



City of Boulder

City Council Study Session

2016 Recommended Budget

September 8, 2015

Agenda

- ▶ Financial Update
- ▶ 2016 Recommended Budget
 - ▶ Budget Overview
 - ▶ Budget Highlights
 - ▶ Energy Project
 - ▶ Utility Rates
- ▶ Next Steps

Financial Update

Economic Climate

- ▶ Continued, moderate economic growth
- ▶ Low unemployment
- ▶ Colorado housing market remains strong
- ▶ Retail sales steady
- ▶ National uncertainty around:
 - ▶ interest rates/inflation
 - ▶ oil and gas industry
- ▶ Global conditions uncertain

Sales/Use Tax Revenue Information

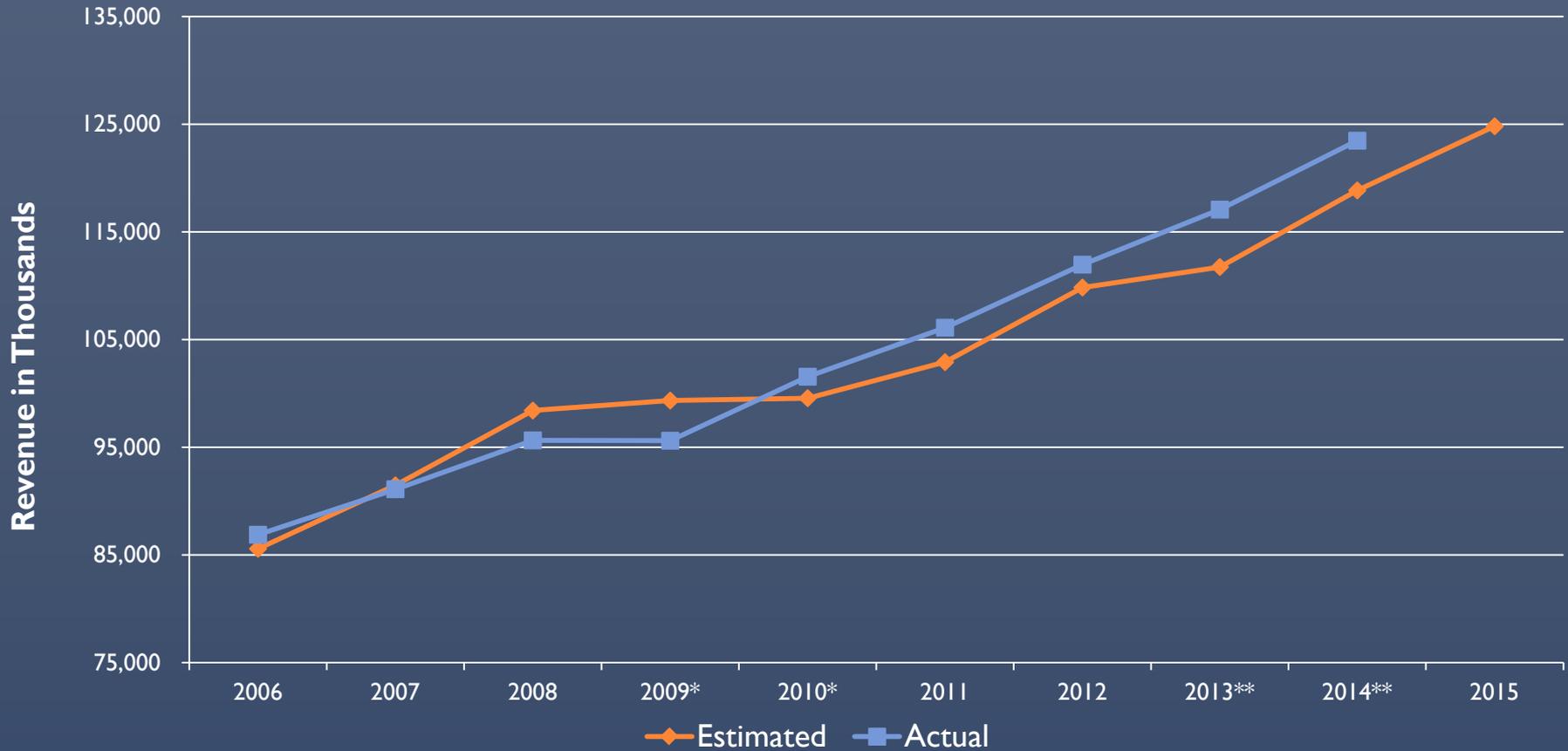
	2015 Revised	2015 YTD	2016 Projected
City of Boulder Sales/Use Tax	5.93%	4.40%	2.65%
COB Retail Sales Tax	5.75%	5.85%	4.50%
Denver-Boulder- Greeley Consumer Price Index	1.80%	2.40%	2.55%
State Retail Trade Sales	5.20%	NA	6.50%
Colorado Personal Income Growth	4.95%	NA	5.95%

Sales/Use Tax Revenue Information

	2015 Revised	2015 YTD	2016 Projected
City of Boulder Sales/Use Tax	5.93%	4.40%	2.65%
COB Retail Sales Tax	5.75%	5.85%	4.50%
City of Boulder Sales/Use Tax (without RMJ)		4.78%	
COB Retail Sales Tax (without RMJ)		3.56%	

Revenue Projections to Actuals

General Fund Estimated vs Actual Revenue
2006-2014



* Revenue does not include Bond and Note receipts totaling \$11.5 M in 2009, \$9.2M in 2010, and \$49M in 2012, for comparison purposes.

** Revenue does not include insurance, FEMA or State reimbursements related to 2013 Flood, for comparison purposes.

Buying Power



To allow for comparison between 2000 and 2014, .15% Open Space sales tax collected since 2004, .15% Fire Training Center sales tax collected only in 2007 and .15% Transportation sales tax starting in 2014 is not included.

Comprehensive Financial Strategy Update

- ▶ Blue Ribbon Commission highlighted potential gap of \$135 million
- ▶ Since then:
 - ▶ Addressed revenues
 - ▶ Tax renewals, removal of TABOR limitations
 - ▶ Addressed expenditures
 - ▶ Efficiencies and savings
 - ▶ Implemented powerful financial policies
 - ▶ Structurally balanced budget
- ▶ Gap has been eliminated

Budget Overview

2015 Budget Calendar

Priority Alignment,
Revenue and Cost
Projections

2016 Budget
Development

Council
Study
Sessions

Council
Budget
Ordinances



JAN - JUL

AUG

SEP

OCT - DEC



Economic and Budget Updates



Study Session, Capital Improvement
Program (CIP)

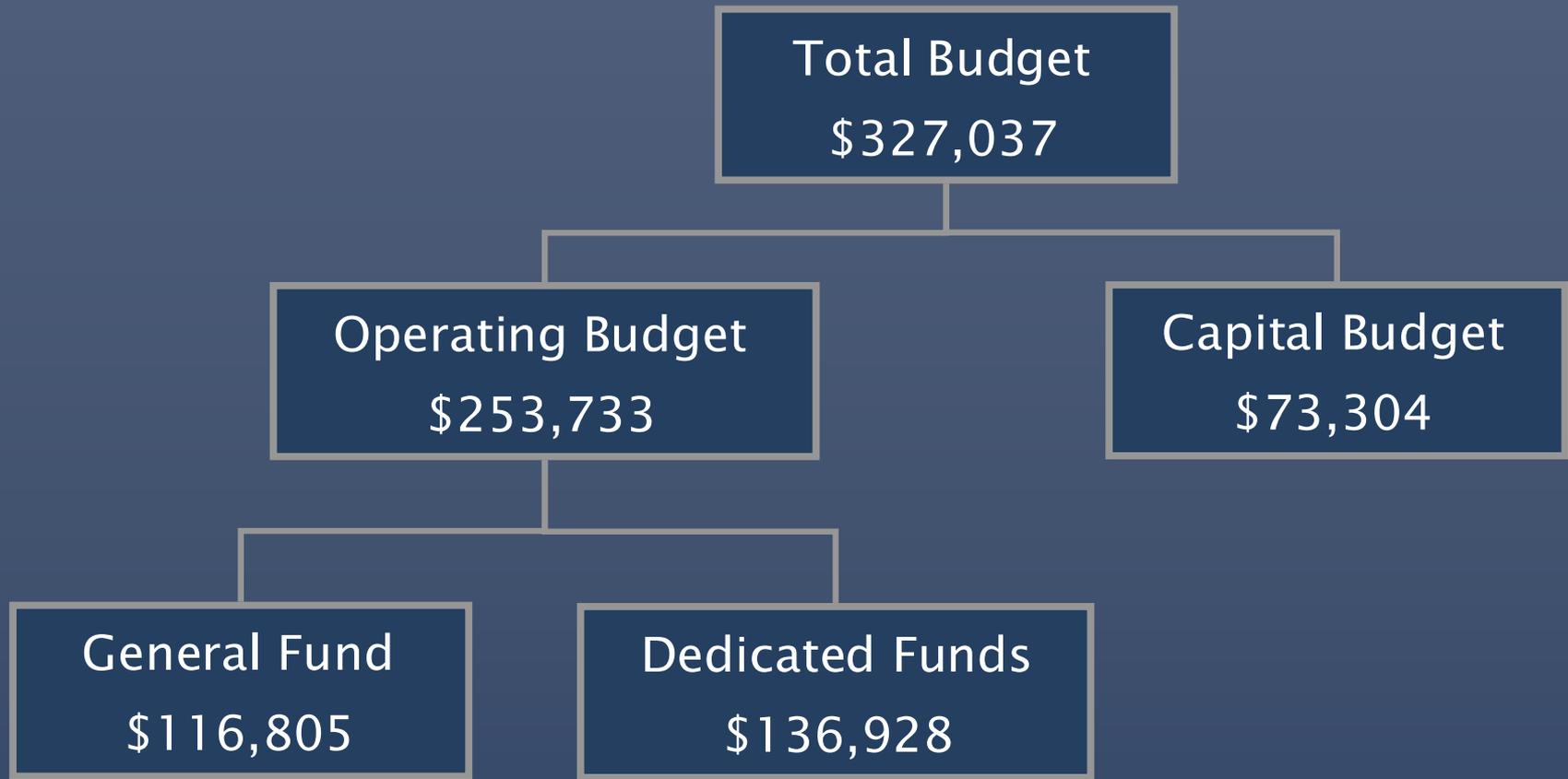


Council Study Session and Public Hearings on
Recommended Budget and its implementing ordinances



2016 Recommended Budget

(in \$1,000s)



2016 Compared to 2015

2016 Increase over 2015

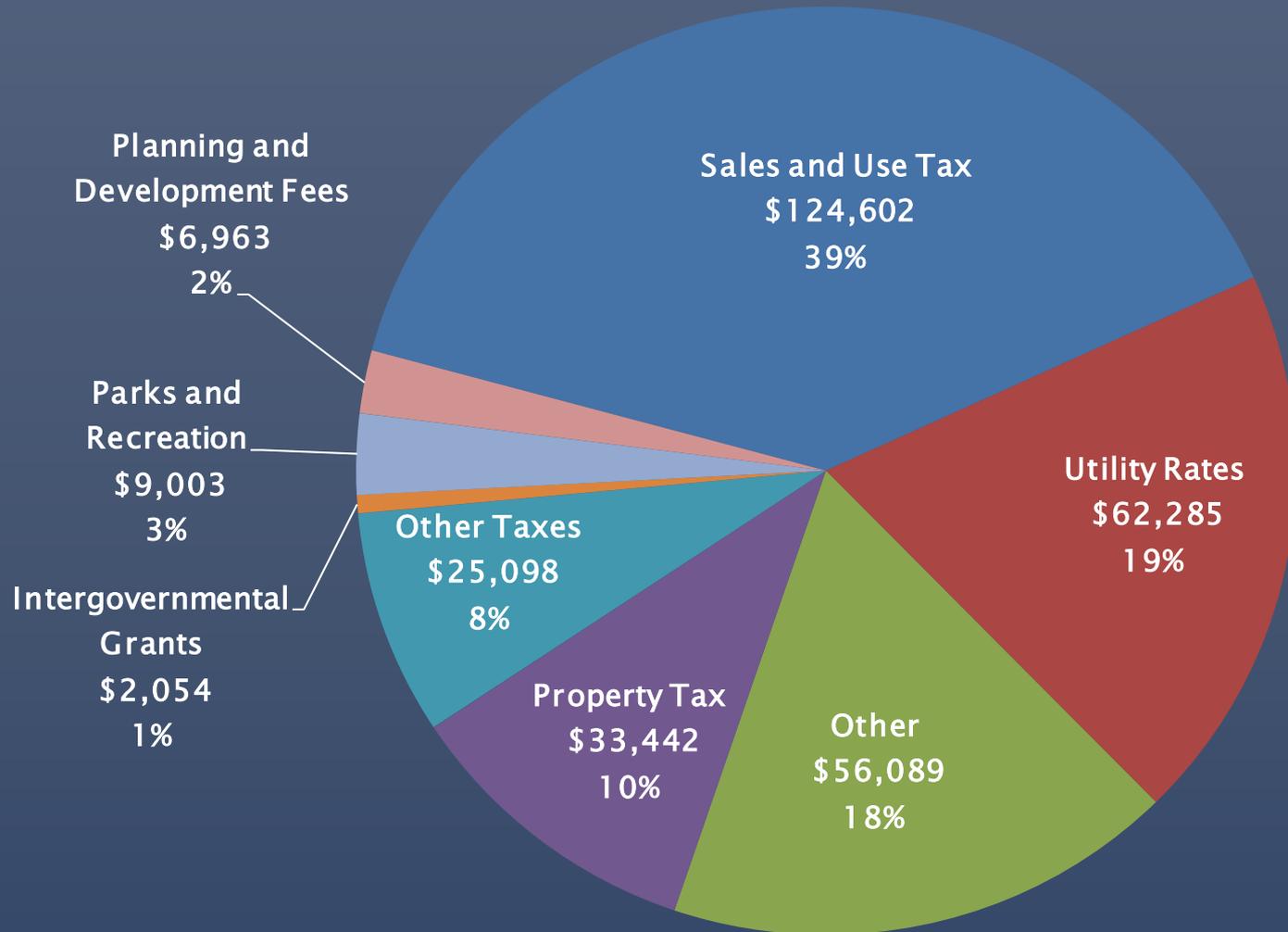
1.6% capital

.90% ongoing operating

2.5% TOTAL

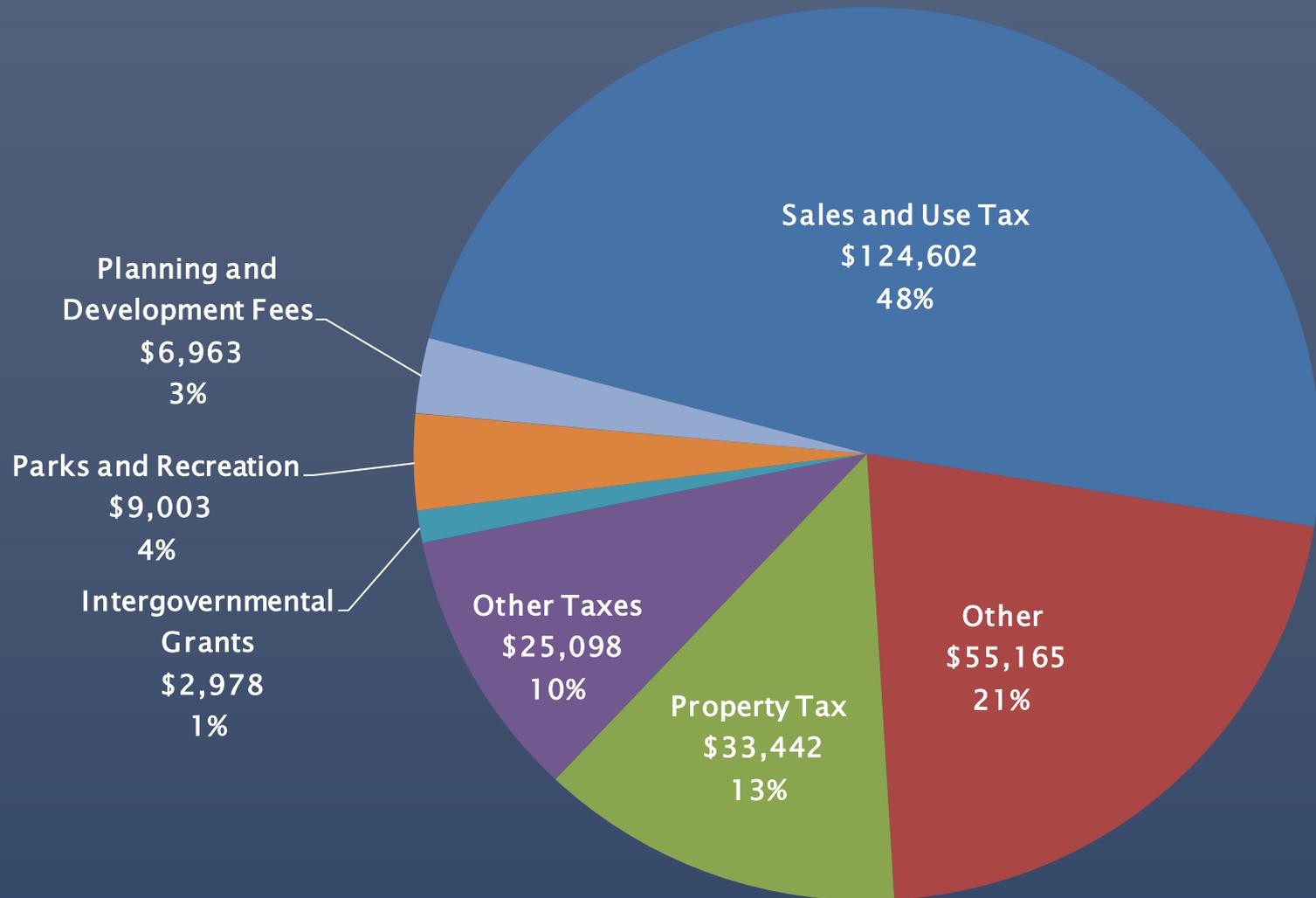
Citywide Revenues

Total: \$319 (in millions)



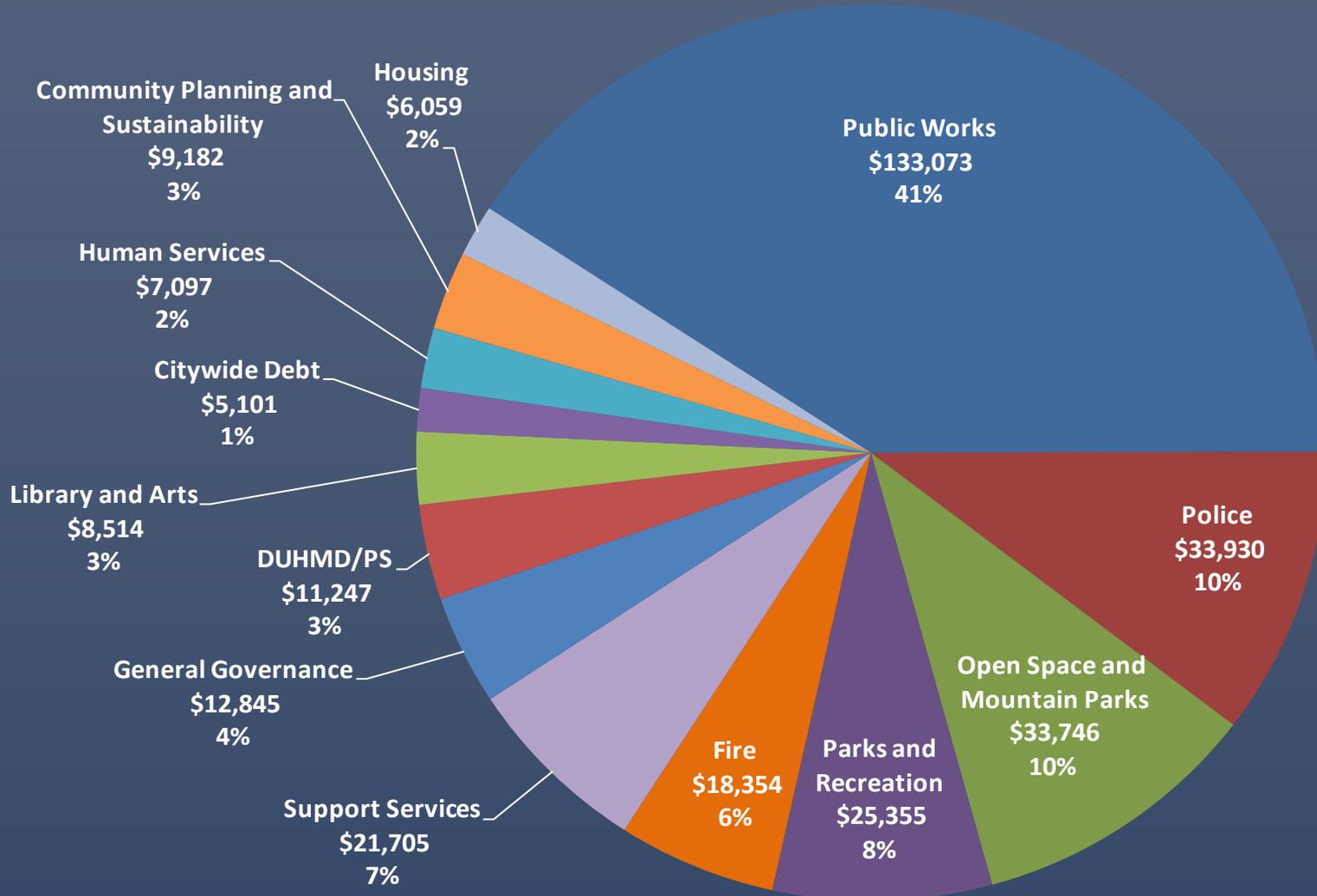
Citywide Revenues Excluding Utilities

Total: \$257 (in millions)



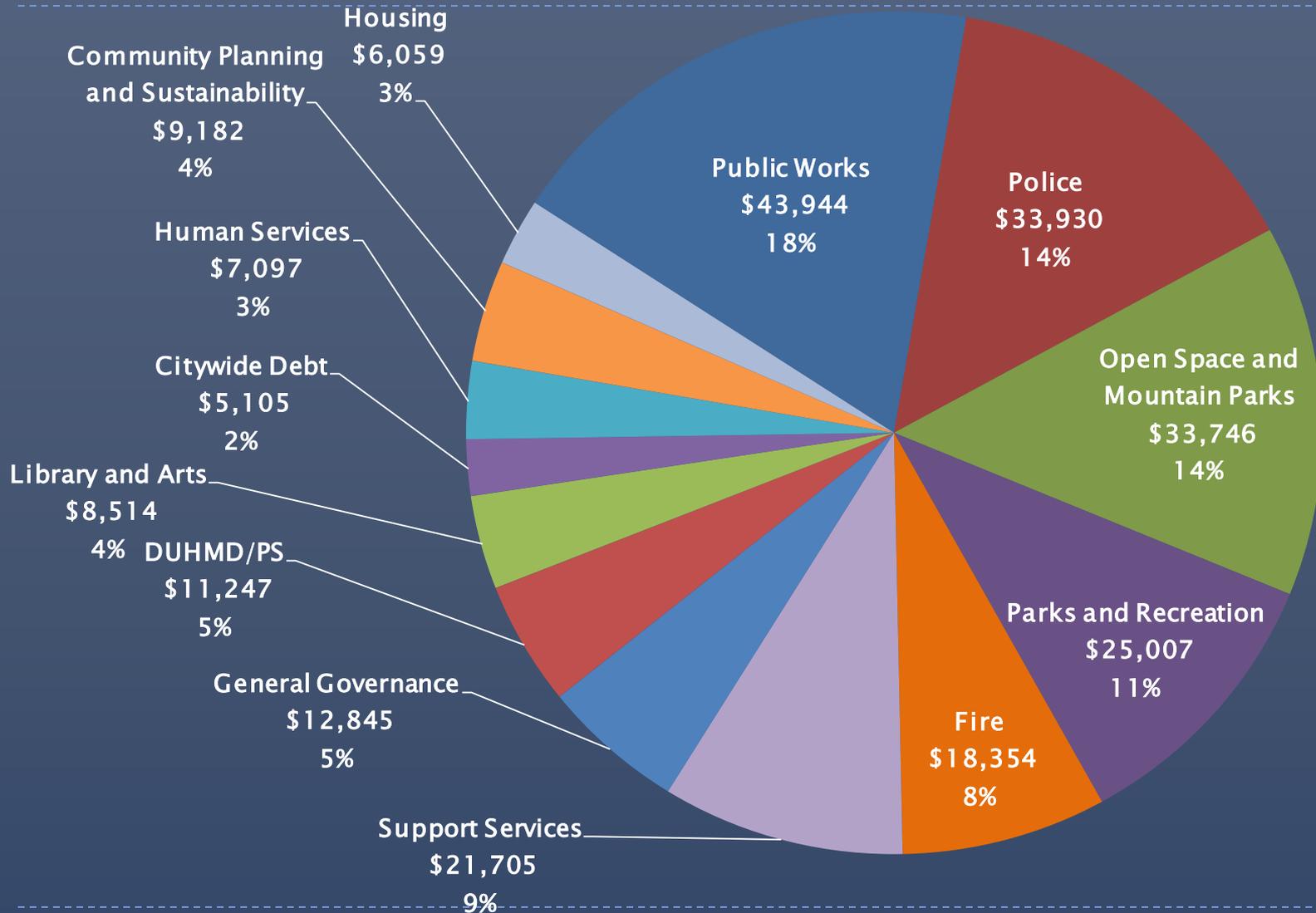
Citywide Expenditures

Total: \$327 (in millions)



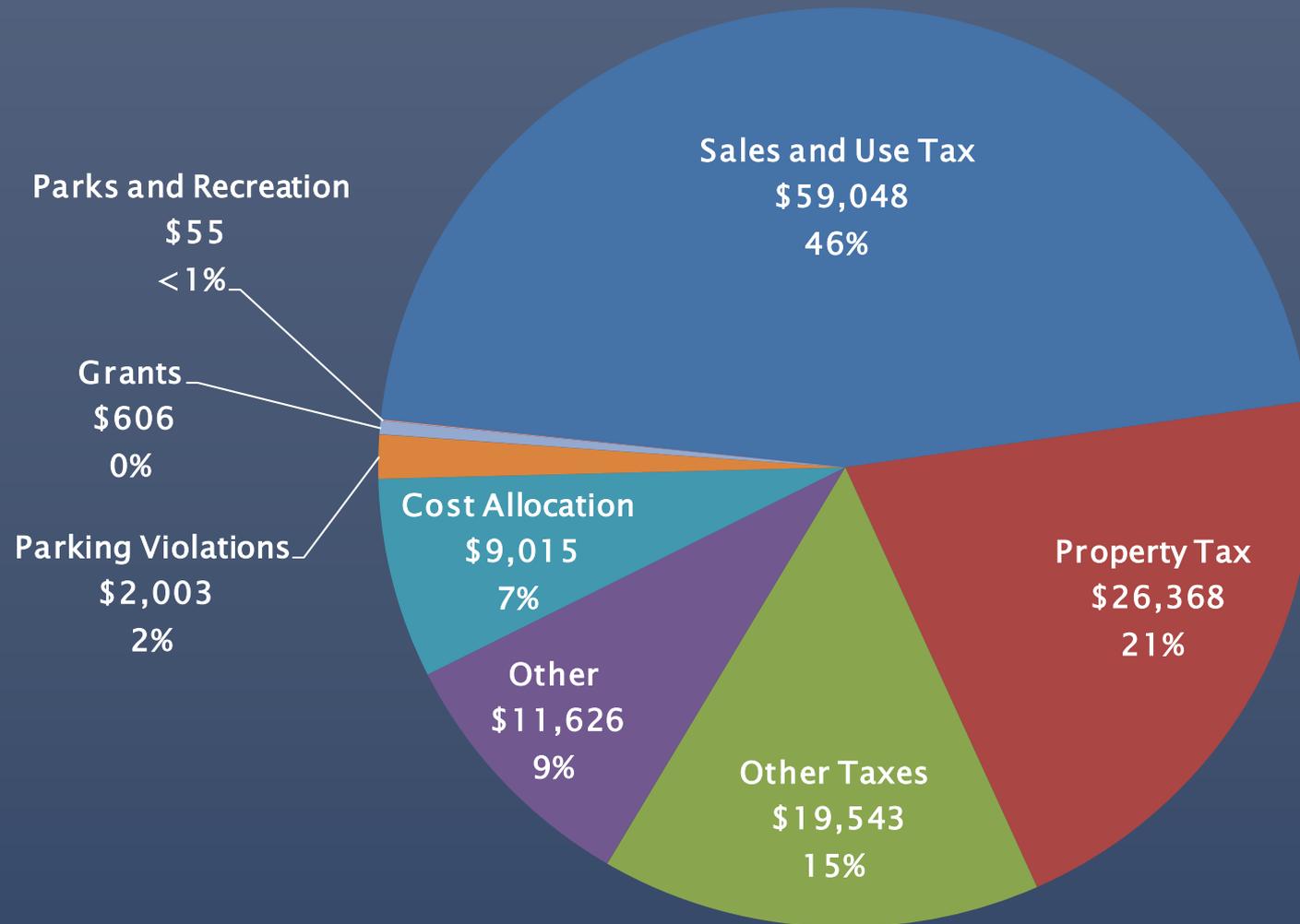
Citywide Expenditures Excluding Utilities

Total: \$237 (in millions)



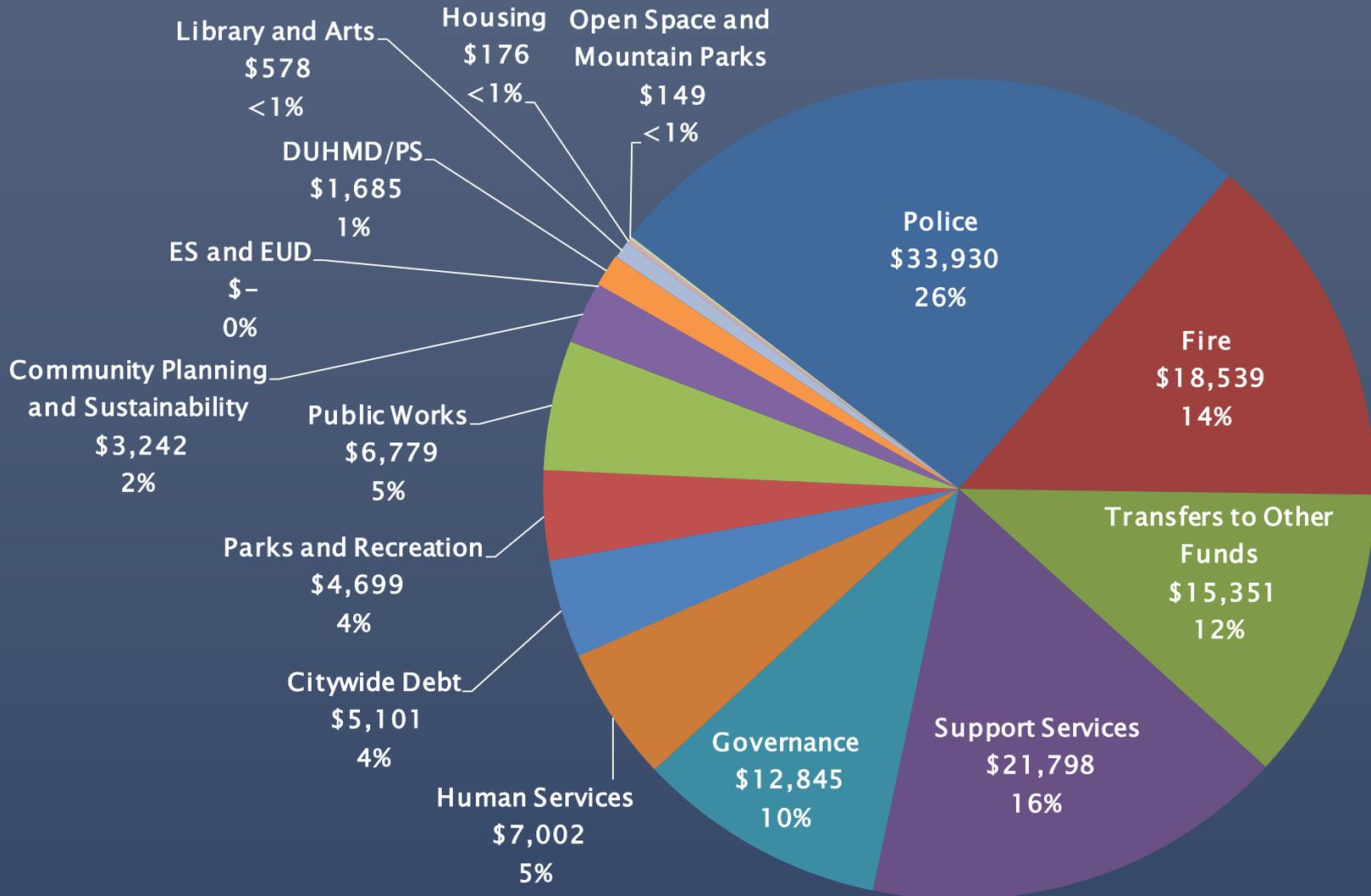
General Fund Revenues

Total: \$128 (in millions)



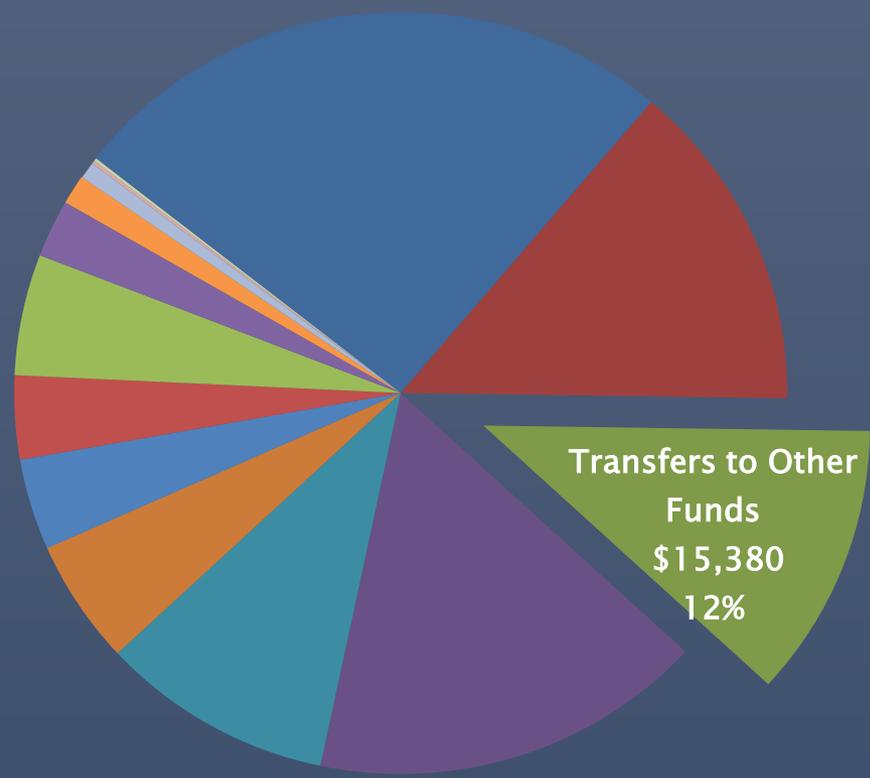
General Fund Expenditures

Total: \$132 (in millions)



General Fund Transfers to Other Funds

Total: \$15 (in millions)



(Amounts in Thousands)

Direct GF Support	
Planning & Development Fund	\$ 2,293
Affordable Housing Fund	240
Library Fund	6,357
Recreation Fund	1,466
Open Space Fund	1,166
Equipment Replacement Fund	275
Bridge Loan	
BJGID-Parking Fund	\$ 313
Pass Through Revenues (including TIF Gap)	
CAGID Fund	\$ 1,768
UHGID Fund	425
Loan Repayment	
Capital Development Fund	\$ 811
Water Utility Fund	93
Fleet Operating Fund	145
Fleet Replacement Fund	30

Reserves

General Fund

- ▶ Recommend 16% in 2016 ongoing
 - ▶ Continue building resilience

Multiple Funds

- ▶ Maintain reserve of 7% FEMA/State reimbursements
 - ▶ Released back to funds after full FEMA audit and close out

Property Tax Revenues

- ▶ Represents approximately 21% of General Fund revenues
- ▶ The City is about 13% of a total property tax bill
 - ▶ If not in a GID in the city
 - ▶ As part of Long Range Financial Plan (LRFP), voters removed restrictions on property tax in 2008
 - ▶ Credit used up over multiple years
- ▶ Assessments are based on values around two years old when paid by taxpayer
- ▶ Property value changes were low 2008 to 2014
 - ▶ As recovered from the recession, including one negative year

Property Tax Revenues

2016

- ▶ Initial Assessments can be appealed
 - ▶ Final numbers can change
- ▶ County Assessments – increase of 22%
- ▶ 3% increase included in General Fund

Property Tax - Staff Recommendation

- ▶ Remaining valuation increase be used to pay for the BCH purchase
- ▶ Provides a method to fund this unique opportunity without reducing or eliminating other general fund programs, while continuing to address expanding needs and services in 2016.

Property Tax – Impact

Impact of increase on Residential property tax

- ▶ For every \$500,000 Fair Market value
- ▶ City of Boulder property tax portion

2015	\$477
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2016	<u>\$582</u>
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difference:	\$105
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Property Tax – Impact

Impact of increase on Commercial property tax

- ▶ For every \$1,000,000 Fair market value
- ▶ City of Boulder property tax portion

2015	\$3,474
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2016	<u>\$4,239</u>
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difference:	\$ 765
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Budget Highlights

Sustainability Framework



2016 Budget Focus

- ▶ Highest council and community priorities
- ▶ Flood recovery and mitigation
- ▶ Strengthening Resilience
 - ▶ Community Infrastructure
 - ▶ Within Organization
- ▶ Multi-year approach

Safe Community

- ▶ Flood Mitigation
- ▶ Police
- ▶ Fire
- ▶ Boulder Creek Path Safety Enhancements (2A)

Environmentally Sustainable Community

- ▶ Open Space and Mountain Parks
- ▶ Emerald Ash Borer Response Measures
- ▶ Climate Commitment and Energy

Livable Community

- ▶ Housing Strategy
- ▶ Hill Community Development
- ▶ Land Use Regulation, Form Based Code
- ▶ Neighborhood Grant Program

Healthy & Socially Thriving Community

- ▶ Community Culture Plan Implementation
- ▶ Library Collections
- ▶ Parks and Recreation Community Partnerships
- ▶ Harvest Bucks
- ▶ Civic Area

Economically Vital Community

- ▶ Hill Revitalization
- ▶ Business Liaison
- ▶ Community Events Coordination

Accessible and Connected Community

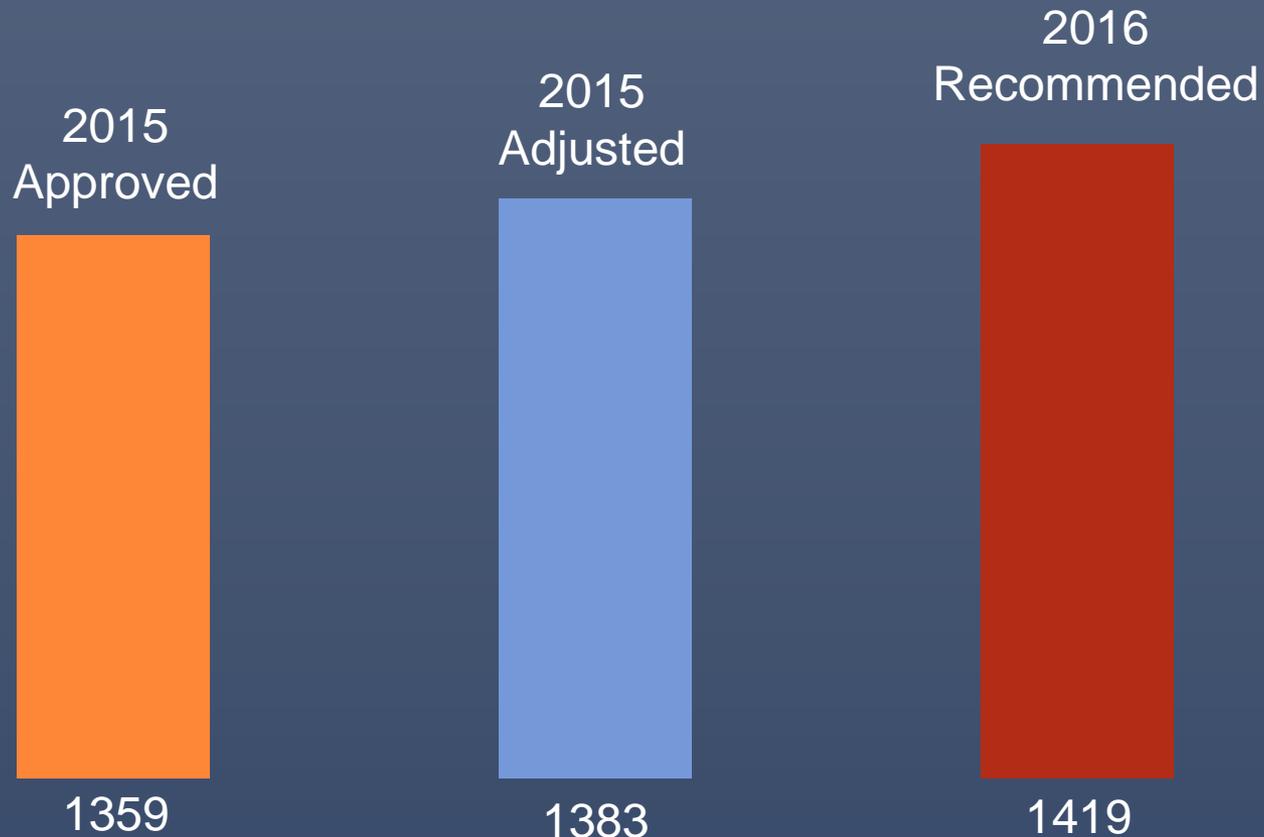
- ▶ Public Wi-Fi / Broadband Initiative
- ▶ Communications
 - ▶ Community Newsletter
 - ▶ Ongoing Board and Commission video coverage
 - ▶ Closed captioning
- ▶ Access Management and Parking Strategy AMPS
- ▶ Transportation Capital Improvement Program

Good Governance

- ▶ Information Technology
 - ▶ Chief Security Officer
- ▶ Innovation and Data
 - ▶ Continuous improvement and efficiency
 - ▶ Engaging the community
 - ▶ Performance measurement and analysis capacity
- ▶ Organizational Development
 - ▶ Supporting all levels in the organization

Organizational Capacity

Net Increase of 11.75 fixed-term and 24.25 ongoing FTE



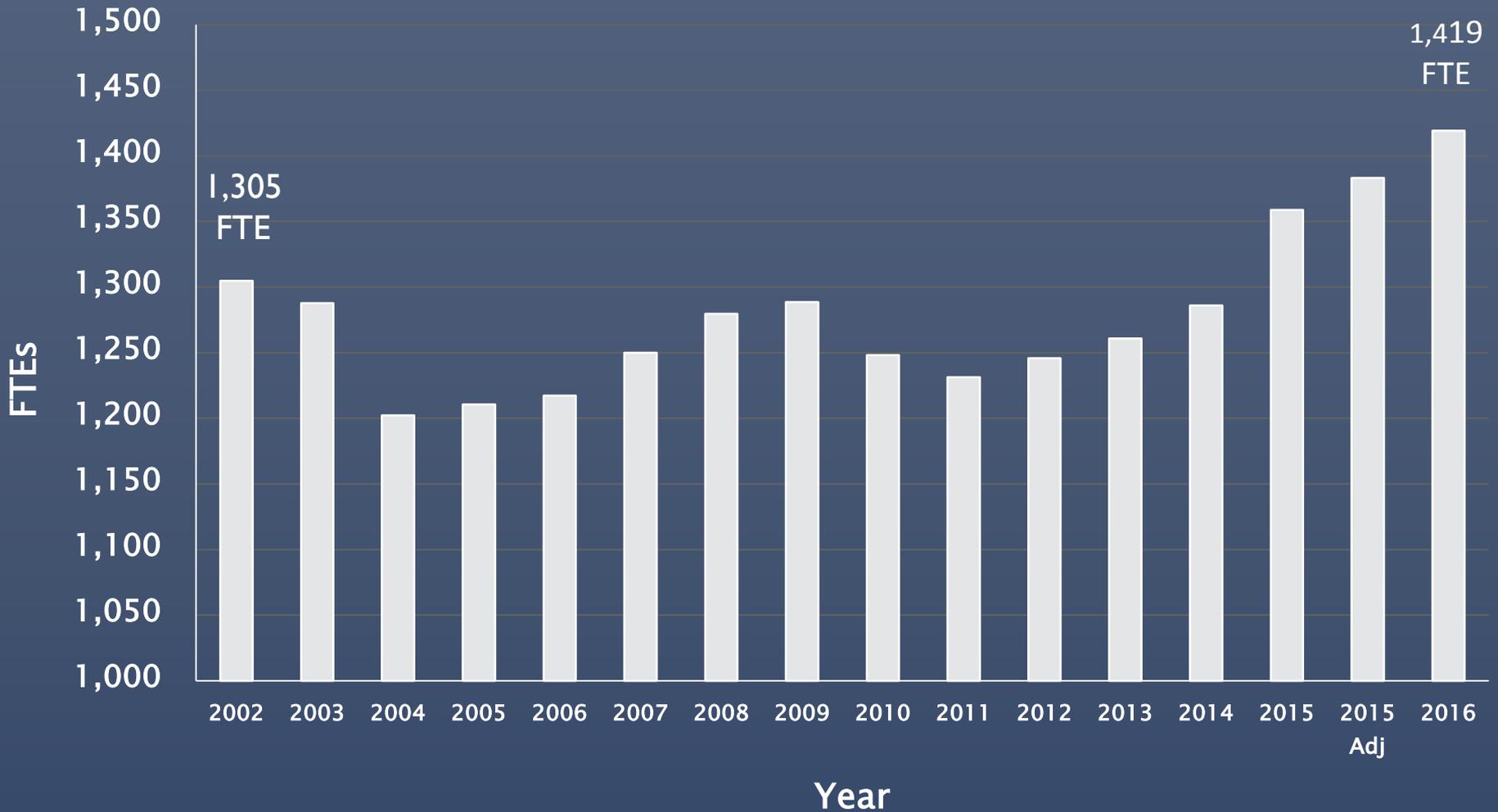
2015 adjusted includes positions supporting priorities that emerged since the 2015 budget was approved ; FTE = Full Time Equivalent

Organizational Capacity

2016 key ongoing FTE investments:

- ▶ 6.0 FTE for Public Safety (Police and Fire)
- ▶ 3.5 FTE for Parks and Rec Master Plan implementation
- ▶ 4.0 FTE for Program Support (Arts, CMO, Communications)
- ▶ 2.0 FTE for Asset Maintenance (Transportation, FAM)
- ▶ 4.75 FTE for Support Services (IT, Purchasing, Risk, Wellness)
- ▶ 4.0 FTE for Administrative Support (Fire, CMO, Communications, HR)

City Staffing Levels 2002-2016



Questions

- ▶ Does council have any questions or feedback on key investments proposed in the 2016 Recommended Budget?



Energy Strategy and Electric Utility Development

Two Components of the Budget

- ▶ Boulder's Energy Future (BEF) Budget
 - ▶ 2015 – 3 year appropriation for flexibility
 - ▶ Continuing municipalization process
- ▶ City Manager's Contingency
 - ▶ Transition Costs
 - ▶ Pre-start up costs for the utility – critical costs and positions
 - ▶ Costs prior to full transition



BEF Budget

- ▶ Second year of three year appropriation
 - ▶ Colorado law - appropriate each year
 - ▶ Appropriate the total amount in case needed
 - ▶ If not needed in 2016 will carryover into 2017
 - ▶ Worst case if money would be spent
 - One time money from General Fund
 - Source of transition funding discussed April each year in long range fiscal planning



City Manager Contingency

▶ 2016

- ▶ \$277K spent 2015 – proposed to be replenished in 2016 Budget

▶ 2017

- ▶ Expect to spend \$447K in 2016 for transition costs re-evaluate for 2017 budget
- ▶ Will be part of the 2016 Long Range Fiscal Planning that starts each April



2016 New Transition Staffing

- ▶ 2.75 FTE positions added for transition plan once PUC application for transfer of assets outcome is known
- ▶ 3.00 FTE positions supporting customer service, rates and finance, and energy resource changes added to support existing work. These positions will benefit both current and future city service with or without municipalization



Overall Summary 2016

- ▶ Investment proposed is strategic and supported by a comprehensive transition plan
- ▶ Process has included measured steps and potential off-ramps to ensure responsible use of taxpayer dollars
- ▶ Project requires reordering of the original work plan due to change in legal filing order
- ▶ Timing and level of expenditures are not completely known, budget continues to need flexibility



Questions

- ▶ Does council have any questions or feedback on the 2016 Recommended Budget for Energy Strategy and Electric Utility Development?



Water, Wastewater and Stormwater/Flood Management Rates

Projected Rate Increases

	2015	2016	2017	2018
Water	5%	8%	8%	8%
Wastewater	30%	5%	5%	5%
Stormwater/ Flood Management	75%	4%	8%	8%

Estimated Single-Family Customer Impact

	Monthly Bill 2015 Rates	Monthly Bill 2016 Rates	Monthly Difference
Water	\$36.59	\$39.48	\$2.89
Wastewater	\$30.23	\$31.78	\$1.55
Stormwater/ Flood Mgmt	\$13.46	\$14.00	\$0.54
Total	\$80.28	\$85.26	\$4.98



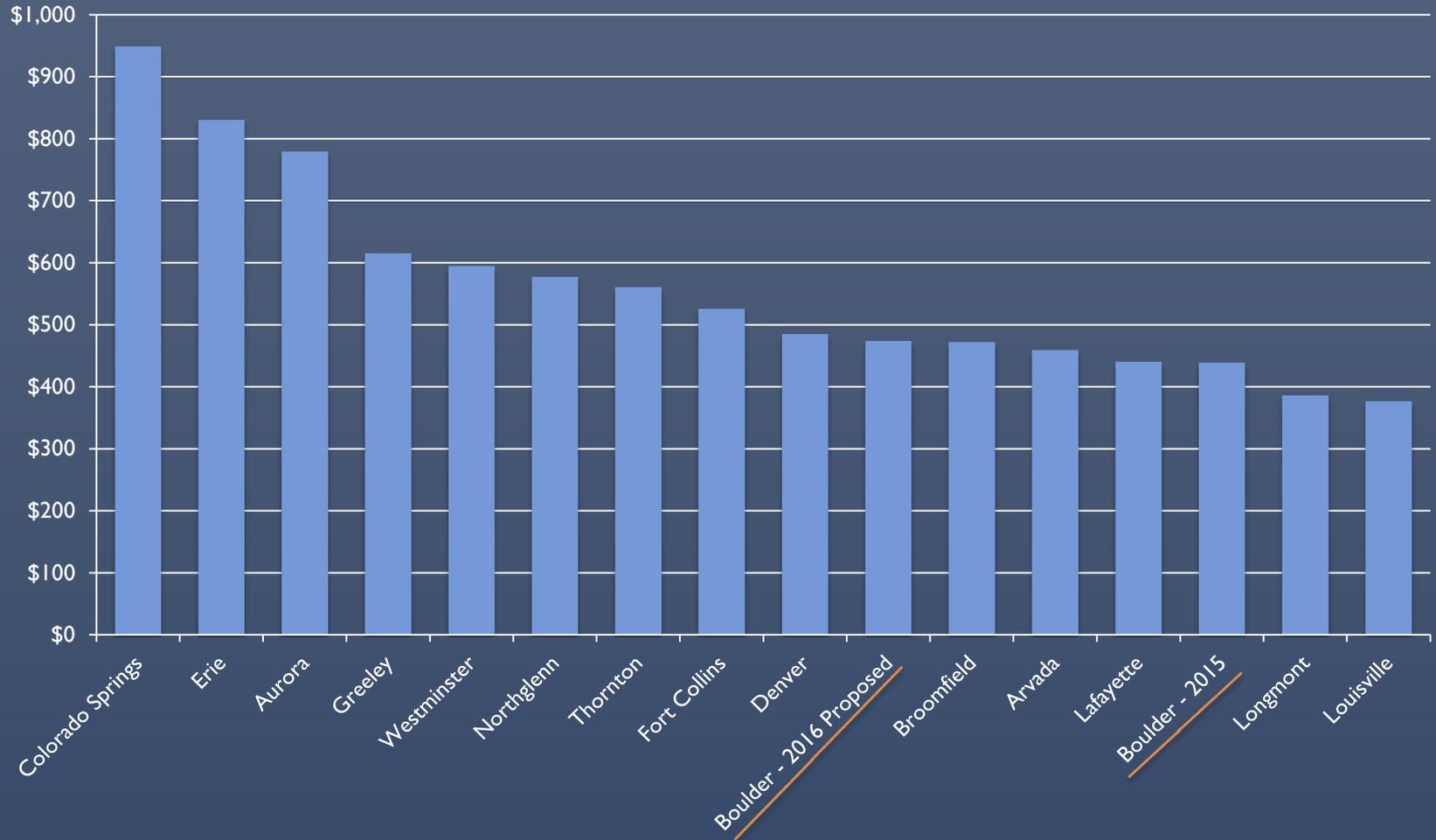
With the proposed 8% rate increase, the charge for 1 gallon of treated water will increase from about \$0.0034 to about \$0.0037

Estimated Customer Impacts

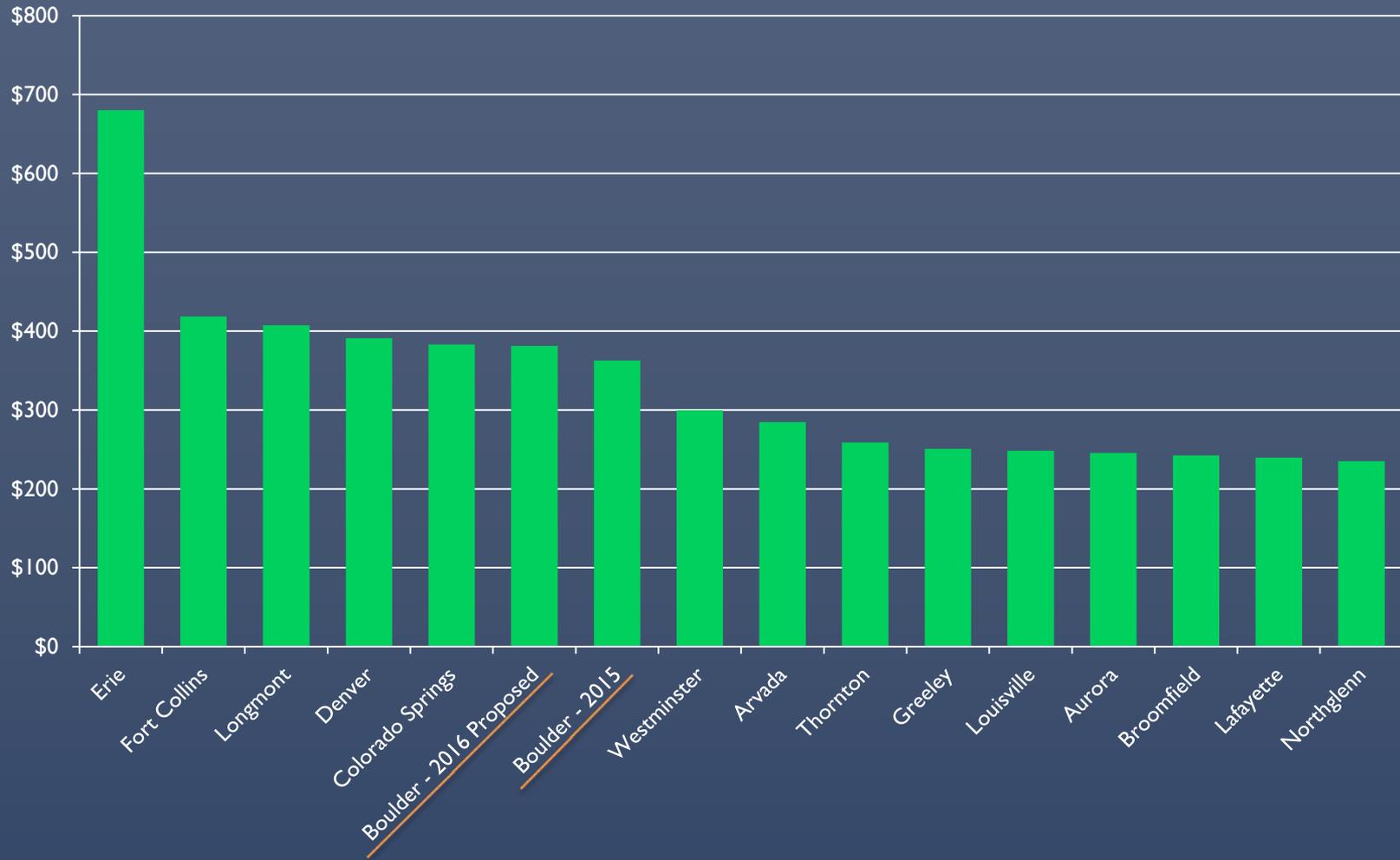
Customer	Combined Monthly Bill 2015 Rates	Combined Monthly Bill 2016 Rates	Monthly Bill Increase	Percent Change
Single-Family Residential	\$80	\$85	\$5	6%
Hotel	\$3,452	\$3,657	\$205	6%
Grocery Store	\$8,006	\$8,502	\$497	6%
Large Format Retailer	\$3,066	\$3,224	\$158	5%
Pearl Street Retail	\$120	\$127	\$7	6%
Industrial/Institutional	\$6,677	\$7,063	\$387	6%
Downtown Restaurant	\$333	\$353	\$20	6%
Downtown Restaurant/Brewery	\$763	\$809	\$45	6%



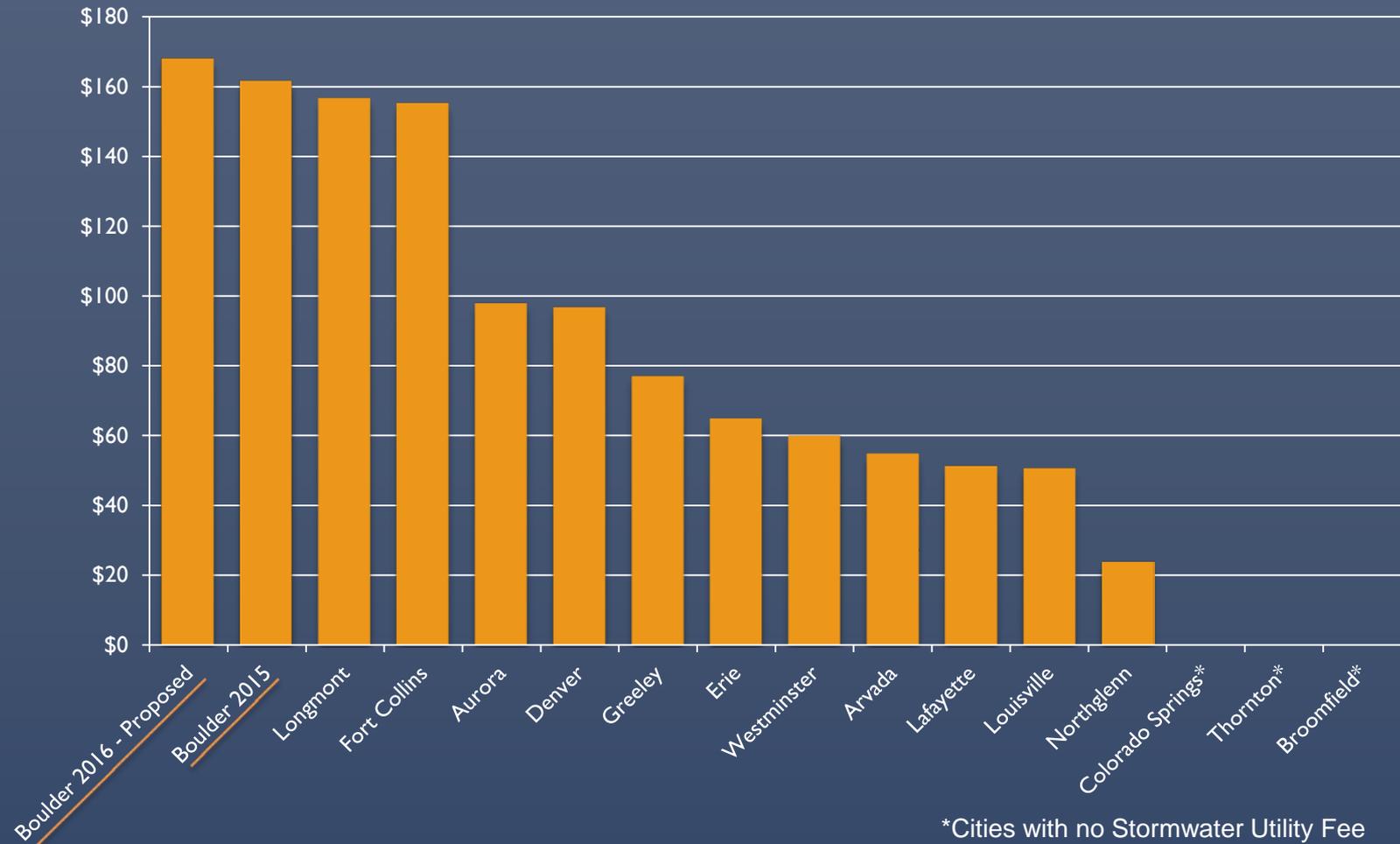
Water Utility Annual Bill Comparison



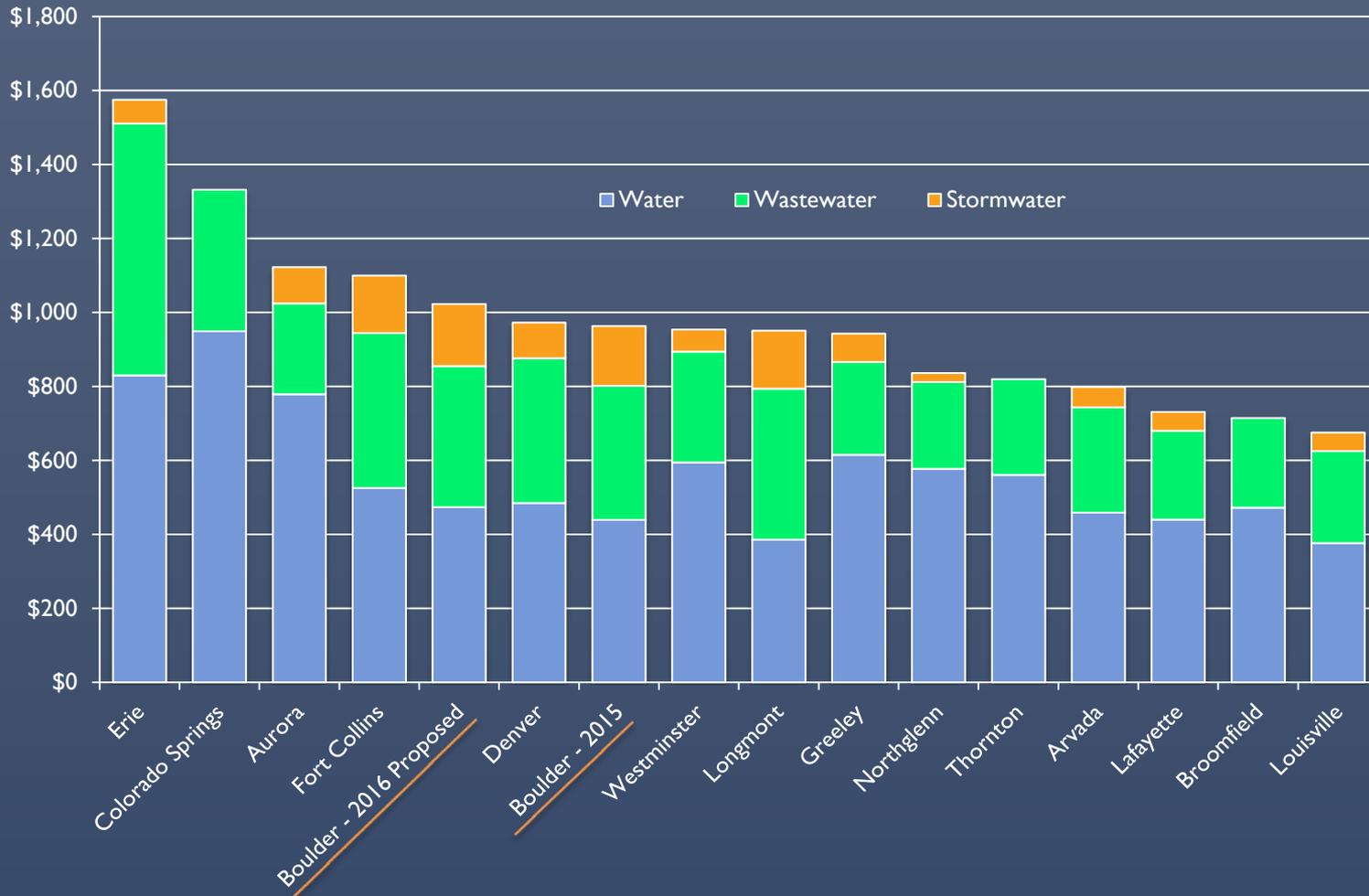
Wastewater Utility Annual Bill Comparison



Stormwater Utility Annual Bill Comparison



Combined 2015 Utility Bills



Questions

- ▶ Does council have any questions or feedback on the proposed Water, Wastewater and Stormwater/Flood Management Utility Rates?



Questions

- ▶ Does council have any other questions or feedback on the 2016 Recommended Budget?
- ▶ Does council want a second study session on September 17?

