



City of Boulder



**2014 Recommended Budget
City Council Study Session**

September 10, 2013

Agenda

- Financial Update
- 2014 Recommended Budget
 - Budget Overview
 - Budget Highlights
- Next Steps
- Council Discussion



Financial Update

Economic Climate

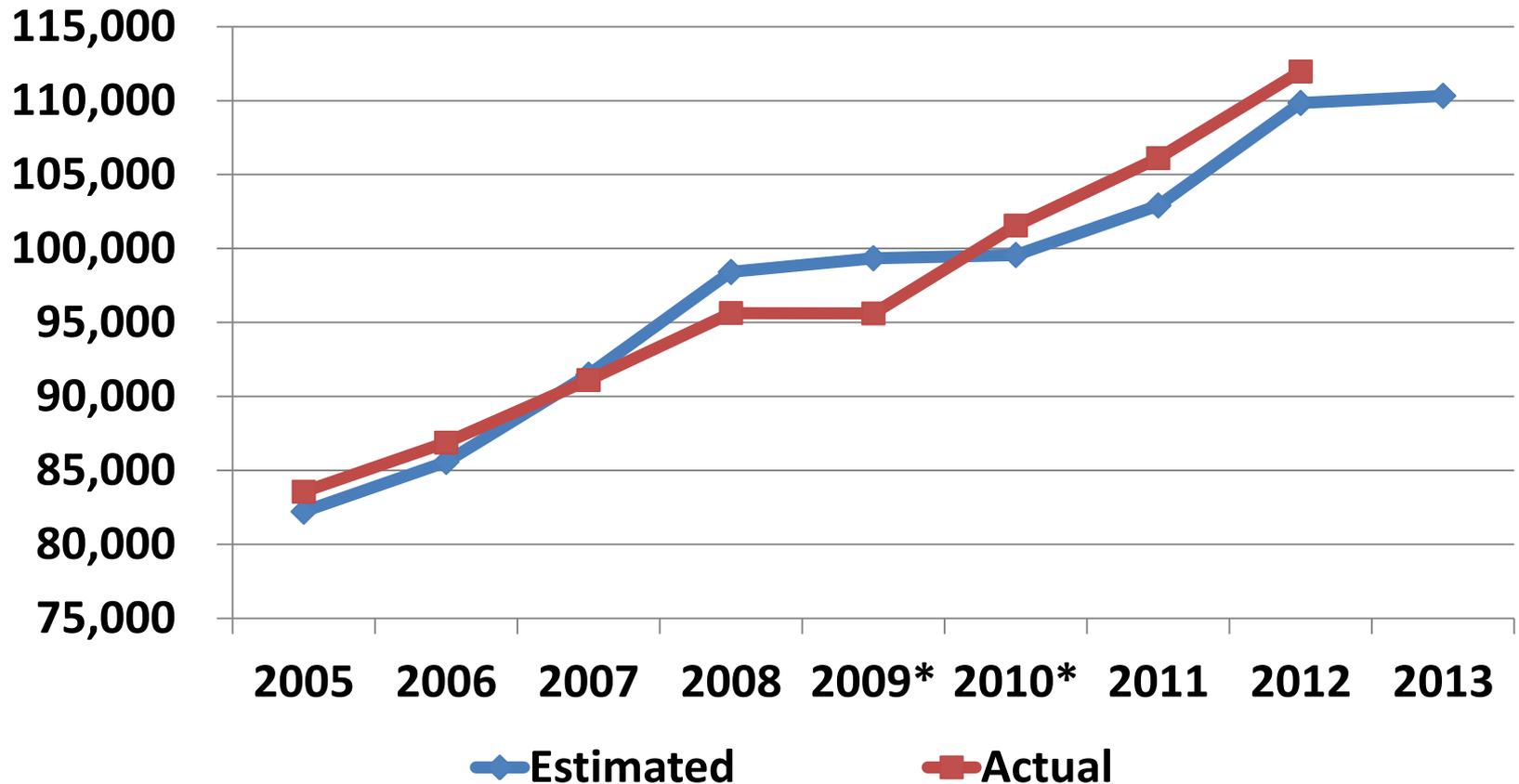
- Slow, steady economic growth
- Slow employment growth
- Impact of Sequestration
 - Employment growth slowing
 - Fewer Federal grant opportunities
- Colorado housing market remains one of the strongest in the nation.
- Colorado retail sales are slowing after very strong growth rates in 2012.
- Global conditions are uncertain and fragile.

Sales/Use Tax Revenue Information

	2013 Revised	2013 YTD	2014 Projected
City of Boulder Sales/Use Tax	3.40%	5.10%	3.50%
COB Retail Sales Tax	3.41%	6.33%	3.53%
Denver-Boulder- Greeley Consumer Price Index	2.30%	2.30%	2.45%
State Retail Trade Sales	3.90%	3.90%	5.7%
Colorado Personal Income Growth	4.50%	N/A	5.45%

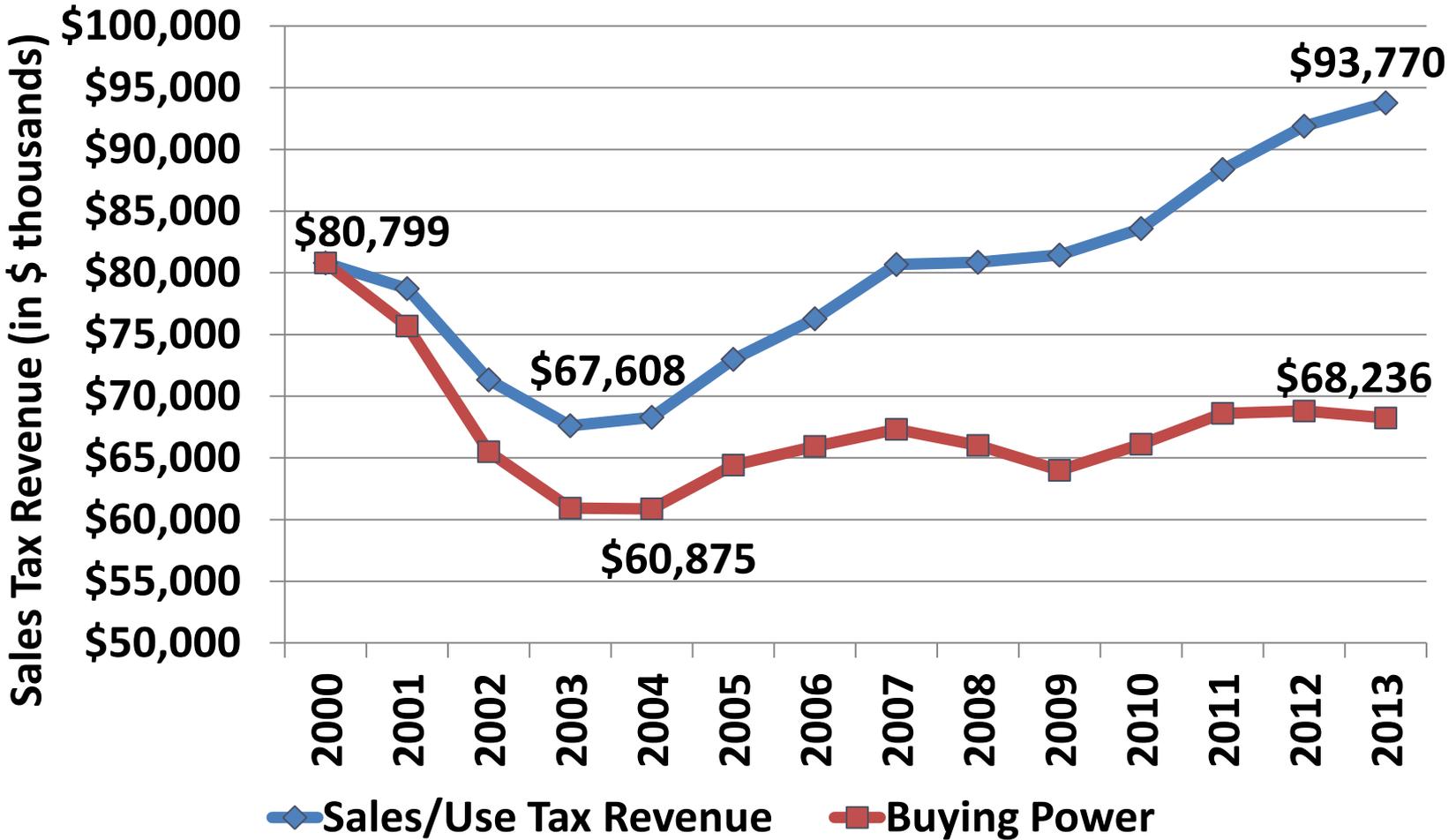
Revenue Projections to Actuals

General Fund Estimated vs Actual Revenue (in thousands)
2005-2012*



Revenue does not include Bond and Note receipts totaling \$11.5 million in 2009, \$9.2 million in 2010, and \$49 million in 2012. These sources are not considered revenue for income purposes.

Buying Power



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

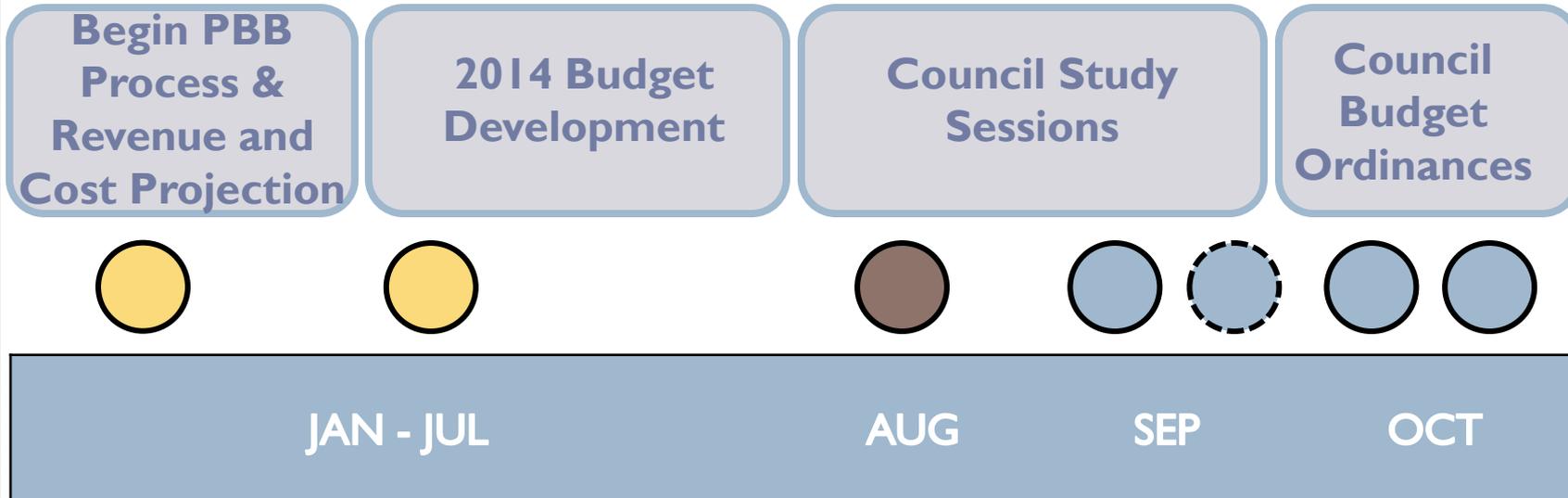


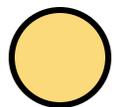
Budget Overview

Budget Process



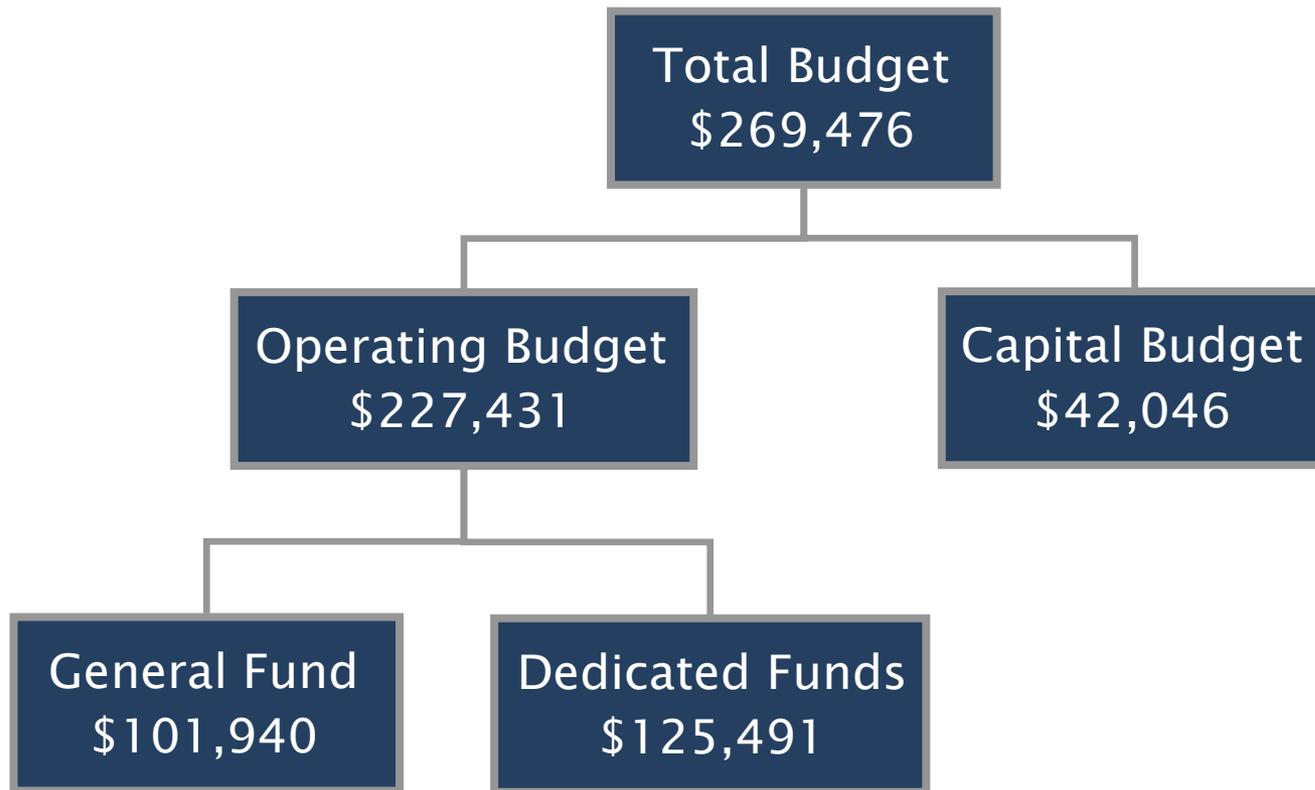
2014 Budget Calendar



-  Economic and Budget Updates
-  Study Session, Capital Improvement Program (CIP)
-  Council Study Session and Public Hearings on Recommended Budget and its implementing ordinances

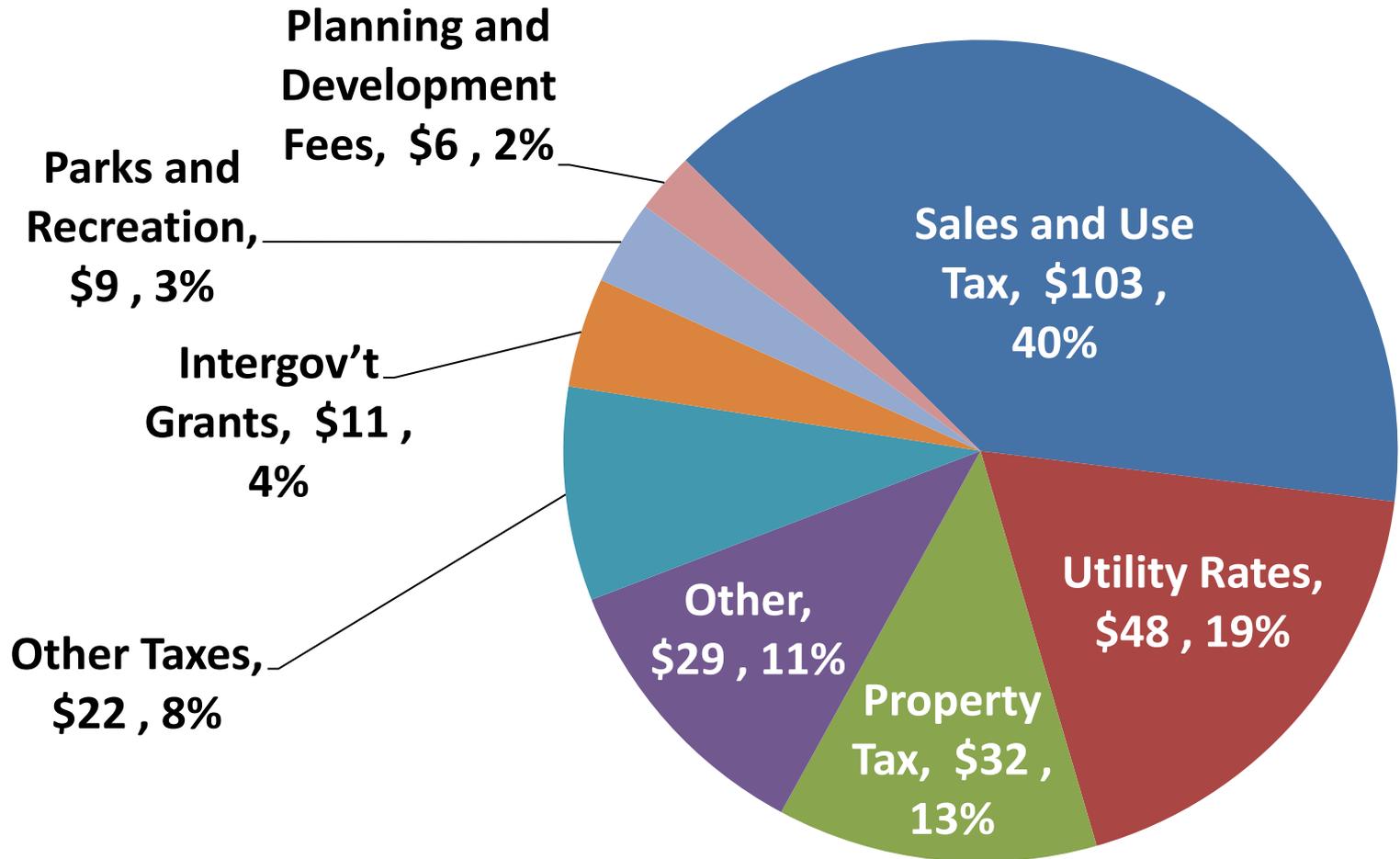
2014 Recommended Budget

(in \$1,000s)



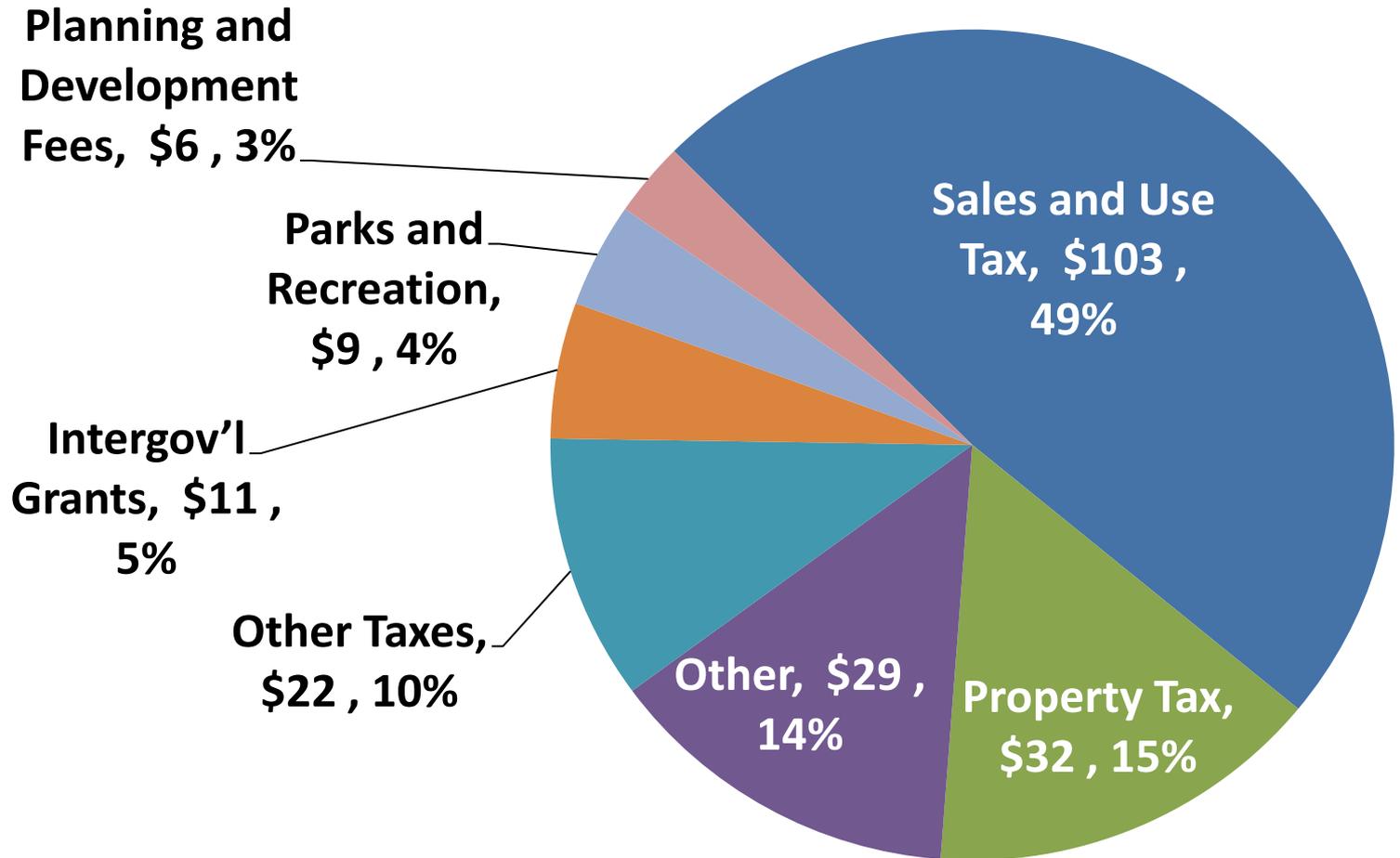
Citywide Revenues

Total: \$260 (in millions)



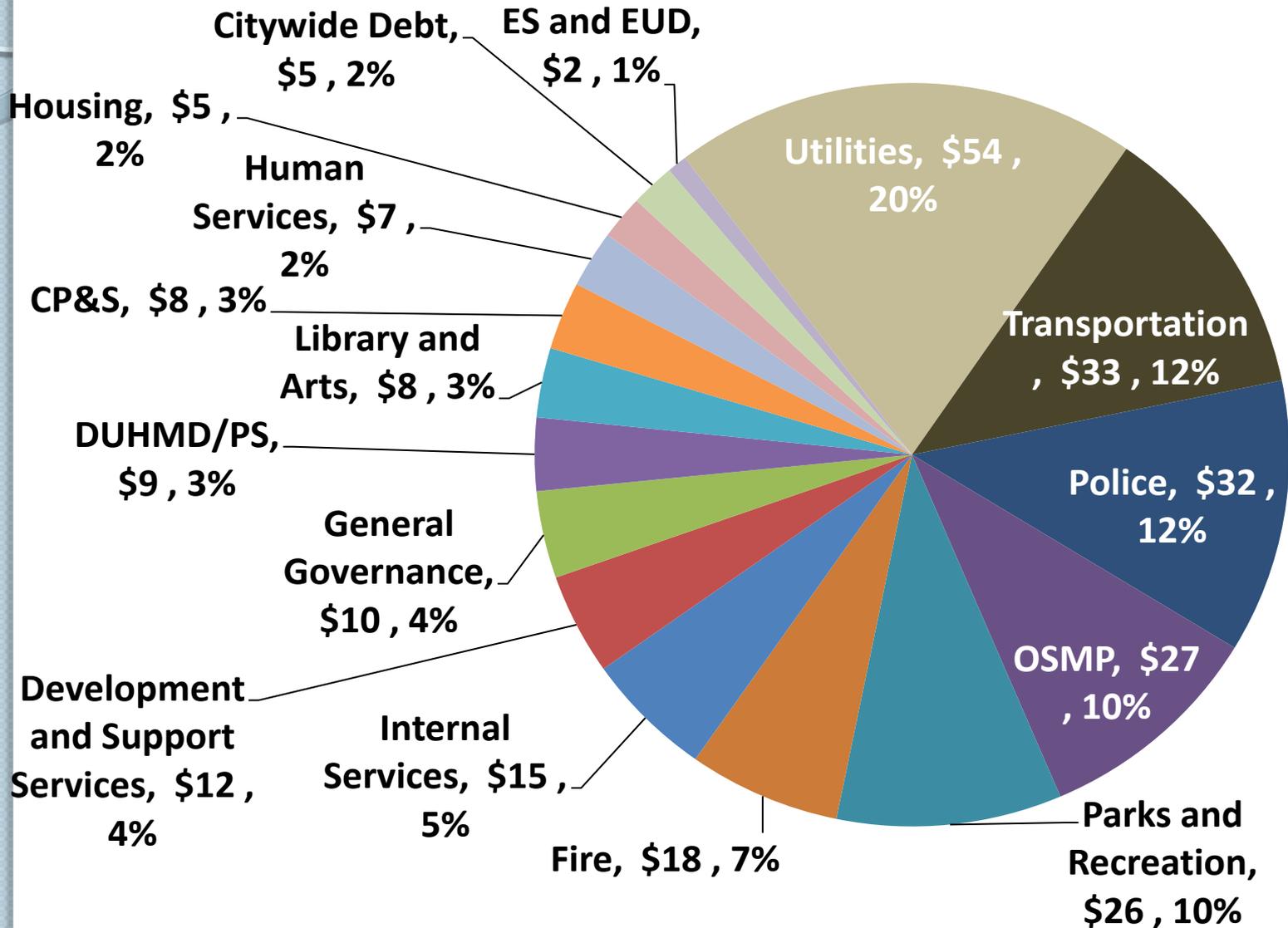
Citywide Revenues Excluding Utilities

Total: \$212 (in millions)



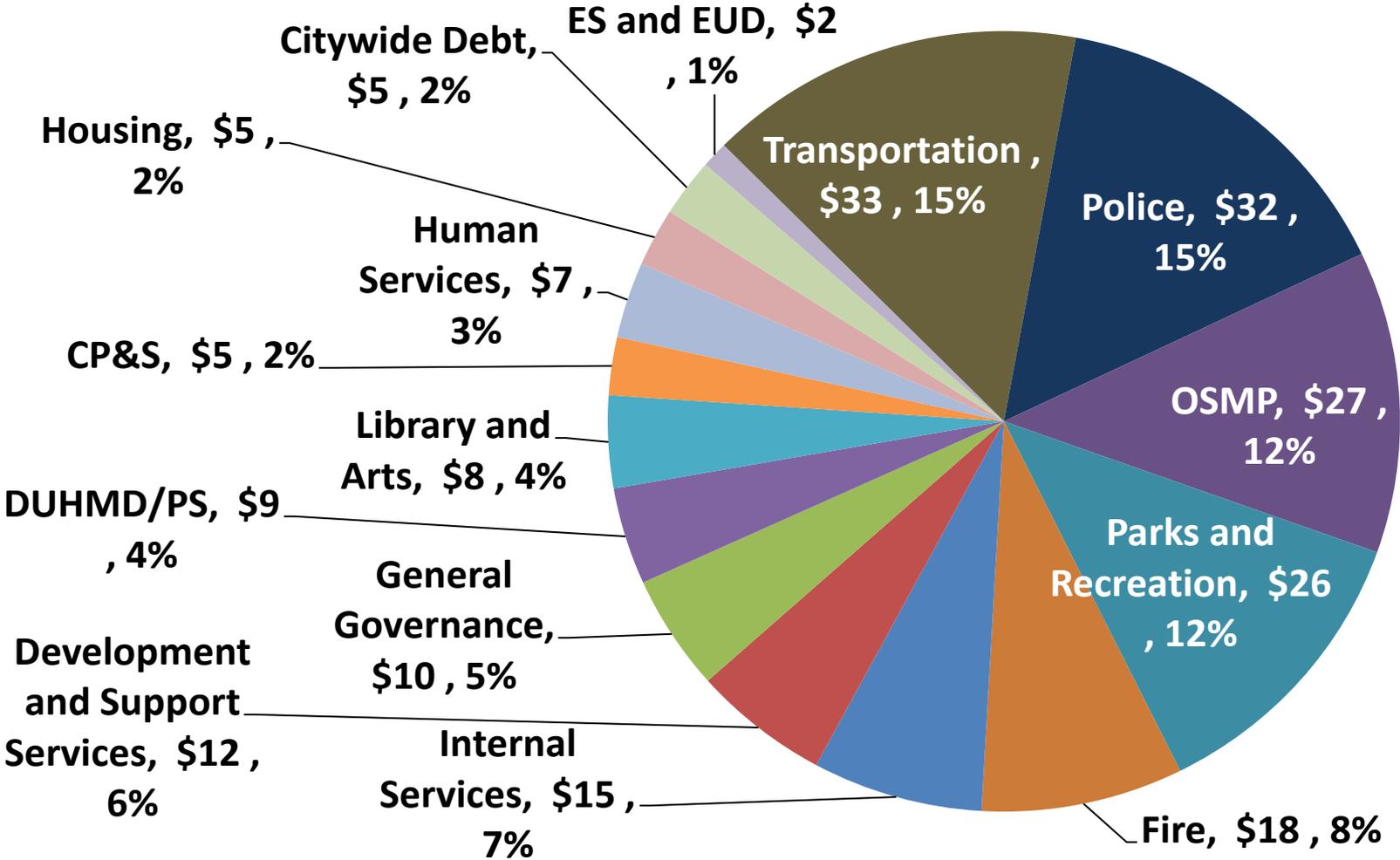
Citywide Expenditures

Total: \$269 (in millions)



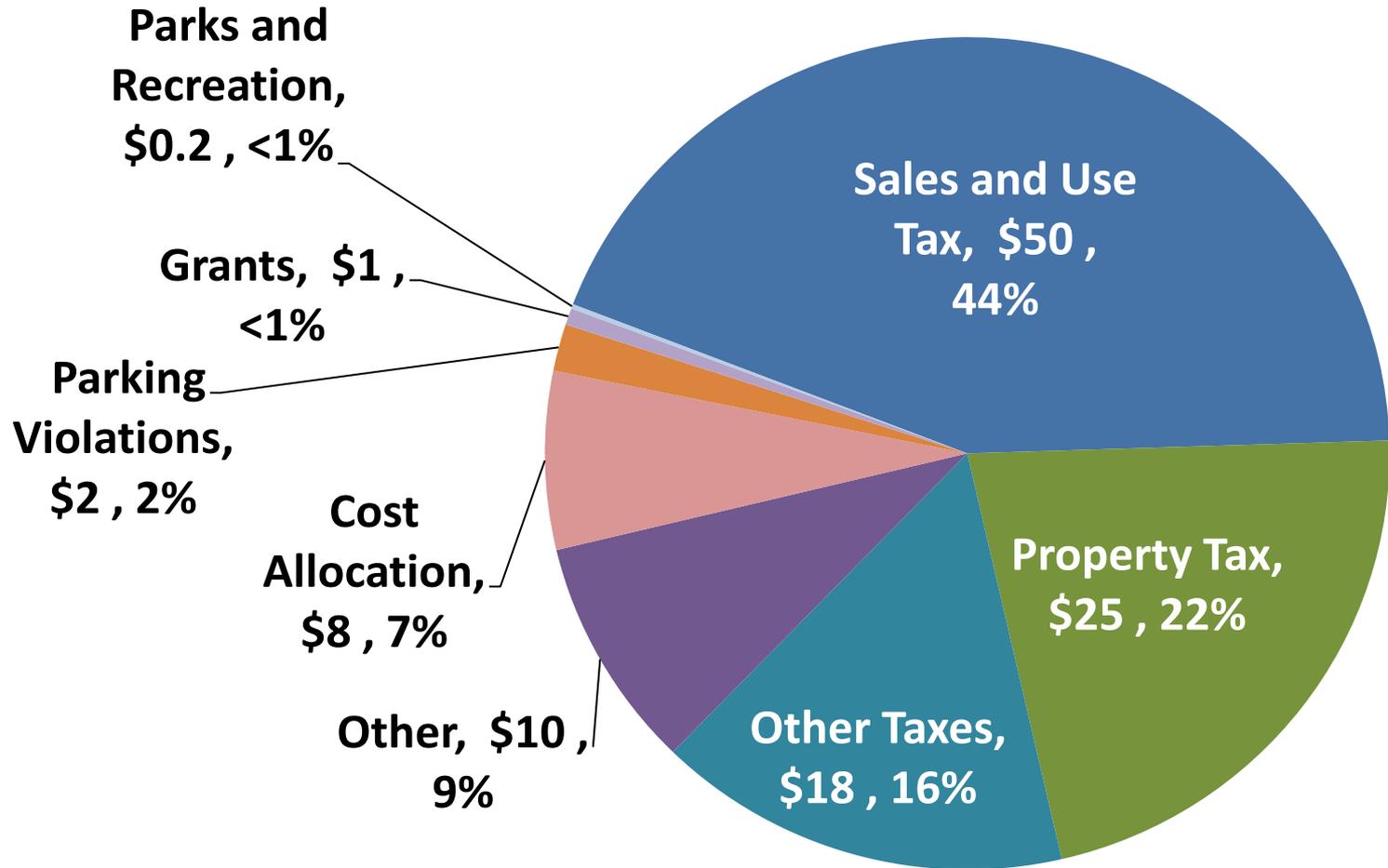
Citywide Expenditures Excluding Utilities

Total: \$215 (in millions)



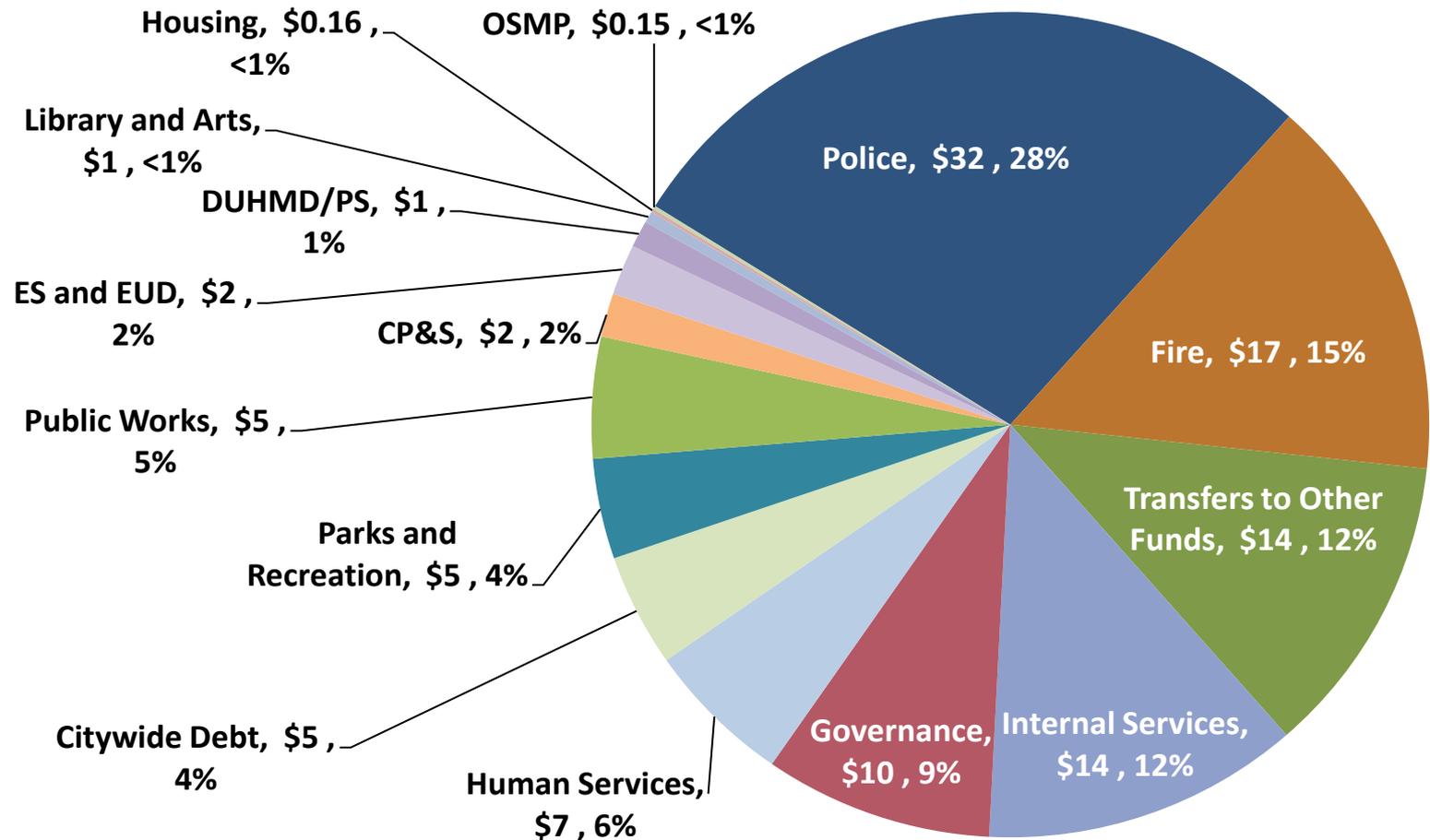
General Fund Revenues

Total: \$115 (in millions)



General Fund Expenditures

Total: \$115 (in millions)



General Fund Reserves

- Recommend ongoing increase to 15%
 - Provides long-term stability
 - Unanticipated needs
 - Emergencies
 - Revenue shortfalls
 - Aligns with industry standards (45-90 days)
 - Represents 55 days
 - Strengthens bond rating



Budget Highlights

2014 Budget Focus

- **Strategic**
 - Public safety
 - Maintaining existing assets
 - Investing in the future
- **Collaborative**
 - Aligning resources with highest priorities
- **Multi-year**
 - Building sustainability

Reallocations

- Demand greater than resources
- Challenge to Organization
 - Savings & reallocation opportunities
- Balanced approach of new revenues and reallocations
 - PBB helped align resources with priorities
- 7 departments were able to identify \$1.2M

Public Safety - Police

- Two new police officers
- One new police commander*
- New Records Management System
- Master Police Officer compensation
- NPE to help keep up with rising costs*

Public Safety - Fire

- Wildland Fire staffing
 - Seasonal to full time crew
 - Equity reclassifications
- Replacement of outdated masks for the self containing breathing apparatus*
- Wildland Fire Training Center O&M
- Light Response vehicle O&M
- Ongoing contributions to the fire equipment replacement fund*

Community Investment

- North Boulder Public Library Station
- Civic Area implementation
- Acceleration of West TSA
- Boulder's Energy Future
 - Utility Occupation Tax Rate increase
 - Additional General Fund Support

Community Investment (cont'd.)

- Continued investment in economic vitality*
- Customer service enhancements in P&DS
- Snow and Ice Pilot
- Via contribution increase
- Boulder History Museum

Maintaining Existing Assets

- Facilities and Maintenance funding
 - Reimbursement to FAM of GF share for:
 - Valmont Butte remediation
 - 13th Street Plaza remediation
 - Ongoing funding
 - Maintenance*
 - Renovation and replacement*

Maintaining Existing Assets (cont'd.)

- Mall and Downtown repair and replacement
- Transportation system maintenance and repair

Staffing Changes

- Net Increase of 15 fixed-term and 9 ongoing positions
- 5 of 9 ongoing positions in Public Safety
- Other key areas of focus:
 - OSMP
 - Customer service enhancements
 - Citywide initiatives



Proposed Utility Rate Changes

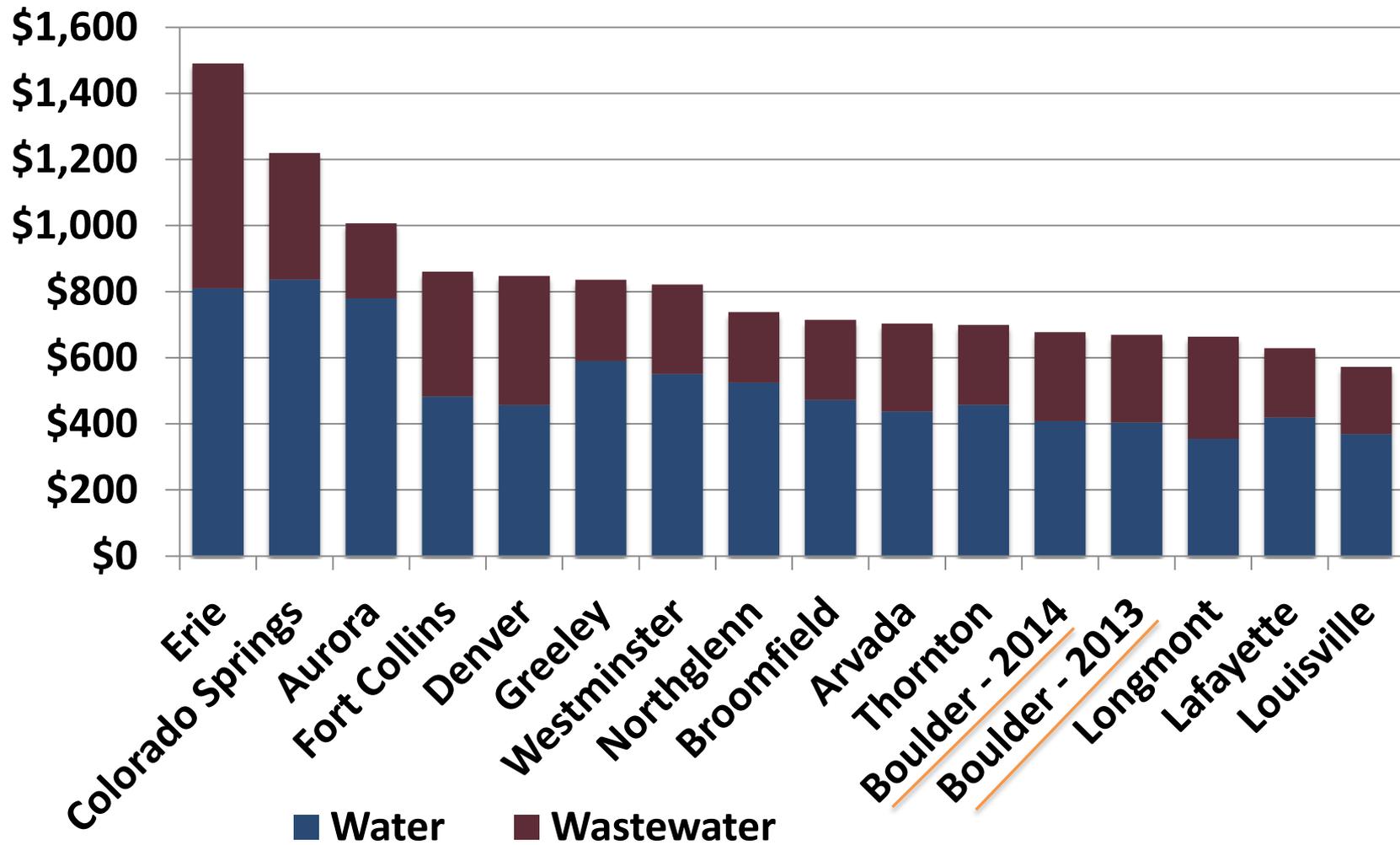
Utility Rate Changes

Utility	Percent Change
Water	4%
Wastewater	5%
Stormwater / Flood Management	3%

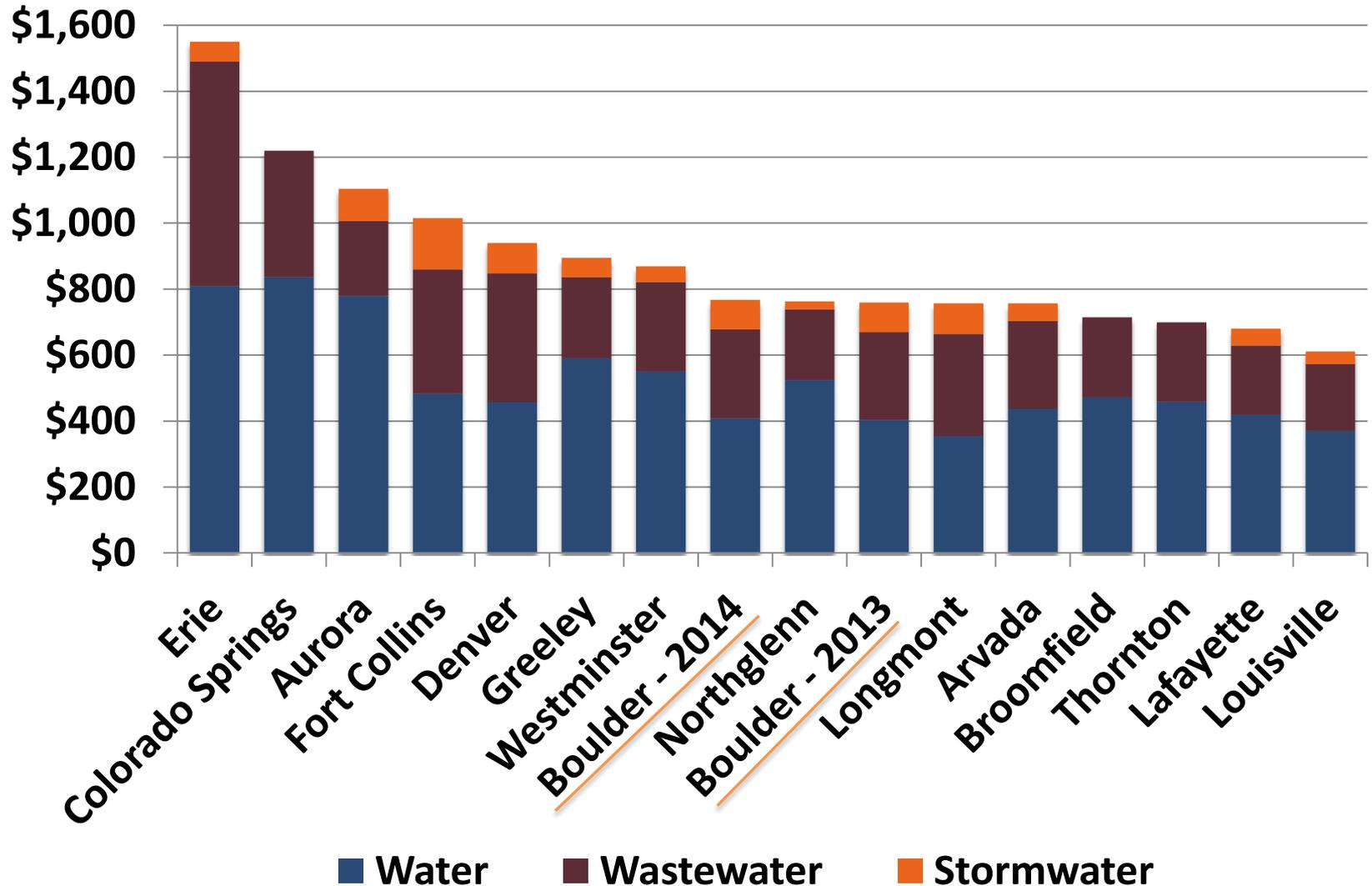
Utility Rate Changes

Account Type	Typical Monthly Utility Bill for 2013	Change in Total Monthly Utility Bill for 2014
Residential	\$ 63	\$ 2.53
Commercial – Restaurant	258	11.67
Commercial – Hotel	2,390	105.58

Comparison of Water and Wastewater Rates



Comparison of Utility Rates



Utility Savings

- **\$200,000 in Wastewater Treatment savings**
- **Wastewater Bond savings of \$250,000 through refunding**
- **Recently awarded over \$1,000,000 in grants for Wastewater Treatment upgrades**



Old Hire Fire and Police Pensions

Summary Old Hire Plans

- Both plans underfunded
 - No increases since 2008
- City contributions \$60K in 2000 to \$1M+ in 2013
- Factors driving costs up
 - Shorter amortization period each year
 - Lower earnings rate
 - De-facto escalator clause in Police Plan

Proposed April 23 Study Session

- Going forward any increases paid from the operating budget
 - Subject to same guidelines as any budget item going forward.
- Tiered increases
- De-facto escalator will not be used

Recommendation Proposed

- **Proposed:**
 - Widows \$650/ppd minimum
 - Minimum retiree \$1,050/ppd
 - All others 2% and budget projecting 2% every other year if funds available and appropriated
- **Cost: \$250K annually**
 - Increase = \$175K
 - Amortization & earnings rate = \$75K

Tier Impact

- Widows minimum moves up from \$515/ppd to \$650 (\$3,500/yr) – 12 people
- Retirees \$765 and \$875 to \$1,050/ppd
 - Lowest \$7,400/yr -- 2 people
 - Others app \$4,500/yr – 9 people
 - Lowest any would receive - 2% - ranges from \$540 to 1,200/yr - 80 people

Police - Old Hire Retirees and Beneficiaries

Age	Number	Average Monthly Benefit
50-54	1	\$ 1,953
55-59	6	3,548
60-64	8	3,136
65-69	7	2,452
70-74	14	2,600
75 & Up	<u>16</u>	<u>1,815</u>
Total	52	\$ 2,518

Fire - Old Hire Retirees and Beneficiaries

Age	Number	Average Monthly Benefit
60-64	5	\$ 4,915
65-69	8	2,718
70-74	10	2,227
75 - 79	14	1,854
80 & Up	<u>14</u>	<u>1,395</u>
Total	51	\$ 2,237



Tax Increment Financing (TIF)

Tax Increment District Expiration and Outstanding Debt

- TIF expires 10 years before the debt payments are over
- Currently net of parking revenues minus expenses plus TIF
- Excess has gone to the general fund
- TIF expires end of 2013
 - Property taxes for 2013 received 2014
 - All other taxes end December 31, 2013

CAGID Paid: Timing & Shortfalls

- Costs above the bond issue were paid by CAGID
- Pre-TIF cash flow shortages paid by CAGID
- No compensation for airspace above the parking lot

Going Forward Making Debt Payments

- **Cooperation Agreement: Article II Section 2.04**
 - City Council may, in its sole discretion, consider paying an amount to CAGID as Supplemental Contributions, subject to appropriation thereof at the time by the City Council after the end of the Tax Increment Period (12/31/13)

Proposal in the Recommended Budget

- Depending on revenues: The general fund may pay any shortfall in the debt payment after the net revenue is calculated
 - To be paid off the top from accommodations revenues now coming back to the general fund (5.5% rate)
 - One year lag: 2015 would come out of 2014 collections so it follows the current process
 - Amount/year: \$350K to \$375K
- The remaining will be shared with the BVCB using the allocation being used annually

Next Steps

- Sept. 24 Study Session (if needed)
- October Budget Hearings
 - Oct. 1 and 15 first and second readings
 - Oct. 29 – third reading (if needed)
- Council Adopts 2014 Budget, including CIP
- Comprehensive Financial Strategy report to City Council in February 2014

Questions

- Does council have any questions or feedback on the 2014 Recommended Budget?