

2016 Budget Outlook

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Mayor Suthers' 2016 Budget Top Priorities

1. Stormwater Funding - \$16 million
 - ~\$3 million operating – activities to comply with MS4 permit
 - Maintaining drainage
 - Street sweeping
 - Education
 - \$13 million projects
 - General Fund funded
 - Grants funded
2. Reduce the PPRTA Transit Maintenance of Effort (MOE) funding deficit by at least half
3. Phase out the Business Personal Property Tax (BPPT) over 3 years

General Fund - Revenue

- Sales and Use Tax -
 - Increase of \$9.3 million or 6.3% from 2015 Original Budget
 - Increase of \$4.3 million or 2.8% from current 2015 EOY estimate
 - A portion of the increase due to increased activity in Urban Renewal Areas (URAs) – will have partially off-setting expenditure increase

	2015 Budget	2015 EOY Estimate	2016 Budget Outlook	Budget to Budget
	\$147,855,000	\$152,900,000	\$157,160,000	-
\$ change		\$5,045,000	\$4,260,000	\$9,305,000
% change		3.4%	2.8%	6.3

General Fund - Revenue

- Property Tax
 - \$1.1 million increase
 - 2015 reassessment year (odd-years)
 - Preliminary information from El Paso County – 5.7% increase
 - Final Assessed Valuation received in December
- Business Personal Property Tax
 - \$700,000 decrease
 - Phase-out over 3 years
- Other non-departmental revenue changes
 - \$893,400 increase
- 2015 Original Budget one-time revenues
 - \$1.5 million decrease - draw from GF fund balance
 - \$600,000 decrease - one-time revenue transfer from the Fleet Fund

General Fund - Revenue

- Total projected increase over 2015 Original Budget
 - \$8.9 million
 - 3.5%

General Fund - Expenditures

- “Unavoidable” expenditure changes
 - \$6.0 million
- Department requests
 - Important operational needs
 - Needs to meet citizen requests/demands for service
 - \$15.3 million
 - Some requests have total or partial revenue offsets

“Unavoidable” Expenditure Changes

- An increase of \$406,000 for utilities
 - Based upon preliminary rate increase estimates:
 - electricity 6%,
 - gas 0%,
 - water 5%
 - wastewater 0%
- An increase of \$7.0 million in the transfer to the Capital Improvement Project Fund
 - City Council per Resolution 08-15
 - Mayor’s priority to commit a total of \$16.0 million toward stormwater operating costs and projects
 - General Fund and Grants funded

“Unavoidable” Expenditure Changes

- An increase of \$1.36 million for contributions to the Employee Benefits Self-Insurance Trust fund
 - \$860,000 for expected 2016 employee healthcare costs based upon current claims costs trends
 - \$500,000 contribution to the fund balance.
 - 2014 unrestricted fund balance (\$5.9 million)
 - Includes Incurred But Not Reported claims (IBNR) liability
 - Not be required to be paid at any one point in time
 - Unrestricted fund balance excluding IBNR is also negative, (\$3.0 million).
 - Unrestricted fund balance fell significantly in 2013
 - Unusual spike in claims costs
 - In part due to an unusual number of large claims -the City had XX claims over \$75,000)
 - Informal policy to first build the General Fund unrestricted fund balance to the recommended level of 25% General Fund is the backstop for the City’s non-enterprise liabilities
 - Offers greater flexibility to apply those reserves as needed to liabilities that arise
 - Taking steps to incrementally bring the internal service funds unrestricted fund balances to a positive balance excluding the IBNR liability
 - Employee Benefits Self-Insurance Fund
 - Claims Reserve Self-Insurance Fund
 - Workers’ Compensation Self-Insurance.
 - Once that is achieved, as funds allow, the next goal would be to bring those funds to a positive fund balance including the IBNR liability.

“Unavoidable” Expenditure Changes

- An increase of \$400,000 for contributions to the City’s Claims Reserve Self-Insurance Fund
 - \$200,000 for expected 2016 claims costs
 - \$200,000 contribution to the unrestricted fund balance
 - Recommendation of the Claims Review Board
 - City Auditor, Chief Financial Officer, City Attorney, Human Resources Director, Risk Manager and Budget Manager
 - 2014 unrestricted fund balance (\$800,000)
 - Includes liabilities for IBNR
 - Fund balance excluding IBNR, also slightly negative (\$200,000)

“Unavoidable” Expenditure Changes

- An increase of \$305,000 for contributions to the Workers’ Compensation Self-Insurance Fund
- Based upon claims trends and unrestricted fund balance
- Recommendation of the Claims Review Board
- 2014 unrestricted fund balance (\$9.2 million)
- Unrestricted fund balance excluding the IBNR is positive, \$750,000
 - Not proposing a contribution to the fund balance until the other two self-insurance funds have positive Excluding IBNR Unrestricted fund balances as well

“Unavoidable” Expenditure Changes

- An increase of \$1.1 million to fund current actual positions
 - Funding for the additional 3 months of the 2015 pay for performance increases implemented March 31
 - Step increases for firefighters and police officers progressing through the rank system
 - Full year funding for the police officer positions added in the 2015 budget
 - Other changes to actual salaries based upon turnover or reclassifications).

“Unavoidable” Expenditure Changes

- An increase of \$1.1 million for sales tax sharing agreement payments
- URA sales tax sharing agreements
- More than 100% revenue offset
 - Included in the sales and use tax revenue increase
 - Revenue offset is more than 100%
 - Copper Ridge agreement is for only 1% of the GF sales tax
 - City retains the other 1% of the GF sales tax
 - In all cases the 0.1% TOPS revenue and 0.4% PSST revenue

“Unavoidable” Expenditure Changes

- A decrease of \$5.1 million in the Springs Community Improvement Project (SCIP) debt service payment
 - 2015 debt service payment - \$7.9 million
 - 2016 debt service payment - \$2.8 million
 - Final payment

“Unavoidable” Expenditure Changes

- A decrease of \$580,000 for the closed New Hire Pension Plans
 - Per annual actuarial report from the Fire and Police Pension Association (FPPA)
 - Determines the annual required contribution
- Old Hire Pension Plans contributions remain the same
 - Actuarial reports conducted biennially

“Unavoidable” Expenditure Changes

- A net decrease of \$33,000 in Citywide contract costs
 - Serco fleet services contract
 - Humane Society animal control contract
 - Fuel contract
 - Security contract

2016 Appropriating Departments

- City Attorney, City Clerk, Municipal Court
- City Auditor
- City Council
- Finance (including Contract Compliance - Fleet), General Costs
- Fire, OEM
- IT
- Mayor, Communications, HR
- Parks, Recreation and Cultural Services
- Planning, Economic Development, Housing
- Police
- Public Works

Department Funding Requests

City Attorney, City Clerk, Municipal Court

- **City Attorney:**
 - Case management system
 - Funding to align attorney classifications
 - Funding for FT legislative counsel
 - Prosecuting attorney(s)
 - Discovery clerk
 - eDiscovery paralegal
- **City Clerk:**
 - Records management coordinator
 - Additional liquor and marijuana licensing enforcement officer
- **Municipal Court:**
 - Constitutionally mandated court appointed attorney costs
 - Mandated interpreter costs
 - Support for rewrite of the JIS system – (rebuild of JIS in CIP)

City Auditor

- **City Auditor:**
 - Information systems penetration testing

Finance (including Contract Compliance - Fleet), General Costs

- **Finance:**
 - Professional buyers
 - Capital asset accountant
 - Accounts receivable technician
 - Analyst – contract compliance, facilities, sustainability
 - Cloud hosting fleet software
 - Vehicle replacement – prioritized citywide
 - Replace street sweepers

Fire, OEM

- 12 firefighter positions for Fire Station #22
- Squad #11
- 4th Battalion
- Fire code inspectors
- Human resources recruiter
- Fleet technician
- Medical analyst
- Senior office specialist
- Fire and life safety educator
- Fire medical lieutenants

IT

- Network/data center/security project phase III
- Decommission PD CJIS system
- Service management project phase II
- Fiber mitigation project
- Convert 3 contractors to FTE

Communications, HR

- **Communications:**
 - Electronic media specialist
 - Interactive audience response system
- **Human Resources:**
 - HR business partners
 - Workforce development and training specialist
 - Senior recruiter
 - Training
 - Surveys

Parks, Recreation and Cultural Services

- Convert Garden of the Gods staff position to GF funded
- Tussock Moth Spray
- Hazard tree removal/street tree inventory
- Water – City's parks and medians
- Increased cost of right-of-way and parks mowing contracts
- Additional maintenance staff in 4 park districts
- Increased Seasonal salaries, safety patrols, education programs, scientific study, Museum Strategic Plan
- Increased program support for Westside Community Center
- Funding for grant match of Pioneer's Museum capital project

Planning, Economic Development, Housing

- Code Enforcement Division Manager
- Planners – growing workload
- Comprehensive Plan update
- Real estate specialist
- Maintain Economic Development funding for contracts and special projects

Police

- Body worn cameras
- Other operational needs
 - Grant match for COPS grant
 - Increased jail costs
 - Blood analysis services
 - Janitorial costs
 - Crime lab supplies
 - Weapons
 - Etc.
- Replacement of Sand Creek substation is one of the Police department's highest priorities - in the Capital Improvement Projects (CIP)

Public Works

- Increase Transit funding (routes and capital projects) and reduce the PPRTA Transit Maintenance of Effort (MOE) funding deficit by at least half
- Funding for overlay capital project per 5-year CIP plan
- Fund \$16 million in Stormwater (GF & grants)
 - ~\$3M operating
 - ~\$13M capital projects
- Fund grant matches for capital projects

CIP

- Design for replacement Sand Creek police sub-station
- Stormwater projects
- Rewrite of the Municipal Court's JIS system
- Citywide facilities highest priority maintenance needs
- Contribution to PPRCN radio tower project
- Grant matches
- Transit projects
 - Downtown station relocation
 - Grant matches for pedestrian and accessibility improvements
- Road paving as planned per 2015 5-year CIP plan
- Funding for first steps in moving to next-generation enterprise resource planning software
 - PeopleSoft is the City's financial software system
 - Going out of support
- Other high-priority backlog of capital projects

General Fund Summary

	2016 Budget Outlook
Revenue increases	\$8.9 million
“Unavoidable” expenditure increases	\$6.0 million
Department budget/program needs	\$15.3 million
Funding deficit	\$12.4 million

Other Funds

- Special Revenue Funds – considered in conjunction with GF to meet high priority needs of respective departments
 - PSST – trending up ~ GF sales and use tax
 - TOPS – trending up ~ GF sales and use tax
 - CTF – trending down
- Enterprise Funds – budgets developed within revenues and will present in more detail at October Budget Worksessions
 - Airport
 - Cemeteries
 - Development Review
 - Golf courses
 - Parking
 - Pikes Peak America's Mountain (PPAM)