CITY OF BOULDER
STUDY SESSION

MEMORANDUM

TO: Members of City Council

FROM: Jane S. Brautigam, City Manager
Bob Eichem, Chief Financial Officer
Cheryl Pattelli, Director of Finance
Peggy Bunzli, Budget Officer
Maureen Rait, Executive Director of Public Works
Jeff Arthur, Director of Public Works for Utilities
David Driskell, Executive Director of Community Planning and Sustainability
Heather Bailey, Executive Director of Energy Strategy and Electric Utility Development

DATE: September 2, 2014

SUBJECT: **September 9, 2014 Study Session**
Review of the 2015 City Manager's Recommended Budget

I. PURPOSE

The purpose of the Sept. 9 study session is to present the City Manager's 2015 Recommended Budget and to give the council an opportunity to review the document, ask questions of city staff, and to provide additional comments. The study session will cover economic conditions, future city revenues, budget principles, and major themes in the City Manager's 2015 Recommended Budget along with details of specific items proposed for funding in 2015.

II. BACKGROUND ON THE 2015 RECOMMENDED BUDGET

Each year, the annual city manager's recommended budget includes two primary components: (a) the overall budget, incorporating all programs, services and capital projects for the year and (b) a capital improvement program budget. The City Manager's 2015 Recommended Budget shows the combined operating and capital plan of the city, including (i) actual expenditures and revenues for 2013, (ii) approved and revised expenditures and revenues for 2014, and (iii) proposed expenditures and revenues from 2015 through 2020.

The Draft 2015-2020 Capital improvement Program (CIP) was reviewed at the Aug. 12 council study session. Material from that meeting can be found here: Draft 2015-2020 CIP Study Session Packet. A

summary of that study session will be included in the consent agenda of the September 16, 2014, City Council meeting.

The recommended budget and draft CIP documents are available on-line at:
2015 City of Boulder Recommended Budget and Draft 2015-2020 CIP.

The economic outlook for the city continues to be positive, with slow, steady improvement. This stable revenue growth is projected to continue in the coming years. Boulder's fiscal health is reflected in its tax revenue collections and the community's unemployment level of 4.3 percent as of June 2014, down 1.1 percent from the previous year. Sales and use tax collections were up 10.94 percent through June 2014, compared to collections through June 2013. Approximately 6 percent of this amount is due to either aberrations from historical collections or new taxable revenue sources.

- Over 3 percent of this increase is due to one-time revenues that are in excess of historical base collections;
- Another 1 percent is due to one-time revenues from business use taxes that are in excess of historical collections. Most of this is due to timing differences when comparing years and this will balance out as the year continues; and
- Another 2 percent of the increase is from recreational marijuana sales and use taxes.

Recreational marijuana is a new retail sector in Boulder and revenues from this sector are treated as one-time revenues until more states allow the sale of recreational marijuana. The sale of this product is still considered to be illegal at the federal level and at risk of federal intervention that could impact collections or the entire revenue source. Currently, these one-time revenues are first allocated to cover costs related to licensing, permitting, inspection and code enforcement of this business area and then for education and treatment to mitigate social impacts of marijuana use, especially among children and youth.

III. 2015 RECOMMENDED BUDGET HIGHLIGHTS

The 2015 Recommended Budget has been developed in support of council and community priorities, incorporating council adopted master and strategic plans, public input received in the annual community survey, and using priority based budgeting.

The 2015 City Manager's Recommended Budget also reflects funding to support the Major Update to the Boulder Valley Comprehensive Plan (BVCP), a number of other significant community planning efforts including Envision East Arapahoe and the Comprehensive Housing Strategy, as well as code changes needed for implementation. The BVCP is the overarching policy document that guides decisions related to growth and preservation of the Boulder Valley, and it informs decisions about the manner in which city services are provided. While most of the core BVCP policies have been in place since 1970, every five years the city and county update the plan to address current needs and conditions in the community. To begin this process, staff are preparing for a Joint Study Session with Planning Board and City Council on Oct. 14, 2014. Public engagement as part of the BVCP Major Update process as well as other planning initiatives will provide the opportunity to better understand and address the public input heard in response to recently proposed code changes and recent development trends, and help shape the dialogue about Boulder's built environment and quality of life.

2015 Recommended Budget highlights are noted in the City Manager's Budget Message, which is on p. 1 of the 2015 Recommended Budget. This is also included as **Attachment A** to this memo.

Additional information relating to three key areas of the 2015 Recommended Budget is detailed below:

Utilities Rates

Overview

As part of the Capital Improvement Program study session on Aug. 12, staff presented proposed increases of 5 percent in the water fund, 25 percent in the wastewater fund, and 71 percent in the stormwater/flood management fund. Additional investment focused on rehabilitating aging infrastructure to improve system resilience and expediting flood mitigation efforts along the city's 15 major drainageways.

The study session discussion centered primarily on the city's aging wastewater collection system. The majority of that system was constructed during the 1950s and 1960s using vitrified clay pipe (VCP) which was the standard at that time. Larger diameter "interceptor" pipes were constructed using reinforced concrete pipe (RCP), which post flood inspections identified to have evidence of severe corrosion. The city has historically invested approximately $500,000 per year in rehabilitation efforts to reduce leakage of stormwater and groundwater into these pipes and to restore structural integrity. At the current funding level, it would take approximately 90 years to rehabilitate all VCP and RCP pipe in the system. The Water Resources Advisory Board recommended a 25 percent rate increase, which included funding to complete this in effort in approximately 20 years. During the study session, several City Council members expressed an interest in considering a more aggressive approach to rehabilitation and construction of improvements identified in the 2009 Wastewater Collection System Master Plan. In response to City Council feedback, two additional wastewater collection system rehabilitation scenarios have been analyzed, including impacts to customer rates. A slightly more aggressive 30 percent scenario and a very aggressive 50 percent scenario were considered to provide a broad spectrum of potential options.

While rehabilitation of aging wastewater pipes is an important component of efforts to reduce the risk of wastewater backups during major rainfall events, maintaining an effective balance of capital investment, assessment and planning, operations and maintenance, and programs focused on privately owned system components is likely to support greater progress toward desired outcomes. In addition to the analysis of increased capital investment in pipe rehabilitation, a package of broader recommendations has been developed that seeks to better address concerns with wastewater system reliability through strategic investment in all three utility enterprises.

<u>Wastewater Collection System and Interceptor Rehabilitation – Preliminary CIP Scenario</u>

The wastewater collection system and interceptor rehabilitation program presented to City Council in August was based on the draft Utilities CIP and associated rate increases considered by the Water Resources Advisory Board in June. The program contained four primary components:

- Cured-in-place-pipe (CIPP) lining program for small diameter sewers
- Tier 1 recommended projects from the 2009 Wastewater Collection System Master Plan (WWCSMP)
- Rehabilitation of the large diameter concrete pipes (interceptor sewers) whose condition was found to be significantly compromised by internal corrosion.
- Sanitary sewer manhole rehabilitation

A 25 percent Wastewater Utility rate increase would effectively result in a $3,500,000 annual increase to the Wastewater Utility Budget. The preliminary CIP proposed to allocate wastewater collection system funds as follows:

1. $780,000 for Condition Assessment (new line item) - A condition assessment program involving TV inspection of the entire system is estimated to cost approximately $3,000,000. The 2015-2020 Utilities CIP proposed that this program be completed in four years at a cost of $750,000 to $800,000 per year.

2. $2,000,000 for Collection System Rehabilitation (increase to existing line item) - The estimated cost to line the VCP and RCP sections of system is approximately $45,000,000. This is based on contractor estimates to line 223 miles of pipe ranging in diameter from between 6 inches and 42 inches and does not include sections that were previously lined or constructed of plastic (PVC) pipe. Increasing the annual lining budget to $2,000,000 would permit acceleration of the lining from approximately 90 years to 20 to 25 years. The 10 percent rate increase discussed with council earlier this year proposed doubling the lining budget and reducing the time horizon to approximately 45 years.

   The WWCSMP Tier 1 recommended projects have an associated estimated cost of approximately $5,000,000 (in 2009 dollars). These projects were recommended because of future hydraulic capacity needs due to projected future growth. Utilities staff is in the process of completing a WWCSMP Update this year to incorporate the September 2013 flood inundation data as well as the 2014 Inflow and Infiltration (I&I) evaluation results. The purpose of the master plan update is to integrate the I&I evaluation data into the hydraulic model and verify the prioritization of the study's previously recommended CIP projects. Currently only one of the four Tier 1 projects is funded in the 2015-2020 CIP.

3. $10,000,000 ($950,000 annual debt service) bond for large diameter pipe rehabilitation (new line item) - The $10,000,000 bond proposed for the large diameter pipe (interceptor sewers) was recommended following the condition assessment completion, which identified significant internal corrosion in the 31 miles of sewer inspected in 2014. Based on the severity of the condition assessment findings, it is recommended that an additional 80 miles of concrete sewer pipe be inspected in 2014 to more comprehensively understand the system's rehabilitation needs. This evaluation will be bid in September 2014.

4. $200,000 for Sanitary Sewer Manhole Rehabilitation (increase to existing line item). The sanitary sewer manhole rehabilitation program has been funded at approximately $100,000 per year since 2006. This program is designed to replace or rehabilitate the collection system's worst condition manholes. This level of funding has permitted the replacement of approximately 10 manholes per year at an average cost of $10,000 each. Various rehabilitation techniques are currently being considered that are less expensive than manhole replacement. These rehabilitation options involve a spray-on coating that eliminates the leakage into the manhole and also provides a structural solution to extend the facility's useful life. The proposed 2015-2020 CIP funding represents an increase to expedite this program's schedule.

Wastewater Collection System And Interceptor Rehabilitation – Accelerated Investment Scenarios

30 Percent Rate Increase

A 30 percent wastewater rate increase would provide additional funding of approximately $1,100,000 per year compared to a 25 percent rate increase. Approximately 30 to 50 percent of the existing wastewater collection system is estimated to be in "poor" condition. If the additional funding from increasing from a 25 percent rate increase to 30 percent increase was allocated exclusively to the CIPP lining program, the total time to line the poor condition portions of the system would be reduced to approximately seven years and the lining of the entire VCP and RCP sections would be reduced to approximately 15 years. Due to the evolution of proposed capital investment during WRAB consideration of the CIP, additional staffing needs were not evaluated at that time. Based on current estimates, both a 25 percent and 30 percent rate increase scenario would require an additional 1.0 FTE, most likely a junior level engineer or engineering technician, to support effective assessment, project management, and inspection.

50 Percent Rate Increase

A 50 percent wastewater rate increase would provide additional funding of approximately $4,400,000 per year compared to a 25 percent rate increase. If the additional funding from shifting to a 50 percent rate increase was allocated exclusively to the CIPP lining program, the total time to line the poor condition portions of the system would be reduced to approximately three to four years and the lining of the entire VCP and RCP sections would be reduced to approximately seven years. This level of accelerated investment is estimated to require both the additional 1.0 FTE proposed for the 25 to 30 percent increase and an additional 1.0 FTE fixed-term engineer or engineering technician.

Large Diameter Concrete Pipes (Interceptor Sewers)

Numerous sections of the collection system's large diameter pipes (interceptor sewers) inspected to date are in poor or very poor condition. It is likely that the remaining concrete pipe sections (yet to be inspected) will be found to be in similar condition. Therefore, it is likely that additional funding will be needed in the future to rehabilitate the large diameter pipes. Upon completion of the system's large diameter pipe condition assessment evaluation, which is scheduled for the fall of 2014, staff will identify the highest priority projects and proceed accordingly. Additional money from a higher 30 to 50 percent rate increase could be used to fund either large diameter pipe rehabilitation or hydraulic capacity needs due to future growth, but would increase the time needed to complete the collection system rehabilitation described above.

Resource Prioritization

In addition to pipe rehabilitation, there are a number of other investments that would support improvements to the reliability and resiliency of the wastewater collection system during precipitation events. Investment in a more comprehensive strategy would likely result in both short-term improvements in system capabilities and in higher service level in the long term.

Illicit Connections/Private Infrastructure

In addition to the 360 miles of city-owned wastewater mains, the overall wastewater collection system contains an estimated additional 340 miles of privately owned and maintained service line pipes that connect individual homes and businesses to city mains. These pipes and the "tap" where the private service lines connect to the public mains are potential sources of additional infiltration into the public system that would not be addressed by lining of public mains. A related issue is the illegal discharge of

non-wastewater flows from private properties into the wastewater collection system. There is evidence indicating that numerous homes and businesses may have basement sump pumps that are illegally connected to the wastewater system and discharge groundwater that reduces the system's ability to convey and treat wastewater.

An additional 1.0 FTE and associated non-personnel expenses (NPE) in the wastewater budget could support development and implementation of programs to reduce infiltration, inflow, and other illegal discharges from private properties through a combination of education, incentives, and enforcement. An initial budget of $200,000/year including both PE and NPE is recommended for this program.

Wastewater Collection System Operation/Maintenance

It is anticipated that the proposed comprehensive assessment of the wastewater collection system will identify some deficiencies that could be temporarily addressed with point repairs thus allowing deferral of full lining. Adding an additional 1.0 FTE in the wastewater collection system maintenance workgroup crew would allow increased preventative maintenance for point repairs and help improve response time when multiple emergencies occur concurrently.

Stormwater Collection/Flood Channel Maintenance (Stormwater & Flood Management Fund)

While much of the water that entered the wastewater system in September was the result of elevated groundwater, direct flow of flood water into homes, businesses, and manholes was also a contributing factor. The wastewater collection system functions by gravity and generally follows the same corridors as the 15 major drainageways downstream to the treatment facility adjacent to Boulder Creek at 75th Street. Additional resources for both proactive maintenance and emergency response to stormwater and flood channel issues such as plugged culverts, trash racks, and inlets could help keep runoff contained in the stormwater collection and major drainageway systems and out of the wastewater collection system.

An additional seasonal employee for major drainageway maintenance was included in the initial 2015 budget proposal. An additional 1.0 FTE for year round major drainageway maintenance would allow increased proactive maintenance, improve response times during rainfall events, and help address the ongoing issue of new sediment and debris being washed into the drainageways from upstream areas during rainfall events.

Consideration of additional resources to support maintenance of localized drainage systems, also referred to as the "stormwater collection system, was not included in preliminary 2015 budget proposals due to the possibility of securing a significant grant. The city applied for and was selected to receive a grant for rental of an additional vacuum/jet truck (a $300,000 to $400,000 piece of equipment) and five temporary maintenance staff. Timing for receipt of the grant has been delayed several times creating uncertainty about whether the grant funding and timing will meet city needs. It is recommended that the 5.0 FTE and related equipment be added to the 2015 budget through a combination of reappropriation of funds budgeted for proposed capital projects and increasing stormwater/flood management rates by 75 percent instead of the 71 percent initially proposed. The additional 4 percent increase would generate roughly $200,000 in annual revenue and allow the shift from capital to operating to be a temporary measure to fund purchase of the vacuum/jet truck in 2015. In the event that the grant does temporarily reduce stormwater collection system maintenance needs, council could reallocate funding back to capital projects or use the fund balance to offset future rate increases.

Irrigation Ditch Maintenance/Construction (Water Fund)
In addition to managing and operating the city's source water supply, the Utilities Division's Water Resources work group has a role supporting irrigation ditch matters. Associated duties include holding board positions on a few local ditch companies, development review for projects within ditch easements, and liaison work for community members and ditch companies who have general ditch questions or concerns. Since the September 2013 flood event, the liaison component of this work has become a much more significant component of Water Resources' overall work load because of the interaction of irrigation ditches and stormwater. Since the flood, there have been new and recurring problems associated with irrigation ditches and ditch laterals intercepting storm water and causing localized flooding.

Between saturated ground water levels, changed drainage patterns and heightened awareness within the community, the work load associated with supporting the community for ditch matters is not expected to decrease for the foreseeable future. Prior to the 2013 flood, Water Resources was already evaluating staffing needs and considering additional staff to better support the demands of irrigation ditch-related work. The flood has made this need immediate, and an additional full-time staff member at the senior engineer/planner level (capable of handling tasks with limited direction) would help manage the associated work load while allowing existing staff to maintain the needs of other core mission work. Because capacity issues existed prior to the flood, this would be a permanent position.

Future Priorities
The 2015-2020 Utilities CIP and fund financial anticipates regular inflationary rate increases in all three enterprise funds and larger increases timed to fund major infrastructure projects. In considering increases for 2015, the community's longer term ability to pay should be taken into consideration. For example, if 2015 increases in wastewater rates exhaust ratepayer support or the city's competitive position relative to other communities, it could negatively impact the ability to complete other critical and high-priority projects scheduled for future years. Particularly in the water fund, addressing near misses that have not impacted the public remains a significant priority and ongoing funding need.

Customer Bill Impacts
The total monthly bill increase to a typical single family residential customer under a 5 percent water/25 percent wastewater/71 percent stormwater/flood management rate scenario was estimated at approximately $13/month. Maintaining the 5 percent increase in water, increasing wastewater by 30 percent, and increasing stormwater flood by 75 percent would result an overall increase of $15/month. Maintaining a 5 percent increase in water, increasing wastewater by 50 percent, and increasing stormwater/flood by 75 percent would result in an overall increase of $19/month.

Monthly utility charges to businesses vary significantly based on water/wastewater usage and building footprint/parking lot area which is used to determine the monthly stormwater fee. A table outlining impacts to a variety of sample customers under different rate scenarios is provided as **Attachment B** and will be discussed in more detail during the study session.

The city annually compares utility bills across 15 Front Range communities including Erie, Colorado Springs, Aurora, Fort Collins, Denver, Greeley, Westminster, Longmont, Arvada, Northglenn, Lafayette, Broomfield, Thornton, and Louisville. **Attachment C** compares Boulder's 2014 rates and three 2015 rate scenarios to the 2014 rates in the other communities. The originally proposed increases

of 5 percent water, 25 percent wastewater, and 71 percent stormwater/flood would move Boulder from 9th highest out of 15 to 6th highest if other communities do not increase rates for 2015. Both the 5 percent/30 percent/75 percent and the 5 percent/50 percent/75 percent scenarios included in the current analysis would move Boulder above Denver's 2014 rates, but remain below 2014 rates in Fort Collins, Aurora, Colorado Springs, and Erie. Annual rate increases are typical for most utilities, so it is possible that Boulder's comparative position will improve once 2015 rates for other communities become available.

Recommendation

If City Council is supportive of a more aggressive approach to improving the reliability of the wastewater collection system during rainfall events, staff recommends a combination of additional investment in pipe rehabilitation and other measures outlined in this memorandum.

Increases of 5 percent in the water fund, 30 percent in the wastewater fund, and 75 percent in the stormwater and flood management fund would:

- Allow acceleration of pipe rehabilitation from the previously proposed 22.5 years to approximately 16 years, with the lowest rated pipes targeted for completion in the first eight years. An additional 1.0 FTE would be added to provide associated engineering, inspection, and project management support. A portion of the rehabilitation funding could be shifted to accelerate system capacity improvements pending additional assessment and updating of the Wastewater Collection System Master Plan later this year.
- Support an additional 1.0 FTE and associated expenses to develop and implement programs to reduce private property impacts on the public wastewater collection system.
- Fund additional staff and equipment to address increased requests for service, provide additional preventative maintenance, and improve emergency response capabilities. This includes 5.0 FTE in stormwater collection system maintenance, 1.0 FTE in major drainageway/flood maintenance, and 1.0 in wastewater collection system maintenance.
- An additional 1.0 FTE to focus on irrigation ditch related issues.
- Maintain rates that are competitive with other communities along the Front Range.

The updated 2015-2020 Utilities CIP proposal and fund financial is based on 2015 rate increases being ongoing and annual rate increases in future years. The current fund financial includes rate increases of 8 percent in Water, 5 percent in Wastewater, and 4 percent in Stormwater/Flood Management for 2016. Subsequent years include additional increases based on projected inflation as well as project driven increases. As a result of ongoing inspection and assessment continuing to identify new issues and the dramatic increases in construction costs that have occurred due to the combination of regional flood recovery and national economic recovery, current rate projections may be significantly lower than what will actually be required to fund the 5-year CIP. An updated CIP, operating budget, and fund financial will be prepared based on City Council feedback at the study session and presented for consideration at the first reading of the 2015 recommended budget in October.

Potential Municipal Electric Utility

2015 will be a pivotal year for the municipalization effort specifically, and for Energy Future work more generally. After unprecedented analysis and community input, City Council has directed staff to move forward with creating a local electric utility, which could happen as soon as mid-2016. The legal actions and other start-up activities necessary to launch and operate an electric utility require the single largest concentration of resources to date for the Energy Future Project. Therefore, the 2015 budget

request represents an increase in funding for those activities. At the same time, the city is aware that there are uncertainties about the outcome of regulatory and legal processes. The proposed 2015 budget is structured in a way that addresses and minimizes this risk.

What creating a city electric utility would achieve:
This project is a significant undertaking in support of Boulder's commitment to meaningful climate action and to economic vitality. A city-owned electric utility would have the authority to make decisions about the community's energy supply, ultimately changing the future of electric services for all of Boulder's residents and businesses. When voters approved the creation of a municipal electric utility, they did so only if several key provisions could be met. Not only were members of the community concerned with reducing emissions and increasing renewable energy sources, they wanted to be sure a utility could provide reliable service and meet its financial commitments at prices that were comparable to the existing provider. City Council took an additional step by approving additional energy future goals that expand on the Charter provisions. These were:1) provide energy customers with a greater say about their energy supply and services; and 2) promote local economic vitality. Robust modeling conducted between 2011 and 2013 showed that expenditures we make as a community related to this utility would result in both tangible and intangible benefits. These include:

- Returns on investment sufficient to cover all costs related to debt and operations while keeping customer rates the same or better than those charged by Xcel Energy;
- Up to twice as much renewable energy as Xcel Energy is currently projecting in its supply;
- A corresponding decrease in harmful greenhouse gas emissions;
- An expansion of local and distributed generation opportunities in Boulder, including solar gardens and increased rooftop solar;
- Increased funding – and control over how the funds are spent – for energy efficiency programs and local electric infrastructure, such as undergrounding and microgrids;
- More decision-making and opportunities for participation by customers and accountability of publicly elected policy makers; and
- Opportunities to foster innovation, economic development and a strong clean tech energy sector.

It has been recognized that the carbon intensive electricity supplied by Xcel Energy is unsustainable and that there is inherent value in at least exploring the creation of a city-owned electric utility. This is about more than just an environmental goal, however. Experience and research has shown that the creation of a local electric utility would also foster innovation and create economic opportunity in Boulder. This happens when the community has a more significant voice in how its utility is run and money is invested.

In 2011 and again in 2013, a majority of voters supported moving forward while also enacting several Charter provisions that require the city to balance its initial environmental objectives with others related to reliability and financial responsibility. Based on the city's analysis and verification by a third-party independent expert that these conditions can be met, City Council directed staff to proceed with the steps necessary to own and operate a Boulder electric utility.

What steps need to be taken in 2015:
If the city is to own and operate an electric utility, city staff must begin in 2015 to lay the groundwork for the day it acquires and runs the system, or "Day 1." In essence, the city has start-up costs associated with preparing to run a new municipal utility. Staff is prepared to implement the necessary steps to

ensure that the city will provide a safe, reliable and customer-centered electric utility from Day 1. While the pace and ultimate outcome of the legal and regulatory process remains uncertain, the city nonetheless must be ready to manage an electric utility as soon as the second half of 2016. This careful and thorough preparation requires an increase in resources allocated to the Energy Future Project in 2015. The budget proposed for 2015 is strategic and responsible. It is supported by a comprehensive work plan, details of which were presented to council in August 2014, to ensure the city is positioned for a seamless transition to take ownership and operate the utility on Day 1. This represents a shift away from exploring the possibility of a local electric utility toward the creation and implementation of a utility.

The 2015 work plan was designed with the following objectives in mind:

- Position the city to safely, reliably and effectively operate the electrical system
- Manage costs, while being mindful of the uncertainties inherent to this effort
- Minimize customer impacts and maximize customer value
- Proactively identify and mitigate risks
- Integrate the utility within the city organization in order to leverage existing systems, practices and skills in a way that streamlines the process and benefits customers
- Meet the community's Energy Future goals, including ensuring competitive rates, expanding the renewable power supply, significantly reducing greenhouse gas emissions, and providing customers with a greater say about their energy supply.

Specific work items include the creation and implementation of best practices and systems to:

- Operate a safe and reliable utility with well-documented policies and procedures that ultimately facilitate delivering a new Utility of the Future model
- Implement and price energy services, both those that are currently offered by Xcel Energy and potential new offerings desired by Boulder customers
- Engineer and construct system separation and integration, as well as plan for future enhancements to the system
- Solicit and negotiate power contracts to provide reliable electricity
- Respond to customer requests, issue bills, and collect revenues
- Leverage existing Information Technology systems (GIS, billing, and accounting systems, etc.) and implement new technology to support the overall utility operations
- Ensure there is a strong culture focused on safety and the environment
- Prepare for a more robust distributed generation energy supply
- Provide all necessary facilities (by lease or acquisition) to house utility workers
- Maintain adequate inventory of materials and supplies to operate and maintain the utility
- Coordinate with all regional reliability and planning organizations (such as the Western Electric Coordinating Council (WECC) and PEAK Reliability) to ensure reliability compliance
- Engage the community, through working groups, the internet, meetings, a governance board, etc, to leverage local expertise and provide local input into the development of the utility
- Pilot and vet potential energy services that will differentiate a local utility from what is currently offered by Xcel Energy and give customers the ability to manage their energy use more effectively

Proposed sources of funding:
From the beginning of this exploration, the process has included measured steps and potential off-ramps to ensure responsible use of taxpayer dollars. In 2011, the voters approved a Utility Occupation Tax in support of this effort. This tax, set to expire in 2017, is the primary source of funding for this effort. Additional one-time funding has been allocated from the General Fund. The annual budget process provides council with the opportunity to review the proposed expenditure plan associated with the Utility Occupation Tax revenues and other one-time revenues in support of key work efforts. Although multi-year in nature, specific work products and investment needs are evaluated on a year-to-year basis.

2015 is inherently different from previous years of the project due to the level of work and the resources required to move ahead responsibly. The 2015 budget reflects an approach that anticipates fluctuations in expenditures yet ensures that resources are available to meet legal challenges and to set up a fully operational utility even if there is little or no movement on reaching negotiated agreements with Xcel Energy.

Because, the next phase of this project requires acceleration of the original work plan, this creates a timing difference in cashflow between when the expenses will be incurred and when the revenues will flow into the city from the Utility Occupation Tax. To solve this cashflow issue, it is proposed that General Fund reserves be used to bridge this timing difference, in support of implementation of the Transition Work Plan, including condemnation proceedings. By doing this, the difference will be eliminated and funds will be available to pay the costs that will be incurred earlier. As the actual revenue collections occur in 2016 and 2017, they will return to the General Fund reserves.

The total budget request draws specifically from the following sources:

2015 Budget – Recommended Sources	
2015 Utility Occupation Tax(UOT) - Base Allocation	$2,015,710
General Fund reserves (to be replenished by 2016 and 2017 UOT revenue)	$4,214,648
Request from General Fund	$712,877
TOTAL 2015 Budget Request	**$6,943,235**

Broadly, this revenue will support consulting and contract services; capital, systems, separation and operation costs; salary and benefits, and purchased services and supplies. The General Fund allocation is necessary to fund current high-priority staffing backfill needs (2.5 FTE) as well as 2.0 new FTEs to support the transition work plan.

The new staffing includes a critical electric engineering position to manage engineering, construction and operations transition functions and assist with discovery, agreements, power supply and separation. The other position is a customer services manager to ensure the organization is prepared to respond to customer needs, issue bills and collect revenues. Much of the customer service work effort supports upgrading the city's customer information and billing system, identifying and implementing best practices in customer service, and facilitating the transfer of account information from Xcel. Given the longer lead time and criticality of these two functions, the transition plan identifies these positions as a priority for 2015.

The following chart provides more detail:

2015 Budget - Projected Uses	
Staffing – Current (3.5 FTE)	$638,235
Staffing – Additional, as Defined by the Transition Plan (2.0 FTE)	$281,250
Consulting and Contract Services	$4,077,498
Systems	$380,000
Separation/Operation	$850,000
Purchased Services and Supplies	$216,252
Contingency	$500,000
TOTAL	**$6,943,235**

Efforts being taken to minimize risk:
From the outset of municipalization exploration, the process has included measured steps and potential off-ramps to ensure responsible use of taxpayer dollars.

Because there is legal and regulatory action still pending, the staff team has taken into account uncertainties and created a phased approach to hiring and spending that allows the city to continuously monitor progress and adjust financial outlays.

The proposed budget is driven by a detailed and thoughtful transition work plan created by PowerServices, Inc., a consultant firm that is experienced in guiding the start-up of electric utilities across the country. PowerServices identified two scenarios for the transition to a city-owned non-profit electric utility. Under Scenario A, it is assumed that Xcel would cooperate on the transition, either through negotiated agreements with the city or through a court or regulatory order, to ensure a smooth transition. In contrast, under Scenario B, PowerServices laid out the steps necessary to move ahead without any negotiated agreements with Xcel. While there is still ample time for Xcel Energy to propose a fair settlement or other solution that accommodates both parties, to mitigate operating risk, the staff team is following the steps outlined in Scenario B of the transition plan.

Expenditures will be continuously monitored, with much of the spending anticipated in the latter part of 2015. If work efforts do not progress as planned or a decision is made not to proceed with municipalization, some savings may be realized. If work progresses more quickly than currently anticipated, the 2015 Recommended Budget includes contingency funding, set aside and not allocated to the project.

In addition to adopting an approach that allows for flexibility in hiring and expenditure of resources, any long-term investments in equipment and facilities that can be delayed without harming the eventual project outcome have been pushed out.

Lastly, as has been true in previous years, the city will continue its longstanding practice of cross-departmental cooperation for high-profile and high-impact projects. This includes backfilling senior city positions, often with more junior staff, thus saving taxpayers money by leveraging the talent and skills Boulder has in-house instead of paying additional consultant fees.

The city staff's goal is to integrate the electric utility in a manner that draws on existing organizational

functions (such as finance and accounting, IT, facilities, public works, planning, human resources, billing, and legal) and leverages resources as efficiently as possible for a coordinated approach to delivering energy services. There is an additional benefit to this. Even if the city is unable to move forward with creating a local electric utility, work done and funds expended toward the transition plan will improve the delivery of services across already existing city departments and programs, benefiting the Boulder community.

Conclusion:
The funding requested in 2015 is significant, but is in accordance with the steps that are necessary to meet the community's energy future goals while also managing unknown outcomes related to the acquisition and transition processes. As has occurred over the past several years, the city is committed to providing frequent updates to the community and City Council and working to engage the wide range of customers who will be served by the creation of a local electric utility. Additional information about this effort is available at BoulderEnergyFuture.com.

Organizational Capacity
The city's adherence to strong fiscal policies and best practices have provided a conservative funding approach under difficult economic pressures and a solid foundation that, combined with Boulder's positive economic outlook, now enable the city to address significant service cutbacks made over the past decade-and-a-half, to continue to invest in community and organizational assets, and to provide strategic funding. In particular, over the last six years, the city has taken a very conservative approach to funding, in the face of economic uncertainty, while providing the community with the same basic services, increasing service and programming in key areas of value to the community, and engaging in important large scale initiatives toward achieving community environmental goals and addressing social and human concerns in the community. In the face of reduced funding, the city has increased programs and services while working continuously to reduce costs and improve business efficiencies through innovation and strong partnerships across the region and across sectors to better serve the community.

The city will always strive to find greater efficiencies and innovative solutions to reduce the cost of services; however, Boulder must also look to the future and listen to what our residents have told us about the services and community assets that contribute to a vibrant local economy and enhance their quality of life. The 2015 Recommended Budget recognizes that this is the time to strengthen the organization from within, to build the capacity to implement the existing Master Plans and to continue to build the resilience that will serve the community at the highest levels now and in the future.

The 2015 Budget includes investments in the city organization, across all departments and funds, with the goal of ongoing service excellence and meeting community priorities. The budget includes a combination of:

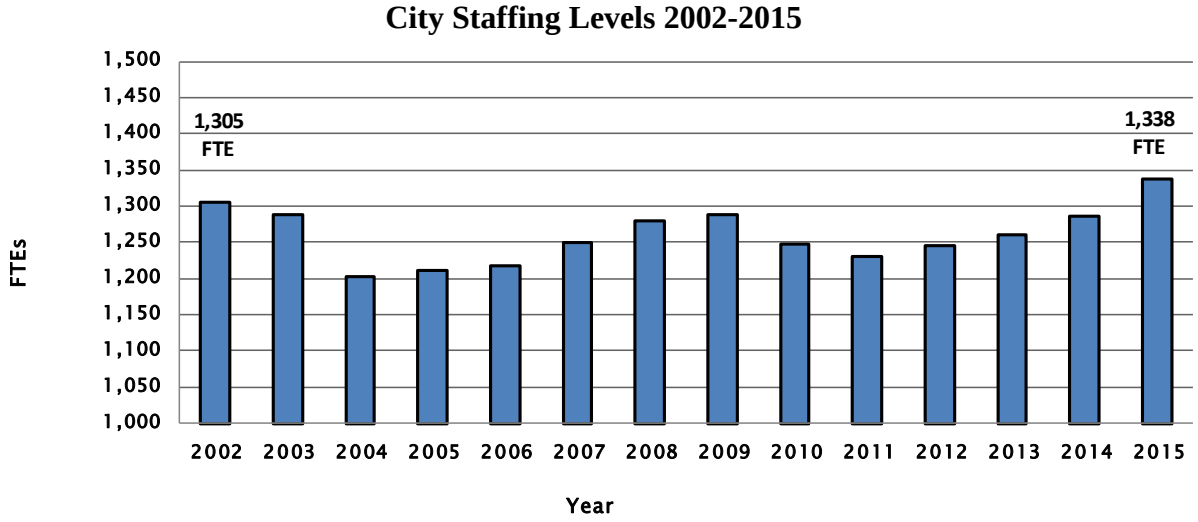
- repurposing of positions to higher priorities in the areas of internal service support, parks maintenance, and open space land management – 6.0 FTEs
- extension of fixed-term positions working on specific projects, such as major software replacements, emerging technologies, and data collection – 3.0 FTEs
- addition of fixed-term positions for new projects or in anticipation of strategic plans and other studies that will help inform the best ongoing allocation of resources, and for flood recovery – 11.5 FTEs
- addition of non-personnel funds for seasonal employment in support of strategic and master

plans

- conversion of fixed-term staff to ongoing, as strategic plans and studies have been completed, and recognizing ongoing service-level demands – 3.1 FTEs
- addition of ongoing positions for new initiatives, in support of increased programming and service demand, and in support of work plans, council goals and community priorities – 30 FTEs:
    - 2.5 FTE for increased activity/service demand (Planning and Development Services) – covered by fees;
    - 12 FTE for Master Plan implementation (Parks and Recreation, OSMP, Transportation) – covered by dedicated funding;
    - 2 FTE for ongoing flood-related mitigation and rehabilitation work (PW/Utilities) – covered by fees;
    - 1 FTE for increased service demand in Downtown and University Hill districts – covered by dedicated funding;
    - 5 FTE for public safety and code enforcement (Police, Fire, City Attorney's Office, Municipal Court);
    - 7.5 FTE for increased service demand of support services (Communications and Human Resources).

The total FTE impact is an increase of 47.6 FTE (3.5 percent), of which 14.5 FTE are fixed-term (1 percent) and 33.1 FTE are ongoing (2.5 percent).

The chart below shows staffing levels in the city from 2002 to 2015 (proposed). The proposed 2015 staffing level represents the first time that the city staffing level would exceed the 2002 level, despite considerably higher levels of programming and services, and increased demand.



This graph represents staffing levels proposed in the 2015 Recommended Budget, including the first year of the draft 2015-2020 CIP. In the event council wishes to proceed with the new Utilities recommendations, an additional 10 FTEs (1 FTE in Water, 3 FTEs in Wastewater and 6 FTEs in Stormwater/Flood Management) would be added to the 2 FTEs (Stormwater/Flood Management) already reflected in the 2015 Recommended Budget.

A list of 2015 reallocations in support of overall city priorities is included in **Attachment A** and a complete list of new funding initiatives for 2015 is included in **Attachment B** (listed by department) and **Attachment C** (listed by fund) of the 2015 Recommended Budget City Manager's Budget Message.

NEXT STEPS

- Tuesday, Sept. 23 – Second 2015 budget study session, if needed
- Tuesday, Oct. 7 – Public hearing and first reading of the 2015 City of Boulder budget ordinance
- Tuesday, Oct. 21 – Public hearing and second reading of the 2015 City of Boulder budget ordinance; General Improvement District budget resolutions.

ATTACHMENTS

A. 2015 Recommended Budget City Manager's Budget Message
B. Proposed Rate Impacts to Sample Customers
C. Comparison of Proposed Rates to Other Communities
D. Additional Information – Draft 2015-2020 CIP

City of Boulder

Office of the City Manager

Dear Members of City Council and Residents of Boulder,

I am pleased to present to you the City Manager's 2015 Recommended Budget for review and consideration. This budget was developed in accordance with the City Charter, city Financial Management Policies, Operating Budget guiding principles, Capital Improvement Program (CIP) guiding principles, and City Council's adopted goals.

September 2013 brought unprecedented rainfall to the region causing significant flooding and extensive damage to many Colorado communities. In Boulder, total damage to city infrastructure and public lands is estimated at $27.3 million, and private-property damage is estimated at $300 million.

The city was declared a national disaster which created the opportunity for possible reimbursement through the Federal Emergency Management Agency (FEMA), Federal Highway Administration (FHWA) and the State of Colorado. To date, the city has spent approximately $16 million on flood recovery. Estimated reimbursements from FEMA, the State of Colorado and the Federal Highway Administration (FHWA) are currently anticipated to be $14.5 million. The city continues to pursue grant funding from federal and state agencies for recovery and resilience projects.

The flood tested the city, county, and community's emergency preparedness and recovery plans, and resulted in many successes, as well as lessons learned. The flood disaster highlighted certain vulnerabilities in the city's infrastructure and where additional investment is needed. A number of fixed-term positions and one-time funding has already been added to the 2014 budget, and considerable flood recovery and mitigation investment is included in the draft 2015-2020 CIP. Details of additional proposed operating resources and considerations for water, wastewater and stormwater/flood management rates are highlighted below.

Despite this major disaster, the city remains on solid financial footing as a result of strong fiscal policy and a recovering economy, allowing for increased investment in the community and the organization.

Through a multi-year approach, the 2015 Recommended Budget allocates funds to the highest council and community priorities, with a focus on strengthening resilience within the city organization and community infrastructure. Of note in the 2015 Recommended Budget is

increased and strategic investment in:

- Public Safety;
- Water, Wastewater and Stormwater/Flood Management Systems;
- Energy Future;
- The Civic Area;
- Parks and Open Space;
- University Hill;
- Transportation; and
- Organizational Capacity

The total annual budget of $316,771,328, across all funds, represents a 17.5 percent increase in spending over 2014. Of this, $27 million, or approximately three-fifths, comes from increased capital spending over 2014. More than one-fifth is for other one-time expenditures, with less than one-fifth for ongoing expenditures. The increase in one-time spending reflects focused savings – dollars that have been set aside in funds such as the Utilities, Parks and Recreation and Open Space funds over several years – and includes significant leveraged funding, as well as increased funding for ongoing flood recovery and resilience.

Projected 2015 General Fund expenditures of $128,321,373 will increase by 10.9 percent. Of this, approximately one-third is for ongoing expenditures, while approximately two-thirds is for one-time expenditures.

The Recommended Budget also carries forward Boulder's conservative fiscal approach that earned its AAA rating for general obligation bonds issued by the city and maintains needed resources to sustain operations during emergencies. Each year, the budget process includes evaluation of reserve levels to ensure that sufficient fund balances are available to provide necessary funding for unanticipated needs and to ensure continued long-term stability. In 2014, the City Manager's Recommended Budget included an ongoing 15 percent fund balance in the General Fund. This alignment with best practices proved timely and helped the city respond to the immediate emergency and ongoing recovery needs of the September 2013 flood. Reserves across the city have been applied to flood response and recovery. Although partial reimbursement for eligible expenses is expected from FEMA and the State of Colorado, and the city is seeking all external funding opportunities to cover both recovery and mitigation costs, the timing of this funding is uncertain. Therefore, the 2015 Recommended Budget includes replenishing the General Fund reserves to 14 percent in 2015 and building reserves to 15 percent in 2016 and beyond. This plan brings reserve levels to recognized best practice levels in a short time frame, maintains adequate levels in the immediate term, and responsibly meets the funding needs of the city.

The economic outlook for the city continues to be positive, with steady improvement, and stable revenue growth is projected in the coming years. Boulder's fiscal health is reflected in its tax revenue collections and the community's unemployment level of 4.3 percent as of June, 2014, down 1.1 percent from the previous year. Sales and use tax collections were up 10.94 percent

through June 2014, compared to collections through June 2013, with approximately 6 percent of this increase due to one-time revenues and timing differences. Taking these one-time revenues into account, and noting that adjusted retail sales tax revenues through June 2014 are up 3.53 percent over 2013, the 2014 revenues are on target with projections.

The table below shows General Fund revenue collections compared to budget projections since 2008.

Table 1-01: General Fund Revenues 2008-2015 (in $1,000s)

	2008	2009	2010	2011	2012	2013	Projected 2014	Proposed 2015
Revised Budget	$93,907	$104,611	$107,908	$100,312	$110,424	$112,516	$118,861	$120,438
Actuals	$92,855	$104,387	$107,928	$103,112	$112,520	$117,082		

Economic uncertainty during a historically slow recovery from the 2008 Great Recession, including the possibility of a double dip recession, led the city to remain cautious in its 2013 revenue projections. Revenues in 2013 came in above projections, though much of the excess revenues came from one-time, non-recurring collections, primarily from construction use tax collections, as a result of the recovering economy. It is not expected that these higher levels of one-time revenues from construction use tax will continue in the years ahead. Retail sales tax collections came in strong for the year overall, though inconsistently throughout the year, likely an indication of muted but generally improving consumer confidence. Economists are now fairly consistent in projecting a stable economy for the next few years, and the city's 2014 and 2015 revenue projections have been revised to reflect this information. City staff projects a 3.13 percent increase in total sales and use tax revenues for 2015, which includes a 4.25 percent increase in retail sales tax revenues. The city continues to implement the financial policy of using one-time revenue only for one-time expenditures, which has served the city well during and since the last recession.

The 2015 City Manager's Recommended Budget reflects funding to support the Major Update to the Boulder Valley Comprehensive Plan (BVCP), a number of other significant community planning efforts including Envision East Arapahoe and the Comprehensive Housing Strategy, as well as code changes needed for implementation. Public engagement as part of the BVCP Major Update process as well as other planning initiatives will provide the opportunity to better understand and address the public input heard in response to recently proposed code changes and recent development trends, and help shape the dialogue about Boulder's built environment and quality of life.

Over the last three years, City Council has adopted a number of Master and Strategic Plans, including:

- Reservoir Master Plan,
- Fire-Rescue Master Plan,
- Multi-Hazard Mitigation Plan,

- Civic Area Vision Plan,
- Police Master Plan,
- Parks and Recreation Master Plan, and
- Transportation Master Plan.

Throughout the course of these master and strategic planning processes, extensive public input was sought and received to guide the plans in support of community priorities. This has helped to provide the road map for strategic investments. Based on these strategic plans, the city is moving forward to implement what we heard from residents, and the city has evaluated areas where strategic investments in staffing and infrastructure will make the community more resilient in the face of economic challenges and environmental impacts.

2015 Recommended Budget highlights include:

Community Investment and Priorities

Public Safety/Enforcement

In continued support of the Police and Fire Master Plans and in response to public and council input, the 2015 Recommended Budget includes funding for a number of items specific to public safety and bolstering the city's ability to provide appropriate enforcement of its code. One new police officer and one new criminalist position are proposed in the Police Department. This is the next step in the multi-year staffing plan for the department, which includes adding eight police officers, one commander and two non-sworn employees. The criminalist position will be able to take on some of the investigative and non-patrol work, freeing up officer time for patrol. In 2014 four new officers and one commander were added.

Again, as a part of a multi-year approach, additional funding is recommended for equipment replacement in the Fire Department, toward bringing replacement funding levels up to industry standard for key life and safety related equipment for firefighters. Funding for a comprehensive Fire Department Safety Officer Program, including one new FTE, is recommended. Along industry standards, this program will implement improvements in major incident response, improve operational safety, manage the Fire Department's Infection Control Program, and implement and manage a fire fighter fitness/wellness program.

Additional FTE in both the Municipal Court (one FTE ongoing and two fixed-term FTEs) and the City Attorney's Office (one prosecutor and one general counsel attorney) will transition these workgroups to more integrated software support and caseload management and will provide much needed staff to address significant service demand increases over the last five years and improve response to community priorities.

The Hill

Council and the public have highlighted Hill Revitalization as a key goal in the coming years. In support of the Hill Reinvestment Strategy, this budget includes continued funding of a fixed-term Hill coordinator position to take the lead in researching and developing new organizational

structures and redevelopment tools, and to coordinate the outreach and involvement of the Hill stakeholders, and contribution to a Residential Services District pilot program.

Civic Area

Following adoption of the Civic Area Vision Plan in 2013, the city has begun moving from planning to implementation of this vision of the Civic Area. The first steps, including the use of Civic Area ambassadors, event and activity programming and studies related to space use and impact have begun and will continue in 2015. In a cross-departmental collaboration, funding for this has been identified in Parks and Recreation, Community Planning and Sustainability, Transportation, Public Works/Facilities Asset and Management and Downtown and University Hill Management Division/ Parking Services. More details on the Civic Area are included in a special highlight section in the 2015 Recommended Budget document.

Energy

The City of Boulder, under council direction, is moving forward with the potential creation of a municipal electric utility. As envisioned, this utility would change the future of electric services and energy management for all of Boulder's residents and businesses. From the beginning of this exploration, the process has included measured steps and potential off-ramps to ensure responsible use of taxpayer dollars. In 2011, the voters approved a Utility Occupation Tax in support of this effort. The annual budget process provides council with the opportunity to review the proposed expenditure plan associated with the Utility Occupation Tax revenues and other one -time revenues in support of key work efforts. Although multi-year in nature, specific work products and investment needs are evaluated on a year-to-year basis.

The next phase of this project requires acceleration of the original work plan, creating a timing difference in cashflow between when the expenses will be incurred and when the revenues will flow into the city from the Utility Occupation Tax. An example of this difference is litigation costs. While the city will collect enough revenue in total through 2017 to pay the costs, a major portion of the expenses will occur in 2015. To solve this cashflow problem, it is proposed that General Fund reserves be used to bridge this timing difference in support of implementation of the Transition Work Plan, including condemnation proceedings. By doing this, the difference will be eliminated and funds will be available to pay the costs that will be incurred earlier. As the actual revenue collections occur in 2016 and 2017, they will return to the General Fund reserves.

The budget also proposes additional General Fund dollars to fund two key positions and contract support, as outlined in the Transition Work Plan.

The investment proposed for 2015 is strategic and supported by a comprehensive transition plan (details of which were presented to council in an Information Packet item on Aug. 19). The plan is intended to support and ensure a seamless transition for customers. We are aware of the uncertainties, including timing and potential outcomes related to legal and regulatory processes. Expenditures will be continuously monitored, with much of the spending anticipated in the latter part of 2015. If work efforts do not progress as planned or a decision is made not to proceed

with municipalization, some savings may be realized. If work progresses more quickly than currently anticipated, the 2015 Recommended Budget includes contingency funding, set aside and not allocated to the project.

Investment in the City of Boulder's Resilience

Flood Recovery

One-time investments, including seasonal staff and one two-year fixed-term FTE are recommended for funding in Open Space and Mountain Parks, and an ongoing planner and project manager are recommended in Public Works/Utilities to support flood recovery and implement longer-term mitigation projects to help build resilience in the Wastewater collection and treatment systems.

Water, Wastewater and Stormwater/Flood Management Rates

In the development of the 2014 budget and 2014-2019 CIP, the anticipated rate increases for 2015 were 4 percent in the Water Fund, 5 percent in Wastewater, and 3 percent in Stormwater/ Flood Management. The 2013 flood has raised public awareness about the vulnerability of city infrastructure to flood events and sparked community interest in additional investment to reduce the impacts of future flood events. In June, the Water Resources Advisory Board supported proposed rate increases of 5 percent in Water, 25 percent in Wastewater, and 71 percent in Stormwater/Flood Management. Proposed additional investment focused primarily on rehabilitating aging infrastructure to improve system resiliency and expediting flood mitigation efforts along the city's 15 major drainageways.

In the Water Fund, the proposed 5 percent increase would help keep pace with the construction cost escalation while primarily providing additional funding to increase investment in replacement of aging water pipes in areas that have shown evidence of significant deterioration.

A key area of focus in the Wastewater Fund has been the city's aging system of collection system pipes, most of which are made of clay and were installed in the 1950s and 1960s. The city has historically invested approximately $500,000 per year in rehabilitation efforts to reduce leakage of stormwater and groundwater into these pipes and to restore structural integrity. The 25 percent rate increase scenario presented to City Council at the Aug. 12 CIP Study Session would reduce the anticipated time to complete this rehabilitation from a 45-year time horizon to approximately 20 years. Based on council feedback, staff is evaluating alternatives to further accelerate these efforts in order to reduce the extent of sanitary sewer backups during significant precipitation events.

The city has a long history of investing in flood mitigation projects, many of which double as components of our world-class greenways system. The proposed 71 percent increase in rates would support acceleration of flood mapping and mitigation efforts across the city. Even with the proposed increase, major mitigation projects would still require either bond debt or accumulation of funds over multiple years. The city's major drainageways total approximately 45 miles in

cumulative length and comprehensive mitigation will remain a long-term proposition.

Information to help customers understand potential rate impacts for their specific home or business is available on the city website at www.boulderwater.net or by contacting a customer service representative at 303-441-3260.

Asset Management

As a part of an ongoing focus on taking care of what we have, the 2015 Recommended Budget includes ongoing funding for four new FTEs and reorganization of the Parks Maintenance program, to provide broader oversight of park systems, strategic data management and increased community engagement processes to meet community priorities. Increased funding, including five new FTEs and repurposing of two existing FTEs, is recommended in Open Space and Mountain Parks to support continuing Trail Study Area (TSA) implementation and planning, visitor master plan implementation, engineering oversight of capital projects for improved safety design, resource management and land management planning, cultural resource management, and voice and sight dog tag program revision implementation. Funding for these programs comes from dedicated sales and use taxes.

Emerald Ash Borer Response

The 2015 Recommended Budget includes funding for the Parks and Recreation Department to inventory existing trees and to begin implementation of an Emerald Ash Borer Management plan that will include tree removal and replacement, as well as re-establishment of streetscapes and park areas.

Transportation

The community's support for the additional .15 cent sales and use tax in the November 2013 election enabled the city to significantly increase investments in the operation and maintenance of the existing transportation system through a 2014 budget supplemental. The added revenues also allowed for some capacity to advance key initiatives in the Transportation Master Plan, which also benefit integrated efforts such as Climate Commitment, Civic Area, and Envision East Arapahoe. For 2014 only, $1 million of this has been used to replenish the Transportation Fund reserves, used in 2013 and 2014 for flood recovery. The 2015 Recommended Budget continues the implementation of the new revenues and also allocates the $1 million ongoing, both in maintenance and system enhancement. This includes one FTE in support of the ongoing need to address safety and to encourage outreach and education related to pedestrian and bicycle systems and one FTE in support of the overall expanded capital maintenance program, additional capital projects and significant corridor design/community process.

Organizational Capacity

The city's adherence to strong fiscal policies and best practices have provided a conservative funding approach under difficult economic pressures and a solid foundation that, combined with Boulder's positive economic outlook, now enable the city to address significant service cutbacks made over the past decade-and-a-half, to continue to invest in community and organizational

assets, and to provide strategic funding as outlined above. In particular, in the face of economic uncertainty over the last six years, the city has taken a very conservative approach to funding, while providing the community with the same basic services, increasing service and programming in key areas of value to the community, and engaging in important large scale initiatives toward achieving community environmental goals and addressing social and human concerns in the community. In a period of reduced funding, the city increased programs and services while working continuously to reduce costs and improve business efficiencies through innovation and strong partnerships across the region and across sectors to better serve the community.

The city will always strive to find greater efficiencies and innovative solutions to reduce the cost of services; however, Boulder must also look to the future and listen to what our residents have told us about the services and community assets that contribute to a vibrant local economy and enhance their quality of life. The 2015 Recommended Budget recognizes that this is the time to strengthen the organization from within, to build the capacity to implement the existing Master Plans and to continue to build the resilience that will serve the community at the highest levels now and in the future.

A list of 2015 reallocations in support of overall city priorities is included in **Attachment A**, and a complete list of new funding initiatives for 2015 is included in **Attachment B** (listed by department) and **Attachment C** (listed by fund).

The 2015 Recommended Budget has been developed in support of adopted strategic plans and community and council priorities, and focuses on continuing to build community sustainability and resilience, while implementing key initiatives. Our organization's collaborative approach ensures that the city will maintain an efficient, effective and transparent government that delivers the highest outcomes as identified by the Boulder community.

Boulder's revenues and expenditures will be closely monitored throughout 2015, and department budgets will continue to be reviewed and analyzed to better identify potential savings and improved efficiencies in how services are delivered. The leadership team and I are committed to meeting the goals of City Council and to ensuring that high-quality services and innovation remain a community hallmark. The 2015 Recommended Budget allocates resources, recognizing these commitments, while exercising strong fiscal responsibility to the community.

Respectfully submitted,

Jane S. Brautigam

Jane S. Brautigam
City Manager

City of Boulder

ATTACHMENT A
PROPOSED REALLOCATIONS

Attachment A

2015 CITYWIDE BUDGET REALLOCATIONS AND SAVINGS

Dept.	Item	Amount	Reallocation Description
Community Planning and Sustainability	Reduce General Fund allocation to Community Planning and Sustainability on a fixed-term basis	$ (540,567)	The Planning and Development Services Fund will cover costs, for two years, of positions previously budgeted in the General Fund in the Community Planning and Sustainability Department (CP&S). These include: the Economic Vitality Coordinator and associated NPE; the Deputy Director of CP&S and associated NPE; consulting services; and a 0.5FTE Planner and associated NPE. This is the second year of a two year, fixed-term reallocation. The potential for further reallocation will be evaluated as a part of future years' budget processes.
Finance	Restructuring of Sales Tax and Audit Division	(141,369)	The Finance Department is restructuring the Sales Tax Audit Division and Licensing. Two management positions in the audit division are being consolidated into one. This new position will lead both the Sales Tax Audit and Licensing divisions. A portion of the salary savings is being redirected to the City Manager's Office to support the new Management Fellow position.
Finance	Repurposing FTE	(43,636)	A portion of a position previously used for implmementation of new business software is being repurposed to supplement administrative support for all departments within the Municipal Building. The remainder of the position is being eliminated.
Open Space and Mountain Parks	Elimination of Vacant Positions	(4,826)	OSMP is eliminating a vacant Administrator position and using the salary savings to fund personnel restructuring within the department. The amounts reallocated impacted both the Open Space and General Funds by $91,693 and $4,826, respectively.
	Total General Fund Savings	**$ (730,398)**	

City of Boulder

ATTACHMENT B

SIGNIFICANT CHANGES BETWEEN 2014 AND 2015 BUDGET

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
CITY ATTORNEY'S OFFICE						
GENERAL FUND						
Assistant City Attorney I - Prosecutor	$ -	$ 88,442	$ 88,442	-	1.00	1.00
Assistant City Attorney III - General Counsel	-	120,962	120,962	-	1.00	1.00
Relocation of Central Records	252,015	252,015	-	-	2.50	2.50
Contract Counsel transfer to Municipal Courts	10,000	-	(10,000)	-	-	-
Total Changes, City Attorney's Office			$ 199,404			4.50
CITY MANAGER'S OFFICE						
GENERAL FUND						
Agenda Management and Web Streaming Software	$ -	$ 69,000	$ 69,000	-	-	-
Relocation of Central Records	252,105	-	(252,105)	2.50	-	(2.50)
Organizational Development Administrator	-	113,502	113,502	1.00	1.00	-
Web Content and Constituent Relationship Manager	-	115,000	115,000	-	1.00	1.00
Communications Specialist II	-	86,200	86,200	-	1.00	1.00
Adminstrative Specialist III	37,194	80,830	43,636	-	0.50	0.50
ICMA Fellowship Intern	-	81,800	81,800	-	1.00	1.00
Relocation of Labor Relations to Human Resources	171,890	-	(171,890)	1.00	-	(1.00)
Total Changes, City Manager's Office			$ 85,143			-
NON DEPARTMENTAL/CITYWIDE*						
GENERAL FUND						
Funding for Federal and State Lobbying	$ 39,000	$ 81,000	$ 42,000	-	-	-
Citywide Special Events	-	115,000	115,000	-	-	-
Total Changes Non Departmental			$ 157,000			-

* Non Departmental details are included in the City Manager's Office department overview section of the Budget document

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
COMMUNITY PLANNING AND SUSTAINABILITY						
GENERAL FUND						
Intergrated Pest Management Coordinator	$ -	$ -	$ -	-	0.25	0.25
PLANNING AND DEVELOPMENT SERVICES FUND						
Zoning Plans Examiner	$ 82,000	$ 82,000	$ -	1.00	1.00	-
Project Specialist I	72,000	72,000	-	1.00	1.00	-
Comprehensive Housing Strategy	-	155,000	155,000	0.50	0.50	-
Small Business Development Center Support (Economic Vitality)	25,000	101,300	76,300	-	-	-
Boulder Valley Comprehensive Plan Update	-	100,000	100,000	-	-	-
Boulder Chamber Sponsorship	-	20,000	20,000	-	-	-
Colorado Clean Energy Cluster Membership	-	25,000	25,000	-	-	-
Total Changes, Community Planning and Sustainability			$ 376,300			0.25
DOWNTOWN AND UNIVERSITY HILL MANAGEMENT DIVISION / PARKING SERVICES						
GENERAL FUND						
Hill Reinvestment Strategy Coordinator	$ 73,514	$ 151,309	$ 77,795	-	1.00	1.00
Hill Reinvestment Strategy - Residential Services Pilot	47,500	95,000	47,500	-	-	-
Parking Kiosk Data & Communication Fees	19,380	21,204	1,824	-	-	-
Access and Parking Management Strategy	-	48,000	48,000	-	-	-
Parking Kiosk Modem Upgrade	-	13,430	13,430	-	-	-
On-Street Meter Non-Personnel Expense	5,000	25,000	20,000	-	-	-
BOULDER JUNCTION ACCESS GENERAL IMPROVEMENT DISTRICT - TRAVEL DEMAND MANAGEMENT FUND						
Non-Personnel Expense Increase	$ 50,347	$ 148,696	$ 98,349	-	-	-
DOWNTOWN COMMERCIAL DISTRICT (CAGID) FUND						
Parking Kiosk Data & Communication Fees	$ 59,925	$ 65,844	$ 5,919	-	-	-
Parking Kiosk Modem Upgrade	-	49,770	49,770	-	-	-
Access and Parking Management Strategy	60,000	124,000	64,000	-	-	-
Deputy Director	-	88,072	88,072	-	0.80	0.80
Public/Private Partnership with Trinity Lutheran Church	-	1,700,000	1,700,000	-	-	-

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
DOWNTOWN AND UNIVERSITY HILL MANAGEMENT DIVISION / PARKING SERVICES CONTINUED						
UNIVERSITY HILL COMMERCIAL DISTRICT (UHGID) FUND						
Parking Kiosk Data & Communication Fees	$ 16,320	$ 18,972	$ 2,652	-	-	-
Parking Kiosk Modem Upgrade	-	15,800	15,800	-	-	-
Access and Parking Management Strategy	-	28,000	28,000	-	-	-
Deputy Director	-	22,018	22,018	-	0.20	0.20
BOULDER JUNCTION GENERAL IMPROVEMENT DISTRICT - PARKING FUND						
Non-Personnel Expense Increase for Depot Square	$ 12,599	$ 432,798	$ 420,199	-	-	-
Total Changes, Downtown and University Hill Management Division/Parking Services			$ 2,703,328			2.00
ENERGY STRATEGY AND ELECTRIC UTILITY DEVELOPMENT PROJECT						
GENERAL FUND						
Energy Strategy and Electric Utility Development Project	$ 2,312,000	$ 6,943,235	$ 4,631,235	4.50	5.50	1.00
Total Changes, ES/EUD Project			$ 4,631,235			1.00
FINANCE						
GENERAL FUND						
Finance Restructuring- Administrative Support	$ -	$ 32,088	$ 32,088	-	0.67	0.67
Flood Positions - fixed term	-	231,496	231,496	-	2.00	2.00
Restructuring of Sales and Use Tax Audit Division	566,076	424,707	(141,369)	6.00	5.00	(1.00)
Total Changes, Finance			$ 122,215			1.67
FIRE						
GENERAL FUND						
Capital Equipment Replacement Funding	$ 223,677	$ 498,677	$ 275,000	-	-	-
Safety Officer Program	-	242,802	242,802	-	1.00	1.00
Prairie Dog Fencing at Fire Training Center	-	98,000	98,000	-	-	-
Total Changes, Fire			$ 615,802			1.00

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
HUMAN RESOURCES						
GENERAL FUND						
Administrative Services Manager	$ -	$ 140,000	$ 140,000	-	1.00	1.00
Administrative Specialist II	-	20,832	20,832	-	-	-
Learning and Organizational Development Specialist	-	70,100	70,100	-	1.00	1.00
HR Analyst I	54,108	74,508	20,400	1.00	1.00	-
HR Analyst II	-	110,000	110,000	-	1.00	1.00
HR Staff Professional Development	15,750	39,000	23,250	-	-	-
Principal HR Analyst	-	60,000	60,000	-	1.00	1.00
Learning and Organizational Development: Citywide Training	270,154	300,154	30,000	-	-	-
Learning and Organizational Development Specialist (Technical)	-	70,100	70,100	-	1.00	1.00
Transfer of Labor Relations from City Manager's Office	-	171,890	171,890	-	1.00	1.00
Total Changes, Human Resources			$ 716,572			6.00
HUMAN SERVICES						
GENERAL FUND						
Human Services Operating Support Staffing Extension	$ -	$ 100,000	$ 100,000	1.35	1.35	-
Total Changes, Human Services			$ 100,000			-
HOUSING						
AFFORDABLE HOUSING FUND						
Comprehensive Housing Strategy Planner	$ -	$ 55,000	$ 55,000	0.50	0.50	-
Total Changes, Housing			$ 55,000			-
INFORMATION TECHNOLOGY						
GENERAL FUND						
Transfer of Sr. Technical Support Analyst from Library and Arts	$ -	$ 91,000	$ 91,000	-	1.00	1.00
Constituent Relationship Management System Software Maintenance	-	13,800	13,800	-	-	-
Mobile Device Support Position Extension of Fixed-Term	-	62,785	62,785	1.00	1.00	-
Total Changes, Information Technology			$ 167,585			1.00

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
LIBRARY AND ARTS						
LIBRARY FUND						
Transfer of Sr. Technical Support Analyst to Information Technology	$ 91,000		$ (91,000)	1.00	-	(1.00)
Total Changes, Library and Arts			$ (91,000)			(1.00)
MUNICIPAL COURT						
GENERAL FUND						
Deputy Court Clerk	$ -	$ 50,720	$ 50,720	-	1.00	1.00
Administrative Specialist II	-	46,725	46,725	-	1.00	1.00
Court Specialist	-	47,720	47,720	-	1.00	1.00
Contract Counsel transfer from City Attorney's Office	-	10,000	10,000	-	-	-
Total Changes, Municipal Court			$ 155,165			3.00
OPEN SPACE AND MOUNTAIN PARKS						
GENERAL FUND						
OSMP Administrator	$ 4,826	$ -	$ (4,826)	0.05	-	(0.05)
OPEN SPACE FUND						
OSMP Administrator	$ 91,693	$ -	$ (91,693)	0.95	-	(0.95)
Communications and Outreach Coordinator	134,885		(134,885)	1.00	-	(1.00)
Education and Outreach Coordinator	-	68,684	68,684	-	1.00	1.00
Engineering Manager	-	142,385	142,385	-	1.00	1.00
Deputy Director	-	134,220	134,220	-	1.00	1.00
Environmental Planner	-	132,500	132,500	-	1.00	1.00
Biostatistician	-	121,800	121,800	-	1.00	1.00
GIS Analyst	-	83,700	83,700	-	1.00	1.00
Admin Specialist II	-	60,500	60,500	-	1.00	1.00
Trail Condition Monitor	-	74,802	74,802	-	1.00	1.00
Flood Impact Recovery and Restoration	-	55,000	55,000	-	-	-
Voice and Sight Program	263,000	218,275	(44,725)	-	-	-
Sustainablity Project	-	60,000	60,000	-	-	-
Seasonal Funding for Grassland Ecosystem Mgmt. Plan Monitoring	-	5,500	5,500	-	-	-
Seasonal Funding for Undesignated Trails Monitoring	-	25,000	25,000	-	-	-
Community Survey	-	30,000	30,000	-	-	-

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
OPEN SPACE AND MOUNTAIN PARKS CONTINUED						
OPEN SPACE FUND CONTINUED						
Trail Dozer	$ -	$ 70,000	$ 70,000	-	-	-
Compact Roller and Tracked Mini-Dump	-	19,500	19,500	-	-	-
Composting Dog Waste	-	50,000	50,000	-	-	-
Septic Evaluations and Improvements	-	40,000	40,000	-	-	-
Cultural Resource Artifact Managmenet	-	20,000	20,000	-	-	-
Facilities Improvements	-	40,000	40,000	-	-	-
Trucks	-	77,000	77,000	-	-	-
Flagstaff Summit Improvements (Matching Grant Funds)	-	40,000	40,000	-	-	-
Annex Staff Parking Lot Paving	-	34,000	34,000	-	-	-
Total Changes, Open Space and Mountain Parks			$ 1,108,462			6.00
PARKS AND RECREATION						
.25 CENT SALES TAX FUND						
Parks Maintenance and Staffing	$ -	$ 330,000	$ 330,000	-	4.00	4.00
Emerald Ash Borer (EAB) Management Plan	-	87,500	87,500	-	-	-
Total Changes, Parks and Recreation			$ 417,500			4.00
POLICE						
GENERAL FUND						
Smart Phones for All Commissioned and Limited Commission Employees	$ -	$ 77,856	$ 77,856	-	-	-
Additional Police Officer	-	97,920	97,920	-	1.00	1.00
Non-Sw orn Criminalist	-	74,440	74,440	-	1.00	1.00
Increase in Department Vehicles (1)	-	54,818	54,818	-	-	-
Total Changes, Police			$ 305,034			2.00

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
PUBLIC WORKS - DEVELOPMENT AND SUPPORT SERVICES						
GENERAL FUND						
Facilities Design and Construction Manager	$ -	$ 74,500	$ 74,500	-	0.50	0.50
Space Needs/Relocation	-	757,685	757,685	-	-	-
PLANNING AND DEVELOPMENT FUND						
Landlink Development and Information Tracking System	$ -	$ 203,000	$ 203,000	-	2.00	2.00
Builiding Plans Examiners	79,000	168,000	89,000	1.00	2.00	1.00
Rental Housing Licensing Program	-	37,000	37,000	-	0.50	0.50
Total Changes, Public Works - Development and Support Services			$ 1,161,185			4.00
PUBLIC WORKS - TRANSPORTATION						
TRANSPORTATION FUND						
Tranportation Master Plan Implementation	$ -	$ 700,000	$ 700,000	-	2.00	2.00
Transportation Operations and Maintenance	-	333,442	333,442	-	-	-
Total Changes, Public Works - Transportation			$ 1,033,442			2.00
PUBLIC WORKS - UTILITIES						
WATER UTILITY FUND						
Legal and Consulting	$ 598,000	$ 791,000	$ 193,000	-	-	-
WASTEWATER UTILITY FUND						
Hazardous Waste	$ 161,551	$ 176,051	$ 14,500	-	-	-
STORMWATER AND FLOOD MANAGEMENT UTILITY FUND						
Hazardous Waste	$ 151,594	$ 166,094	$ 14,500	-	-	-
Planner	-	135,000	135,000	-	1.00	1.00
Project Manager	-	150,000	150,000	-	1.00	1.00
Seasonal Flood Maintenance	305,701	330,701	25,000	-	-	-
Total Changes, Public Works - Utilities			$ 532,000			2.00

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
CIVIC AREA						
0.25 CENT SALES TAX FUND						
Civic Area Ambassadors	$ -	$ 20,000	$ 20,000	-	-	-
Civic Area Activation/Events Contribution	-	123,920	123,920	-	-	-
TRANSPORTATION FUND						
Civic Area Communications	$ -	$ 20,000	$ 20,000	-	-	-
Canyon Blvd. Connections/Connectivity	-	100,000	100,000	-	-	-
PLANNING AND DEVELOPMENT SERVICES FUND						
Civic Area Communications	$ -	$ 20,000	$ 20,000	-	-	-
DOWNTOWN COMMERCIAL DISTRICT (CAGID) FUND						
Parking Study	$ -	$ 15,000	$ 15,000	-	-	-
CAPITAL DEVELOPMENT FUND						
Library AuditoriumTechnical Analysis/Space Study	$ -	$ 17,400	$ 17,400	-	-	-
Performance Space Technical Analysis/Space Study	-	21,750	21,750	-	-	-
Farmer's Market Study (year-round)	-	17,400	17,400	-	-	-
Muni Center Technical Analysis/Space Study	-	11,600	11,600	-	-	-
Civic Area Governance Structure Study	-	5,800	5,800	-	-	-
Human Services Space Needs Study	-	15,950	15,950	-	-	-
Housing Feasibilty Study on Senior Center Site	-	10,150	10,150	-	-	-
13th Street Master Plan	-	20,300	20,300	-	-	-

ATTACHMENT B Department / Fund / Action	2014 Approved Budget	2015 Recommended Budget	Total Change	2014 FTE	2015 FTE	FTE Change
CIVIC AREA CONTINUED						
GENERAL FUND						
Library Auditorium Technical Analysis/Space Study	$ -	$ 42,600	$ 42,600	-	-	-
Performance Space Technical Analysis/Space Study	-	53,250	53,250	-	-	-
Farmer's Market Study (year-round)	-	42,600	42,600	-	-	-
Muni Center Technical Analysis/Space Study	-	28,400	28,400	-	-	-
Civic Area Governance Structure Study	-	14,200	14,200	-	-	-
Human Services Space Needs Study	-	39,050	39,050	-	-	-
Housing Feasibilty Study on Senior Center Site	-	24,850	24,850	-	-	-
13th Street Master Plan	-	49,700	49,700	-	-	-
Total Changes, Civic Area			$ 713,920			-

City of Boulder

ATTACHMENT C

2014 SIGNIFICANT BUDGET CHANGES BY FUND, ONE-TIME AND ONGOING

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
GENERAL FUND						
City Attorney's Office	Assistant City Attorney I - Prosecutor	118,174	1.00	2,788	-	
City Attorney's Office	Assistant City Attorney III - General Counsel	88,442	1.00	-	-	
City Attorney's Office	Relocation of Central Records	252,015	2.50	-	-	Corresponding reduction in City Manager's Office (see below)
City Attorney's Office	Contract Counsel transfer to Municipal Courts	(10,000)	-	-	-	Corresponding increase in Municipal Courts (see below)
City Manager's Office	Agenda Management and Web Streaming Softw are	9,000	-	60,000	-	
City Manager's Office	Relocation of Central Records	(252,105)	(2.50)	-	-	Corresponding reduction increase in City Attorney's Office (see above)
City Manager's Office	Organizational Development Administrator	113,502	1.00	-	-	Conversion from fixed-term position
City Manager's Office	Web Content and Constituent Relationship Manager	115,000	1.00	-	-	
City Manager's Office	Communications Specialist II	86,200	1.00	-		
City Manager's Office	Adminstrative Specialist III	43,636	0.50	-	-	Will utilize administrative sharing model w ith Finance Dept.
City Manager's Office	ICMA Fellow ship Intern	81,800	1.00	-	-	Funding sourced from Finance
City Manager's Office	Relocation of Labor Relations to Human Resources	(171,890)	(1.00)	-	-	Corresponding increase in Human Resources (see below)
Non Departmental/Cityw ide	Funding for Federal and State Lobbying	42,000	-	-	-	
Non Departmental/Cityw ide	Cityw ide Special Events	-	-	115,000	-	
Community Planning and Sustainability	Intergrated Pest Management Coordinator	-	0.25	-	-	Repurposing of NPE dollars
Dow ntow n-University Hill Mgmt. District	Hill Reinvestment Strategy Coordinator	-	-	77,795	1.00	2yr fixed-term
Dow ntow n-University Hill Mgmt. District	Hill Reinvestment Strategy - Residential Services Pilot	-	-	47,500	-	2yr contract services
Dow ntow n-University Hill Mgmt. District	Parking Kiosk Data & Communication Fees	77,795	-	-	-	
Dow ntow n-University Hill Mgmt. District	Access and Parking Management Strategy	-	-	48,000	-	

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
GENERAL FUND CONTINUED						
Downtown-University Hill Mgmt. District	Parking Kiosk Modem Upgrade	-	-	13,430	-	
Downtown-University Hill Mgmt. District	On-Street Meter Non-Personnel Expense	20,000	-	-	-	For the purchase of two pay parking stations
Energy Strategy and Electric Utility Development	Boulder's Energy Future			4,631,235	3.50	
Finance	Finance Restructuring- Administrative Support	32,088	0.67	-	-	Partial repurposing on 0.67 FTE returned from IT for shared administrative support
Finance	Flood Positions			231,496	2.00	Two-year fixed term positions
Finance	Restructuring of Sales and Use Tax Audit Division	(141,369)	(1.00)	-	-	
Fire	Capital Equipment Replacement Funding	275,000	-	-	-	Supplement to current replacement funding to cover gap
Fire	Safety Officer Program	198,002	1.00	44,800	-	
Fire	Prairie Dog Fencing at Fire Training Center	-	-	98,000	-	
Human Resources	Administrative Services Manager	140,000	1.00	-	-	
Human Resources	Administrative Specialist II	-	-	20,832	-	Extension of fixed-term for partial year in 2015 and conversion to ongoing in 2016
Human Resources	Learning and Organizational Development Specialist	70,100	1.00	-	-	Conversion from fixed-term to ongoing
Human Resources	HR Analyst I	20,400	-	-	-	Position upgrade
Human Resources	HR Analyst II	110,000	1.00	-	-	
Human Resources	HR Staff Professional Development	23,250	-	-	-	
Human Resources	Principal HR Analyst			60,000	1.00	2yr fixed-term
Human Resources	Learning and Organizational Development: Citywide Training	30,000	-	-	-	

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
GENERAL FUND CONTINUED						
Human Resources	Learning and Organizational Development Specialist (Technical)	-	-	70,100	1.00	2yr fixed term
Human Resources	Transfer of Labor Relations from City Manager's Office	171,890	1.00	-	-	Corresponding decrease in City Manager's Office (see above)
Human Services	Human Services Operating Support Staffing Extension	35,000	0.35	65,000	0.65	
Information Technology	Transfer of Sr. Technical Support Analyst from Library and Arts	91,000	1.00	-	-	Corresponding decrease in Library and Arts (see below)
Information Technology	Constituent Relationship Management System Softw are Maintenance	-	-	13,800	-	
Information Technology	Mobile Device Support Position Extension of Fixed-Term	-	-	62,785	1.00	Extension of fixed-term position for partial year 2015 and full year in 2016
Muni Court	Deputy Court Clerk	50,720	1.00	-	-	
Muni Court	Administrative Specialist II	-	-	46,725	1.00	2yr fixed-term
Muni Court	Court Specialist	-	-	47,720	1.00	2yr fixed-term
Muni Court	Contract Counsel transfer from City Attorney's Office	10,000	-	-	-	Corresponding decrease in City Attorney's Office (see above)
OSMP	OSMP Administrator	(4,826)	(0.05)	-	-	
Police	Smart Phones for All Commissioned and Limited Commission Employees	77,856	-	-	-	
Police	Additional Police Officer	97,920	1.00	-	-	
Police	Non-Sw orn Criminalist	74,440	1.00	-	-	
Police	Increase in Department Vehicles (1)	11,862	-	42,956	-	
PW-DSS	Facilities Design and Construction Manager	-	-	74,500	0.50	Fixed term to provide for 6-month overlap for succcession planning
PW-DSS	Space Needs/Relocation	757,685	-	-	-	
Civic Area/PW-FAM	Library Auditorim Technical Analysis/Space Study	-	-	42,600	-	
Civic Area/PW-FAM	Performance Space Technical Analysis/Space Study	-	-	53,250	-	
Civic Area/PW-FAM	Farmer's Market Study (year-round)	-	-	42,600	-	
Civic Area/PW-FAM	Muni Center Technical Analysis/Space Study	-	-	28,400	-	
Civic Area/PW-FAM	Civic Area Governance Structure Study	-	-	14,200	-	
Civic Area/PW-FAM	Human Services Space Needs Study	-	-	39,050	-	
Civic Area/PW-FAM	Housing Feasibilty Study on Senior Center Site	-	-	24,850	-	
Civic Area/PW-FAM	13th Street Master Plan	-	-	49,700	-	
	Total Changes, General Fund	$2,744,587	14.72	$6,169,112	12.65	

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
0.25 CENT SALES TAX FUND						
Parks and Recreation	Parks Maintenance and Staffing	330,000	4.00	-	-	Restructuring personnel and operational resources in alignment w ith 2013 Master Plan update.
Parks and Recreation	Emerald Ash Borer (EAB) Management Plan	7,500	-	80,000	-	Funding for the purchase and ongoing O&M of a bucket truck
Civic Area/Parks and Recreation	Civic Area Ambassadors	-	-	20,000	-	
Civic Area/Parks and Recreation	Civic Area Activation/Events Contribution	-	-	123,920	-	
	Total	$ 337,500	4.00	$ 223,920	-	
AFFORDABLE HOUSING FUND						
Housing	Comprehensive Housing Strategy Planner	-	-	55,000	0.50	Extension of fixed term. CP&S is funding the other 0.5 FTE
	Total	$ -	-	$ 55,000	0.50	
BOULDER JUNCTION ACCESS GENERAL IMPROVEMENT DISTRICT - TRAVEL DEMAND MANAGEMENT FUND						
Dow ntow n-University Hill Mgmt. District	Non-Personnel Expense Increase	98,349	-	-	-	NPE subject to development completions
	Total	$ 98,349	-	$ -	-	
BOULDER JUNCTION GENERAL IMPROVEMENT DISTRICT - PARKING FUND						
Dow ntow n-University Hill Mgmt. District	Non-Personnel Expense Increase for Depot Square	420,199	-	-	-	Increased operating expenses as district becomes operational
	Total	$ 420,199	-	$ -	-	

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
CAPITAL DEVELOPMENT FUND						
Civic Area/PW-FAM	Library Auditorim Technical Analysis/Space Study	-	-	17,400	-	
Civic Area/PW-FAM	Performance Space Technical Analysis/Space Study	-	-	21,750	-	
Civic Area/PW-FAM	Farmer's Market Study (year-round)	-	-	17,400	-	
Civic Area/PW-FAM	Muni Center Technical Analysis/Space Study	-	-	11,600	-	
Civic Area/PW-FAM	Civic Area Governance Structure Study	-	-	5,800	-	
Civic Area/PW-FAM	Human Services Space Needs Study	-	-	15,950	-	
Civic Area/PW-FAM	Housing Feasibilty Study on Senior Center Site	-	-	10,150	-	
Civic Area/PW-FAM	13th Street Master Plan	-	-	20,300	-	
	Total	$ -	-	$ 120,350	-	
DOWNTOWN COMMERCIAL DISTRICT (CAGID) FUND						
Dow ntow n-University Hill Mgmt. District	Parking Kiosk Data & Communication Fees	5,919	-	-	-	
Dow ntow n-University Hill Mgmt. District	Parking Kiosk Modem Upgrade	-	-	49,770	-	
Dow ntow n-University Hill Mgmt. District	Access and Parking Management Strategy	-	-	64,000	-	
Dow ntow n-University Hill Mgmt. District	Deputy Director	88,072	0.80	-		
Dow ntow n-University Hill Mgmt. District	Public/Private Partnership w ith Trinity Lutheran Church	-	-	1,700,000	-	
Civic Area/Dow ntow n-University Hill Mgmt. District	Parking Study	-	-	15,000	-	
	Total	$ 93,991	0.80	$1,828,770	-	
UNIVERSITY HILL COMMERCIAL DISTRICT (UHGID) FUND						
Dow ntow n-University Hill Mgmt. District	Parking Kiosk Data & Communication Fees	2,652	-	-	-	
Dow ntow n-University Hill Mgmt. District	Parking Kiosk Modem Upgrade	-	-	15,800		
Dow ntow n-University Hill Mgmt. District	Access and Parking Management Strategy	-	-	28,000	-	
Dow ntow n-University Hill Mgmt. District	Deputy Director	22,018	0.20	-	-	
	Total	$ 24,670	0.20	$ 43,800	-	

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
LIBRARY FUND						
Library and Arts	Transfer of Sr. Technical Support Analyst to Information Technology	91,000	(1.00)	-	-	Corresponding increase in Information Technology (see above)
	Total	$ 91,000	(1.00)	$ -	-	
OPEN SPACE FUND						
OSMP	OSMP Administrator	(91,693)	(0.95)	-	-	
OSMP	Communications and Outreach Coordinator	(134,885)	(1.00)	-	-	
OSMP	Education and Outreach Coordinator	68,684	1.00		-	
OSMP	Engineering Manager	134,885	1.00	7,500	-	
OSMP	Deputy Director	134,220	1.00	-	-	
OSMP	Environmental Planner	132,500	1.00	-	-	
OSMP	Biostatistician	121,800	1.00	-	-	
OSMP	GIS Analyst	83,700	1.00	-	-	
OSMP	Admin Specialist II	60,500	1.00	-	-	
OSMP	Trail Condition Monitor	74,802	1.00	-	-	
OSMP	Flood Impact Recovery and Restoration	55,000	-	-	-	
OSMP	Voice and Sight Program	-	-	(44,725)	-	
OSMP	Sustainablity Project	-	-	60,000	-	
OSMP	Seasonal Funding for Grassland Ecosystem Mgmt. Plan Monitoring	5,500	-	-	-	
OSMP	Seasonal Funding for Undesignated Trails Monitoring	25,000	-	-	-	
OSMP	Community Survey	-	-	30,000	-	
OSMP	Trail Dozer	6,500	-	63,500	-	
OSMP	Compact Roller and Tracked Mini-Dump	1,950	-	17,550	-	
OSMP	Composting Dog Waste	-	-	50,000	-	
OSMP	Septic Evaluations and Improvements	-	-	40,000	-	
OSMP	Cultural Resource Artifact Managmenet	-	-	20,000	-	
OSMP	Facilities Improvements	-	-	40,000	-	
OSMP	Trucks	7,000	-	70,000	-	
OSMP	Flagstaff Summit Improvements (Matching Grant Funds)	-	-	40,000	-	
OSMP	Annex Staff Parking Lot Paving	-	-	34,000	-	
	Total	$ 685,463	6.05	$ 427,825	-	

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
PLANNING AND DEVELOPMENT FUND						
Community Planning and Sustainability	Zoning Plans Examiner	82,000	1.00	-	-	Conversion from fixed term to ongoing
Community Planning and Sustainability	Project Specialist I	72,000	1.00	-	-	Conversion from fixed term to ongoing
Community Planning and Sustainability	Comprehensive Housing Strategy			155,000	0.50	Includes continuation of 1.0FTE fixed term Senior Planner Project Manager position and consulting support. Housing is funding the remaining 0.5 FTE of the Senior Planner position.
Community Planning and Sustainability	Small Business Development Center Support (Economic Vitality)	42,300	-	34,000	-	Ongoing funding to cover operating costs as well as annual cash match for the Small Business Development Center (SBDC). One-time funding to cover costs of relocating the SBDC to the Boulder Public Library.
Community Planning and Sustainability	Boulder Valley Comprehensive Plan Update	-	-	100,000	-	
Community Planning and Sustainability	Boulder Chamber Sponsorship	-	-	20,000		Funding to support implemenation of the Innovation Blueprint 3.0
Community Planning and Sustainability	Colorado Clean Energy Cluster Membership	25,000	-	-	-	
Community Planning and Sustainability	Civic Area Communications	-	-	20,000	-	
PW - Development and Support Services	Landlink Development and Information Tracking System	-	-	203,000	2.00	Two 2yr fixed term positions in addition to temporary personnel salaries funding for Landlink implementation

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
PLANNING AND DEVELOPMENT FUND CONTINUED						
PW - Development and Support Services	Builiding Plans Examiners	89,000	2.00	-	-	Conversion of one fixed term Plans Examiner to ongoing plus addition of one ongoing Plans Examiner
PW - Development and Support Services	Rental Housing Licensing Program	-	-	37,000	0.50	2yr fixed term position
	Total	$ 310,300	4.00	$ 569,000	3.00	
STORMWATER/FLOOD MANAGEMENT UTILITY FUND						
PW - Utilities	Hazardous Waste	14,500	-	-	-	
PW - Utilities	Planner	135,000	1.00	-	-	Position w ill support Capital Improvement Plan implementation and w ork activities. Positions are ongoing and flood recovery.
PW - Utilities	Project Manager	150,000	1.00	-	-	Position w ill support Capital Improvement Plan implementation and w ork activities. Positions are ongoing and flood recovery.
PW - Utilities	Seasonal Flood Maintenance	25,000	-	-	-	
	Total	$ 324,500	-	$ -	-	
TRANSPORTATION FUND						
PW - Transportation	Tranportation Master Plan Implementation	700,000	2.00	-	-	Funding for Transportation Master Plan (TMP) implementation; includes tw o ongoing Planner I positions. Expenditures supported by 0.15 Cent Sales Tax increase approved by voters in November 2013.

ATTACHMENT C Fund / Department	Action	Ongoing Funds	Ongoing FTE	One Time Funds	Fixed Term FTE	Additional Information
TRANSPORTATION FUND CONTINUED						
PW - Transportation	Transportation Operations and Maintenance	333,442	-	-	-	Funding to cover cost increases associated w ith operation and maintenance of multimodal transportation system. Funding is also consistent w ith TMP and .015 Cent Sales Tax increase.
Civic Area/PW - Transportation	Civic Area Communications	-	-	20,000	-	
Civic Area/PW - Transportation	Canyon Blvd. Connections/Connectivity	-	-	100,000	-	
	Total	$1,033,442	2.00	$ 120,000	-	
WASTEWATER UTILITY FUND						
Utility	Hazardous Waste	14,500	-	-	-	
	Total	$ 14,500	-	$ -	-	
WATER UTILITY FUND						
Utility	Legal and Consulting	193,000	-	-	-	
	Total	$ 193,000	-	$ -	-	

ATTACHMENT B

Commercial Impact of Rate Increase - 5% Water, 25% Wastewater, 71% Stormwater/Flood

Customer	Total Monthly Bill 2014 Rates	Total Monthly Bill 2015 Rates	Monthly Bill Increase	Percent Change
Hotel	$2,797	$3,372	$575	21%
Grocery Store	$6,537	$7,865	$1,328	20%
Large Format Retailer	$2,176	$2,998	$822	38%
Pearl Street Retail	$96	$117	$21	22%
Industrial/Institutional	$5,201	$6,541	$1,340	26%
Downtown Restaurant	$270	$325	$55	20%
Downtown Restaurant/Brewery	$628	$744	$116	18%

Commercial Impact of Rate Increase - 5% Water, 30% Wastewater, 75% Stormwater/Flood

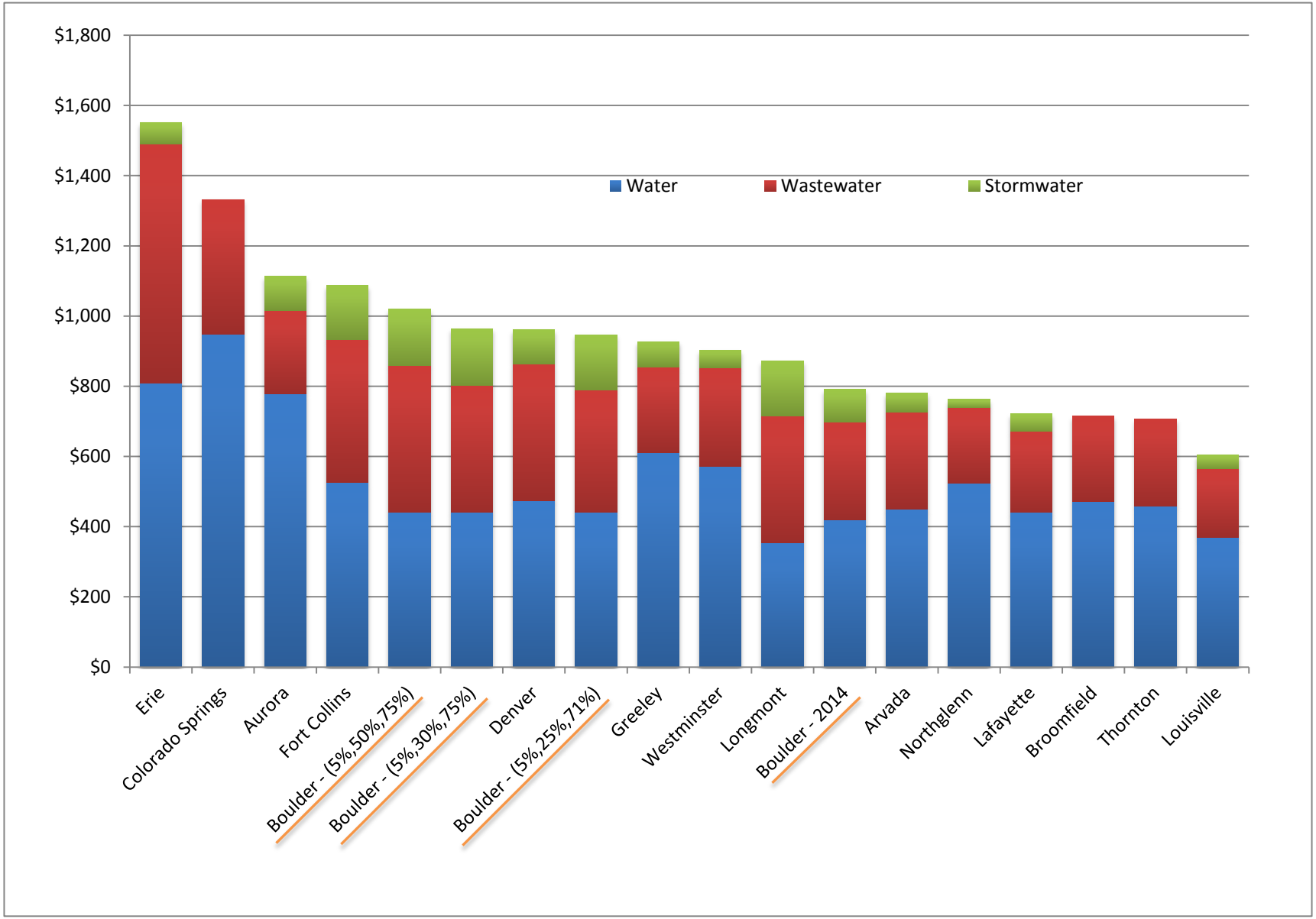
Customer	Combined Monthly Bill 2014 Rates	Combined Monthly Bill 2015 Rates	Monthly Bill Increase	Percent Change
Hotel	$2,797	$3,452	$655	23%
Grocery Store	$6,537	$8,006	$1,468	22%
Large Format Retailer	$2,176	$3,066	$890	41%
Pearl Street Retail	$96	$120	$24	25%
Industrial/Institutional	$5,201	$6,677	$1,476	28%
Downtown Restaurant	$270	$333	$63	23%
Downtown Restaurant/Brewery	$628	$763	$135	22%

Commercial Impact of Rate Increase - 5% Water, 50% Wastewater, 75% Stormwater/Flood

Customer	Combined Monthly Bill 2014 Rates	Combined Monthly Bill 2015 Rates	Monthly Bill Increase	Percent Change
Hotel	$2,797	$3,739	$942	34%
Grocery Store	$6,537	$8,427	$1,889	29%
Large Format Retailer	$2,176	$3,196	$1,020	47%
Pearl Street Retail	$96	$130	$34	36%
Industrial/Institutional	$5,201	$7,046	$1,845	35%
Downtown Restaurant	$270	$364	$94	35%
Downtown Restaurant/Brewery	$628	$838	$210	34%

ATTACHMENT C

Combined 2014 Utility Rates



Draft 2015 to 2020 CIP City Council Study Session
Additional Information

The Summary of the Aug. 12, 2014, City Council Study Session on the Draft 2015-2020 Capital Improvement Program (CIP) will be available as an agenda item for council consideration and review at the Sep. 16 City Council meeting.

Based on council questions and discussion at the CIP study session, staff noted that additional information would be brought forward to council on potential Utilities rates options, a proposed CIP project to replace deficient street lighting poles, and unfunded capital projects in the Fire Department. Subsequent to the study session, staff responded to a hotline question related to the Capital Development Fund's support of Civic Area planning studies and also indicated that additional information would be brought forward to council for the Sep. 9 budget study session.

The Sep. 9 study session memo includes additional information related to Water, Wastewater, and Stormwater/Flood Management rate options. Additional information related to the remainder of the abovementioned items is included below.

Street Light Pole Replacement

The 2015-2020 CIP includes approximately $1.1 million in funding over the six-year period ($321,000 in 2015) for repair of deficient street light poles. The street lighting tariff established through the PUC defines how the city pays for the street lighting system. Under this structure, Xcel Energy operates and maintains the system and bills the city for necessary expenses. Xcel Energy has inventoried the system and determined that this maintenance is required for public safety. The city has attempted to work with Xcel to make sure that only what is appropriate and necessary is required, minimizing the city's cost and any future obligation that may be created. The city is exploring other potential strategies to further reduce liability, while maintaining public safety. At this moment, the CIP project, as outlines in the draft 2015-2020 CIP, represents current city liability as defined by the existing structure and street lighting tariff.

Unfunded Capital Projects in the Fire Department

The Fire and Rescue Department Overview section in the Draft 2015-2020 CIP lists unfunded capital needs relating to the replacement or remodel of a number of fire stations. The Fire and Rescue Master Plan, approved by council in June of 2012, calls for the evaluation of space needs for current fire stations, under the vision plan scenario. The city anticipates conducting a full evaluation of fire stations in the future, as called for in this plan. Timing of these evaluations and any resulting proposed capital projects is dependent on available funding and budget priority, as determined by the city's Sustainability Framework and Priority Based Budgeting process.

Moving Fire Station #3 out of the 100-year flood plain has been identified as the top priority related to the city's fire station replacement and remodel needs. The city has evaluated several potential sites for relocation of Fire Station #3 and has made preliminary cost estimates for relocation. These are included in the Fire and Rescue

Department Overview section of the Draft 2015-2020 CIP. Council has expressed interest in the potential for a major capital bond initiative, either in 2016 or 2017. It is anticipated that the relocation of Fire Station #3 would be included in a list of potential capital projects for council consideration, in such an initiative.

Civic Area Planning Studies Funding

Subsequent to the CIP Study Session, staff provided the following overview of Civic Area plan implementation and answers to specific hotline questions on Aug. 19:

Overview

Implementation of the Civic Area Vision Plan is proceeding along three parallel work plans: (1) park activation and programming (2) site transformation, including the potential 2014 Ballot items and (3) long term capital projects, potentially involving a major 2016 Ballot initiative.

Initial planning for the site transformation (Park at the Core) is currently being funded by Parks & Recreation. If approved, the temporary tax proposed for the 2014 ballot measure would fund both hard and soft costs for the design, construction and delivery of these exterior park-related site improvements. Other 2014 ballot item projects, such as Boulder Creek Path and University Hill improvements, are consistent with this approach, including project planning and design costs in the project scope.

The third civic area work strand involves planning studies for long-term capital project (potential buildings and/or facilities at the east and west ends of the site). As indicated during the Aug. 12 CIP study session, there may be a bond measure (potentially in 2016) to address long-term capital needs. The $415,000 budget request would be used to help prepare for such measure, enabling the performance of feasibility studies, programming and other due diligence work related to the long-term facility projects in the civic area.

1. Where did the additional $365K came from to dedicate to this project?

Clarification about funding is warranted and the draft CIP budget is being updated accordingly. This material will be distributed on Sept. 2 in preparation for the Sept. 9 City Council Budget Study Session. This proposed funding would support a potential 2016 Ballot item.

2. Why is it not part of the proposed temporary tax that will generate $8.7 million specifically for the Civic Area?

The $415,000 budget request would be used for the planning of long-term capital project (referred to as "bookends" in the vision plan) for a possible 2016 Ballot measure. This proposal is separate from the temporary tax measure that is focused on the delivery of the parkland capital improvements for site transformation proposed in the near term.

3. If we expend this money as part of the 2015 CIP, what would happen if the temporary tax did not pass?

If the temporary tax does not pass, staff would develop strategies to advance the implementation of the Civic Area Vision Plan, albeit on an incremental or delayed basis. The plan would take much longer to execute either through a series of smaller projects and/or potentially through a larger capital bond initiative in the future. Studies for the longer-term capital projects need to be completed to implement the vision plan under any capital funding scenario.

4. If it would be possible to provide an option to council that shows this expenditure budgeted as part of the money generated by the temporary tax?

The Ballot item proposed for 2014 includes all soft costs needed for the implementation of the planned 'Park at the Core' improvements. No adjustment is needed to address the scope of work proposed under the temporary tax.

A follow up question was received via hotline as noted below:
Q: *There is a lack of clarity on where the funding came from. We plan five years at a time and set aside funding for particular projects by looking ahead and planning ahead. $415,000 for use in 2015 had to require some readjustment of priorities and I am interested in understanding what was shifted, postponed, delayed, etc. in order to raise these funds?*

Response to this and additional information as noted in question 1 above is as follows:

The city has a number of fees and taxes that implement the policy that growth pay its own way. In 1998, the voters approved an increase and restructuring of the Development Excise Tax (DET), consolidating several existing taxes and fees into the new DET. The revenues from the tax may be collected and spent without any limitation or condition. The intent, as reflected in Ordinance No. 6019, is to ensure that public facilities and services could be provided at the current level to all residents despite the strain placed on the facilities and services by new development and newly annexed property. The ordinance also allows council the power to modify allocation of the tax, which was done most recently in 2009, when the city complimented the existing DET with a new Capital Facility Impact Fee. The funds from the DET have been used, as is an accepted general practice with both capital facility related taxes and fees, to fund planning and other studies related to capital facilities. For instance, the 2008 DET/ Impact Fee Study was funded by the DET.

There are a number of planning studies identified in the CIP (under miscellaneous DET studies) and the 2015 Recommended Budget (noted in the Civic Area Highlight section), related to long-term capital needs in the Civic Area. The CIP project studies and the Civic Area studies noted in the 2015 Recommended Budget are the same studies and the estimated cost of these studies is $415,000. As a result of the questions asked at the CIP study session and via hotline, staff identified an error in the draft CIP document. DET, as noted above is intended to be used for growth-related costs. Current information shows that 29 percent of potential Civic Area capital investment needs is related to growth impact. As a result, 29 percent of the cost of studies planned in this area is proposed to be

funded by DET, while 71 percent is proposed to be funded by one-time General Fund dollars. As the DET funds are only used in relation to growth related projects, DET fund balance will be used and no other projects are being deferred in order to do these. A portion of the 2014 General Fund loan repayment to the Capital Development Fund for the 13th Street Clean Up costs has been deferred to cover the General Fund portion of these studies. Given the timing of the loan repayment (over five years) and the Capital Development fund balance, no negative impact to Capital Development funded projects is anticipated by this deferral. The 2015 Recommended Budget reflects the split funding from DET and General Fund, and the Draft CIP will be corrected to mirror this.