



September 11, 2012  
City Council Study Session

# FINANCIAL UPDATE AND 2013 RECOMMENDED BUDGET

City of Boulder

# Presentation Outline

Economic and Financial Update

2013 Recommended Budget

Budget Overview

Budget Highlights

# Economic and Financial Update

# Headwinds

- The Federal Fiscal Cliff
- Current recovery is the weakest after recession recovery since the Great Depression
- In August consumer confidence dropped the most since last October and lowest since November 2011
  - ▣ Jobless rate still above 8% since start of 2009
- Internet sales

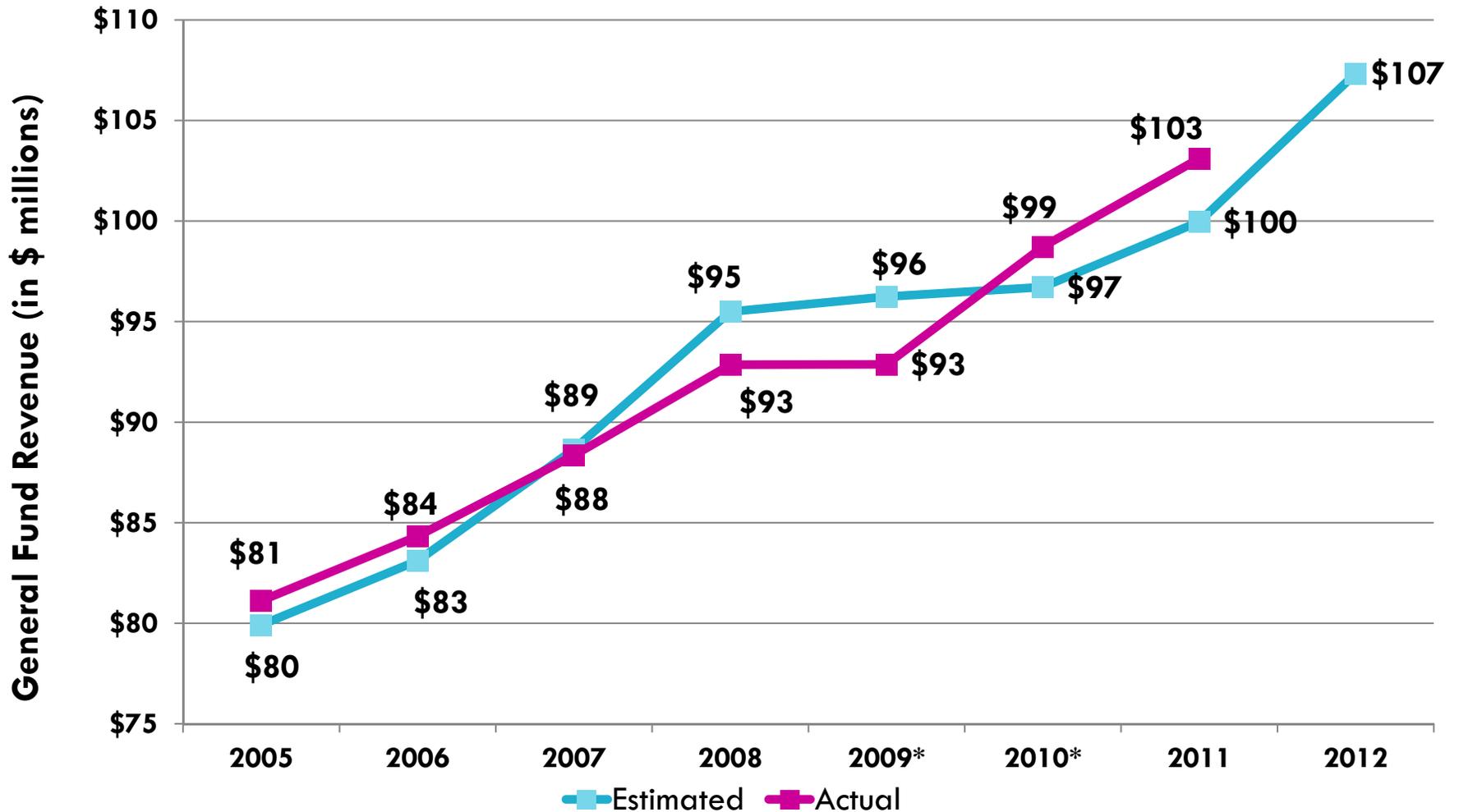
# Tailwinds

- Property valuations have stabilized
- Housing prices are rising slowly
- Business loans are becoming more readily available
- Successful businesses have cash on hand
- Boulder has entrepreneurial and innovative strengths

# Sales/Use Tax Revenue Information

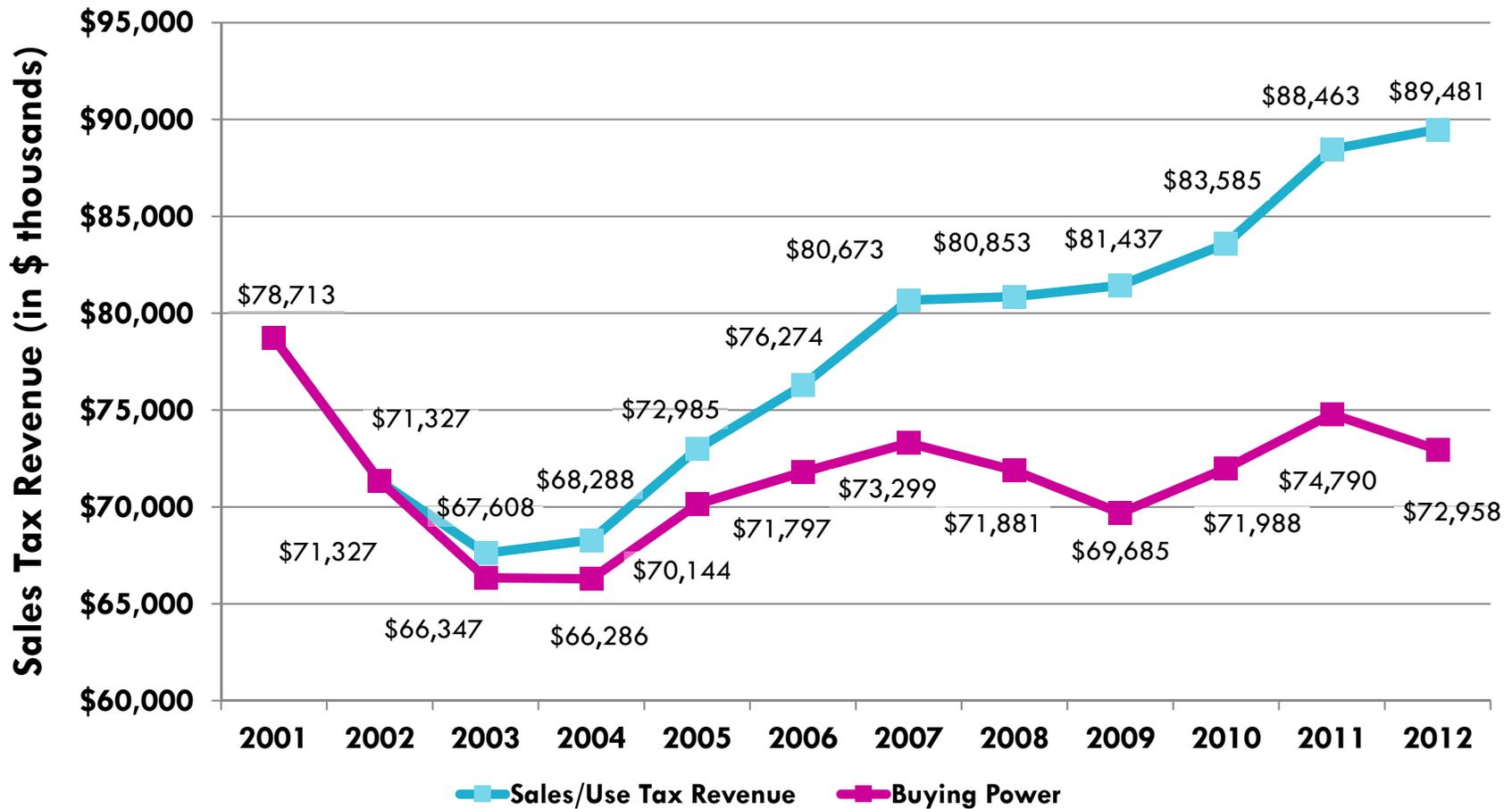
	<b>2010 Actual</b>	<b>2011 Audited</b>	<b>2012 Revised</b>	<b>2012 YTD</b>
<b>City of Boulder Sales/Use Tax</b>	<b>2.60%</b>	<b>5.26%</b>	<b>1.25%</b>	<b>0.5%</b>
<b>COB Retail Sales Tax</b>	<b>6.9%</b>	<b>4.9%</b>	<b>0.0%</b>	<b>1.6%</b>
<b>Denver-Boulder- Greeley Consumer Price Index</b>	<b>1.9%</b>	<b>3.7%</b>	<b>2.3%</b>	<b>2.6%</b>
<b>State Retail Trade Sales</b>	<b>7.2%</b>	<b>6.4%</b>	<b>5.1%</b>	<b>N/A</b>
<b>Colorado Personal Income Growth</b>	<b>3.8%</b>	<b>5.3%</b>	<b>2.9%</b>	<b>1.2%</b>

# Conservative Budgeting Approach



\*Revenue does not include Bond and Note receipts totaling \$11.5 million in 2009 and \$9.2 million in 2010. These sources are not considered revenue for income purposes.

# Erosion of Buying Power from Revenues



To allow for comparison between 2000 and 2011, .15% Open Space sales tax collected since 2004 and .15% Fire Training Center sales tax collected only in 2007 not included.

# Conclusions

- Wildcards
  - ▣ The upcoming election
  - ▣ Europe
- The local economy will continue to improve slowly
  - ▣ Headwinds are stronger than the tailwinds at this time
  - ▣ Bigger reserves needed for this uncertainty

# Council Questions

1. Does City Council have questions or feedback on the economic and financial information provided?

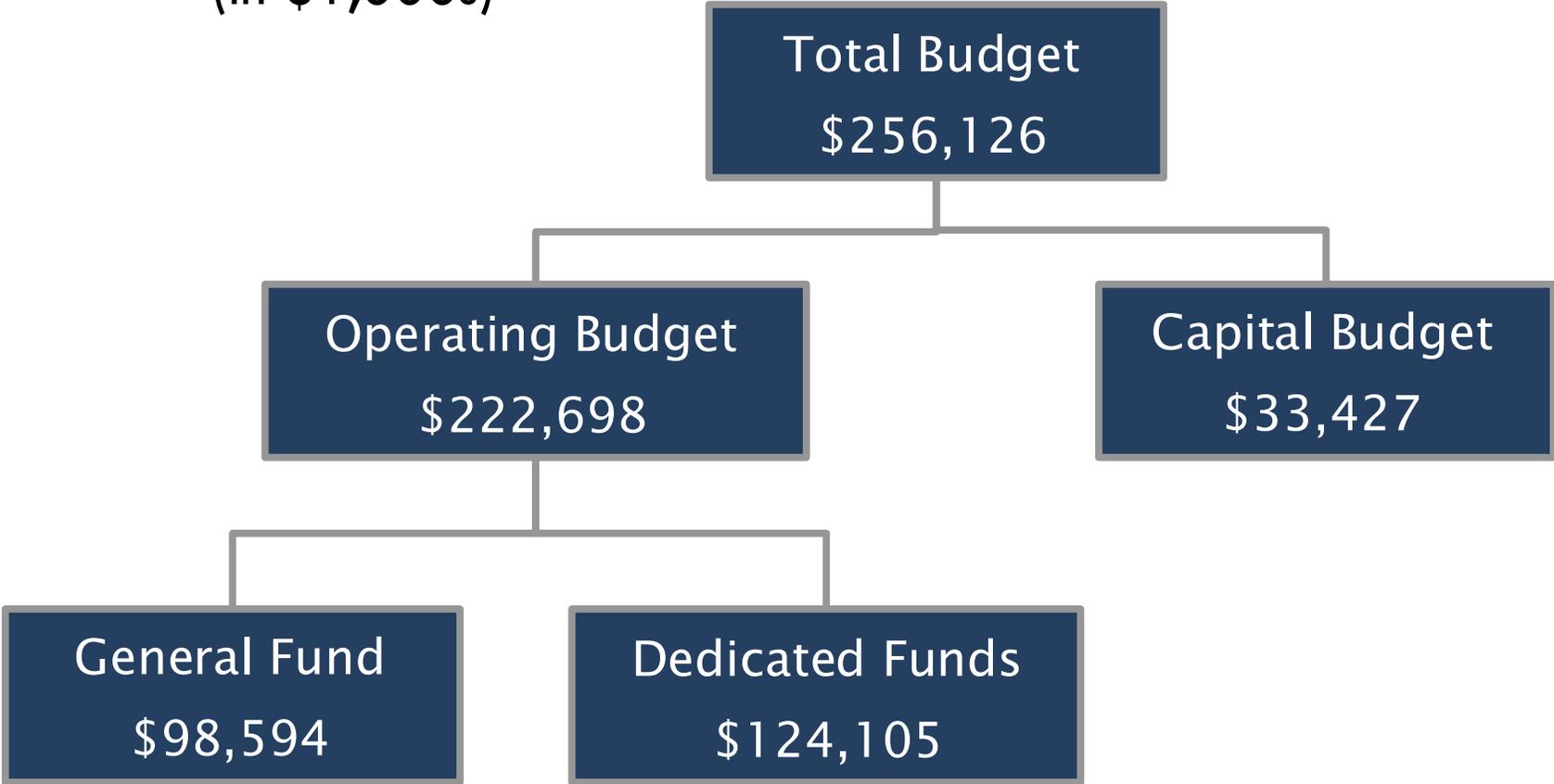
# 2013 Recommended Budget

Budget Overview

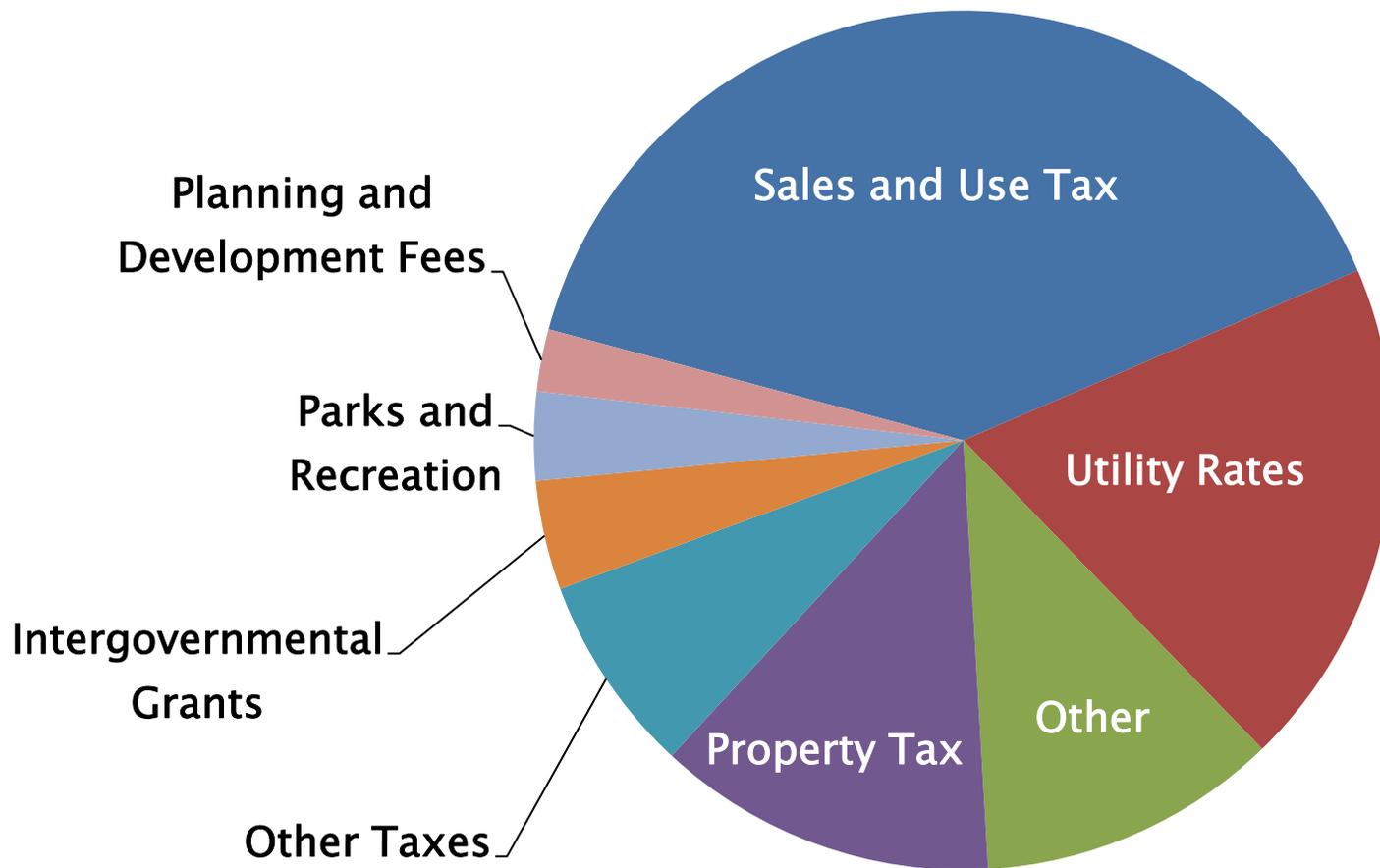
Budget Highlights

# Overview of Total 2013 Budget

(in \$1,000s)



# 2013 City Revenue Sources



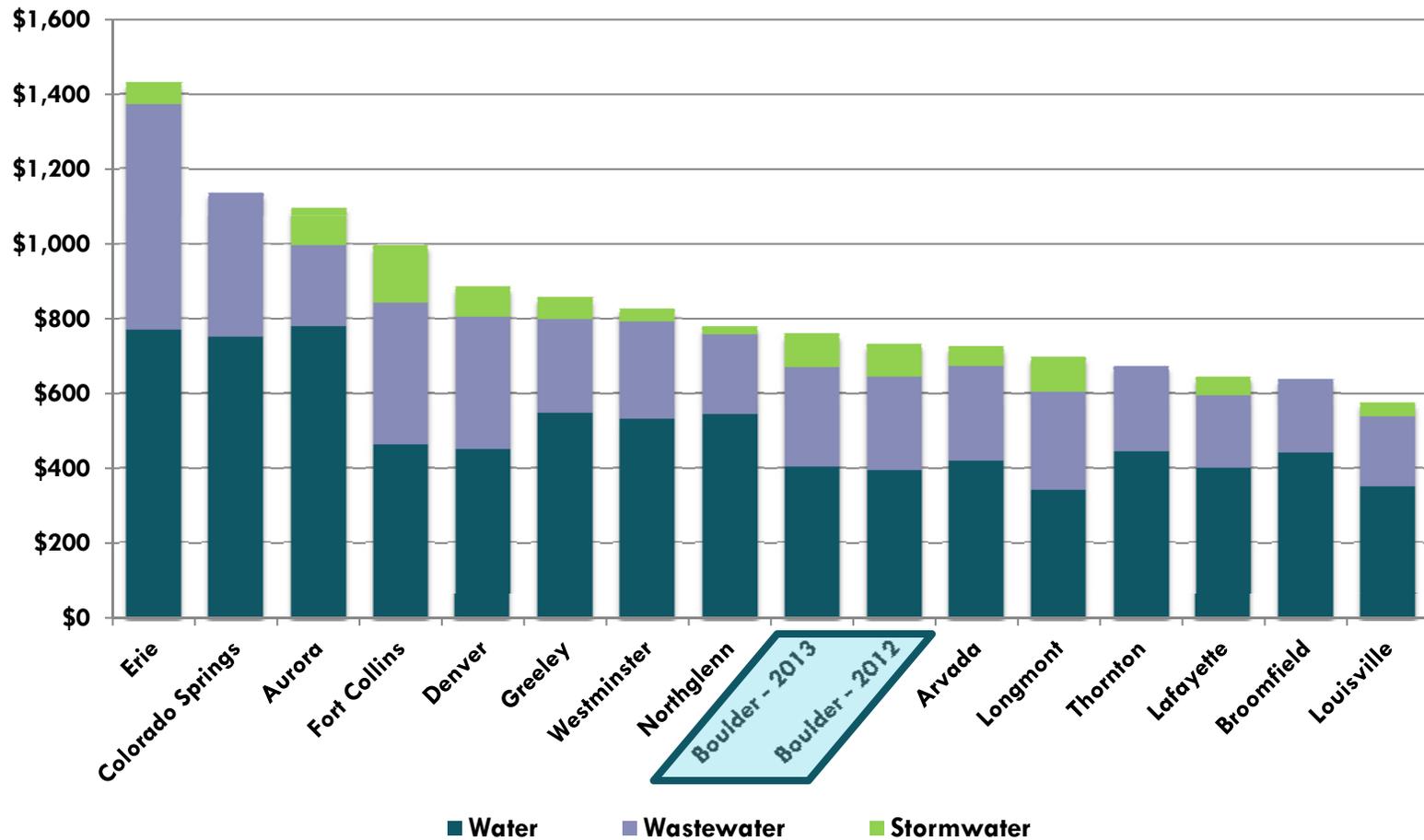
# Utility Rates in 2013

Utility	Percent Change
Water	3%
Wastewater	5%
Stormwater / Flood Management	3%

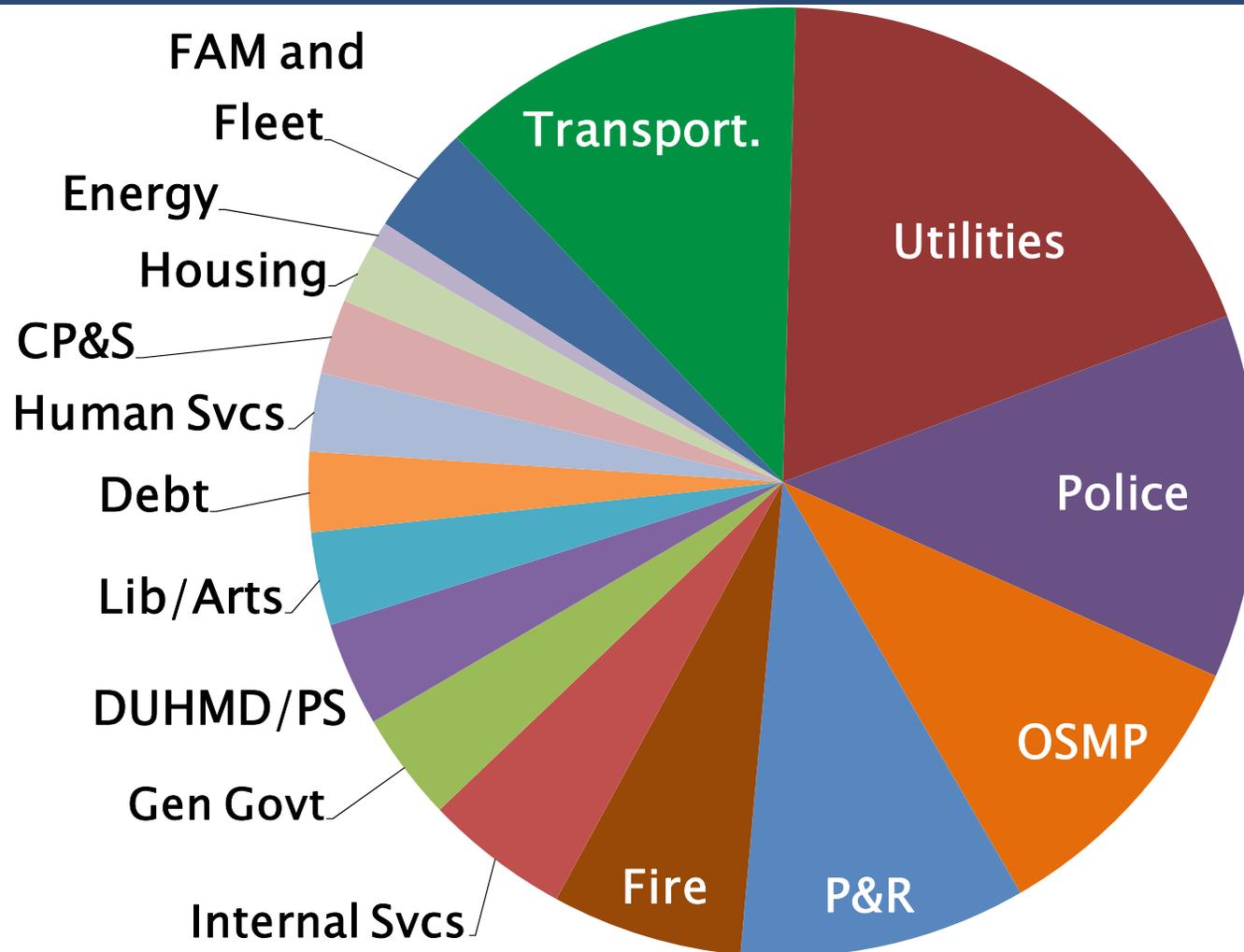
# Typical Increases for Utility Bills

<b>Account Type</b>	<b>Typical Utility Bill for 2012</b>	<b>Change in Total Monthly Utility Bill for 2013</b>
Residential	\$ 61	\$ 2.33
Commercial – Restaurant	248	10.36
Commercial – Hotel	2,298	92.29

# Utility Bill Survey – 15 Communities



# 2013 City Expenditures



# Budget Highlights

# Alignment with Community Priorities

- Systems to help ensure that our actions are consistent with community priorities
  - ▣ Boulder Valley Comp Plan
  - ▣ Priority Based Budgeting
  - ▣ Sustainability Framework



# Priority Based Budgeting

- Helps identify what to fund first based on the community outcomes we value
  - ▣ Environmentally sustainable
  - ▣ Healthy and socially thriving
  - ▣ Accessible and connected
  - ▣ Economically vital
  - ▣ Safe
  - ▣ Good governance

# Base Budget + Opportunities

- Base budget aligned with priorities
  - ▣ Base budget programs aligned with PBB results
  - ▣ Retains existing services or programs
- Opportunities for strategic impact
  - ▣ Make strategic additions to base budget
  - ▣ Select additions with greatest impact on results and sustainability

# Environmentally Sustainable



- Boulder's Energy Future – Resources to explore municipalization and define city's energy strategy
- Open Space and Mountain Parks forest crew, trail crew, and forest management technician

**Council  
Priority**

# Healthy and Socially Thriving

- Children's and Youth Services Librarian
- Homelessness – New case management resource at the Municipal Court
- Parks and Recreation “Ready to Work” crew

**Council  
Priority**

# Healthy and Socially Thriving (Cont.)

- The Civic Area Master Plan –public engagement and community outreach



- Reductions in federal Housing support

# Accessible and Connected

- Street lighting and transportation maintenance



# Economically Vital

- One year fixed term business liaison position
  - ▣ Reduce energy consumption
  - ▣ Reduce solid waste generation
  - ▣ Support vital commercial districts
  - ▣ Respond to the needs of primary employers.

# Safe

- Police and Fire non-personnel budget
  - ▣ Addresses training, utility, and fleet costs
  - ▣ Will improve city's emergency preparedness
  - ▣ Partially meets need
- Water quality



# Safe (Cont.)

- Continue the implementation program for Fire
  - Phase in more positions from seasonal to full time
  - Maximize the effectiveness of city's wildland fire response



# Good Governance

- Take care of what we own
  - ▣ Regularly conduct information technology security audits
  - ▣ Set up reserves for renovation and replacement needs for the East Boulder Community Center



# Core Budget Objectives

- Maintain current programs and services
- Meet City's financial obligations
  - ▣ Planned, ongoing spending such as debt service
  - ▣ Planned, non-recurring spending such as pay period 27
- Strategically add to high priorities

# Budget in Summary

- Allocate the small amount of added funding available in 2013 according to community and council priorities
- Increase General Fund reserve requirement to 15%
- Invest in our infrastructure
  - Capital Improvement Program up 40% in 2013
  - Capital Investment Bond projects – 2<sup>nd</sup> year

# Council Questions

1. Does City Council have questions or feedback on the Recommended Budget?