



2019 City Council Retreat

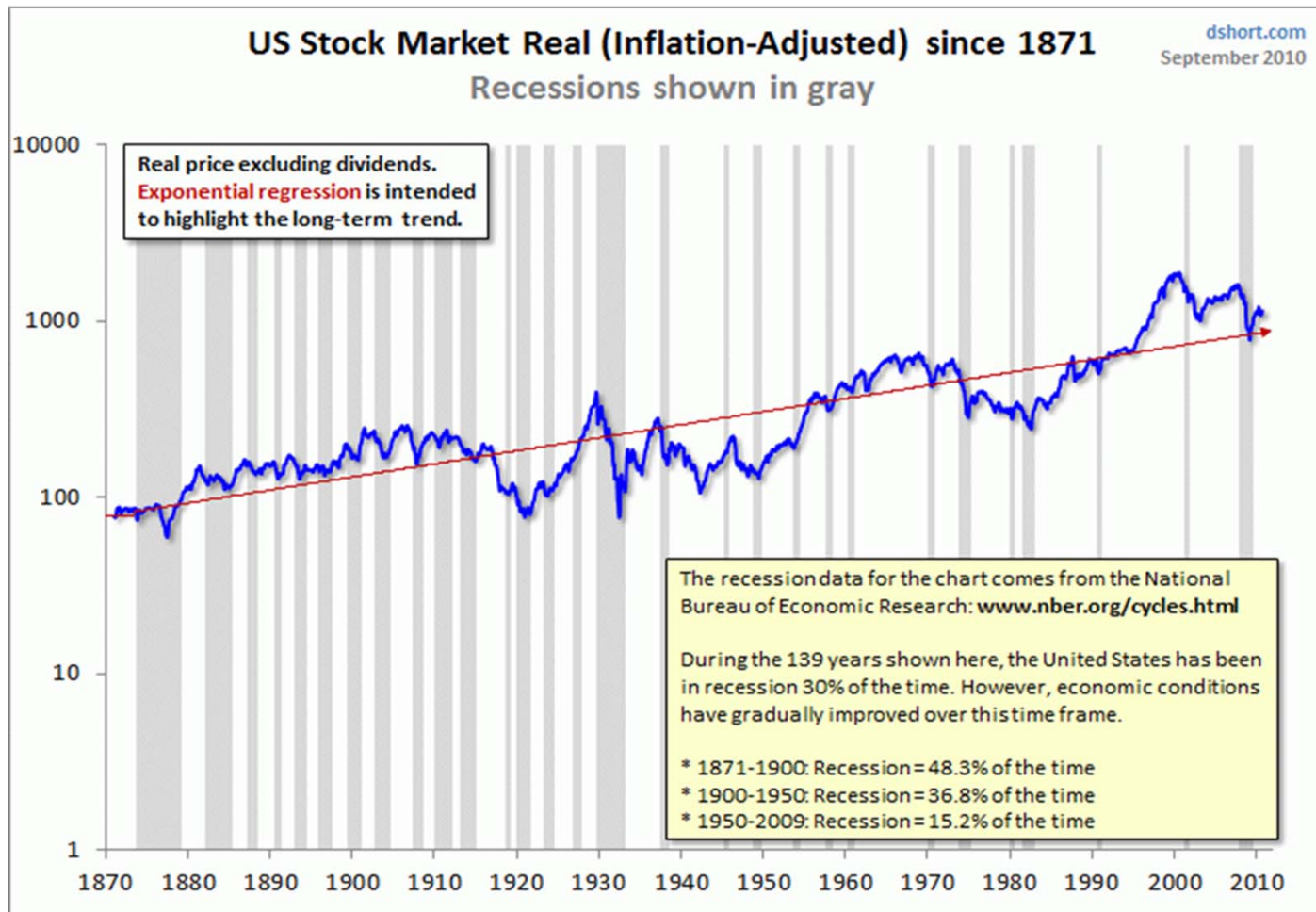
February 1 – 2, 2019

Key Takeaways

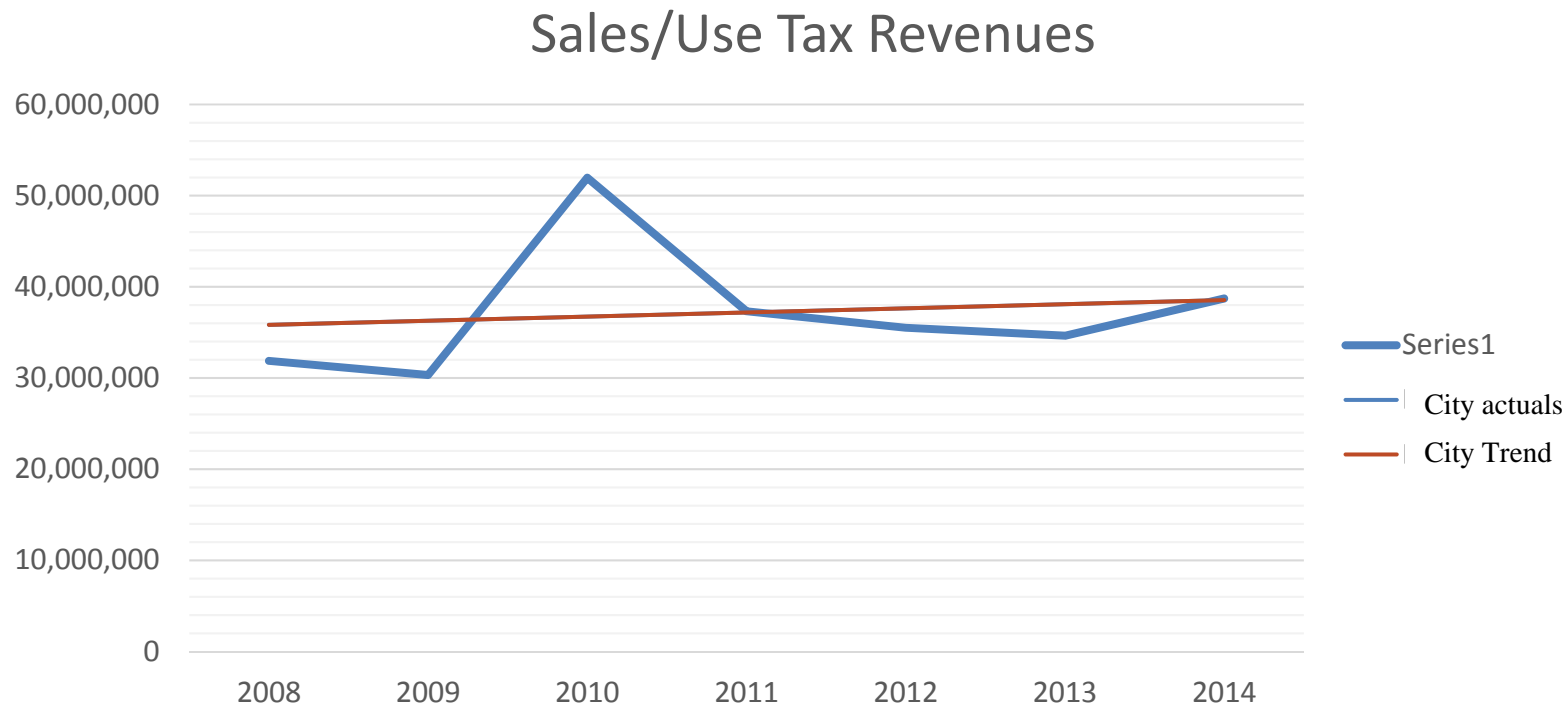
- The economy is strong, but signs of an economic slow down or recession are beginning to show. We don't know when or how severe the next recession may be.
- The Colorado economy also continues to be strong, but also shows signs of potential slowing.
- The partial government shutdown has ended, but this resolution is short term and another potential shut down may occur on February 21, 2019.
- The shutdown costs may accelerate a potential economic slow down (Congressional Budget Office, 1/29/2019).
- In the event of a slow down or a recession, actions can be taken to curb the negative fiscal impacts on the City of Commerce City.
- These times call for thoughtful consideration of increased expenditures



Economic Market Cycles



2008 Recession



- It took Five years before Revenues started to consistently increase again.
- Tax audits impacted 2010 data.

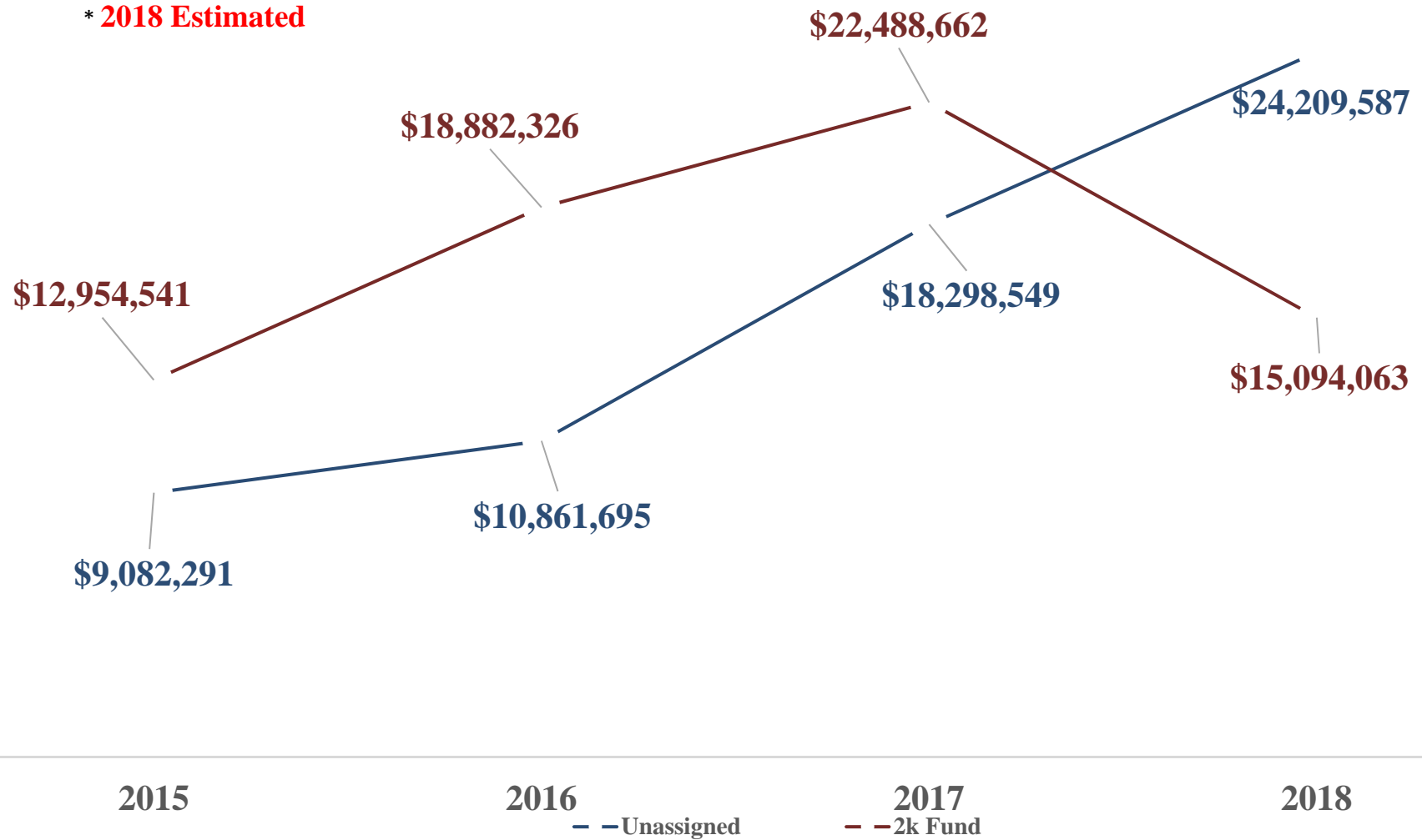


Potential Action During Recession

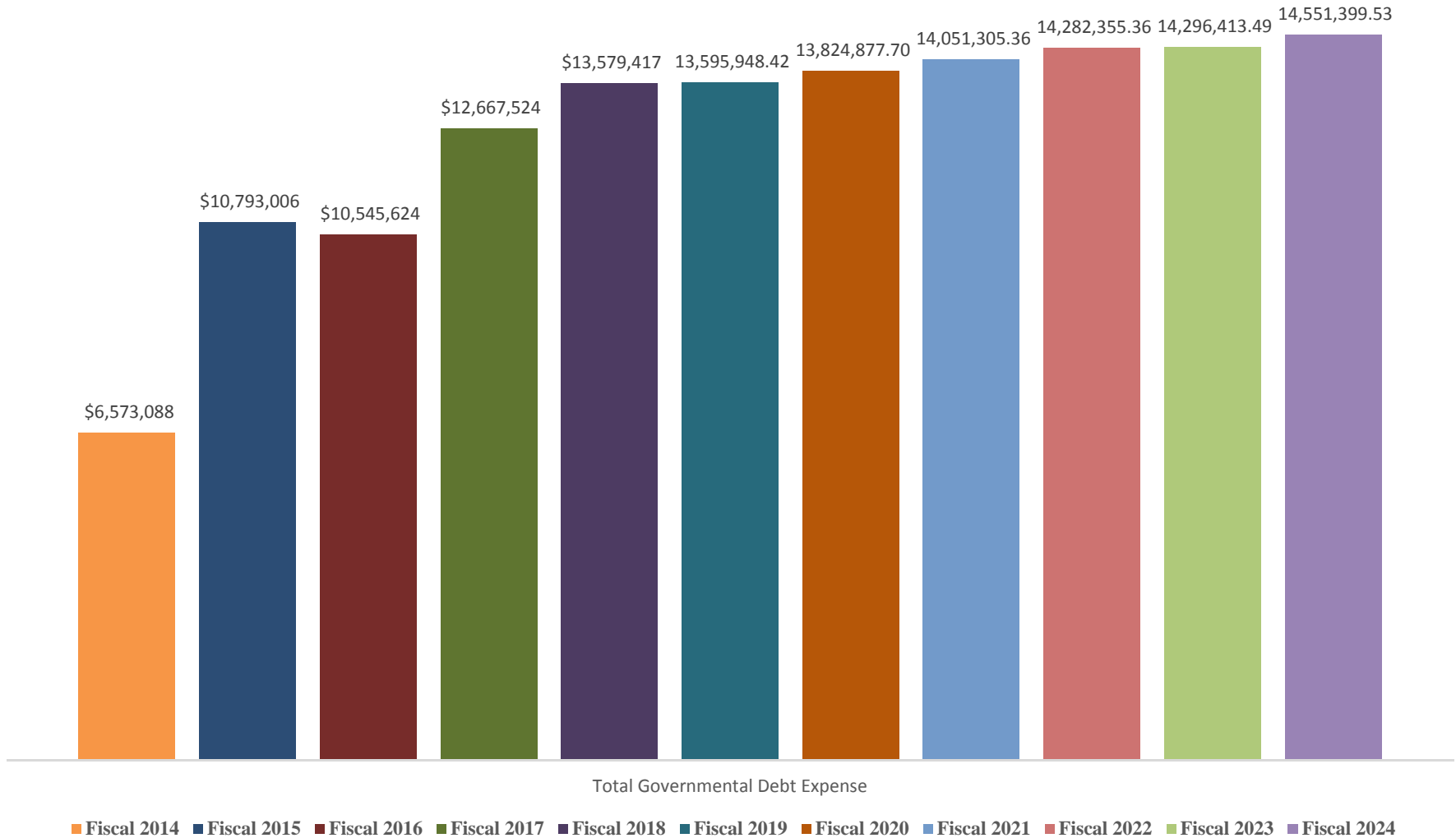
Staff Actions	Council Actions
Hiring Freezes and/or Vacancy Savings Through Attrition.	Budget Amendment
Recommend use of General Fund-Fund Balance.	Ordinance or Budget Resolution adoption using general fund – fund balance
Recommend Budget Revisions and Reductions.	Ordinance or Budget Resolution adoption amending the budget
Staff Reductions of Full Time or Variable Hour Employees.	Adopt conservative budget with the intent to increase general fund – fund balance
Recommend relative priority on Capital Improvement Projects.	Set priority through budget adoption or amendment
Recommend Service Level Revisions.	Establish new/reduced level of service requirements
Fee changes/additions/deletions through staff analysis and recommendations.	Resolution adoption.
Staff Analysis.	Amend policy to transfer Road and Bridge and HUTF to CIPP.
Staff Analysis	Amend policy on General Fund transfer to Capital Projects and Programmatic Contingency.

Projected Fund Balance

* 2018 Estimated



Future Debt Service Payments





Supplemental Information

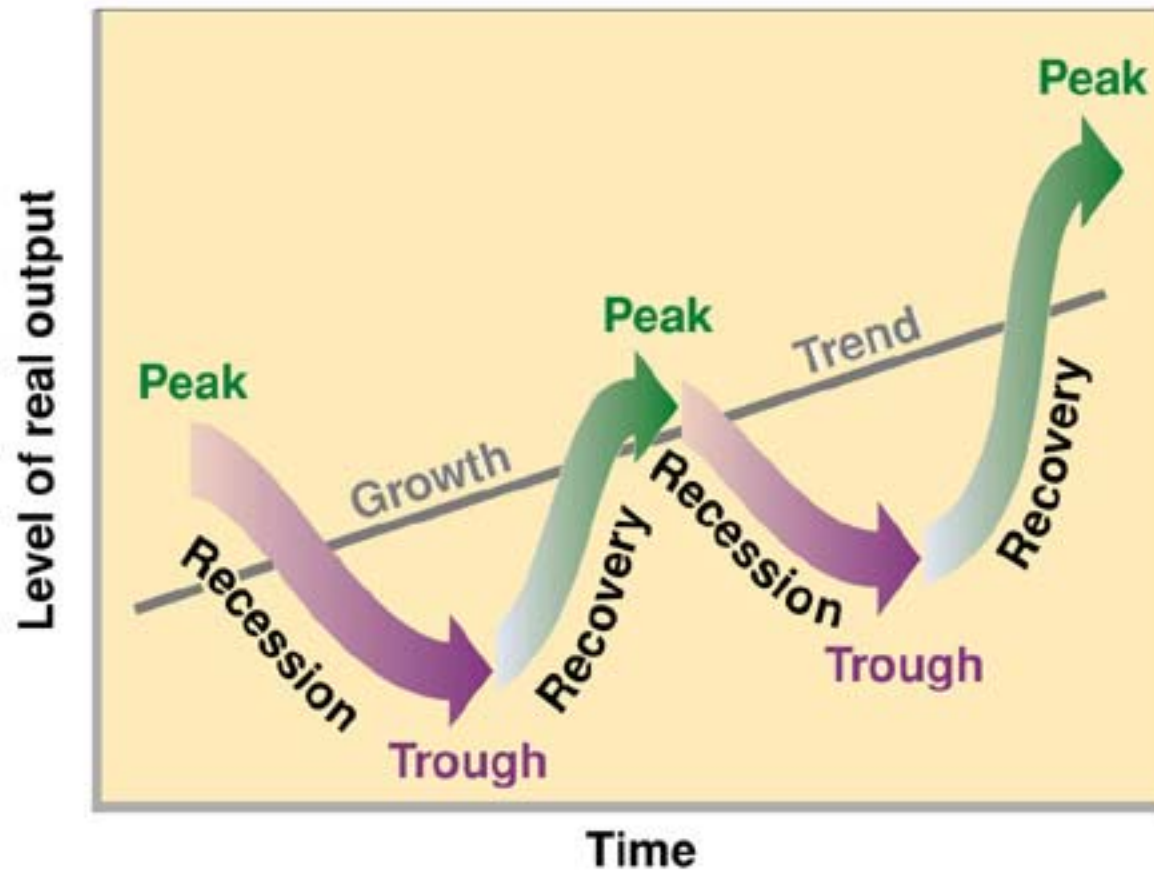
2019 Budget Recap

Total General Fund Revenue		\$86,780,531
General Fund Revenue	\$	70,168,852
Transfer From 2K Allocation	\$	837,995
Transfer From Water Acquisition Fund	\$	530,831
2K General Fund Revenue	\$	15,242,853
General Fund Expenditures		\$86,780,531
Total Operating Budget Expense	\$	69,717,944
Housing Authority	\$	60,000
Elected Officials Retirement Fund	\$	51,360
Transfer to Debt Service	\$	2,956,072
Transfer to CIPP (Road & Bridge)	\$	550,490
Transfer to CIPP (Highway User)	\$	1,731,550
Transfer to CIPP Indirect Allocation Long Term Capital (20%)	\$	105,068
Transfer to CIPP Fund	\$	2,304,294
Transfer to Information Technology	\$	235,000
Transfer to Debt Service Fund 2014 2K	\$	4,536,388
Transfer to Debt Service Fund 2016 2K	\$	185,000
Transfer to General Fund Balance	\$	1,778,465
Transfer to URA Fund-Derby Catalyst	\$	83,000

Budget Highlights: 14 New FTE including needed Police and Recreation Staff, Several New CIPP Projects, New Operational Equipment for the Public Safety Department, Appropriation for Full Year Operating Expenses for the Bison Ridge Recreation Center, and added Programs at both Recreation Centers.



Business Cycle



Possibility of a Recession

Many Economists and Experts are predicting a Recession in 2020

- Moody’s Analytics
 - “It’s going to take some real good policy making and some luck to avoid a recession in 2020.”
- JPMorgan
 - JPMorgan’s real-time recession forecast model is significantly higher than it was earlier this year. It currently places the chance of a market downturn at 70% by 2020.
- America’s CFOs
 - More than 80% of U.S. chief financial officers believe a recession will hit the economy by the end of 2020, according to a Duke University/CFO Global Business Outlook survey
- Former Fed Chair Ben Bernanke
 - “In 2020, Wile E. Coyote is going to go off the cliff,”

<http://time.com/money/5479035/experts-recession-2020/>



2020 Economic Outlook

- In Colorado, housing price growth has slowed and growth will continue to be moderate under tighter labor market conditions and constraints on construction activity. (Colorado Office of State Planning and Budgeting, December 2018)
- The Colorado economy is still growing at a record pace, but there are indication that revenue growth has begun to slow down in several areas across the State. (Colorado Office of State Planning and Budgeting, December 2018)
- Global growth and concerns of a global economic slowdown in 2020 have resurfaced and the International Monetary Fund has issued a report with lowered economic performance guidance for 2019 after major economies around the world are weakening faster than expected. (International Monetary Fund, January 2019)
- United States trade talks with China have stalled again and both import and export prices dropped causing concerns for the manufacturing sector. (Bureau of Labor Statistics, January 2019)
- The prolonged United States government shutdown has cost the US an estimated \$26 billion triggering concerns that the shutdown may accelerate an expected slow down or trigger a recession. (Reuters, January 2019)



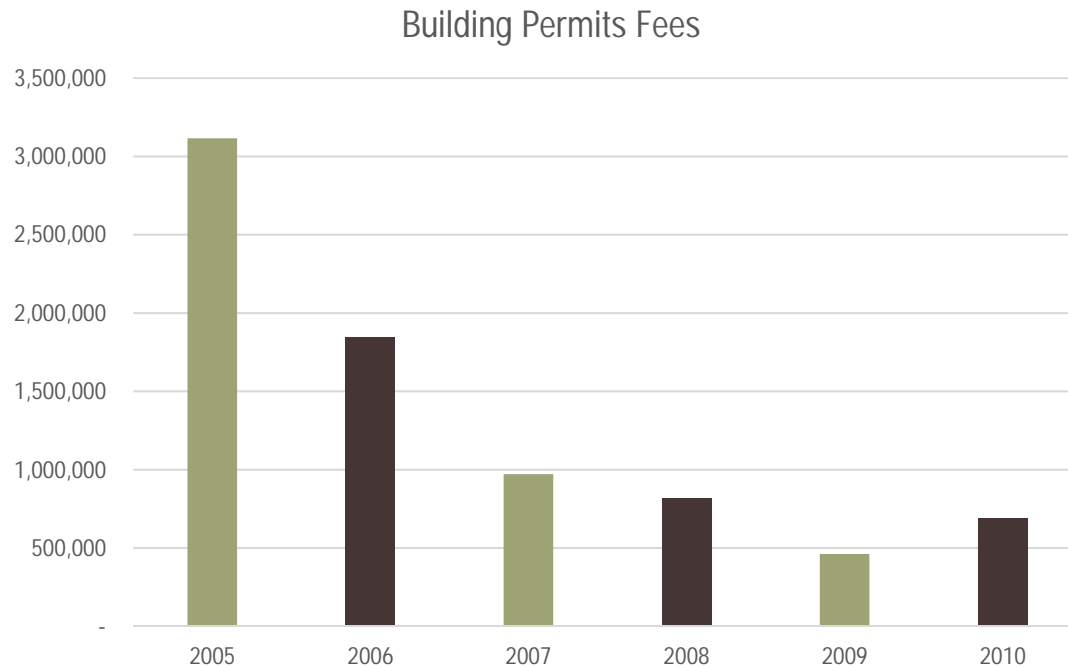
Economic Slow Down – Past Actions

- Estimated use of fund balance to balance the budget 2009-2013
- Monitored revenues/expenditures more closely
- Ordinance passed to lower budget estimates for revenues/expenditures (2009)
- Minimal budget set for fleet purchases (2009-2010)
- Minimal positions added through the budget process
- Did not fill vacant positions immediately
- Management staff went without increases or received lower increases
- Smaller salary increase percentages given to staff



Recession Trends

- The city experienced unprecedented residential growth from 1999-2004. In 2005 that growth stopped. Permit valuations went through a decline from 2005-2009 before rebounding in 2010.



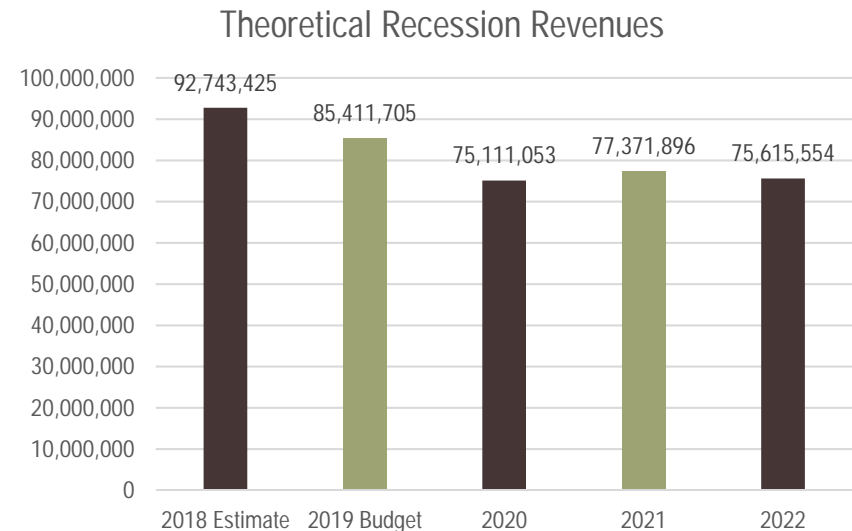
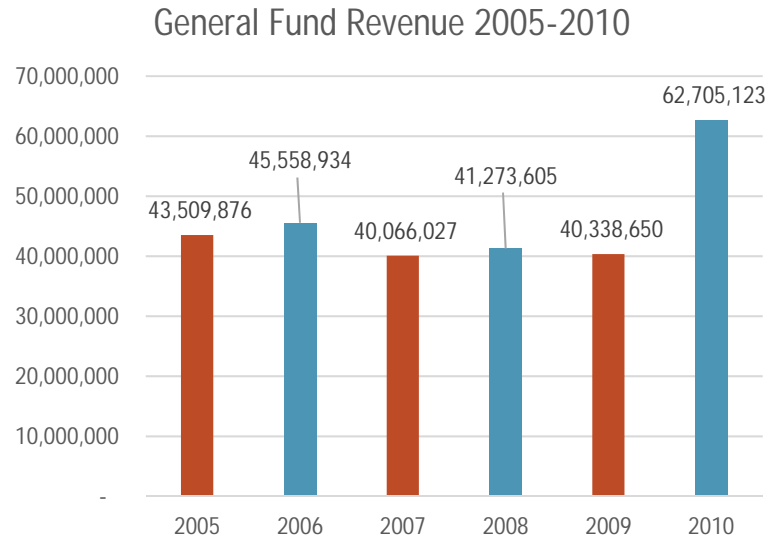
Recession Trends

Sales and Use Tax revenue was impacted by these trends though to a smaller scale.



Revenue in a Recession

Sales and Use tax mirrored the effect on General Fund Revenue during this time period. If we apply this effect to current finances, assuming 2006 is 2019, to estimate what might happen to current revenues it looks like this.





City Infrastructure: Capital Projects Budgeted for 2019

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February 1, 2019

Purpose

Review the projects approved in the 2019
Capital Improvement and Preservation Plan

- Preservation
- Operational
- Traditional



2019 Project Expense

Preservation	Budgeted	Traditional	Budgeted
2019 PRG Preservation	\$ 515,000	88th Ave Widening	\$ 459,956
Civic Center Concrete Step Replacement	\$ 30,000	96th Avenue Widening: I-76 - Hwy 2	\$ 1,200,000
Civic Center HVAC Retro-commissioning	\$ 125,000	104th Avenue Flashing Yellow Arrow Signals	\$ 120,000
MSC Exterior Metal Repair	\$ 65,000	112th Avenue - Potomac to Chambers	\$ 1,037,410
MSC Exterior Wall Sealing	\$ 50,000	120th Avenue Widening - Chambers to Buckley	\$ 1,000,000
Pavement Management 2019	\$ 2,500,000	27J Ballfield Upgrades & Additions	\$ 625,000
Traffic Signal Maintenance	\$ 80,000	Bridge Replacement: Potomac	\$ 187,460
Total	\$ 3,365,000	Brighton Road	\$ 2,000,000
Operational	Budgeted	Core City Infrastructure Improvements	\$ 1,500,000
Concrete Flatwork	\$ 261,000	Irondale Neighborhood Plan "Quick Items"	\$ 620,000
Sidewalk Connectivity	\$ 15,000	Kearney Street Drainage Improvements	\$ 120,900
Buffalo Run HVAC Replacement	\$ 60,000	Rosemary Street Widening (design & prep)	\$ 1,500,000
ADA Compliance	\$ 50,000	US 85/Vasquez Improvements	\$ 1,500,000
Bison Ridge Site Planning	\$ 50,000	Total	\$ 11,870,726
Buffalo Run Grounds Equipment Replacement	\$ 178,000	Total	\$ 17,264,726
Civic Center Sidewalk Paver Replacement	\$ 30,000		
Comp Plan	\$ 250,000		
First Creek Outfall System Plan	\$ 30,000		
Outdoor Warning Towers 2019	\$ 165,000		
Railroad Intelligent Trans. System	\$ 160,000		
School Flashing Signage	\$ 55,000		
Traffic Calming Program	\$ 150,000		
Transportation Plan	\$ 200,000		
Veteran's Memorial Park	\$ 375,000		
Total	\$ 2,029,000		



5-Year CIPP Identified Funding

Project	2019	2020	2021	2022	2023	Total
Core City Infrastructure	\$1,500,000	\$750,000			\$250,000	\$2,500,000
Fairfax Park Drainage Outlet		\$750,000				\$750,000
Kearney Drainage	\$120,900	\$190,000				\$310,900
US85/Vasquez	\$1,500,000	\$1000,000				\$2,500,000
Derby Improve.		\$300,000				\$300,000
Derby Entryway Signage		\$52,000				\$52,000
Derby Lighting		\$200,000	\$200,000			\$400,000
Dahlia Improve.		\$1,000,000				\$1,000,000
I-76 On-Ramp				\$1,000,000		\$1,000,000



5-Year CIPP Identified Funding

	2019	2020	2021	2022	2023	Total
Irondale Q. Wins	\$620,000					\$620,000
Regional Drainage Irondale OSP				\$300,000		\$300,000
Rosemary Street	\$1,500,000	\$2,000,000	\$1,000,000	\$1,150,000	\$1,300,000	\$6,950,000
Derby Improve.		\$300,000				\$300,000
Railroad Crossing					\$250,000	\$250,000
Pavement Manag	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$12,500,000
Sidewalks - CDBG	\$100,000	\$96,000	\$96,000	\$96,000	\$96,000	\$300,000
88 th Ave Widening: I-76 – Hwy 2	\$459,956	\$6,485,260	\$2,000,000	\$2,500,000		\$11,445,261
96 th Ave Widening: I-76 – Hwy 2	\$1,200,000					\$1,200,000



5-Year CIPP Identified Funding

	2019	2020	2021	2022	2023	Total
104 th Flashing Yellow Arrows	\$120,000	\$120,000				\$240,000
112 th : Potomac to Chambers	\$1,037,410	\$795,675	\$1,893,706	\$1,572,000		\$5,298,791
120 th : Chambers to Buckley	\$1,000,000					\$1,000,000
120 th & US85 Interchange				\$7,000,000		\$7,000,000
Bridge Replace: Potomac	\$187,460	\$193,084	\$1,019,456			\$1,400,000
Brighton Road	\$2,000,000					\$2,000,000
27J Ballfields	\$625,000					\$625,000
Golf Parking Lot Expansion				\$150,000		\$150,000

Project Sustainability

Project	Budgeted	Estimated Project Cost	Remaining Funds Needed	5-Year Planned Funding	
88th Ave Widening	\$ 459,956	\$ 26,600,000	\$ 26,140,044	\$ 11,445,261	No overpass
96th Avenue Widening: I-76 - Hwy 2	\$ 1,200,000	\$ 9,500,000	\$ 8,300,000	\$ 1,200,000	Design only
112th Avenue - Potomac to Chambers	\$ 1,037,410	\$ 26,000,000	\$ 24,962,590	\$ 5,298,791	Negotiation
120th Avenue Widening - Chambers to Bu	\$ 1,000,000	\$ 6,200,000	\$ 5,200,000	\$ 1,000,000	Developer
Bridge Replacement: Potomac	\$ 187,460	\$ 1,400,000	\$ 1,212,540	\$ 1,400,000	
Brighton Road	\$ 2,000,000	\$ 7,550,000	\$ 5,550,000	\$ 2,000,000	Overlay
Core City Infrastructure Improvements	\$ 1,500,000	\$ 2,500,000	\$ 1,000,000	\$ 2,500,000	More needed
Rosemary Street Widening (design & prep)	\$ 1,500,000	\$ 9,500,000	\$ 8,000,000	\$ 6,950,000	
			80,365,174	31,794,052	

Funding Sources

- General Fund
- 2K Bond Issuance (only certain projects)
- 2K Fund Balance
- COPS





Discussion



2019 Budget

Revenues

Transportation tax	\$	1,325,311
Adams County open space tax	\$	495,894
Cable subscribers fee (PEG)	\$	37,826

Transfers In

General Fund	\$	2,100,170
General Fund -Road and Bridge Tax	\$	659,140
Conservation Trust Fund	\$	551,250
General Fund-Highway User Tax	\$	1,731,550
CIPP Fund Balance-HUTF	\$	612,310
Impact Fee Fund (Roads)	\$	1,050,000
Facilities Management Fund	\$	315,000
Fleet Fund	\$	186,900
NIGID Fund	\$	196,833
Solid Waste Management Fund	\$	482,954
Fund Balance- CIPP	\$	6,201,195
Fund Balance- Adams County Open Space	\$	71,106
Fund Balance- Transportation Tax	\$	774,689
CCUSB Use Tax	\$	656,250
Future Growth Carryover	\$	695,938
Fund Balance- Future Growth	\$	341,472

Total Revenues	\$	18,485,788
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Expenditures

Appropriated projects	\$	17,264,726
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Transfers Out

Fund balance (CIPP)	\$	454,170
Fund balance (CIPP Contingency)	\$	729,066
Fund balance (Channel 8 PEG)	\$	37,826

Total Expenditures	\$	18,485,788
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