



# 2018 Budget Overview

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City of Commerce City  
July 24, 2016

# Proposed Budget Schedule

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- July 24 – Overview of economy, budget revenues and City Manager recommendations on department requests
- August 7 – Work Plan/Budget
- August 14 – Work Plan/Budget
- August 28 – Budget Retreat (3 p.m.)
- October 16 – Council & GID open public hearings
- November 6 – Council & GID close public hearings



# World Economy

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- World wide economic activity is projected to pick up pace in 2017 and 2018.
- Global output growth is estimated to be about 3% annually.
- Unrest and civil war in Africa and the Middle East may take a large toll on global market sentiment and economic confidence.
- Canada and Mexico continue to show economic growth.
- China's growth rate is slightly stronger than expected, further bolstering emerging markets.
- There is a potential widening of global imbalances coupled with sharp exchange rate movements.



# 2018 National Economic Outlook

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- Economic growth is projected to pick up in the second half of 2017 and early 2018.
- GDP growth has averaged 2.1% from 2010-2015
- Fiscal policy is expected to remain broadly neutral in 2017.
- Wage growth is regaining strength as unemployment falls.
- Unemployment remains low:
  - June 2017 Unemployment Rate : 4.4%
- Inflation is forecast to be 2.5% and nearing its target in 2018.



# 2018 Colorado Economy

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- Economic activity in Colorado remains positive.
- Colorado's unemployment rate is the lowest in the nation, but job and income growth are down 2.5% year over year.
- The decline in job growth is attributed to lack of available workers.
- Low inventories of homes for sale and strong demand as the state population grows is putting upward pressure on home values increasing affordability concerns.
- Inflation is at a modest 2.9% for quarter ending June 2017.



# Commerce City Economy

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- Projected 2017 total revenues to meet budget of \$71.5 M
- Estimate 2017 revenues to exceed 2016 actual revenues (without 2K), by 4.7%
- 199 building permits (all types) were issued in Q1-2017 with an average job valuation of \$176,193 per unit, representing a 114% increase year over year.
- The average assessed valuation per single family detached unit increased 34.7% over-the-year, reaching \$290,503 per unit while the single-family attached unit average valuation increased 28 percent over-the-year, reaching \$162,826 per unit.



# 2017 Update

## Revenues & Expenditures

Classification	Budget	YTD Transactions	% Rec'd / Used
Revenues - no 2-K	\$60,303,055	\$31,873,604	53%
Transfers In	\$0	\$0	0%
2-K Revenue	\$11,201,659	\$ 4,626,782	41%
Total Revenue*	\$71,504,714	\$36,500,386	51%
Expenditures	\$71,504,714	\$41,713,729	58%
Net Difference	\$0	(\$5,213,343)	

\*Some revenues lag 1 to 2 months behind: ex. Sales/Use, Cigarette, HUTF, and Transportation taxes



# Emergency Reserves

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By City practice & reserve policy there are 4 levels of reserves in addition to the Fund Balance:

- Fund Balances (undesignated & designated)
- Operating Reserves (10% of expenditures)
- Safeguard Reserves (10% of expenditures and 50% of annual debt service)
- TABOR Reserve (3% of expenditures)





# City Financial Status

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- Fund Balance - General Fund \$9.7M
  - Does not include reductions recently contemplated for Capital Projects
- Fund Balance - 2K \$18.8M
  - Does not include reductions recently contemplated for Capital Projects
- Operating Reserve has \$5.7M (10% of expenditures)
- Safeguard Reserve has \$11.0M (10% of expenditures and 50% of annual debt service)
- Tabor Reserve has \$2.3M (3% of expenditures)



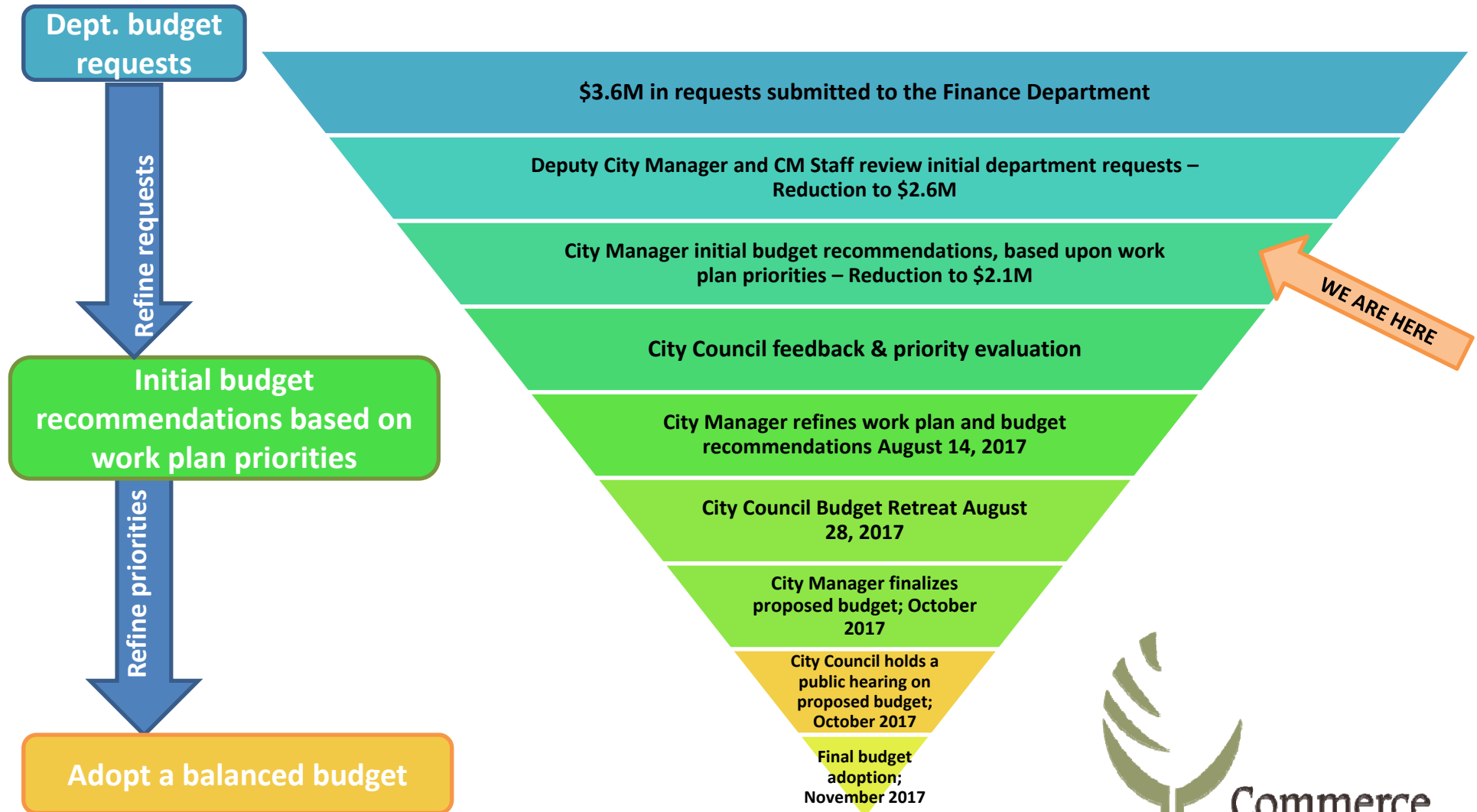


# City Manager's Initial Budget Recommendations

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July 24, 2017

# Work Plan and Budget Development Process



# 2018 General Fund Preliminary

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• Budgeted GF Operating Revenues	\$62,990,073
• Total Operating Budget Expense	(\$56,963,556)
• Housing Authority	(\$60,000)
• Elected Officials' Retirement Fund	(\$48,000)
• Transfer to Debt Service	(\$2,959,211)
• URA Fund	(\$83,000)
• Transfer to CIPP (Road & Bridge)	(\$524,243)
• Transfer to CIPP (Highway User)	(\$1,777,999)
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• Revenue Minus Expenditures	\$574,064



# 2018 2K Fund Preliminary

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• 2-K Budgeted Sales and Use Tax Revenue	\$12,346,186
• New Recreation Center	\$330,085
• Paradise Pool Budgeted Revenue	\$256,000
• 2-K Sales Tax Bond Issues Fund - 2014	(\$4,534,988)
• 2-K Sales Tax Bond Issues Fund – 2016	(\$2,670,900)
• 2-K Operating Expenditures (Estimate)	(\$3,812,464)

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• 2-K Revenue Minus Expenditures	\$1,913,919
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# Key Considerations for 2018

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- Complete 2K projects within program goals
  - Build high quality facilities to lower their long-term maintenance costs
  - Spend taxpayer dollars wisely and transparently
  - Complete projects on time
- Balancing capital investment while maintaining operations and service levels in expanding community
- Link annual budget to the Work Plan
- Budget is a tool aimed at accomplishing City Council's priorities



# Budget Requests At-A-Glance

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- 67 special requests, totaling \$3,643,365
- 32 of the requests (48%) are within the 6 priority outcome areas identified by City Council for 2018
- These initial recommendations do not produce a balanced budget
  - Continue to refine the budget with City Council assistance and input leading up to the Budget Retreat scheduled for August 28, 2017



## 2018 - OUTCOMES ORGANIZED BY COUNCIL GOALS



### City Council Top Priorities

#### 1. Develop a balanced and vibrant economy to improve socioeconomic status

1. Balanced mix of land uses
- 2. Location of choice for primary employers**
3. Diverse mix of businesses

#### 2. Ensure a financially-sound city government to maintain or improve levels of service

1. Be an employer of choice
2. A healthy and safe workforce
3. Municipal legitimacy
4. Reliable, scalable, available, and secure technology
5. Efficient and effective business processes
- 6. Financial compliance and stability**

#### 3. Develop and maintain public infrastructure to improve community appearance and encourage private investment

1. Aesthetically-pleasing neighborhoods free from noise and hazards
- 2. Safe, multi-modal travel network**
3. Safe and sustainable public facilities
4. High-quality natural and built environment
- 5. Sense of historic and culture significance**

#### 4. Preserve and nurture a quality community to improve resident health and safety

1. Sense of personal security
- 2. Fair and impartial administration of justice**
3. Call offenders to account
- 4. Active living and healthy lifestyles for all residents**

#### 5. Engage the public to encourage community involvement, communication and to build trust

1. Accessible, reliable, and transparent information
2. Participatory and inclusive community



# Initial Recommendations

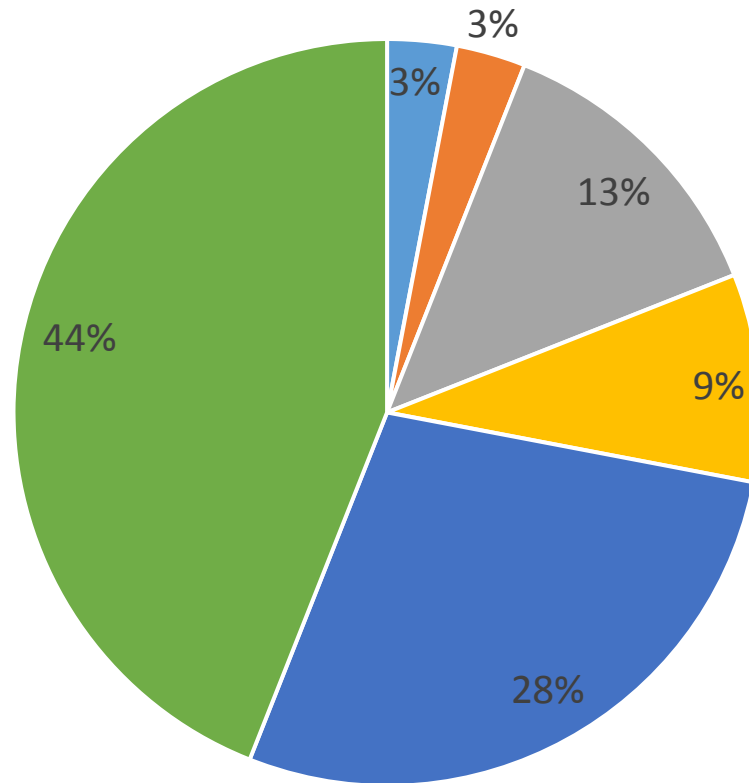
Prelim Decision	Items	Amount	% In Priority Outcome
YES	37	\$2,121,820	60%
NO	21	\$790,898	29%
MAYBE	9	\$722,647	25%

## Funding Source for “YES” recommendations

- Gen Fund = \$1,093,780
- Fleet Retained Earnings = \$103,000
- 2K = \$925,040



# Requests within City Council Priority Outcome Areas



- 1 1.2 Location of choice for primary employers.
- 4 3.2 Safe, multi-modal travel network.
- 9 4.2 Fair and impartial administration of justice.

- 1 2.6 Financial compliance and stability.
- 3 3.5 Sense of historic and culture significance.
- 14 4.4 Active living and healthy lifestyles for all residents.



Following is a closer look at The  
CM's recommendations by  
outcome areas



# City Manager Recommendations by **Priority** Outcome - **YES**

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- **1.2 Location of Choice by primary employers**

Aerotropolis Marketing – Phase II; \$100,000

- **3.2 Safe, multi-modal travel network**

- Road Widener; \$38,000

- RTD 62 Route Local Match; \$112,829



# City Manager Recommendations by **Priority** Outcome - **YES**

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- **4.2 Fair and impartial administration of justice**
  - DOJ proposed funding \$150,000; (contingency)
  - Overtime for police \$300,000
  - Patrol officer reclass to sergeant \$13,806
  - Sexual Assault Task Force \$79,000
  - Court appointed attorneys \$7,500



# City Manager Recommendations by **Priority** Outcome - **YES**

- **4.4 Active living & healthy lifestyles for all residents**

Building Attendant (1 of 2)	\$40,771.00
Building Attendant (2 of 2)	\$40,771.00
Recreation Assistant / Aquatics	\$10,256.00
Recreation Assistant / Aquatics (2 of 2)	\$58,666.00
Recreation Assistant / Aquatics (1 of 2)	\$58,666.00
Recreation Assistant / Dance_Gymnastics	\$58,666.00
Recreation Assistant / Facilities (2 of 2)	\$58,666.00
Recreation Assistant / Facilities (1 of 2)	\$58,666.00
Recreation Assistant / Facility (PM shift)	\$58,666.00
Recreation Assistant / Fitness_Wellness	\$58,666.00
Recreation Assistant / Registration	\$58,666.00
Recreation Coordinator / Adult Sports	\$69,388.00
Recreation Coordinator / Aquatics	\$69,388.00
Recreation Coordinator / Facilities	\$69,388.00

All  
positions  
are 2K  
related



# City Manager Recommendations by Outcome - **YES**

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- **2.2 Healthy and safe workforce**
  - Lobby Remodel – Phase II; \$60,000
  - Contracted roofing inspections; \$40,000
- **2.4 Reliable, scalable, available, and secure technology**
  - Internet Service; \$14,400
- **2.5 Efficient and effective business processes**
  - Technology training system; \$5,200



# City Manager Recommendations by Outcome - **YES**

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- **3.3 Safe & sustainable public facilities**
  - Replace cart barn fire suppression system & maintenance facility; \$95,000
  - Building Engineer; \$67,600
  - Mastic Machine; \$65,000





# City Manager Recommendations by Outcome - **YES**

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- **3.4 High quality natural & built environment**
  - Electronic plan review software; \$8,500
  - Plans Examiner II; \$9,395
  - Composting Program Expansion; \$10,000
  - Development Review & Coordination Engineer; \$40,238



# City Manager Recommendations by Outcome - **YES**

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- **4.1 Sense of personal security**
  - Fulltime G4S Officer; \$31,264
- **5.1 Accessible, reliable, and transparent information**
  - Recreation guide printing & postage; \$8,150
  - RIM eDocs Upgrade; \$65,000
  - RIM Office365 training; \$15,000



# City Manager Recommendations by Outcome - **MAYBE**

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- **2.4 Reliable, scalable, available, and secure technology**
  - Network hardware replacement wireless; \$200,000
- **2.6 Financial Compliance and Stability**
  - Procurement Positon; \$97,441
- **3.3 Safe & sustainable public facilities**
  - Sidewalk repairs
  - Sidewalk repairs, city facilities
    - put both in CIP budget



# City Manager Recommendations by Outcome - **MAYBE**

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- **3.4 High-quality natural & built environment**
  - Planner; \$90,121
  - Planning Intern; \$18,720
- **4.2 Fair and impartial administration of justice**
  - 2 Vehicles for family crimes detectives; \$84,000
  - 2 Vehicles for sexual assault task force; \$84,000
  - You Have Options Outreach Campaign; \$43,364



# City Manager's Closing Comments

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## Continue shift towards budgeting to outcomes

- Propose a balanced budget to city council
- Continue to maintain high level of services
- Maintain ability to weather economic changes
- Take care of capital maintenance
- Attract and retain a high quality workforce
- Continuously review policies and procedures to insure future fiscal sustainability
- Position city to take advantage of opportunities
- Review operations for lean organization



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# Background Information



# 2017 Revenues

Revenue	Actual Amount	Budget	% Used
405 - Charges for Services	\$4,085,918.00	\$2,430,953.43	40.50%
407 - Reimbursed By Others	\$766,860.00	\$253,900.62	66.89%
415 - Donations	\$0.00	\$1,126.55	0.00%
420 - Earnings on Investments	\$843,115.00	\$445,561.93	47.15%
430 - Insurance Proceeds	\$0.00	\$0.00	0.00%
435 - Loan Interest	\$0.00	\$132.93	49.33%
445 - Taxes	\$58,775,713.00	\$591,893.34	68.59%
446 - Taxes - State	\$1,884,638.00	\$297,541.88	58.10%
447 - Taxes - County	\$710,049.00	\$1,297,113.03	22.59%
450 - Licenses/Permits	\$1,675,636.00	\$547,041.85	57.59%
455 - Fines & Forfeitures	\$1,289,998.00	\$654,094.55	43.42%
460 - Program Revenues	\$1,156,069.00	\$200,359.91	36.74%
490 - Miscellaneous	\$0.00	\$0.00	0.00%
495 - Unclassified	\$316,718.00	\$200,359.91	48.95%
590 - Fund Balance Transfer	\$0.00	\$0.00	0.00%
595 - Transfer	\$0.00	\$0.00	0.00%
	<b>\$36,500,386</b>	<b>\$71,504,714</b>	<b>51%</b>

Preliminary!

## 2018 Revenue Estimates

### \* TAXES \*

General Property Tax	2,591,433
Ownership Tax	221,014
Vehicle Transfer Tax	7,209
Franchise Tax	2,995,998
Accommodations Tax	17,749
Sales & Use Tax	43,996,457
Sales & Use Tax – 1%	12,346,186
Retail Excess	95,879

### \* LICENSES AND PERMITS \*

Liquor	53,721
Occupation	15,507
Contractors	72,407
Building Permits	1,496,175
Excavating Permits	576,000
Marijuana Licensing	137,984
Other	5,663



Preliminary!

## 2018 Revenue Estimates

### \* CHARGES FOR SERVICES \*

Zoning	79,690	Golf Course	3,008,601
Plan Check Fees	516,839	Passports	37,099
Docket Fees	95,823	Other	489,438
Court Surcharge	151,614	Reimbursed By Others	80,971
Fuel Surcharge	50,049	Reimbursed By Others - News	170,483
Housing Authority	94,374	NMTF Reimbursement	859,350
Special Duty Assignment	190,676	Reimbursements - School District	52,743
Employee Activity Comm.	9,162	2K – Outdoor Pool	256,000
Weed Removal Fees	140,068	2K – New Rec Center	330,085

Commerce  
CITY

Preliminary!

## 2018 Revenue Estimates

### \* FINES & FORFEITS \*

Municipal Court	530,015
DUI Fines	27,626
Bond Fees	7,908
Photo Red Light	510,000
Other	250

### \* MISCELLANEOUS \*

Investment Earnings	500,000
Miscellaneous Revenue	479,455



**Preliminary!**

## 2018 Revenue Estimates

### \* INTERGOVERNMENTAL \*

Road & Bridge Tax	524,243
Cigarette Tax	111,398
Highway Users Tax	1,777,999
Motor Vehicle Registrations	211,003

### \* TOTAL GENERAL REVENUES \*

Total Revenue (including 2-K)	75,922,344
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