

2018 Work Plan & Budget Workshop

Presentation 17-329

August 14, 2017

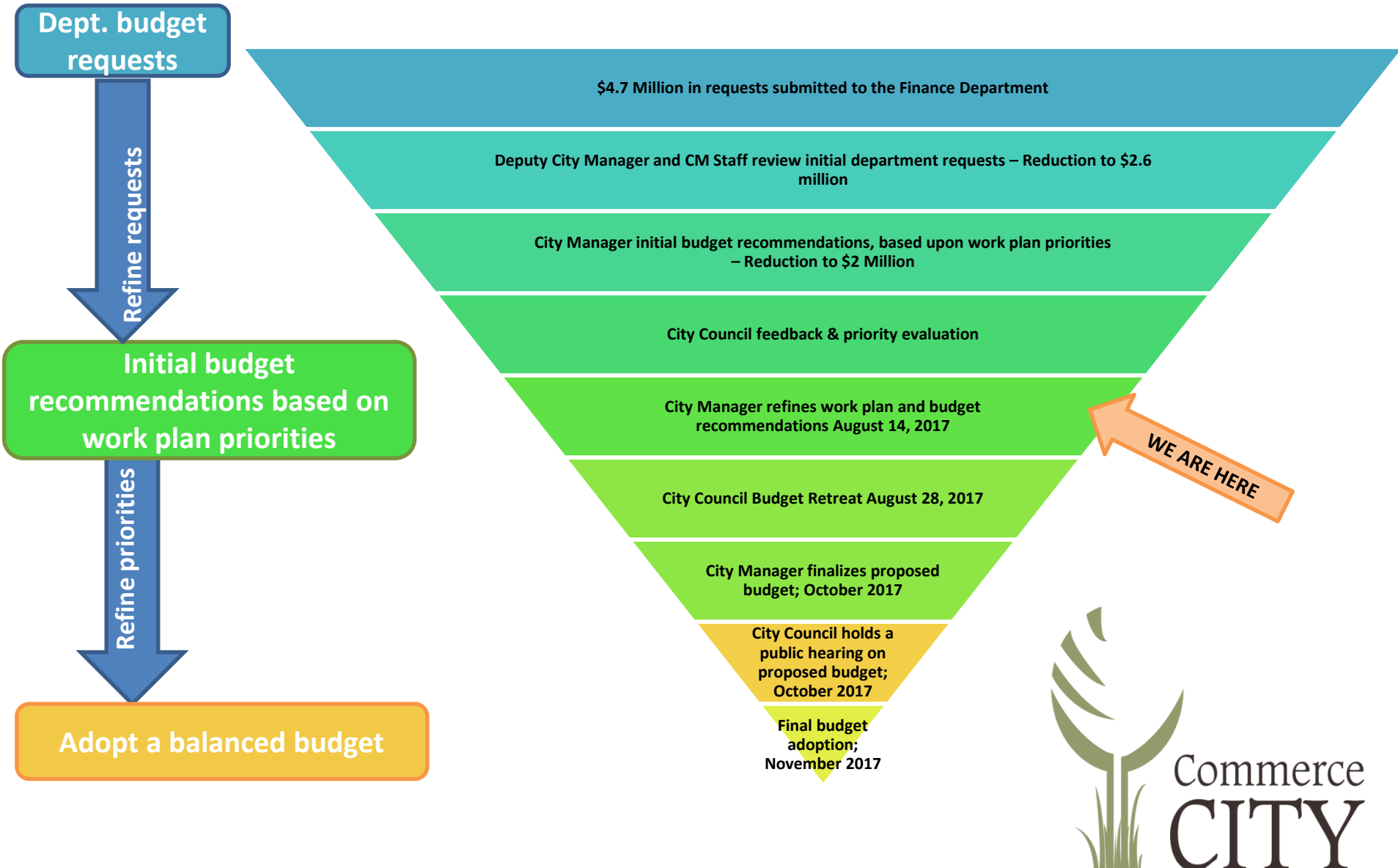


Agenda

- Review City Council legislative budget
- 2K operations and maintenance
- Update 2018 sources and uses
- City Manager recommendation(s)
- CIPP
- New recreation center operation



Work Plan and Budget Development Process





2018 – 2019 Budget Presentation

Legislative

August 14, 2017

Legislative Summary- 2018

| Budget Category | 2017 | 2018 | \$ Change | % Change |
|---|------------------|------------------|-----------------|-------------|
| Salaries and Benefits | \$140,069 | \$146,807 | \$6,738 | 4.8% |
| Materials and Supplies | \$4,350 | \$4,350 | \$0 | 0.0% |
| Services and Charges (w/out allocations) | \$447,837 | \$459,502 | \$11,665 | 2.6% |
| TOTAL | \$592,256 | \$610,659 | \$18,403 | 3.1% |

- Salaries & Benefits adjusted to include correct mileage reimbursement amount.
- Adjusted services and charges due to increased membership costs, and adding two events that council consistently attends.

* see attached budget transaction sheet



Significant Line Item Variances

NO Significant Line Item Variances

- ✓ Adjusted services and charges due to increased membership costs, and adding two events that city council consistently attends.
- ✓ *Moved funds from 234- COMM \$5000 (Northeast Transportation Connections).*



Proposed Budget Reductions

No Proposed Budget Reductions





2K Operations and Maintenance Financial Policy



2k O&M Policy

- Original policy was presented at the budget retreat in 2015
 - Internal Service Funds (Fleet, Facilities, IT)
 - Utilities
 - Street Traffic Maintenance
 - Parks Maintenance
 - Recreation Programs
 - Support Costs



What we learned

- Challenge in accounting for 2K expense
- Support Costs were not defined
- Long term repair/replacement was not addressed

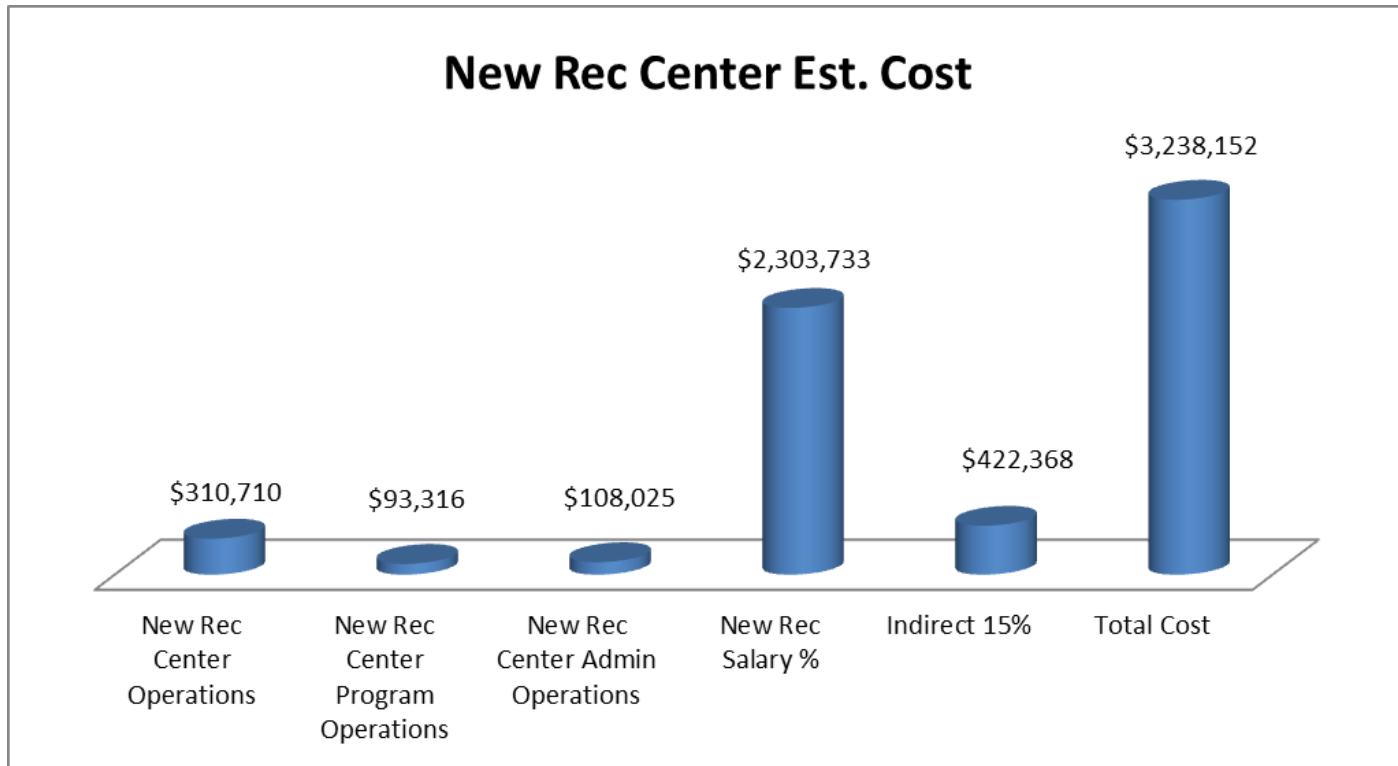


2K O&M Policy – Recommendations

- Indirect Costs
- Long Term Capital Repair/Replacement
- Less onerous on staff/accounting
- Review and amend policy after one year of additional 2K projects completion



New Rec Center estimated cost

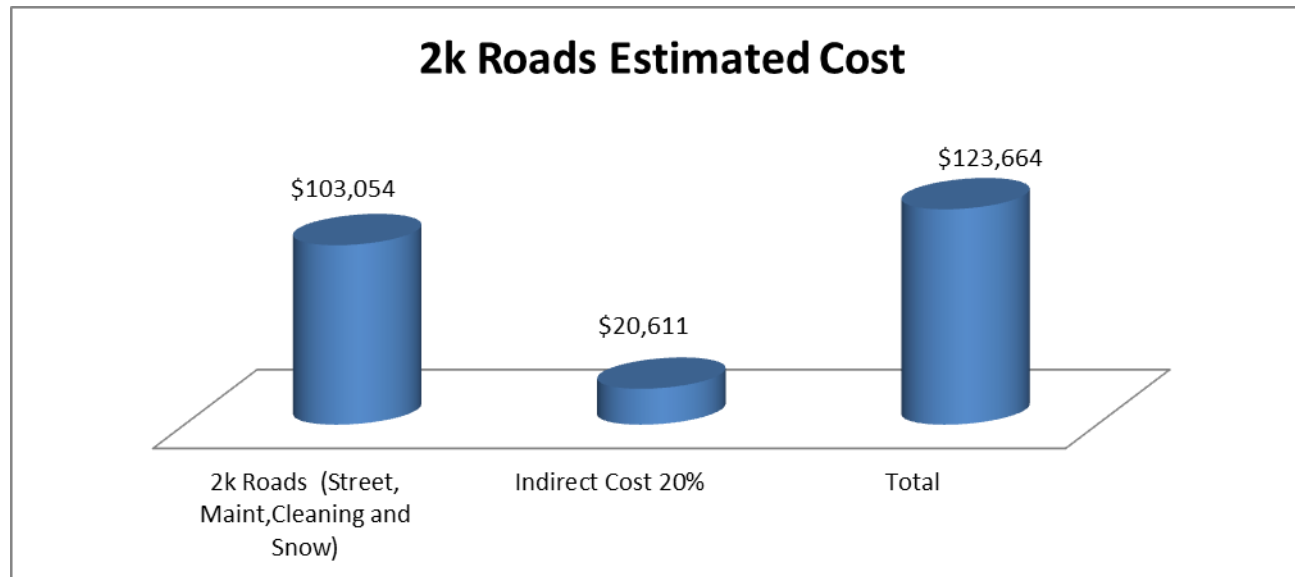
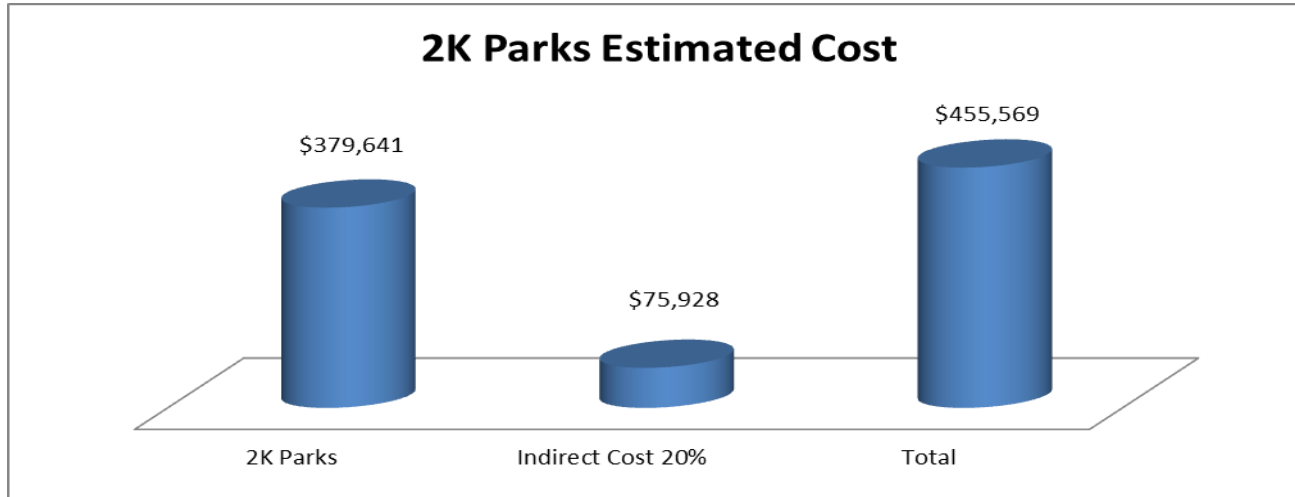


Policy Application

| 2k Direct | | 2018 |
|-------------------------------------|----|-----------|
| New Rec Center Operations | \$ | 310,710 |
| New Rec Center Program Operations | \$ | 93,316 |
| Recreation Administraion Operations | \$ | 108,025 |
| Rec Salary % | \$ | 2,303,733 |
| Paradice Pool | \$ | 732,103 |
| Existing Rec | | |
| Total | \$ | 3,547,887 |
| Indirect Cost 15% | \$ | 532,183 |



2k Parks and 2K Roads Estimated cost



Policy Application

| 2k Direct | | 2018 |
|--|----|---------|
| 2K Parks | \$ | 450,364 |
| 2k Roads (Street, Maint,Cleaning and Snow) | \$ | 103,054 |
| | | |
| Total | \$ | 553,418 |
| indirect Cost 20% | \$ | 110,684 |



2k Policy Application Total Cost

| 2k Direct 2018 | |
|--|----------------------|
| New Rec Center Operations | \$ 310,710 |
| New Rec Center Program Operations | \$ 93,316 |
| Recreation Administraion Operations | \$ 108,025 |
| Rec Salary % | \$ 2,303,733 |
| Paradice Pool | \$ 732,103 |
| Existing Rec | |
| Total | \$ 3,547,887 |
| Indirect Cost 15% | \$ 532,183 |
| 2k Direct 2018 | |
| 2K Parks | \$ 450,364 |
| 2k Roads (Street, Maint,Cleaning and Snow) | \$ 103,054 |
| | |
| Total | \$ 553,418 |
| indirect Cost 20% | \$ 110,684 |
| | |
| Total | \$ 4,744,171 |
| Total Indirect | \$ 642,867 |
| | |
| Tranche 1 Annual Payments (\$78 M) | \$ 4,534,988 |
| Tranche 2 Annual Payments (\$66 M) | \$ 2,670,900 |
| Program Management | \$ 912,000 |
| | |
| Total 2K cost | \$ 12,862,059 |
| 2k Revenue | |
| Anticipated 1% Tax revenue | 12,346,186 |
| Outdoor Pool Revenue | 256,000 |
| New Rec Center Revenue | 330,085 |
| Total Revenue | 12,932,271 |
| | |
| Annual Fund Balance | \$ 70,212 |



Looking Forward

- Risk
 - Debt limit/debt service payments
 - Actual costs vs. estimated costs in model
 - Impact of future policy direction
 - Existing 2K program not complete



Next Steps

- Policy will be brought to council for adoption in this Fall
- Policy will be included in the budget documents going forward





Budget Update Sources and Uses



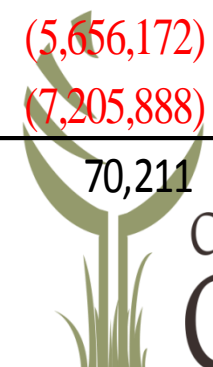
2018 General Fund-With Recommended Budget Requests – without 2K O&M

| | |
|--|-----------------|
| Budgeted GF Operating Revenues | 75,922,344 |
| Operating Budget Requests* | (62,713,664) |
| Transfer to Housing Authority Fund | (60,000) |
| Transfer to Elected Officials' Retirement Fund | (44,160) |
| Transfer to Debt Service Fund | (2,959,211) |
| 2K Debt Service | (7,205,888) |
| Transfer to URA Fund | (83,000) |
| Transfer to CIPP (HUTF) | (1,777,999) |
| Transfer to 2K Fund Balance | (1,070,726) |
| Transfer to CIPP (Road & Bridge) | (524,243) |
| <hr/> Subtotal: Revenue minus Expenditures | <hr/> (516,547) |



2018 General Fund-With Budget Requests and 2K O&M

| | |
|--|--------------|
| Budgeted GF Operating Revenues | 62,990,073 |
| 2K Policy Indirect Allocation | 642,867 |
| Operating Budget Requests - GF | (57,701,254) |
| Transfer to Housing Authority Fund | (60,000) |
| Transfer to Elected Officials' Retirement Fund | (44,160) |
| Transfer to Debt Service Fund | (2,959,211) |
| Transfer to URA Fund | (83,000) |
| Transfer to CIPP (HUTF) | (1,777,999) |
| Transfer to CIPP (Road & Bridge) | (524,243) |
| <hr/> | |
| 2018 Gen Fund Surplus | 483,073 |
| | |
| 2K Revenues | 12,932,271 |
| 2K Operating Budget Requests | (5,656,172) |
| 2K Debt Service | (7,205,888) |
| <hr/> | |
| 2018 2K Fund Balance Surplus | 70,211 |



Commerce
CITY



The CM's recommendations by outcome areas



City Manager Recommendations by Outcome - **MAYBE**

- **2.4 Reliable, scalable, available, and secure technology**
 - Network hardware replacement wireless; \$200,000
 - Yes, funded with IT retained earnings
- **2.6 Financial Compliance and Stability**
 - Procurement Position; \$97,441
 - No, adding procurement responsibilities to the financial analyst position
- **3.3 Safe & sustainable public facilities**
 - Sidewalk repairs
 - Sidewalk repairs, city facilities



City Manager Recommendations by Outcome - **MAYBE**

- **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 Recommendations

- Review key “no’s”
 - Lead off discussion with the historic preservation work; currently a no; is there a desire on behalf of Council to change this to a yes? What are council’s expectations?
 - Other no’s that Council would like to discuss further
 - Are there priority items that city council has that are not captured in the work plan or in the budget?



Nest steps

- City Council Budget Retreat
 - Present a fiscally responsible, balanced budget
 - Ensure resource allocation is in alignment with City Council Priorities
- City Manager finalizes proposed budget based upon council direction – October
- City Council holds public hearing – October
- City Council formally adopts a balanced budget – November





CIPP



Purpose

- Provide information on submitted projects
- Provide overview of current funding projections
- Provide initial scoring of traditional projects
- Provide options for five-year funding plan



Why Create a Five Year CIPP

- Budget certainty and predictability for projects
- Advances strategic goals and initiatives
- Systemic, programmatic approach to plan and manage city's project portfolio
- Sustainable approach to implement needed investments with available resources
- Communication tool for public and partners



Adopted 2016 CIPP Philosophy

- Focus on completing significant, existing project commitments
 - 2K Bond projects
 - Existing projects
 - Advance multi-year projects previously identified as a council priority
- More conservative approach to funding CIPP projects
- Establish a policy on how best to fund long-term capital maintenance needs



2017 Council Retreat

- Priority outcomes guide evaluation criteria for capital projects
- Support for “maintain what have” – long-term capital replacement
- Need to fund “regulatory bucket” of capital projects (signals, etc.)
- Engage citizen advisory committee and staff to provide recommendations for council consideration



Policy Considerations

- Need to dedicate additional, consistent operating revenue streams for CIPP
- Relative priority of CIPP to operations and service levels



Priority within the framework

1. Preservation Projects
2. Operational Projects
3. Traditional Projects



Framework for Five Year Plan

- **Traditional Capital Projects**
 - New parks, recreation amenities, roads & facilities
 - Variety of funding sources, including general fund
- **Operational Capital Projects**
 - Signals, bridge replacement, warning towers, sidewalk connections, drainage/water quality, park/road enhancements, studies
 - General fund transfer + variety of fees
- **Preservation Capital Projects**
 - Long-term asset maintenance/replacement of roads, flatwork, parks, and golf assets
 - Set annual funding amounts (percentage or dollar) to improve budget/project certainty
 - Facilities, fleet and information technology long-term capital projects will adopt a similar approach, but funded through internal service funds, not CIPP



CIPP Funding Projections (Non 2K)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------|--------------|-------------|------------|------------|------------|------------|
| Projected Revenues | 27,620,875 | 5,920,694 | 6,113,391 | 6,296,793 | 6,422,007 | 6,550,447 |
| Bond Proceeds | | | | | | |
| Beginning Fund Balance | 11,880,410 | 5,011,341 | 5,117,804 | 11,231,194 | 17,527,987 | 23,949,994 |
| Total Beginning Sources | 39,547,979 | 10,932,035 | 11,231,194 | 17,527,987 | 23,949,994 | 30,500,441 |
| Capital Projects | (34,356,638) | (5,924,231) | - | - | - | - |
| Misc. | | (390,000) | | | | |
| Total Ending Uses | (34,536,638) | (5,814,231) | - | - | - | - |
| Max. Avail. Funding | 5,011,341 | 5,117,804 | 11,231,194 | 17,527,987 | 23,949,994 | 30,500,441 |

CIPP Funding Sources

- General Fund
- Highway Users Tax
- Motor Vehicle Registration
- Solid Waste
- AdCo Open Space
- Lottery
- Park Impact Fee
- AdCo Road & Bridge
- Road Impact Fee
- Drainage Basin
- All GIDs (future)
- Airport revenue (future)
- CDBG (future)
- 2K (future)



CIPP Funding Projections (2K)

| | Actuals | Budgeted | Budgeted | Budgeted | Budgeted | Budgeted |
|-------------------------|---------------|-------------|--------------|--------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Projected Revenues | 12,294,691 | 11,457,308 | 12,932,271 | 13,432,027 | 13,767,827 | 14,112,023 |
| Bond Proceeds | 143,899,656 | | | | | |
| Beginning Fund Balance | 12,954,541 | 18,882,326 | 22,117,698 | 16,930,681 | 22,822,832 | 28,760,288 |
| Total Beginning Sources | 169,150,904 | 30,339,634 | 35,049,969 | 24,706,537 | 24,878,178 | 26,138,191 |
| Capital Projects | (143,899,656) | (500,000) | (10,000,000) | | | |
| Misc. | (1,835,347) | (880,000) | (912,000) | | | |
| Bond Payment | (4,533,575) | (6,841,936) | (7,207,288) | (7,428,088) | (7,649,188) | (7,877,188) |
| 2K O&M | | | (5,656,171) | (6,168,098) | (5,202,822) | (5,361,646) |
| Total Ending Uses | (150,268,578) | (8,221,936) | (23,775,459) | (13,596,186) | (12,852,010) | (13,238,834) |
| | | | | | | |
| | | | | | | |
| Max. Avail. Funding | 18,882,326 | 22,117,698 | 11,274,510 | 11,110,351 | 12,026,168 | 12,899,357 |

Total CIPP Submittals: 2018 - 2022

CIPP Summary By Project Type

| | |
|--------------|----------------------|
| Traditional | \$170,561,600 |
| Operational | \$20,965,521 |
| Preservation | \$16,352,500 |
| Total | \$207,879,621 |

CIPP Summary By Department

Community Development

| | |
|--------------|-----------|
| Traditional | \$0 |
| Operational | \$250,000 |
| Preservation | \$0 |

Parks, Recreation & Golf Department

| | |
|--------------|-------------|
| Traditional | \$1,270,000 |
| Operational | \$435,000 |
| Preservation | \$3,552,500 |

Police Department

| | |
|--------------|-----------|
| Traditional | \$0 |
| Operational | \$345,521 |
| Preservation | \$0 |

Public Works Department

| | |
|--------------|---------------|
| Traditional | \$169,291,600 |
| Operational | \$19,935,000 |
| Preservation | \$12,800,000 |



Weighted Evaluation Criteria: Traditional Projects

| Scoring Topic | Criteria | Points |
|--|---------------------------------------|-------------------------|
| Prior Funding Commitment | Yes/No | 10 points/0 points |
| Priority Outcome Area | Yes/No | 10 points/ 0 points |
| Safe, multi-modal travel network | <i>Points based on priority order</i> | <i>20 points</i> |
| Location of choice for primary employers | | <i>17 points</i> |
| Active living and healthy lifestyles for all residents | | <i>14 points</i> |
| Financial compliance and stability | | <i>11 points</i> |
| Fair and impartial administration of justice | | <i>8 points</i> |
| Sense of historic and cultural significance | | <i>5 points</i> |
| Community Benefit | Citywide/Specific area | 20 points / 10 points |
| Regulatory Mandate | Yes/No | 20 points / 0 points |
| State of Good Repair | Yes/No | 10 points/0 points |
| Safety Benefit | High, Moderate, Low, None | 10 /8 /6 /4 points |
| | Total | 100 points total |

CIPCAC Traditional Project Scoring

| Project Name | Score | Score | Score | Score | Score | Score | Score | Total |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| 88th Ave Widening | 70 | 90 | 96 | 90 | 90 | 90 | 86 | 612 |
| Interchange Construction - 120th & US 85 | 68 | 70 | 70 | 70 | 70 | 68 | 70 | 486 |
| 112th Ave Widening, Chambers to Tower | 70 | 66 | 64 | 68 | 70 | 64 | 60 | 462 |
| Veterans Memorial Park Reno | 48 | 62 | 56 | 62 | 64 | 62 | 64 | 418 |
| 96th Ave Widening, East of Hwy 2 | 60 | 58 | 60 | 60 | 60 | 56 | 60 | 414 |
| 56th Ave Reconstruction, Brighton to Vasquez | 60 | 48 | 60 | 60 | 60 | 60 | 60 | 408 |
| Rosemary St Widening | 60 | 58 | 58 | 60 | 70 | 58 | 40 | 404 |
| I-76 On-ramp at 74th (SH 224) | 60 | 58 | 60 | 60 | 54 | 60 | 40 | 392 |
| 96th Ave Widening, I-76 to Hwy 2 | 60 | 48 | 60 | 60 | 60 | 56 | 40 | 384 |
| Ball Field Upgrades & Additions | 58 | 48 | 56 | 60 | 48 | 68 | 34 | 372 |
| Brighton Road Reconstruction, 104th to 112th | 60 | 58 | 40 | 58 | 60 | 58 | 38 | 372 |
| Central Park Blvd Widening | 60 | 58 | 55 | 56 | 60 | 48 | 24 | 361 |
| Golf Course Fence (Front 9) | 28 | 40 | 52 | 50 | 52 | 50 | 38 | 310 |
| 104th Ave Widening, Brighton Road to US-85 | 60 | 60 | 48 | 58 | 58 | 24 | | 308 |
| Derby Area Improvements | 41 | 43 | 43 | 45 | 43 | 41 | 40 | 296 |
| Golf Course Parking Lot Expansion | 24 | 38 | 46 | 28 | 50 | 48 | 38 | 272 |
| 104th Ave-Median Modifications | 24 | 24 | 24 | 24 | 24 | 24 | 14 | 158 |
| Dahlia St Reconstruction | 24 | 14 | 24 | 28 | 24 | 24 | 14 | 152 |

Weighted Evaluation Criteria: Operational Projects

| Scoring Topic | Criteria | Points |
|---|---------------------------|-------------------------|
| Prior Funding Commitment | Yes/No | 10 points/0 points |
| Priority Outcome Area | Yes/No | 10 points/ 0 points |
| Safe, multi-modal travel network | Points based on order | 20 points |
| Location of choice for primary employers | | 17 points |
| Active living and healthy lifestyles for all residents | | 14 points |
| Financial compliance and stability | | 11 points |
| Fair and impartial administration of justice Fair and impartial administration of justice | | 8 points |
| Sense of historic and cultural significance | | 5 points |
| Regulatory Mandate | Yes/No | 20 points / 0 points |
| Safety Benefit | High, Moderate, Low, None | 10 /8 /6 /4 points |
| Categorical Priority (1-7) | Points Based on Order | 20/17/14/11/8/5/2 |
| State of Good Repair | Yes/No | 10 points/0 points |
| | Total | 100 points total |

Funding Scenario Options

- 1) Only use “funding in the bank” to fund projects for next five years
 - Allow staff to complete projects on the books
 - More conservative approach
 - Prioritize preservation and operational projects
- 2) “Pay as you Go” + 40 percent of projected funding to fund projects
 - Allows pay as you go with advancement of certain projects
 - Prioritize preservation and operational projects over traditional
- 3) “Pay as you Go” + a percentage of total general fund budgeted revenues of the previous year that would be dedicated for operational/preservation capital projects
 - 1% 2018: 580 K
 - 2% 2019: \$1.2 M
 - 3% 2020: \$1.8 M



Next Steps

- Determine funding approach
- Propose a five-year CIPP for consideration at budget retreat
- Codify policy and language for 2018-19 budget book





New Recreation Division Staffing



Purpose

- Provide City Council with an overview of the following:
 - new and existing center operations and programs
 - Full time staffing recommendation
 - Variable Hour Employee (VHE)



Existing Recreation Center

- Approximately 72,000 square feet
- General hours of operation:
 - Mon-Fri 5:30am-9:30pm
 - Sat-Sun 8:00am-5:30pm
- Staffing levels FT & VHE
 - Center control counter (POS)
 - Aquatics
 - Gym/Weight room
 - Registration
 - Child care
 - Fitness & programs

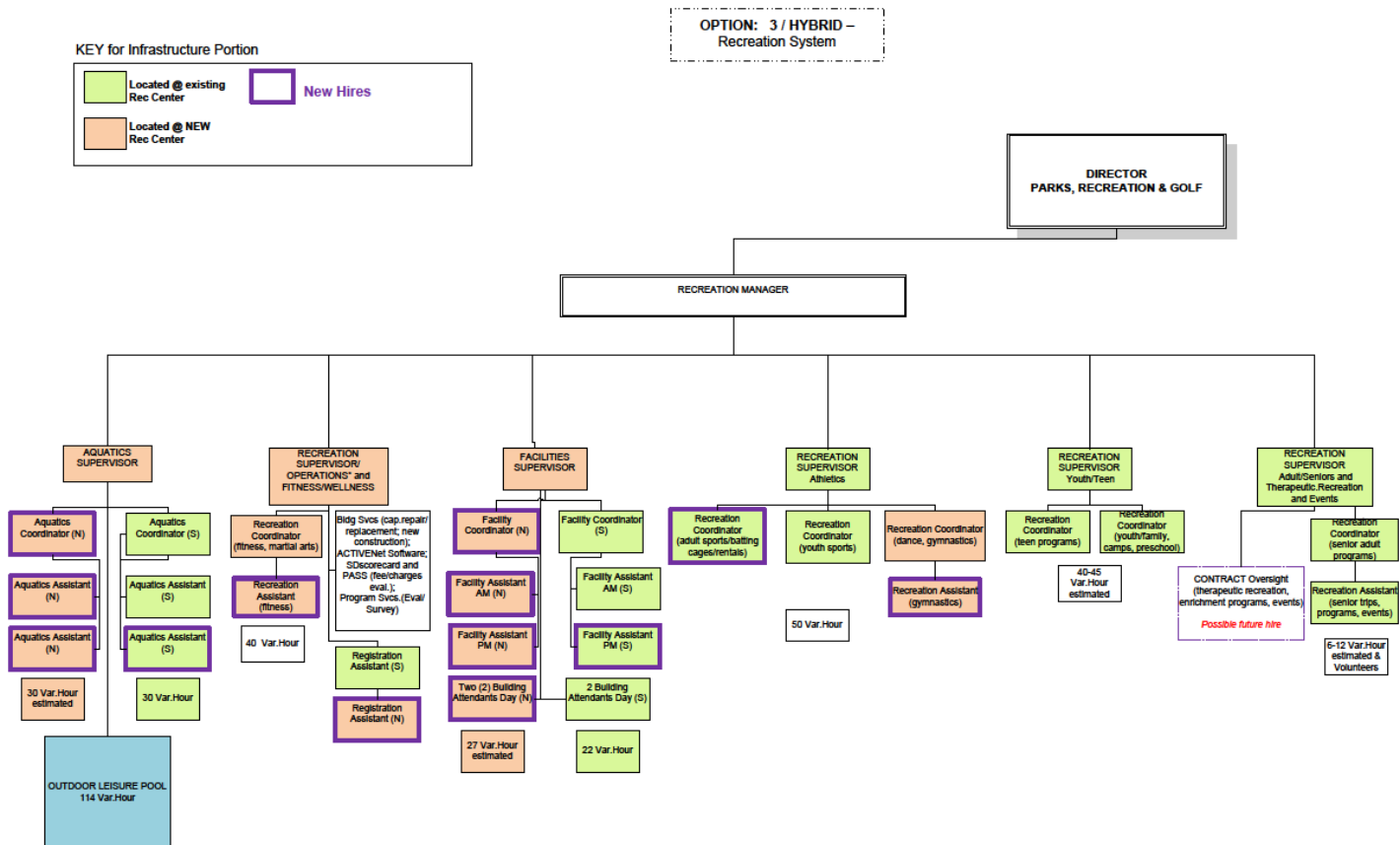


New Recreation Center

- 108,000 square feet
- General hours of operation:
 - Mon-Fri 5:30am-9:30pm
 - Sat-Sun 8:00am-5:30pm
- Staffing levels FT & VHE
 - Center control counter (POS & Registration)
 - Aquatics
 - Gym/Weight room
 - Child care
 - Fitness & programs



Recreation Division Organization Chart



as of June 2017

Mar-17 v2 2017 update



July Aug Sept

DRAFT

4043.58 4043.58 4043.58

Best Time to Hire Acceptable Time to Hire Challenging Time to Hire

Recruitment Process

- Overview of the recruitment process for the following positions:
 - Full time employees
 - VH employees



Questions



Recreation Data

| Recreation Center | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|--|
| | 2014 | 2015 | 2016 | 2017 | |
| Revenue | \$ 874,746 | \$ 865,149 | \$ 989,898 | \$ 652,919 | |
| Expense by Division | | | | | |
| 235 Community Events | \$ 105,769 | \$ 110,834 | \$ 108,603 | \$ 65,805 | |
| 501 Parks & Rec Administration | \$ 1,228,197 | \$ 1,292,568 | \$ 1,394,964 | \$ 831,536 | |
| 502 Aquatics | \$ 367,000 | \$ 369,591 | \$ 429,596 | \$ 361,940 | |
| 503 Youth Sports | \$ 131,604 | \$ 143,472 | \$ 142,610 | \$ 110,951 | |
| 504 Adult Sports | \$ 9,399 | \$ 5,404 | \$ 7,964 | \$ 5,634 | |
| 505 Dance/Gymnastics | \$ 206,061 | \$ 194,809 | \$ 201,074 | \$ 165,011 | |
| 506 Cultural/Visual Arts | \$ 16,105 | \$ 16,585 | \$ 15,638 | \$ 13,232 | |
| 507 Fitness/Wellness | \$ 124,408 | \$ 108,717 | \$ 108,223 | \$ 76,051 | |
| 509 Center | \$ 654,316 | \$ 624,451 | \$ 615,132 | \$ 551,384 | |
| 512 Senior Citizens | \$ 260,535 | \$ 264,118 | \$ 251,672 | \$ 178,461 | |
| 513 Teen/Youth Activities | \$ 269,039 | \$ 259,442 | \$ 247,714 | \$ 173,415 | |
| 514 Satellite Operations | \$ 8,007 | \$ 14,138 | \$ 14,940 | \$ 8,378 | |
| 515 Conter Community Center | \$ 7,130 | \$ - | \$ - | \$ - | |
| 516 Pioneer Park | \$ 49,734 | \$ 49,569 | \$ 72,072 | \$ 35,453 | |
| 517 Custodial | \$ 258,825 | \$ 243,441 | \$ 262,015 | \$ 63,642 | |
| Total | \$ 3,696,131 | \$ 3,697,143 | \$ 3,872,215 | \$ 2,640,894 | |
| Excess of Revenues over Expenditures | \$ (2,821,385) | \$ (2,831,994) | \$ (2,882,317) | \$ (1,987,975) | |
| % of return | 24% | 23% | 26% | 25% | |

| Paradice Pool | | | | | |
|--------------------------------------|---------------|-------------------|-------------------|-------------------|--|
| | 2014 | 2015 | 2016 | 2017 | |
| Revenue | | \$ 188,043 | \$ 284,784 | \$ 234,374 | |
| Expense by Division | | | | | |
| 518 Outdoor Leisure Pool | \$ 342 | \$ 356,663 | \$ 687,959 | \$ 552,067 | |
| Total | \$ 342 | \$ 356,663 | \$ 687,959 | \$ 552,067 | |
| Excess of Revenues over Expenditures | \$ (342) | \$ (168,620) | \$ (403,175) | \$ (317,693) | |
| % of return | 0% | 53% | 41% | 42% | |

| Parks | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|--|
| | 2014 | 2015 | 2016 | 2017 | |
| Revenue | \$ - | \$ - | \$ - | \$ - | |
| Expense by Division | | | | | |
| 552 Parks Maintenance Administration | \$ 2,830,616 | \$ 2,888,842 | \$ 3,053,040 | \$ 1,670,679 | |
| 553 Parks Maintenance - 2K Parks | \$ - | \$ 134,884 | \$ 254,385 | \$ 138,202 | |
| Total | \$ 2,830,616 | \$ 3,023,726 | \$ 3,307,425 | \$ 1,808,881 | |
| Excess of Revenues over Expenditures | \$ (2,830,616) | \$ (3,023,726) | \$ (3,307,425) | \$ (1,808,881) | |

| Golf | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|--|
| | 2014 | 2015 | 2016 | 2017 | |
| Revenue | \$ 2,485,327 | \$ 2,664,617 | \$ 2,671,356 | \$ 1,957,239 | |
| Expense by Division | | | | | |
| 800 GC Maintenance | \$ 901,540 | \$ 915,718 | \$ 928,397 | \$ 607,546 | |
| 810 GC Operations | \$ 641,507 | \$ 612,922 | \$ 886,609 | \$ 549,055 | |
| 812 GC Restaurant | \$ 1,049,781 | \$ 1,142,960 | \$ 1,118,149 | \$ 822,344 | |
| Total | \$ 2,592,827 | \$ 2,671,599 | \$ 2,933,154 | \$ 1,978,946 | |
| Excess of Revenues over Expenditures | \$ (107,500) | \$ (6,982) | \$ (261,798) | \$ (21,707) | |
| % of return | 96% | 100% | 91% | 99% | |

