Public charging strategy, implementation and maintenance

Big Move 4 - Convenient Transportation Choices; \$1.5M annually

- Rebates for E-bikes
- Install in-street protected bike lanes and bicycle and pedestrian crossing improvements
- Local match to leverage many state and federal grant opportunities available

Big Moves 2 & 10 – Zero Waste Neighborhoods and Economy; \$2M annually

- Growing the circular/sharing/reuse economy
- Improving recycling education and removing barriers to reusing and recycling
- Increasing recycling services through local waste infrastructure and operational support

Transit Master Plan Buildout

Local match for major capital projects

There are currently unprecedented Federal dollars in grant funding available to fund 60-80% of large transit projects.

Short- & Mid-term Examples:

- West Elizabeth Bus Rapid Transit
- North transit maintenance facility (needed for further expansion)
- Electrification and ultimate zero-emission of bus fleet
- Additional charging infrastructure
- North College MAX extension
- Mobility hubs

Improve route frequencies and add new service

The Transit Master Plan identified frequency and service expansions that would greatly increase transit ridership.

Short-term Examples:

- Procure additional buses and increase operational frequencies
 - Increase frequency on Drake from 30 to 15 minutes
 - Increase frequency on North College from 30 to 15 minutes
 - Increase off-peak frequency on Shields from 60 to 30 minutes
- Add new route with 30-minute frequency on Lemay/Trilby
- New southeast micro-transit service

Accelerate Housing Strategic Plan Implementation

Expand the City's competitive funding process to better support projects seeking to: Acquire land, develop new affordable housing, preserve existing affordable housing, support residents.

Examples:

- Housing acquisition (redevelopment/preservation)
- Land acquisition
- New construction costs
- Affordable homeownership renovation
- Renovate affordable rental housing
- Homeownership assistance

Expand or initiate City-led efforts as identified in adopted policies including the Housing Strategic Plan, City Strategic Plan, and HUD Consolidated Plan.

Examples:

- Acquire properties for Land Bank (expand)
- Offset fees for affordable projects (expand)
- Develop incentive programs (energy efficiency, voluntary affordability restrictions, etc.)
- Explore redevelopment partnerships
- Other innovative approaches (middle income, mixed income, etc.)

Franchise Fee Information Sheet

The maximum allowable Xcel franchise fee under the Franchise Agreement between the City and Xcel is 3% of Xcel's gross revenues. However, the City currently only assesses the fee at 1.07%. Under the Franchise Agreement, the Council can decide by resolution to increase the fee to the full 3.0% and that increase will go into effect 60 days after the City gives Xcel written notice of the increase.

Though the data may fluctuate year to year, staff predicts that increasing the natural gas franchise fee to its maximum 3% would likely result in new revenue generation between \$930,000 and \$1.3M per year, with average annual impacts to end consumers between \$11-\$16 for residential customers and \$56-\$85 for businesses. Any revenue generated by this approach is likely to be volatile from year to year given the unpredictability of wholesale natural gas prices.

Background

Since 1987 and until 2018, Xcel operated its natural gas system within the City using and occupying City streets, alleys and public rights-of-way without a franchise agreement from the City. In place of a franchise agreement, the City has imposed in Article VI of City Code Chapter 25 a "Gas Company Occupation Tax" (Occupation Tax) levied on Xcel. The Occupation Tax is a flat amount of \$445,000 per year payable quarterly by Xcel. The Occupation Tax is described in the Code Section 25-343(5) as being imposed, in part, as consideration to the City for Xcel's use of the City's streets, alleys and public rights-of-way.

Effective February 1, 2018, the City and Xcel agreed to enter into the Franchise Agreement, which City Council approved in Ordinance No. 006, 2018. The Franchise Agreement is for a term 20 years. Under it, Xcel has agreed to pay the City franchise fee of 1.07% of Xcel's annual gross revenues, but the City has also agreed that this franchise fee is to be applied as a credit against the \$445,000 Occupation Tax. In fact, the percentage of 1.07% was originally chosen to generate an amount of franchise fee revenues that would approximate the \$445,000 Occupation Tax. However, the parties also agreed in the Franchise Agreement that the City could, upon giving 60-days prior written notice to Xcel, increase the rate of the franchise fee up to no more than 3%, with Xcel still being entitled to use the franchise fee it pays as a credit against the \$445,000 Occupation Tax.

Fee Increase and Use of Funds

Therefore, with City Council direction in a resolution, the City could give Xcel the 60-day notice to increase the franchise fee from 1.07% to 3.0% of Xcel's annual gross revenues. Currently, the franchise fee revenue is funneled directly to the general fund and allocated as part of the bi-annual budget process. Council could choose to designate any or all the franchise fee revenues specifically to climate investments. Staff recommends allocating the new portion of revenue

generated from an increased franchise fee (~two thirds of total funds remitted) for climate work, and the tables below reflect that assumption in revenue projections.

Important note: although this revenue source is designated as a “fee” it is not the type of fee that is required to be used in manner that is reasonably likely to benefit the fee payer. It is instead compensation to the City for Xcel’s use of the City’s rights-of-way.

New Revenue Potential

The revenue generated by increasing Xcel’s franchise fee from 1.07% to 3% would vary annually based on Xcel’s revenue year to year, though data from previous years informs future estimates. The table below displays Xcel’s annual remittances of the franchise fee for each of the years 2018 – 2022 as well as an average for the most recent four years:

2018	2019	2020	2021	2022	2019-2022 Average
\$361,583	\$461,431	\$391,306	\$483,249	\$727,633	\$515,905

City staff believe that 2020 revenues were unusually low due to the COVID-19 pandemic, and 2022 revenues were higher due to the increasing price of natural gas as a result of several factors: the Ukraine-Russia war, inflation, colder winter temperatures, cost increases for coal, and a hike in the base rate (which has tripled since 2020).

Using actual Xcel franchise fee payments from previous years, staff calculated several estimates for revenue generation from an increased franchise fee of 3%. The following table displays two different revenue estimates: one using the average of actuals from the past four years and one using 2022 actuals. Modeled scenarios result in estimated *new revenue* exceeding \$900,000 per year, though the rising price of natural gas indicates a likely scenario close to or exceeding \$1 million per year.

Franchise Fee %	2019-2022 AVG Revenue Baseline	2022 Revenue Baseline
1.07% (actual)	\$ 515,905	\$ 727,633
3.00% (estimate)	\$ 1,446,462	\$ 2,040,093
New revenue for climate investments	\$ 930,557	\$ 1,312,460

Impact to Consumers

As a result of the unpredictability of revenue estimates for natural gas, the impact per resident of an increase to the franchise fee is more volatile than a four-year average can perfectly predict. Nonetheless, these numbers represent the best available estimates based on analysis of data from previous years. The table below shows average monthly and annual estimated increases in costs by customer type using data from Xcel's 2021 Community Report because the 2022 report has not yet been released. As a result of increasing Xcel and corresponding franchise fee revenues in 2022, the use of 2021 data may be slightly underestimating actual average cost increases for Xcel customers at a 3% franchise fee.

Customer Type	2022 Average Monthly Bill	Monthly On-Bill Franchise Fee Cost			Net Annual Franchise Fee Increase**
		Current Avg. Monthly Franchise Fee 1.07%	Total Avg. Monthly Franchise Fee 3.00%	Net Avg. Monthly Franchise Fee Increase 3.00%	
Residential	\$ 58.19	\$ 0.62	\$ 1.75	\$ 1.13	\$ 13.56
Commercial/Industrial*	\$ 344.02	\$ 3.68	\$ 10.32	\$ 6.64	\$ 79.69

*Impact on Contract accounts not evaluated

**These totals represent the net average monthly franchise fee increase times 12 months.

Using 2022 data as a baseline, increasing the franchise fee to 3% would result in an estimated average annual cost increase of \$113.56 for residential accounts and \$79.69 for commercial/industrial accounts. Staff anticipates that the City could adopt a rebate program to provide relief to low-income customers.

Utility Occupation Tax Information Sheet

This mechanism taxes natural gas as a proxy for greenhouse gas emissions. Council may select an amount of revenue they would like to generate per year and require the provider to adjust annual rates accordingly to meet this revenue requirement. Annual cost increases are relatively high for natural gas consumers. At a tax rate of 4.5% staff estimates new revenue of roughly \$3.6M per year at a cost of ~\$51 dollars per household annually.

Bottom Line

While this mechanism taxes natural gas as a proxy for greenhouse gas emissions and can generate a steady revenue stream, annual cost increases are relatively high for natural gas consumers (e.g., 5x higher than increasing the natural gas franchise fee). In terms of the community's appetite for this type of revenue mechanism, Fort Collins staff is encouraged that Boulder's version of this tax passed with over 70% approval. There is potential that a utility occupation tax would be popular in our community as well given both municipalities' aggressive climate commitments and prior statistically valid surveys that found over 80% of Fort Collins' residents support acting on the climate emergency. However, this new tax would compound with an increase to Xcel's franchise fee, leading to a considerable uptick in the cost of natural gas for consumers if both mechanisms were enacted. Additionally, there is currently no clear way for City Council to ensure the tax would not be regressive.

Background

City staff began investigating the utility occupation tax (UOT) model when voters in the City of Boulder approved a Climate Tax in November 2022 which uses a similar mechanism. A UOT essentially taxes a natural gas provider (or other utility provider) for the taxable privilege of delivering natural gas to consumers within City limits.

Boulder's Climate Tax sets an annual amount of revenue to be collected (passed at \$6.5 million) and adjusts rates each year to achieve that amount. Boulder imposes this tax on both electricity and natural gas provided by Xcel since Boulder does not have a municipal electric utility. (The \$6.5 million annual revenue amount was proposed and adopted as a \$2.5 million annual increase from their previous approximate annual Climate Tax revenue with \$1 million set aside for wildfire recovery and resiliency efforts.) Their rates are variable by account type, with residential accounts seeing a substantially lower increase and overall cost burden than commercial and industrial.

City Councilmembers have clearly stated that equity and minimizing the regressive nature of taxation must be prioritized for any new revenue mechanism alongside GHG emissions reduction and climate-related behavior change. In the case of a UOT, the tax would be levied on the provider and presumably passed on to consumers. While the taxing jurisdiction may set the rate at which the tax is to be collected, it does not have direct control over *how* the provider passes the cost on to customers through the utility billing process.

Although public materials produced by Boulder indicate variable rate impacts by account type, Fort Collins City staff have not identified a legal mechanism by which these variable increases are being enforced. **As a result, the proposal below explores cost scenarios that do not differentiate cost increases by account type.** Nonetheless, Fort Collins staff are still exploring this possibility to limit the regressivity of the UOT mechanism and further Council's goals of keeping residential rate increases as low as possible for the end consumer.

New Revenue Potential

Given staff's current understanding of this tax mechanism, Council may select an amount of revenue it would like to generate per year and require the provider to adjust annual rates accordingly to meet this revenue requirement. Or the Council could select a tax rate and the annual revenue generated would come from that. The following scenario uses a tax rate of 4.5% generating new revenue of roughly \$3.6M per year. This example rate was chosen to illustrate an amount at which bills for both residential and business accounts increased by roughly half of the 8.73% percentage increase that Boulder voters approved in 2022. Importantly, the target annual amount can be adjusted by City Council depending on its preferences.

Customer Type	Example Rate Increase	2022 Avg. Monthly Bill	Increase in Monthly Bill	Total Annual Cost Increase	Active Accounts	Annual Revenue
Residential	4.5%	\$58.19	\$2.62	\$31.44	55,112	\$1,731,906
Commercial/Industrial	4.5%	\$344.02	\$15.48	\$185.76	4,239	\$787,565
Contract (Transport)	4.5%	\$6,027.53	\$271.24	\$3,254.88	355	\$1,153,969
Total annual new revenue:						\$3,673,440

Impact to Consumers

As mentioned above, Boulder has publicly stated that their UOT model for the Climate Tax differentiates average bill impacts by account type, with commercial and industrial accounts experiencing greater cost impacts than residential accounts. Fort Collins City staff have investigated Boulder's municipal code and spoken with their sustainability manager and attorneys to clarify the exact legal mechanism which enforces this public commitment. **At this time, staff is unable to clearly articulate the way that Boulder is enforcing this cost differentiation commitment in partnership with Xcel,** so there is no way to guarantee that residential accounts would see a proportionally lower increase and overall lower cost burden than commercial and industrial.

Staff is interested in learning more about Boulder's rate increase differentiation mechanism because ensuring lower impacts to residential accounts may be a way to avoid additional regressivity for this tax mechanism. Commercial and industrial accounts may be more easily able to address cost increases, so a legal mechanism to enforce higher rate impacts to these types of customers may provide a more equitable context for this type of revenue generation. Theoretically, if the City were able to enact a scenario with variable rate impacts to different types of customers, City Council would still select a target revenue amount. The cost of that target revenue would be passed down to residential accounts at a lower proportion or percentage increase than for commercial and industrial accounts, as Boulder has stated their mechanism will operate. Staff will continue to learn from Boulder's experience and commits to analyzing the feasibility of instituting this type of scenario in Fort Collins as more information becomes available.

Based on the Boulder example, a UOT could be structured to provide relief to low-income customers.

Large Emitter Tax Information Sheet

There are currently only two entities in Fort Collins that would be affected by a large emitter tax. These two entities are producing enough GHG emissions that trigger the legal requirement that they report these emissions to the EPA. The tax would be calculated based on these reported emissions. It would generate several million dollars a year in new revenue in the short term, but its financial returns diminish steadily, with the last year of projected revenue generation before 2030 after the two entities' emissions will likely drop below the EPA's reporting threshold.

Background

Councilmembers expressed interest in a large emitter fee or tax in response to community input for ways to raise revenue for climate-related projects while also providing disincentives for the emission of greenhouse gas (GHG). Because the uses for revenue from a fee would be more limited than tax revenue, staff were directed to focus on a large emitter tax.

In this scenario, a "large emitter tax" would be imposed on those entities within the City's boundaries emitting more than 25,000 metric tons of carbon dioxide equivalent (MT CO₂e) annually, as reported to the U.S. Environmental Protection Agency (EPA). The tax in the following projects is assumed to be the current "social cost of carbon" of \$51 per MT CO₂e emitted per year.

Social Cost of Carbon Definition

To date, all revenue projections for this potential source have been calculated based on the Social Cost of Carbon (SC-CO₂). The SC-CO₂ is defined by the EPA as "a measure, in dollars, of the long-term damage done by a ton of carbon dioxide (CO₂) emissions in a given year," and it "also represents the value of damages avoided for a small emission reduction (i.e., the benefit of a CO₂ reduction)."¹ Estimates of the SC-CO₂ depend in large part on the anticipated monetary value of today's decisions on the conditions of the future.

The current SC-CO₂ is set at \$51 per ton of CO₂e emitted, though this amount may dramatically increase in the near term. The value of the SC-CO₂ is determined through a political rather than entirely scientific process, with the amount varying based on economic forecasting related to the present value of future climate impacts (represented by the current federal administration's selected discount rate). As a result, the Trump administration valued the SC-CO₂ at between \$1-\$7 per ton, while the Biden administration assumed an interim value of \$51 while the EPA revised its calculations with greater emphasis on future harms created by present GHG emissions. The EPA has proposed an increase in the SC-CO₂ value to around \$190 per ton and is currently soliciting comment on its analysis.

¹ United States Environmental Protection Agency. (n.d.). *The Social Cost of Carbon: Estimating the Benefits of Reducing Greenhouse Gas Emissions*. https://19january2017snapshot.epa.gov/climatechange/social-cost-carbon_.html

New Revenue Potential

At the current reporting requirement of 25,000 MT CO₂e annually, only three entities within city limits would be subject to a large emitter tax. These include Broadcom, Anheuser-Busch, and Colorado State University (CSU). The City Attorney's Office review and analysis of case law regarding a municipality's ability to tax a university in its jurisdiction concluded it was unlikely the City had the legal authority to do so.² As a result, CSU has been excluded from this analysis, leaving only two taxable entities in the "large emitter" category now operating within city limits.

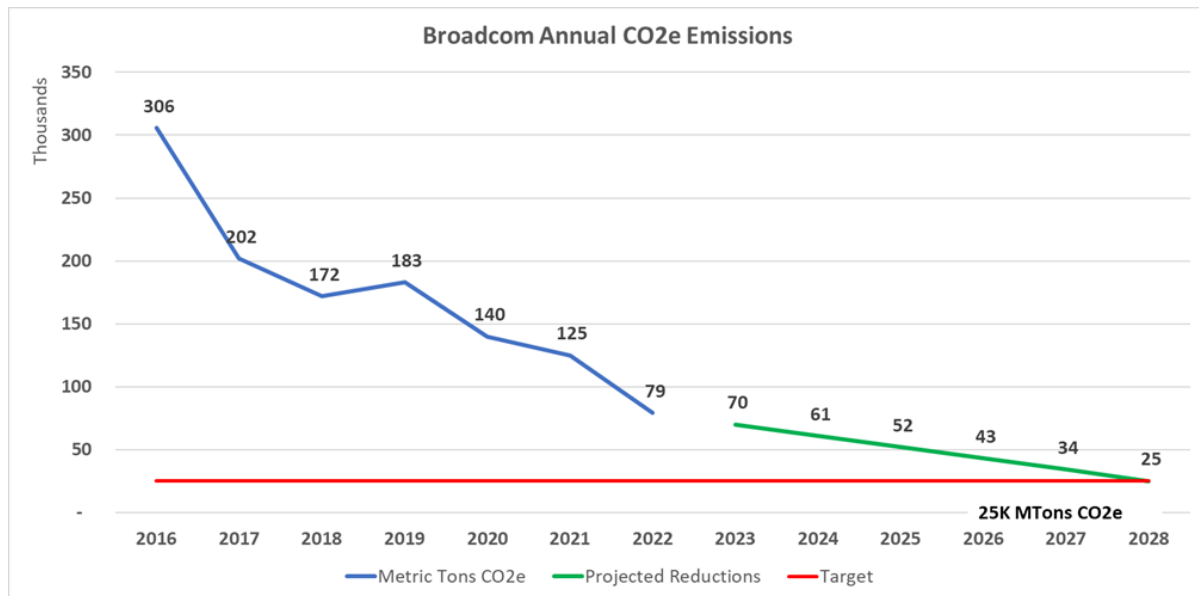
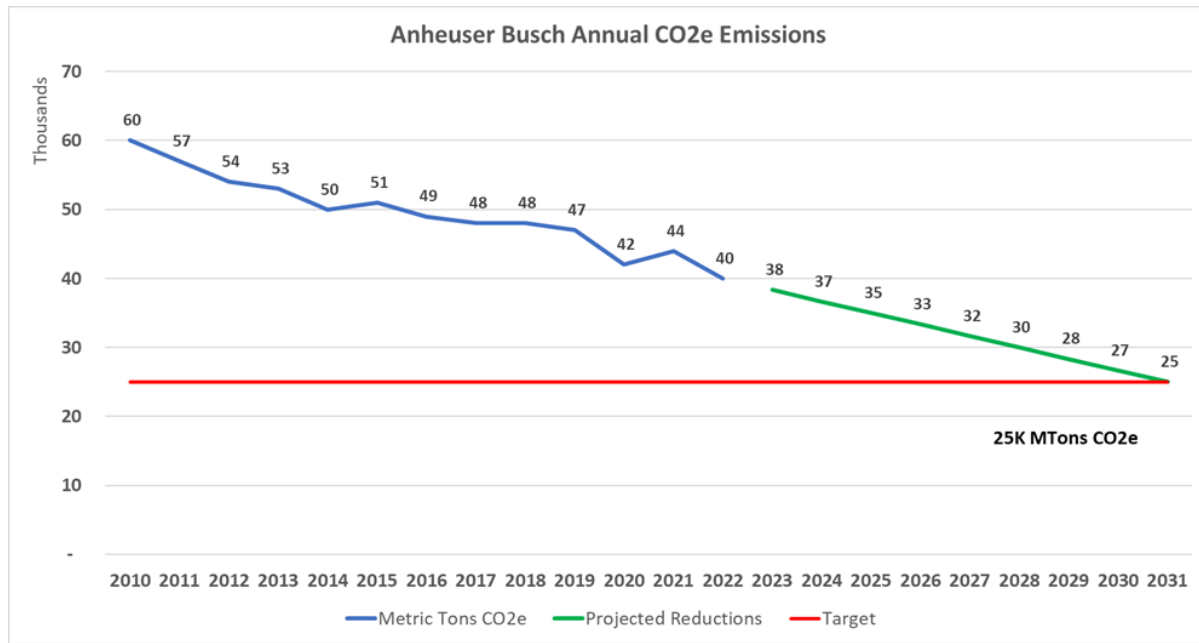
Using forecasted levels of CO₂e emitted from Anheuser-Busch and Broadcom, the following table shows the annual revenue the City would expect to generate in 2024 utilizing the SC-CO₂ as a baseline per metric ton. This calculation assumes that all large emitters would be paying the social cost of carbon on all emissions. The two current large emitters in the City have both asked why the tax would be charged on the first 25,000 MT CO₂e equivalent when all other entities in the City get a free pass on emissions below this threshold. Therefore, it may be necessary to consider adjusting the structure of the tax to focus on just the net emissions above the reporting threshold (25K MT/year).

Facility	Total Reported Emissions (MT CO ₂ e) 2024 Forecast	Revenue (\$51/MT)
Broadcom	57,400	\$2.9M
Anheuser-Busch	37,474	\$1.9M
Total	94,874	\$4.8M

To understand the ability of a large emitter tax on these two entities to generate sustainable revenue, staff analyzed GHG emissions trends from each of the two entities to project the date at which they would bring their emissions below the 25,000 MT CO₂e threshold for EPA reporting and thus no longer be subject to the local tax. Anheuser Bush has publicly committed to lower its annual emissions below 25,000 MT CO₂e before 2030; Broadcom has also publicly committed to lower its annual emissions under the reporting threshold within the next five years.

The following graphs show each businesses' progress toward lower emissions:

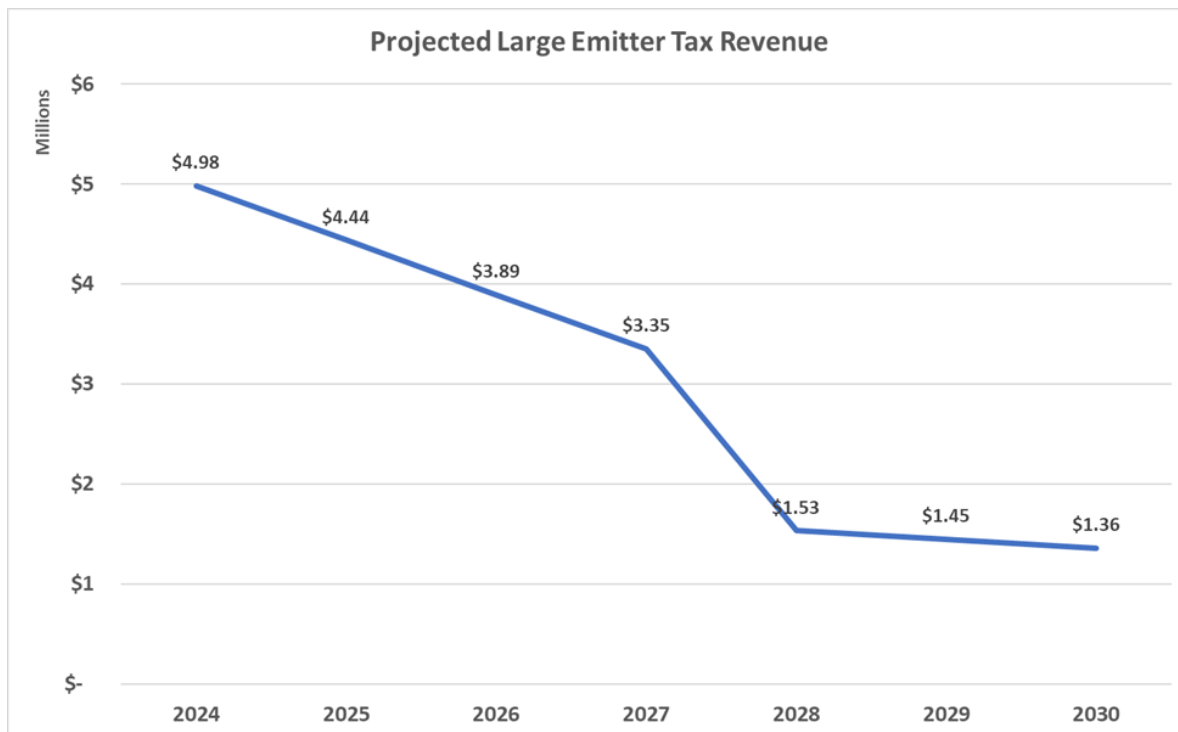
² See Colorado Supreme Court decision, *City of Boulder v. The Regents of the University of Colorado*, in which the Court concluded Boulder could not compel the University of Colorado to remit to Boulder an admissions tax for public events on campus.



The resulting revenue generation estimates for future years are tabulated below.

Year	Total Revenue	Anheuser Busch			Broadcom		
		Metric Tons CO2e (Actual)	Metric Tons CO2e (Projected)	Revenue at \$51/Mton CO2e	Metric Tons CO2e (Actual)	Metric Tons CO2e (Projected)	Revenue at \$51/Mton CO2e
2022	\$ -	40,000		\$ -	79,000		\$ -
2023	\$ -		38,333	\$ -		70,000	\$ -
2024	\$ 4,981,000		36,667	\$ 1,870,000		61,000	\$ 3,111,000
2025	\$ 4,437,000		35,000	\$ 1,785,000		52,000	\$ 2,652,000
2026	\$ 3,893,000		33,333	\$ 1,700,000		43,000	\$ 2,193,000
2027	\$ 3,349,000		31,667	\$ 1,615,000		34,000	\$ 1,734,000
2028	\$ 1,530,000		30,000	\$ 1,530,000		25,000	\$ -
2029	\$ 1,445,000		28,333	\$ 1,445,000			
2030	\$ 1,360,000		26,667	\$ 1,360,000			
2031	\$ -		25,000	\$ -			

Should both organizations follow through with their public statements about their reductions, then Broadcom would not be subject to the tax after 2027, and Anheuser-Busch would not be subject after 2030. If the tax were to be passed in the fall of 2023, revenue collection would begin in 2024.



Credibility of GHG Reporting

The EPA's Greenhouse Gas Reporting Program (GHGRP)³ prescribes methodologies that must be used to determine GHG emissions from each source category. All reports submitted to EPA are evaluated by electronic validation and verification checks. The GHGRP ensures that data submitted to EPA are accurate, complete, and consistent through a multi-step process. This process begins when the reporter enters their data and must certify that the data and information contained in the annual GHG report are true, accurate, and complete before the report is submitted to EPA. Finally, after the report is submitted, it is evaluated against an extensive array of electronic checks that will "flag" potential errors. If potential errors are identified, EPA will notify the reporter, who can resolve the issue either by providing an acceptable response describing why the flagged issue is not an error or by correcting the flagged issue and resubmitting their annual GHG report.

Future State Regulation of GHGs

As part of its 2021 environmental justice bill (HB21-1266), the Colorado Air Quality Control Commission (AQCC) must create rules that include greenhouse gas in the list of air pollutants that entities must include in their air pollutant emission notices (APENs). The portion of the bill addressing the industrial and manufacturing sector requires a rulemaking at the AQCC to reduce emissions at least 20% by 2030 and requires meaningful reductions in pollution from this sector no later than 2025. The rules must prioritize emission reductions that also reduce co-pollutant emissions that adversely affect disproportionately impacted communities. The state will regularly report emissions from this sector and, if the state is off-track from achieving the standards established by law, will have a responsibility to promulgate additional regulations to fill the gap.

Furthermore, AQCC must charge regulated air pollution sources a per-ton fee based on their GHG emissions, though the fee amount has not yet been determined. For reference, regulated sources currently pay \$36/ton for criteria pollutants (nitrogen oxide, volatile organic compounds, carbon monoxide, particulate matter, and sulfur dioxide) and \$239/ton for hazardous air pollutants.

Impact to Consumers

The effects of a local larger emitter tax would be directly borne by two impacted entities. It is unknown precisely how they would absorb the added costs or how the additional taxation would affect business investments in GHG-reduction measures. The tax would discourage large emitters from locating to the Fort Collins community and significantly impacts those already operating in City limits.

³ Source: <https://www.epa.gov/ghgreporting/ghgrp-methodology-and-verification>



QUESTIONS:

1

What feedback do Councilmembers have on the revenue options presented?

2

What feedback do Councilmembers have regarding ballot measures in November 2023?

3

What additional information would Councilmembers like to see?

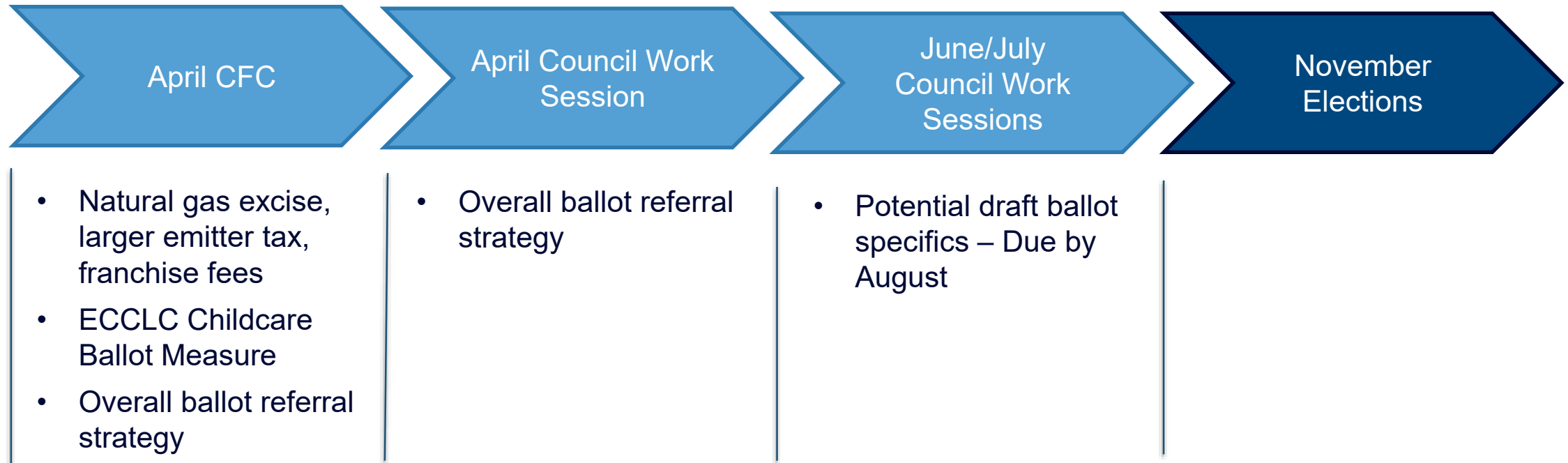
December 2022 Council Work Session

- Support to continue the work
- Direction to continue analysis of natural gas taxes and fees as emission proxy
- Support to keep all four gap areas moving forward

February & April 2023 Committee Meetings

- Staff presented an option of additional sales tax dedicated to Parks & Recreation in 2023, tax renewals in 2024 and potential housing, climate, transit tax in 2025
- Council Finance requested exploring more than one tax measure in 2023 and more clarity in how funds would be dedicated

SUSTAINABLE FUNDING TIMELINE



Council Priority 3

Advance transit initiatives that remove barriers

Council Priority 18

Make real progress on the road to Zero Waste

Council Priority 27

Access funding for parks (maintenance and operations, refresh, and new parks)

Strategic Objective 1.1

Increase housing supply and choice

Strategic Objective 2.2

Infrastructure and amenity replacement and maintenance needs of trails, parks, and cultural and recreation facilities

Strategic Objective 4.1

Intensify efforts to meet 2030 climate, energy and 100% renewable electricity goals

Strategic Objective 4.3

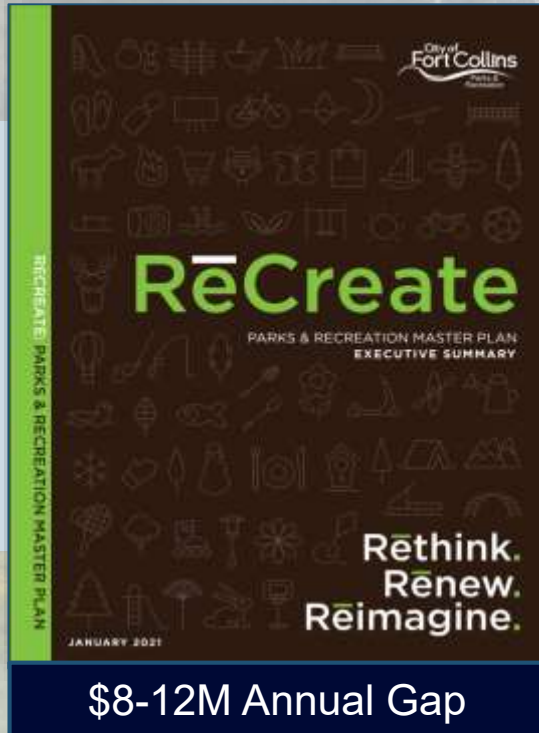
Accelerate efforts to achieve 2030 zero waste goals.

Strategic Objective 6.3

Expansion of, all sustainable modes of travel with emphasis on growing transit ridership.

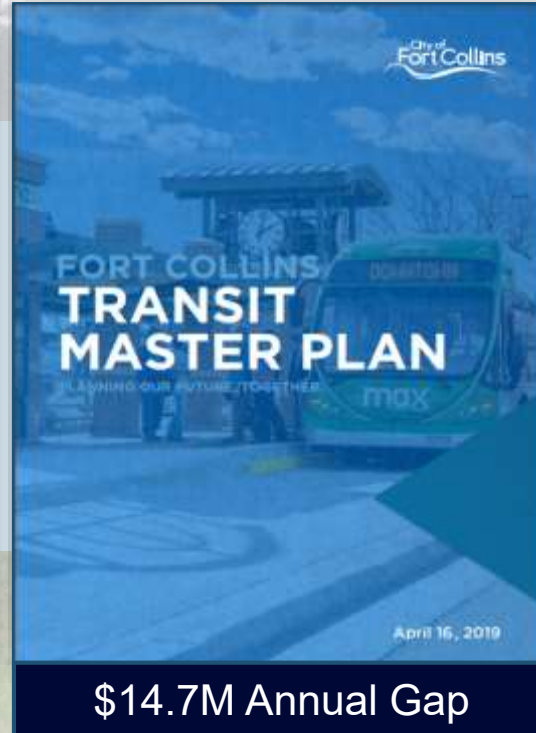
CITY PRIORITY AREAS

“USES”



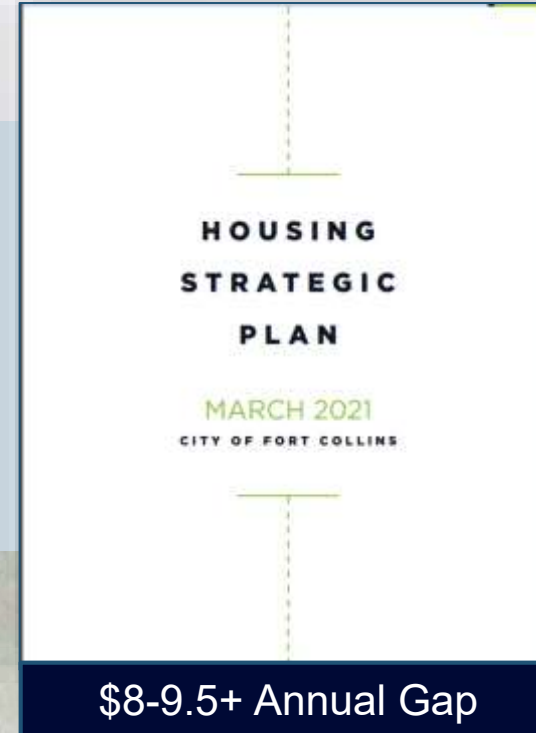
\$8-12M Annual Gap

Masterplan Projects



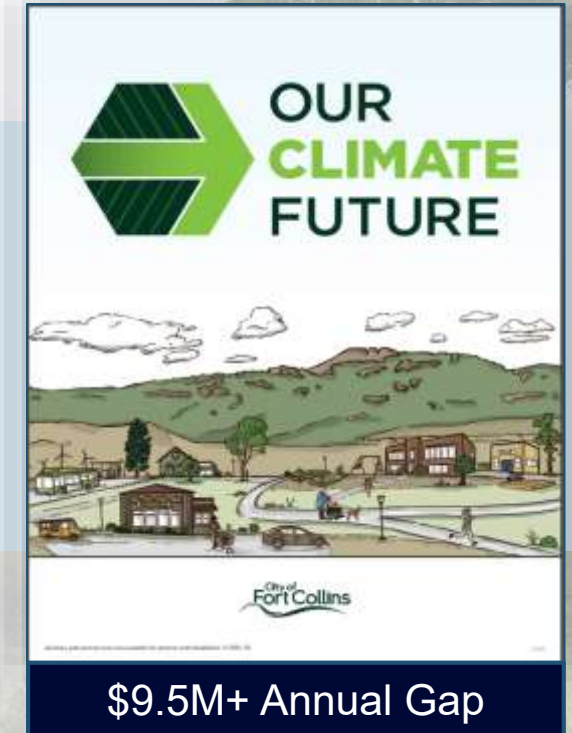
\$14.7M Annual Gap

Masterplan to Build Out
Projects



\$8-9.5+ Annual Gap

To Achieve 10%
Affordable Housing Stock



\$9.5M+ Annual Gap

To Accelerate Community
Transition From Fossil
Fuels

ANNUAL REVENUE GAP = \$40M TO \$46M+

Parks and Recreation Infrastructure Replacement

Maintain appropriate levels of service

\$11M funding represents 2.4% of value

- Replacement value of recreation facilities \$200M+
- Park infrastructure asset value \$260M+

Examples:

- Repaving parking lots
- Roofing repairs/replacement, HVAC replacements, electrical upgrades including LED
- Conversion of courts from asphalt to post-tension concrete
- Irrigation system renovation, including replacement of water management equipment such as flow sensors & controllers

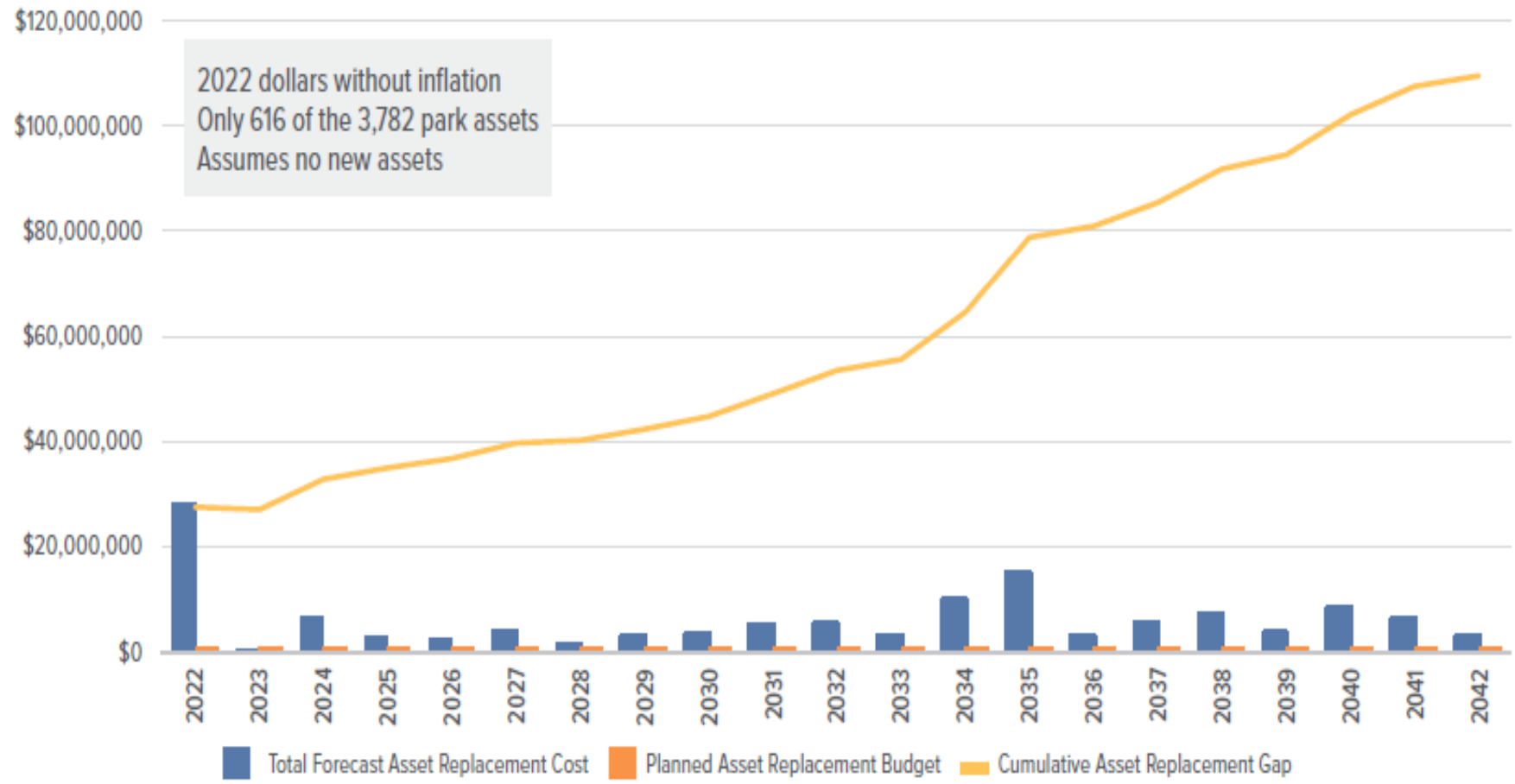
Provide equitable access to parks & recreation experiences as identified in 2021 Parks and Recreation master plan.

- Currently 51% of playgrounds are beyond expected lifespan.

Examples:

- Replace play equipment, changing surfaces from sand to ADA compliant material
- Repair sections of cracked walkways, bringing walkway slopes up to ADA standards
- Locker room and restroom upgrades/replacement
- Pedestrian bridge replacements, fencing repairs, water feature renovations, bike park renovations, pedestrian lighting replacement

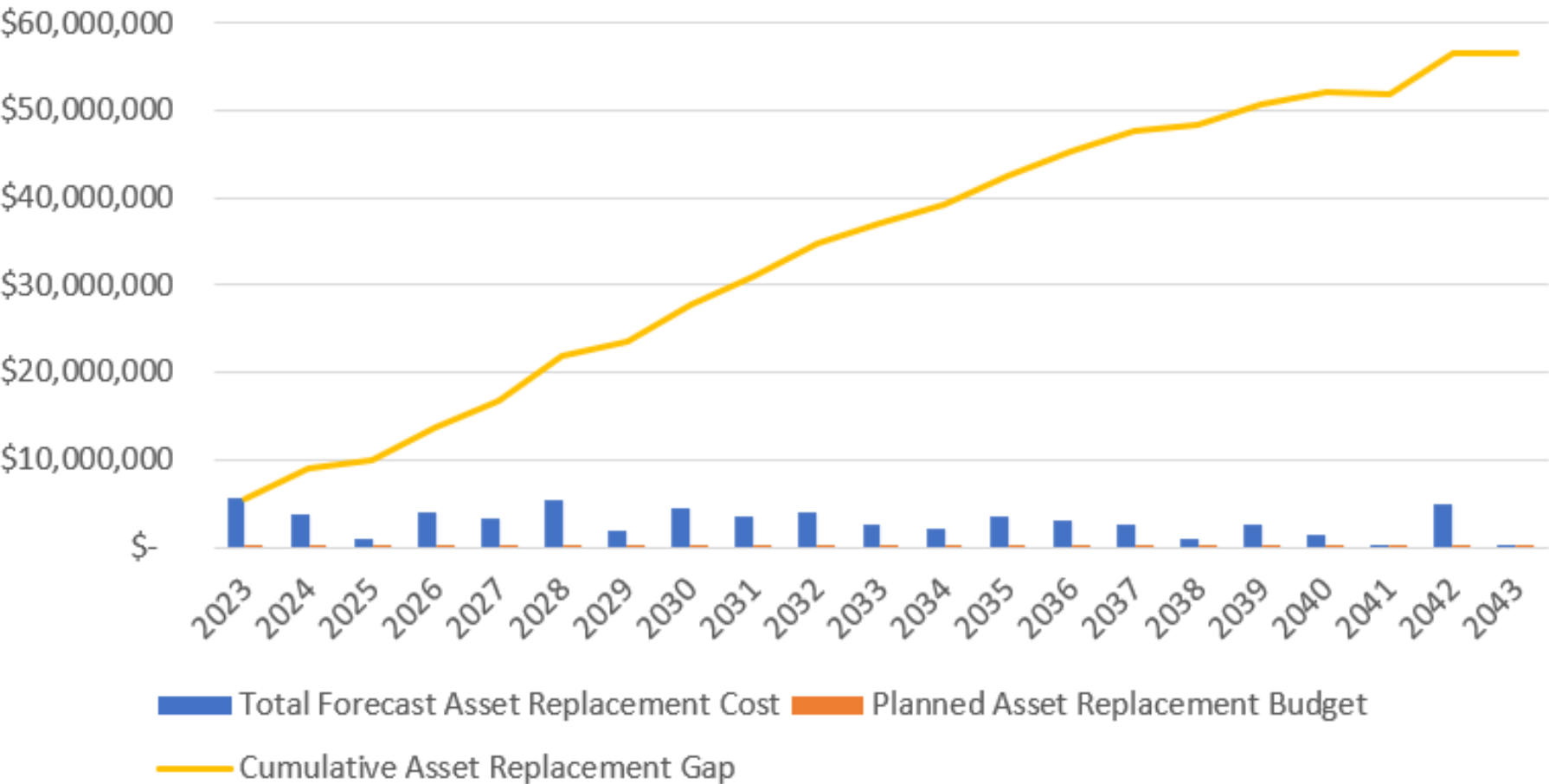
PARKS ASSET REPLACEMENT BUDGETARY GAP



HIGHEST
PRIORITY

- 1 Library Park, Neighborhood Park Irrigation System - \$440,000
- 2 Fossil Creek Community Park, Bridge - Foot - \$48,000
- 3 AltaVista, Playground - \$493,000
- 4 City Park, Storage Shed - \$33,000
- 5 Woodwest Park, Playground - \$407,000
- 6 Landings Park, Playground - \$588,000
- 7 Freedom Square Park, Pocket Park Irrigation System - \$36,000
- 8 Edora Community Park, Restroom - \$655,000
- 9 Freedom Square Park, Playground - \$494,000
- 10 Romero Park, Playground - \$382,000
- 11 Washington Park, Playground - \$395,000
- 12 Freedom Square Park, Basketball Court - Full - \$174,000
- 13 Rolland Moore Community Park, Bridge - Foot - \$58,000
- 14 Rolland Moore Community Park, Bridge - Foot - \$117,000
- 15 Rolland Moore Community Park, Playground - \$408,000
- 15 Rolland Moore Community Park, Playground - \$726,000
- 15 Rolland Moore Community Park, Parking Lot - \$1,043,000
- 18 Ridgeview Park, Playground - \$460,000
- 19 Rolland Moore Community Park, Drive - \$1,089,000
- 20 Rolland Moore Community Park, Tennis Court - \$185,000
- 20 Rolland Moore Community Park, Tennis Court - \$184,000
- 20 Rolland Moore Community Park, Tennis Court - \$183,000

RECREATION ASSET REPLACEMENT BUDGETARY GAP



- EPIC

\$1.1M

- Flooring
 - HVAC
 - Chillers
 - Diving boards
 - Plumbing
 - Electrical
- Rolland Moore Tennis Complex

\$300K

- HVAC
 - Interior
 - Roof
- City Park Pool

\$1.3M

- Playground
 - Slides
- Mulberry Pool

\$1M

- HVAC
 - Roof
 - Pool equipment

Value of Parks and Recreation

- Environmental – air quality, water, biodiversity
- Social – livability, connection, gathering, health and well-being
- Economic – property value, tourism, sales activity

Infrastructure Replacement Plan (IRP) Current State

- Fort Collins system includes over 50 parks, 45 miles of paved trails, and 10 recreation facilities
 - Parks IRP is currently funded at \$0.75M per year (originally \$0.6M in 1993)
 - Recreation IRP is currently funded at \$0.2M per year
- Deferred needs have been growing

Big Move	Focus	Investment Target
4	Transit	\$14.7M
4	Active Modes	\$1.5M
6	Building Efficiency & Electrification	\$2.85M
7	Housing Affordability	\$8-9.5M
13	Electric Vehicles	\$1.85M
2 & 10	Zero Waste	\$2M
Total Annual Investments:		\$31M+

- Ongoing FC Utilities Climate Investments:
 - Energy Efficiency, Customer Renewable and Grid Flexibility programs; \$6.6M annually
 - EPIC Loan program; up to \$2.5M annually in available financing
 - Streetlight LED conversion; \$1M annually
 - Efficiency Works programs (via Platte River budgeting); ~\$5M annually
- Ongoing Housing Investments:
 - Competitive Process for Affordable Housing Development; \$1.5-\$3M awarded annually
 - From all sources – Federal, City General Fund & CCIP
- Ongoing Transit Investments:
 - Building, Operating & Maintaining Routes; \$22M annually
 - Includes local, federal, grant, and partner funding

OUR IMPACT

Community-wide total electricity use would be over 20% higher without Utilities energy programs since 2005

Our Climate Future Big Moves

- 1 - Shared Leadership and Community Partnership
- 2 - Zero Waste Neighborhoods
- 3 - Climate Resilient Community
- 4 - Convenient Transportation Choices**
- 5 - Live, Work and Play Nearby
- 6 - Efficient, Emissions Free Buildings
- 7 - Healthy Affordable Housing**
- 8 - Local, Affordable and Healthy Food
- 9 - Healthy Local Economy and Jobs
- 10 - Zero Waste Economy
- 11 - Healthy Natural Spaces
- 12 - 100% Renewable Electricity
- 13 - Electric Cars and Fleets

- "Allowable Uses" from existing, community-driven planning
 - Centering Equity
- Inclusive of Transit and Housing funding priorities



Big Move 4 – Convenient Transportation Choices: Transit

Scale / Accelerate

Improve route frequencies and service resiliency

Transit Master Plan initiatives to increase transit ridership.

- Bus operator resiliency
- Remain fare-free
- Procure additional buses and increase operational frequencies
- Add new route with 30-minute frequency on Lemay/Trilby
- New southeast micro-transit service

Transform

Local match for major capital projects

Unprecedented Federal dollars in grant funding available to fund 60-80% of large transit projects.

- West Elizabeth bus rapid transit
- North transit maintenance facility (needed for further expansion)
- Electrification and ultimate zero-emission of fleet
- Additional charging infrastructure
- North College MAX extension
- Mobility hubs

Big Move 7 – Healthy Affordable Housing

Scale / Accelerate

Expand the City's competitive funding process to better support projects seeking to: Acquire land, develop new affordable housing, preserve existing affordable housing, support residents.

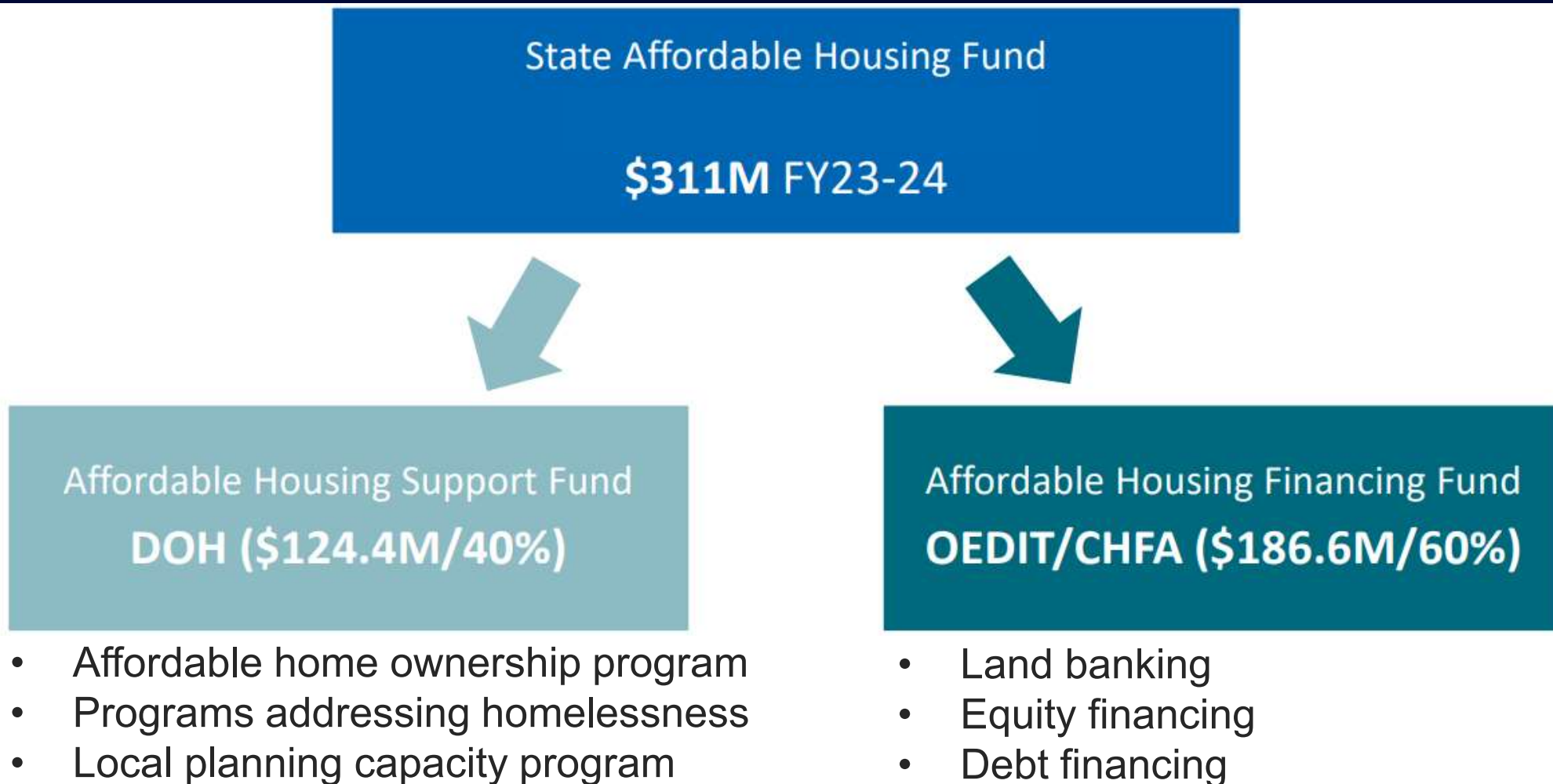
- Housing acquisition (redevelopment/preservation)
- Land acquisition
- New construction costs
- Affordable homeownership renovation
- Renovate affordable rental housing
- Homeownership assistance

Transform

Expand or initiate City-led efforts as identified in adopted policies including the Housing Strategic Plan, City Strategic Plan, and HUD Consolidated Plan.

- Acquire properties for Land Bank (expand)
- Offset fees for affordable projects (expand)
- Develop incentive programs (energy efficiency, voluntary affordability restrictions, etc.)
- Explore redevelopment partnerships
- Other innovative approaches (middle income, mixed income, etc.)

Sustainable Revenue Uses – Climate, Transit & Housing Proposition 123 Funding Breakdown



Note: There is no estimate of the amount of local funds from Proposition 123. Funding for Proposition 123 is competitive and there is no guarantee of or entitlement to funding for municipalities.

Big Move 13 – Electric Cars and Fleets

Scale / Accelerate

- Support home electrical panel and service upgrades for EVs
- Public charging strategy, implementation and maintenance
- Engagement with local cars dealerships to offer training to sales staff on education and benefits of EVs

Transform

- Transition all Transfort buses to zero emission vehicles by 2040
- Explore providing incentives for community members for installation of charging equipment in homes and businesses
- Explore expansion of level 3 public charging opportunities for EVs

Big Move 6 – Efficient, Emissions Free Buildings

Scale / Accelerate

- Expand programs for electrification of space and water heating
- Explore adding minimum building performance standards (BPS) for commercial building stock
- Explore requirement for residential energy disclosure at point of listing/sale
- Support home electrical panel and service upgrades for electrification

Transform

- Explore proactive upgrades of infrastructure and customer electric equipment to support building and transportation electrification.
- Explore opportunities to expand grid flexibility options in residential and commercial buildings through battery storage and other solutions
- Explore Utility scale distributed energy resource solutions (solar and battery installations)

Big Move 4 – Convenient Transportation Choices: Active Modes

Scale / Accelerate

- Rebates for E-bikes
- Install in-street protected bike lanes and bicycle and pedestrian crossing improvements
- Local match to leverage many state and federal grant opportunities available

Transform

- Same strategies with much higher investments
- Grade-separated crossings

Estimated investment needed: \$1.5M annually

Big Moves 2 & 10 – Zero Waste

Scale / Accelerate

- Improving recycling education and removing barriers to reusing and recycling
- Growing the circular/sharing/reuse economy
- Increasing recycling services through local waste infrastructure and operational support

Transform

- Local waste infrastructure investments
 - e.g. potential organics transfer station, etc

REVENUE MECHANISMS

“SOURCES”

Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills		Climate	\$1M	<ul style="list-style-type: none"> Council action only – does not require voter approval 2% increase. ~ \$14/household
Substance Tax	1 to 5% on Alcohol/MJ/Nicotine		TBD	\$6 to 11M+	<ul style="list-style-type: none"> \$1 to 5 per \$100 purchase in Fort Collins Visitors also impacted
Utility Occupation Tax	4.5% on Natural Gas Bills		Climate Umbrella	\$4M	<ul style="list-style-type: none"> 4.5% residential increase per household ~\$32 per residential household
Property Tax	1 to 5 Mills		Parks & Rec	\$4 to 18M+	<ul style="list-style-type: none"> Residential increase of \$21 to \$107 Commercial increase of \$87 to \$435
Sales Tax	Additional ¼ Cent Dedicated Tax		Climate Umbrella	\$10M	<ul style="list-style-type: none"> \$31 per resident/ \$78* per household Sales tax on food would remain at 2.25% Visitors also impacted
Large Emitter Tax	\$51/MT CO ₂ e		Climate Umbrella	\$5M	<ul style="list-style-type: none"> N/A to residents Two applicable businesses
Total				\$30M to 49M+	<ul style="list-style-type: none"> \$145 to \$231 net annual increase per household* + impact of substance tax

*Assumes a household size of 2.5 (American Community Survey 2021 1-year estimates, table DP04)

“Potential Use” is highly flexible – each of these revenue mechanisms can be attached to any of the priorities

	2019-2022 AVG Revenue Baseline	2022 Revenue Baseline
Current Fee Rate – 1.07%	\$ 515,905	\$ 727,633
Proposed Rate – 3.00%	\$ 1,446,462	\$ 2,040,093
Potential New Revenue for Climate Initiatives (estimated)	\$ 930,557	\$ 1,312,460

Considerations:

- Does not require voter approval
- Current franchise fee of 1.07% generates ~\$445k/yr to General Fund
- New portion of revenue could be allocated for a variety of climate uses
- Peer communities charge a 3% Franchise Fee
 - City's legal agreement allows up to a 3% fee

MONTHLY ON-BILL FRANCHISE FEE COST

Customer Type	2022 Average Monthly Bill	Current Avg. Monthly Franchise Fee 1.07%	Total Avg. Monthly Franchise Fee 3.00%	Net Avg. Monthly Franchise Fee Increase 3.00%	Net Annual Franchise Fee Cost Increase
Residential	\$ 58.19	\$ 0.62	\$ 1.75	\$ 1.13	\$ 13.56
Commercial/ Industrial	\$ 344.02	\$ 3.68	\$ 10.32	\$ 6.64	\$ 79.69

*Note: Impact on Contract accounts not evaluated

Considerations:

- Already appears as line item on customer bills
- City could adopt a rebate program to provide relief to low-income customers

Category	Substance	Funding Mechanism	Annual Revenue Estimate	Household Impact
Additional (Excise) Sales Tax	Alcohol*	1% Additional Tax	\$780K+	<ul style="list-style-type: none"> \$1 per \$100 purchase in Fort Collins Visitors also impacted
	Alcohol*	3% Additional Tax	\$2M+	<ul style="list-style-type: none"> \$3 per \$100 purchase in Fort Collins Visitors also impacted
	Alcohol*	5% Additional Tax	\$4M+	<ul style="list-style-type: none"> \$5 per \$100 purchase in Fort Collins Visitors also impacted
	Marijuana	1% Additional Tax	\$900K	<ul style="list-style-type: none"> \$1 per \$100 purchase in Fort Collins Visitors also impacted
	Marijuana	3% Additional Tax	\$3M	<ul style="list-style-type: none"> \$3 per \$100 purchase in Fort Collins Visitors also impacted
	Marijuana	5% Additional Tax	\$5M	<ul style="list-style-type: none"> \$5 per \$100 purchase in Fort Collins Visitors also impacted
	Nicotine**	1% Additional Tax	\$340K+	<ul style="list-style-type: none"> \$1 per \$100 purchase in Fort Collins Visitors also impacted
	Nicotine**	3% Additional Tax	\$1M+	<ul style="list-style-type: none"> \$3 per \$100 purchase in Fort Collins Visitors also impacted
	Nicotine**	5% Additional Tax	\$2M+	<ul style="list-style-type: none"> \$5 per \$100 purchase in Fort Collins Visitors also impacted

TOTAL SALES TAX RATES

Taxing Authority	Cigarettes	Other Tobacco	Alcohol	Marijuana
State (Excise)	\$1.94 (per pack)	-	-	-
State	2.90%	2.90%	2.90%	15.00%
County	0.0%	0.80%	0.80%	0.80%
City	3.85%	3.85%	3.85%	3.85%
Total	6.75% + excise tax	7.55%	7.55%	19.65%

MARIJUANA SALES TAX RATE COMPARISON

Taxing Authority	Fort Collins	Boulder	Thornton	Aurora	Denver	Commerce City	Berthoud	Englewood
State	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
County	0.80%	1.19%	0.75%	1.00%	0.00%	0.75%	0.80%	0.25%
City	3.85%	3.86%	3.75%	3.75%	4.81%	4.50%	4.90%	3.80%
City Additional	0.00%	3.50%	5.00%	5.00%	5.50%	7.00%	7.00%	10.30%
Total*	19.65%	23.55%	24.50%	24.75%	25.31%	27.25%	27.70%	29.35%

Customer Type	Example Rate Increase	2022 AVG Monthly Bill	Increase in Monthly Bill	Active Accounts	Annual Revenue
Residential	4.5%	\$ 58.19	\$ 2.62	55,112	\$ 1,731,906
Commercial/Industrial	4.5%	\$ 344.02	\$ 15.48	4,239	\$ 787,565
Contract (Transport)	4.5%	\$ 6,027.53	\$ 271.24	355	\$ 1,153,969
Total Annual New Revenue					\$ 3,673,440

Considerations:

- Requires voter approval
- Scalable rate increase based on Council/voter preference
- Levied on a natural gas provider for the taxable privilege of delivering natural gas to consumers within City limits
- Boulder voters passed similar with 70% approval
- Would compound with a franchise fee for consumers
- Billing structure can provide relief to low-income customers

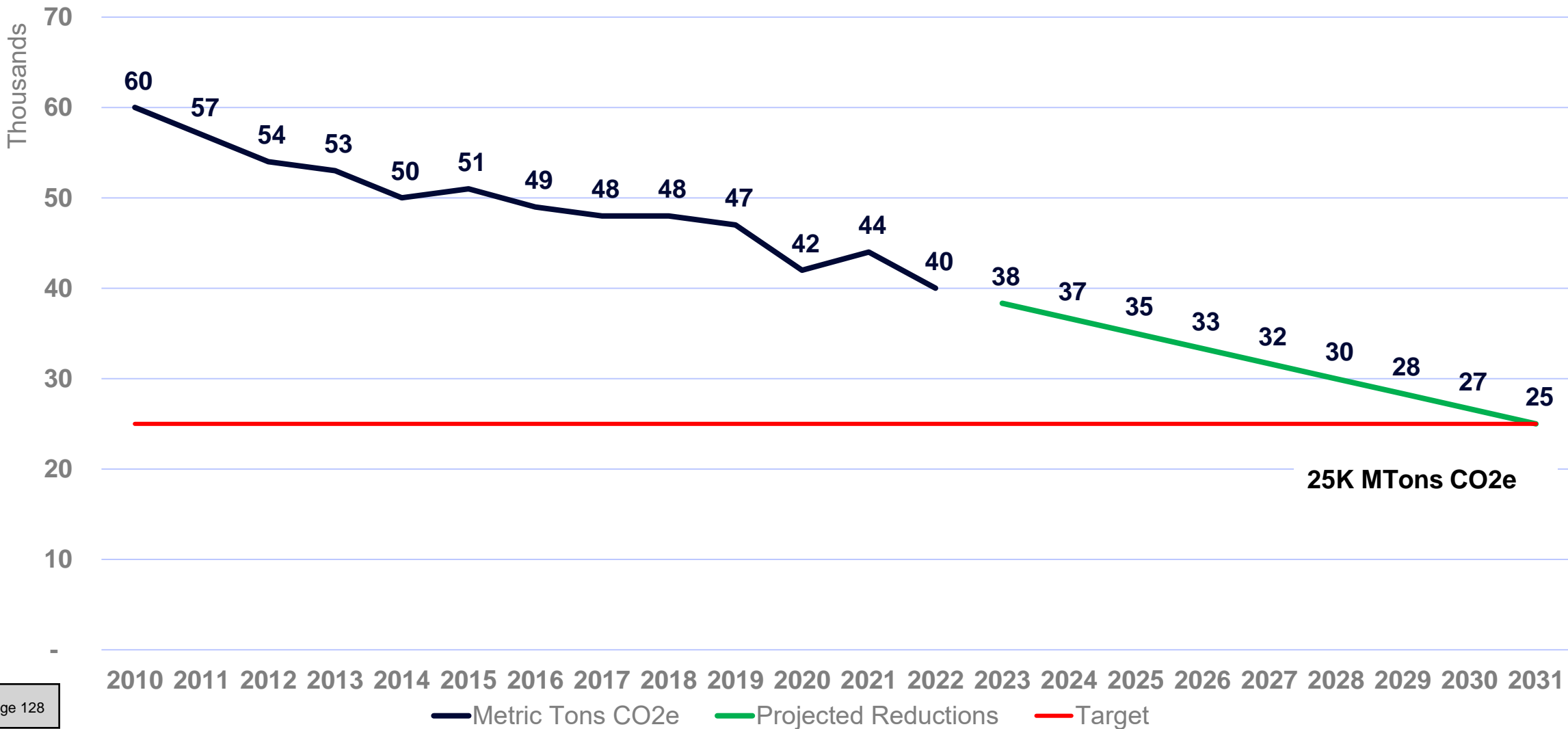
Category	Funding Mechanism	Annual Revenue Estimate	Household Impact
Property Tax	1 Mill Property Tax	\$3.5M+	<ul style="list-style-type: none"> Residential annual increase of \$21.45 Commercial annual increase of \$87.00
	2 Mill Property Tax	\$7M+	<ul style="list-style-type: none"> Residential annual increase of \$42.90 Commercial annual increase of \$174.00
	3 Mill Property Tax	\$11M+	<ul style="list-style-type: none"> Residential annual increase of \$64.35 Commercial annual increase of \$261.00
	4 Mill Property Tax	\$14.5M+	<ul style="list-style-type: none"> Residential annual increase of \$85.80 Commercial annual increase of \$348.00
	5 Mill Property Tax	\$18M+	<ul style="list-style-type: none"> Residential annual increase of \$107.25 Commercial annual increase of \$435.00

Entity	Total Reported Emissions (MT CO ₂ e) 2024 Forecast	Potential Revenue (\$51/MT)
Broadcom	57,400 MT	\$2.9M
Anheuser Busch	37,474 MT	\$1.9M
Total	94,874 MT	\$4.8M

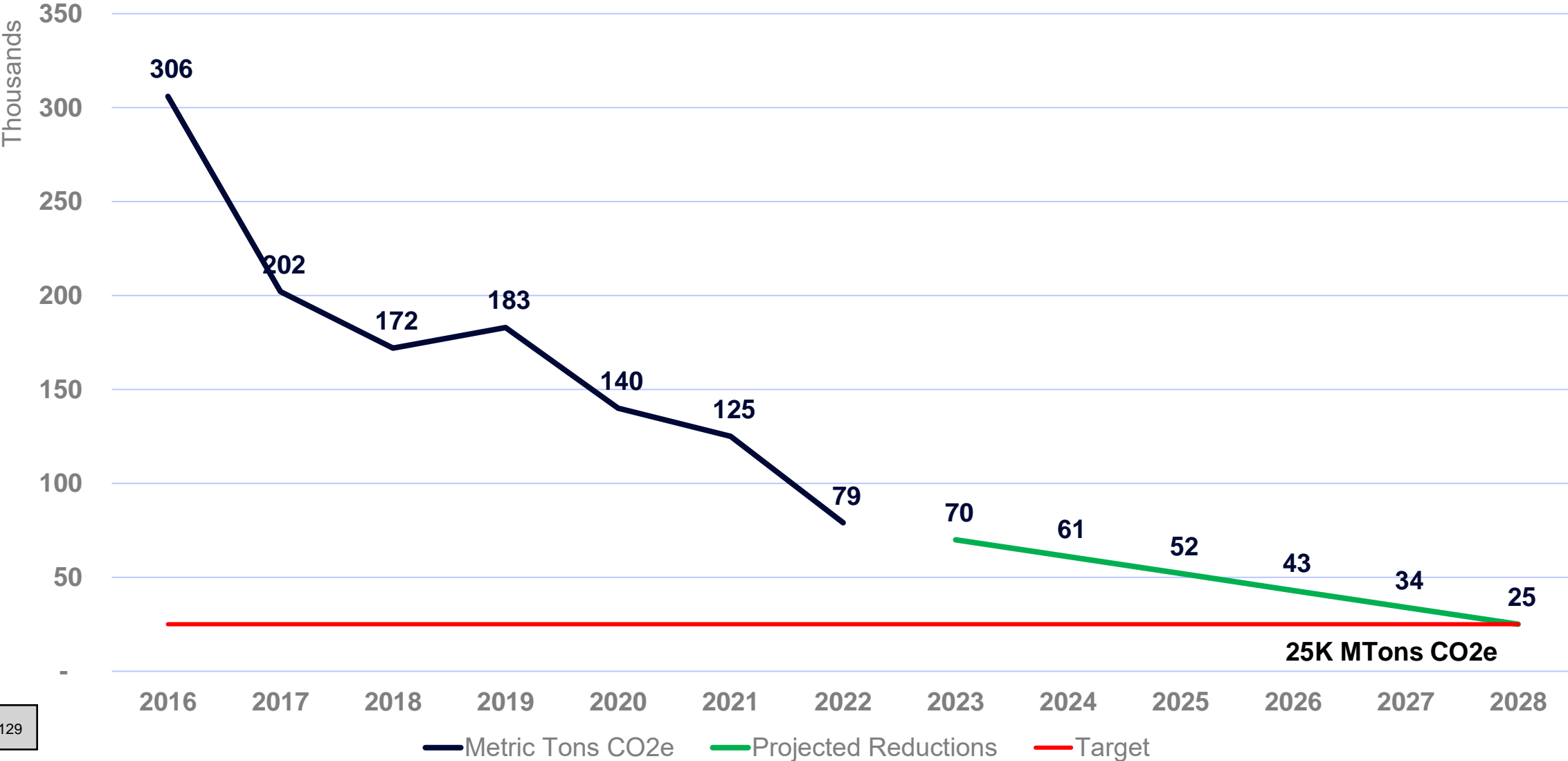
Considerations:

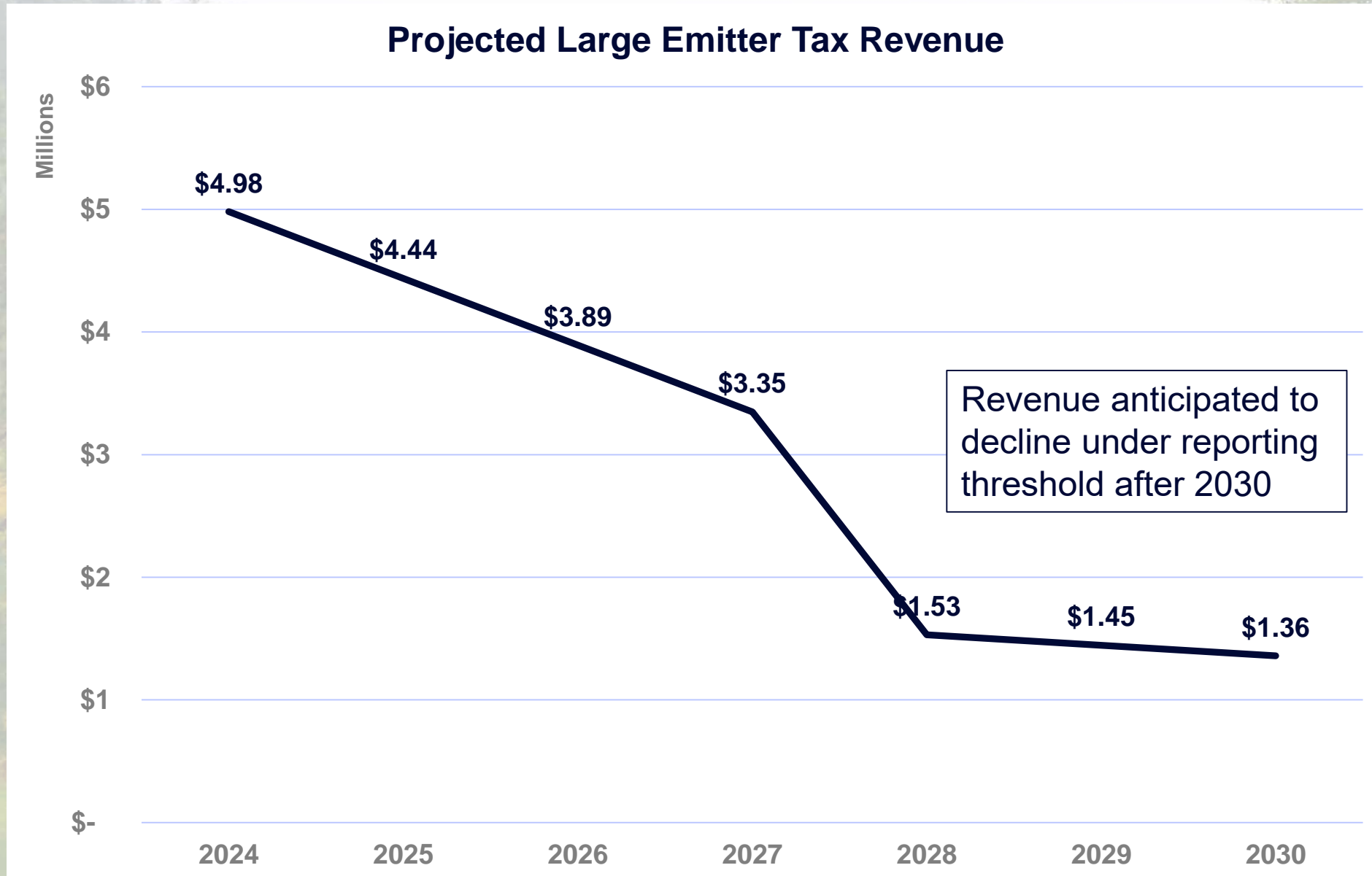
- Requires voter approval
- Potential to accelerate de-carbonizing of two entities currently emitting more than the EPA reporting threshold (25k MT CO₂e/year)
- Revenue estimate uses current “Social Cost of Carbon” (\$51/MT CO₂e)
 - Could change at federal level
- Diminishing returns – revenue declines as emissions decline
- Tax structure could be adjusted – apply only to net emissions above EPA reporting threshold

Anheuser Busch Annual CO2e Emissions



Broadcom Annual CO2e Emissions





Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills		Climate	\$1M	<ul style="list-style-type: none"> Council action only – does not require voter approval 2% increase. ~ \$14/household
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*Assumes a household size of 2.5 (American Community Survey 2021 1-year estimates, table DP04)

“Potential Use” is highly flexible – each of these revenue mechanisms can be attached to any of the priorities

Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills	2023	Climate	\$1M	<ul style="list-style-type: none"> • Council action only – does not require voter approval • 2% increase. ~ \$14/household
Substance Tax	1 to 5% on Alcohol/MJ/Nicotine	2023	TBD	\$10M	<ul style="list-style-type: none"> • \$1 to 5 per \$100 purchase in Fort Collins • Visitors also impacted
Property Tax	5 Mills	2023	Parks & Rec	\$18M+	<ul style="list-style-type: none"> • Residential increase of \$107 • Commercial increase of \$435
Total				\$29M+	<ul style="list-style-type: none"> • \$121 net annual increase per household* + impact of substance tax

Category	Funding Mechanism	Timing	Potential Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills	2023	Climate	\$1M	<ul style="list-style-type: none"> Council action only – does not require voter approval 2% increase. ~ \$14/household
Substance Tax	1 to 5% on Alcohol/MJ/Nicotine	2024	TBD	\$10M	<ul style="list-style-type: none"> \$1 to 5 per \$100 purchase in Fort Collins Visitors also impacted
Property Tax	1 to 5 Mills	2023	Parks & Rec	\$18M+	<ul style="list-style-type: none"> Residential increase of \$107 Commercial increase of \$435
Sales Tax	Additional ¼ Cent Dedicated Tax	2023	Climate Umbrella	\$10M	<ul style="list-style-type: none"> \$31 per resident/ \$78* per household Sales tax on food would remain at 2.25% Visitors also impacted
Total				\$39M+	<ul style="list-style-type: none"> \$199 net annual increase per household* + impact of substance tax

*Assumes a household size of 2.5 (American Community Survey 2021 1-year estimates, table DP04)

Item 3.

\$9.5M for Climate

\$9.5

\$8 - \$9.5M for Housing

\$9.5

\$15M for Transit

\$15.0

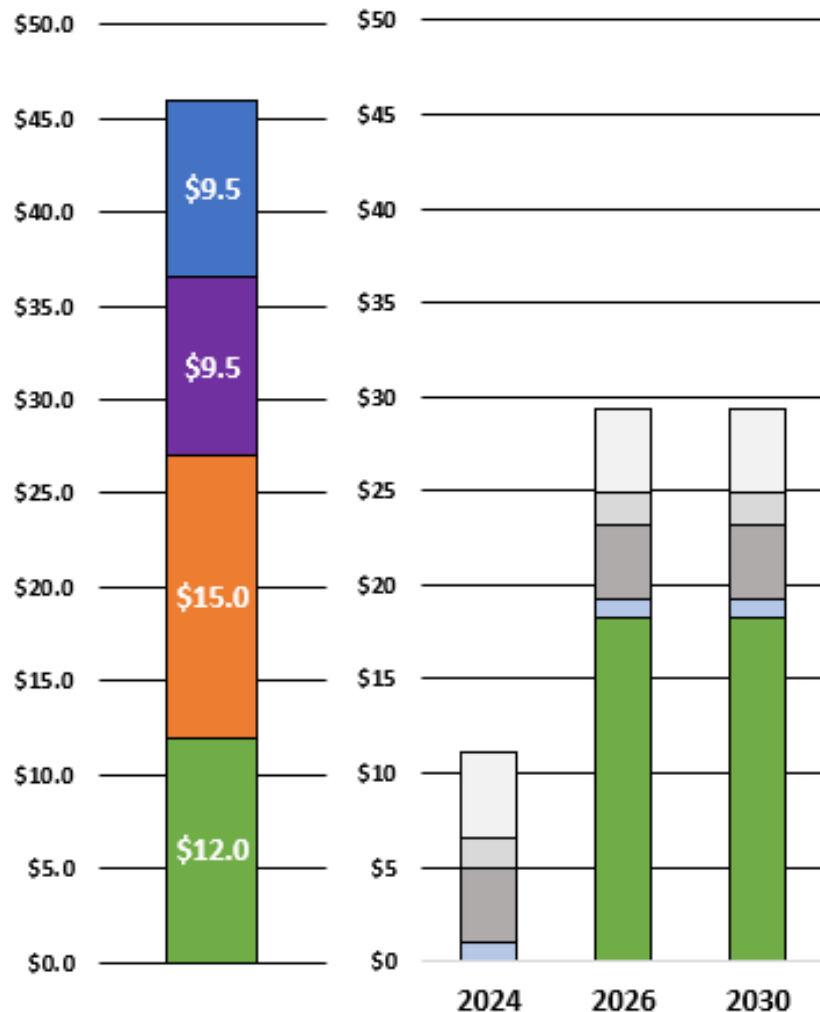
\$8 - 12M for Parks &

\$12.0

Projected Need

\$46.0

Projected Need Projected Revenue



\$4.5

Product Tax - Marijuana %

5.0

\$1.7

Product Tax - Nicotine %

5.0

\$3.9

Product Tax - Alcohol %

5.0

\$0.0

Sales & Use Tax %

0.00

\$0

\$0.0

Large Emitter Tax (\$3.9M in '26)

N

\$0

\$1.0

Natural Gas Franchise Fee at 3%

Y

\$14

\$0.0

Utilities Occupational Tax

N

\$0

\$18.3

Property Tax Mills

5.00

\$107

\$29.4

Projected Revenue

\$121

Average Annual
Impact per Household

Footnotes:

- Dollars shown in millions

- Average Annual Household Impact for S&U Tax calculated at 2.5 residents per owned household (source American Community Survey 2021 1-year estimates, table DP04)

- Product taxes would impact purchases of those products from \$1 to \$5 per every \$100 of purchases

QUESTIONS:

1

What feedback do Councilmembers have on the revenue options presented?

2

What feedback do Councilmembers have regarding ballot measures in November 2023?

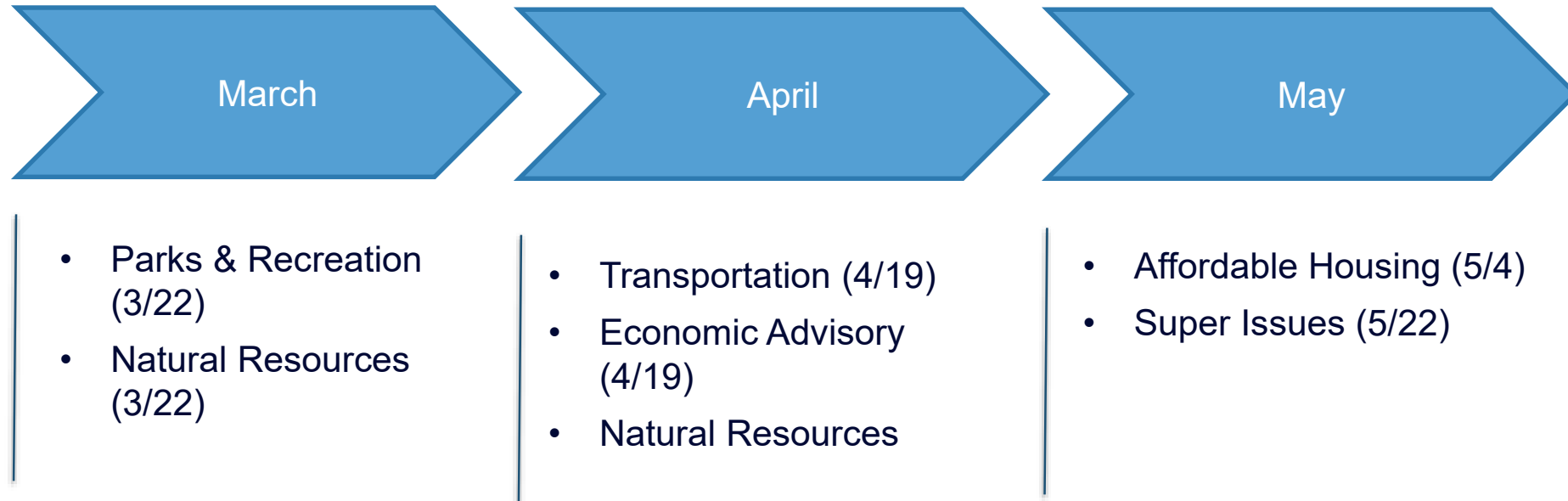
3

What additional information would Councilmembers like to see?



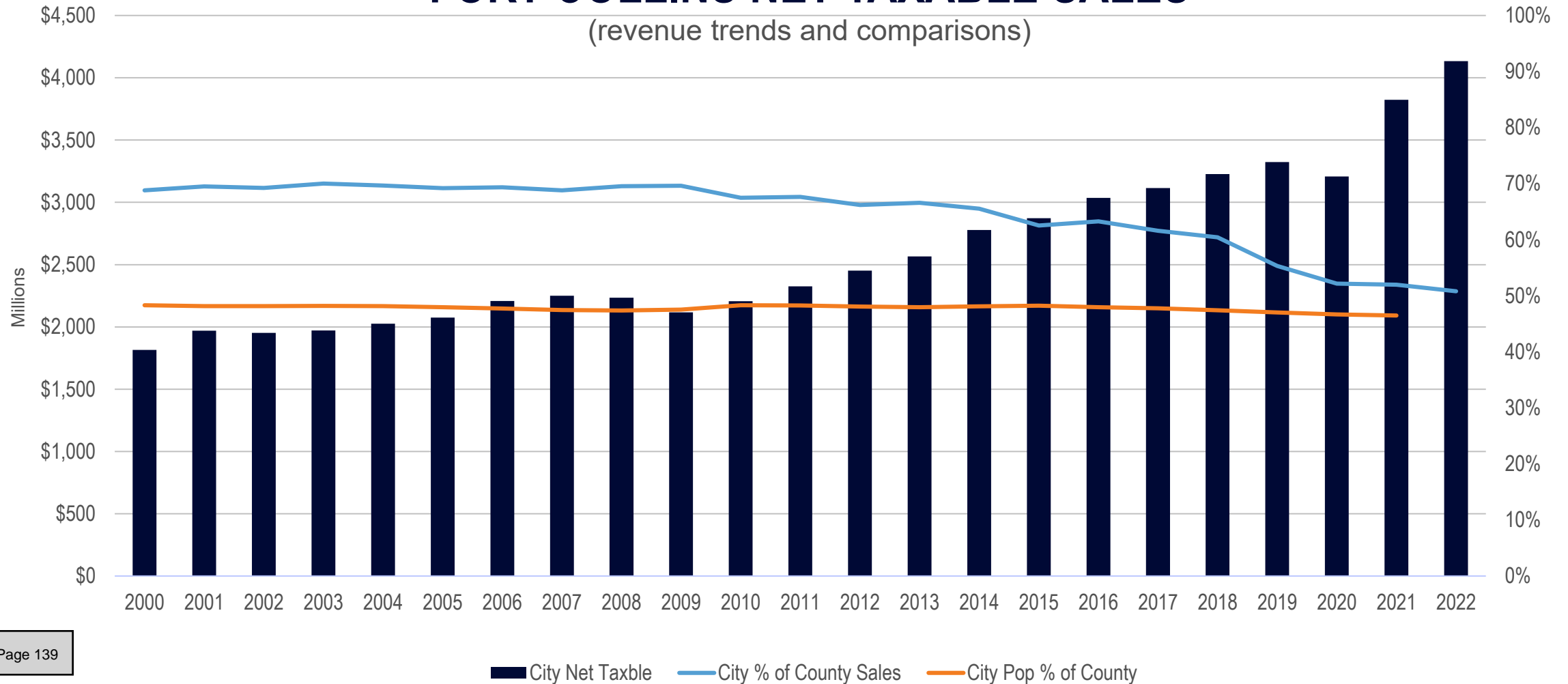
Backup

SUSTAINABLE FUNDING ENGAGEMENT TIMELINE



FORT COLLINS NET TAXABLE SALES

(revenue trends and comparisons)



Election Timeline Options:



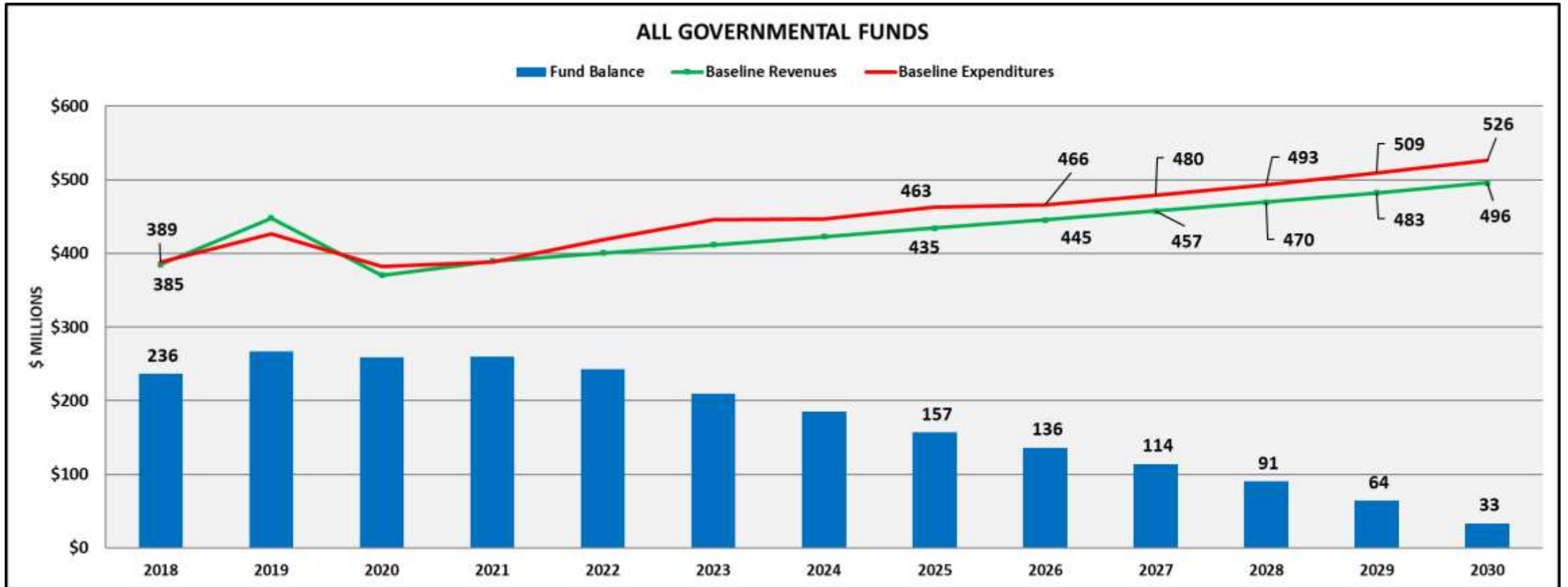
- Street Maintenance and Community Capital Taxes expire Dec. 31, 2025

2023-2024 BFO Cycle – Ongoing Offers

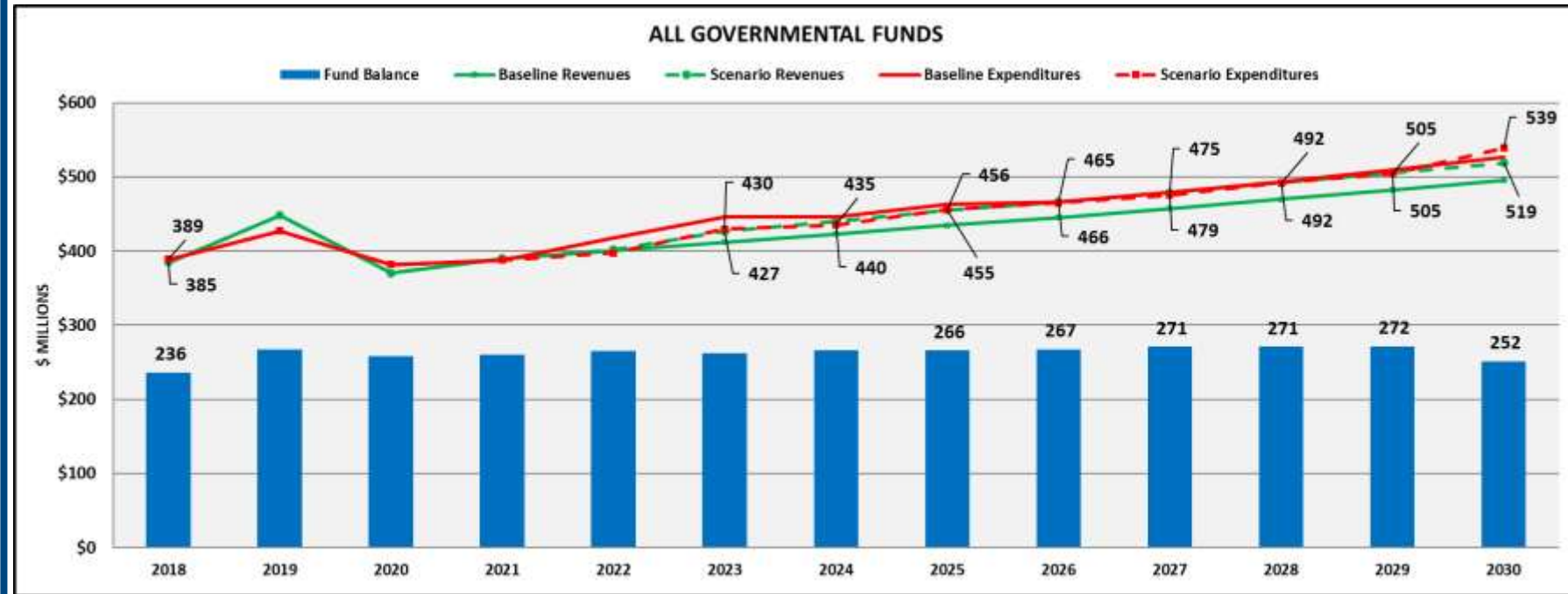
- Digital processing of dozens of city services and functions
- Reduction in total cost of ownership of City computer hardware
- Decrease in injuries leading to decreased cost of Workers' Comp
- Fleet management improvements
- City budget application was brought in-house, saving \$50,000+ per year
- Pricing discounts on telephony for circuit access and long-distance costs
- FCTV updated closed captioning cost lowered from \$20/hr to \$0.16/hr
- Re-assignment of certain police functions to non-sworn positions
- Reduction in 911 call times and costs through Colorado Regional Information Sharing Project
- Construction of Law Enforcement Training Center saves up to \$90,000 per year
- East-side Park Maintenance Shop provides more efficient service with fewer cross-town trips

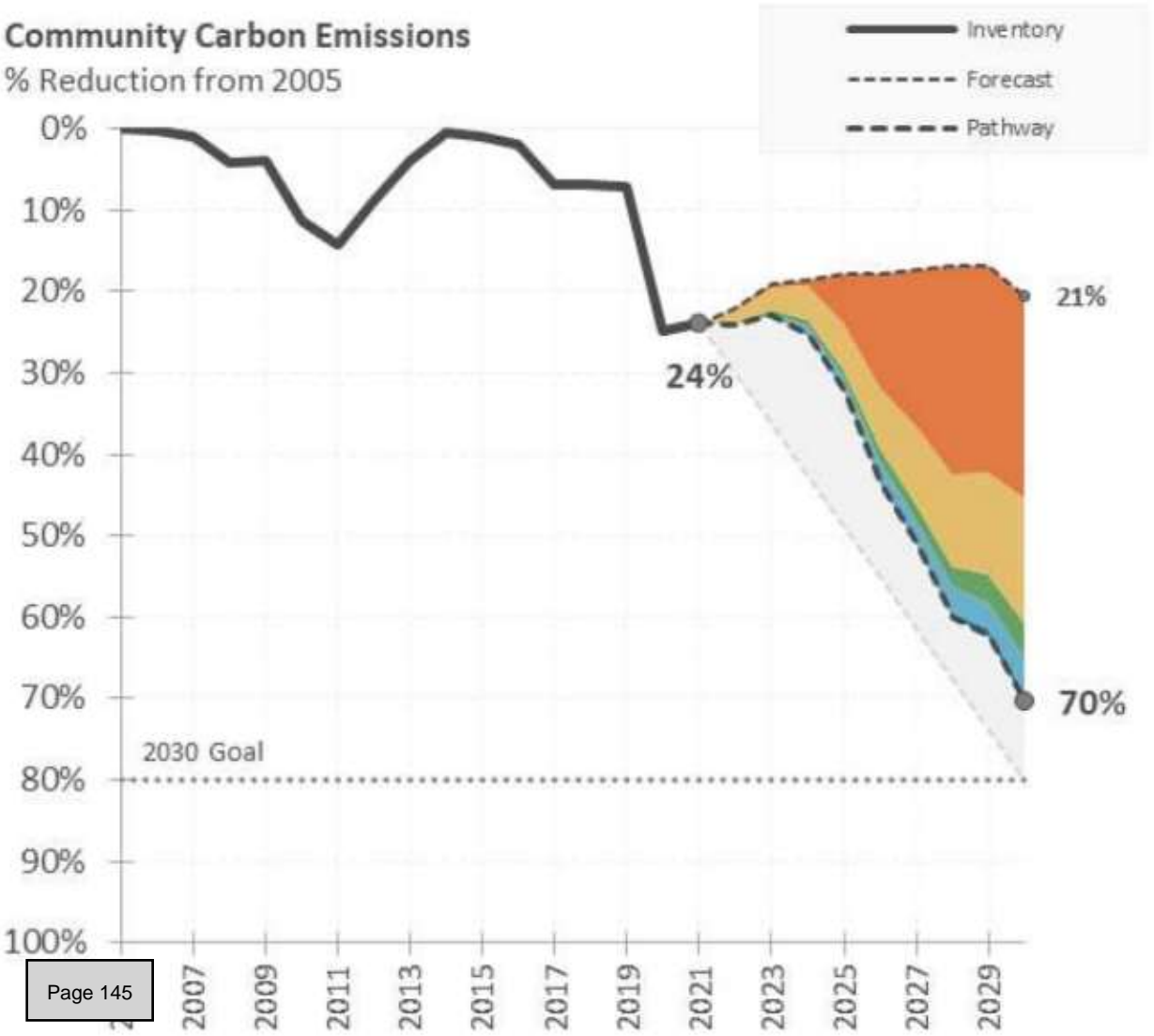
2020 KFCG Annual Report:

- Lower cost on building rentals and travel time by moving community meetings to virtual forums
- Lower costs for Parks and Utilities and leading to an early project completion of Horsetooth Outlet
- Elimination of superintendent position at City Park Nine golf course
- Reduced printing and mailing of the Recreator, saving nearly \$100,000
- Cross-department collaboration on capital projects leading to significant cost savings
- CDNS electronic conversion for final approval and recording process, eliminating paper and mylar
- Online roofing permit processing saves staff from ~500 permits/month
- Smart Irrigation Controllers for 48 city sites plus 57 medians/streetscapes
- GIS mapping of Parks snow removal routes and irrigation systems drove fuel and labor savings
- GIS mapping of street sweeping operations improves air quality and saves cost



- Additional 0.25% Sales Tax (~ \$9M per year) starting in 2023.
- New Property Tax Mill assessed (~ \$4M per year) starting in 2023.
- Implement New Maintenance and Improvement use fee to support Lifecycle projects (builds up to ~ \$7M per year) in 2026 to offset gap in ongoing maintenance needs.





Pathways	2030
Electricity	24.5%
Buildings	15.0%
Industrial Manufacturing	4.5%
Transportation	4.0%
Waste	0.9%
Land Use	0.1%
Undetermined to Goal	10%