

City of Boulder
2015 Recommended Budget

City Council Study Session



September 9, 2014

Agenda

- Financial Update
- 2015 Recommended Budget
 - Budget Overview
 - Budget Highlights
- Next Steps

Financial Update

Economic Climate

- Steady economic growth
- Continued employment growth
- Colorado housing market remains strong
- Retail sales expected to improve
- National economy growing
- Global conditions are improved but remain uncertain

Sales/Use Tax Revenue Information

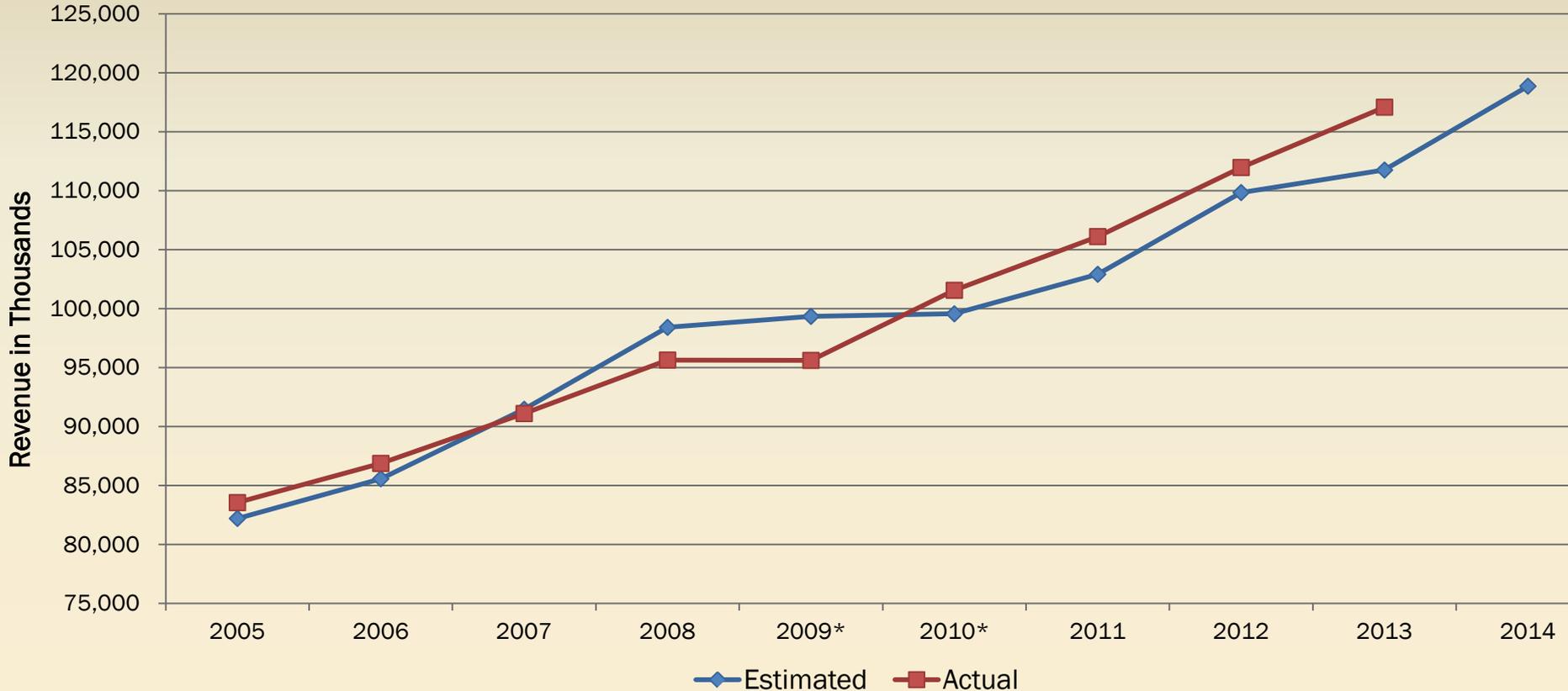
	2014 Revised	2014 YTD	2015 Projected
City of Boulder Sales/Use Tax	3.11%	10.94%	3.13%
COB Retail Sales Tax	4.25%	3.53%	4.25%
Denver-Boulder- Greeley Consumer Price Index	2.6%	2.30%	2.6%
State Retail Trade Sales	5.6%	NA	5.4%
Colorado Personal Income Growth	5.7%	NA	5.4%

Sales/Use Tax Revenue Information

- Through June 2014 10.94% increase YTD
- 6% from one-time, non-recurring revenues and timing differences:
 - Recreational Marijuana
 - Construction Use Tax
 - Business Use Tax
- Retail sales coming in lower than projections
- Will monitor closely

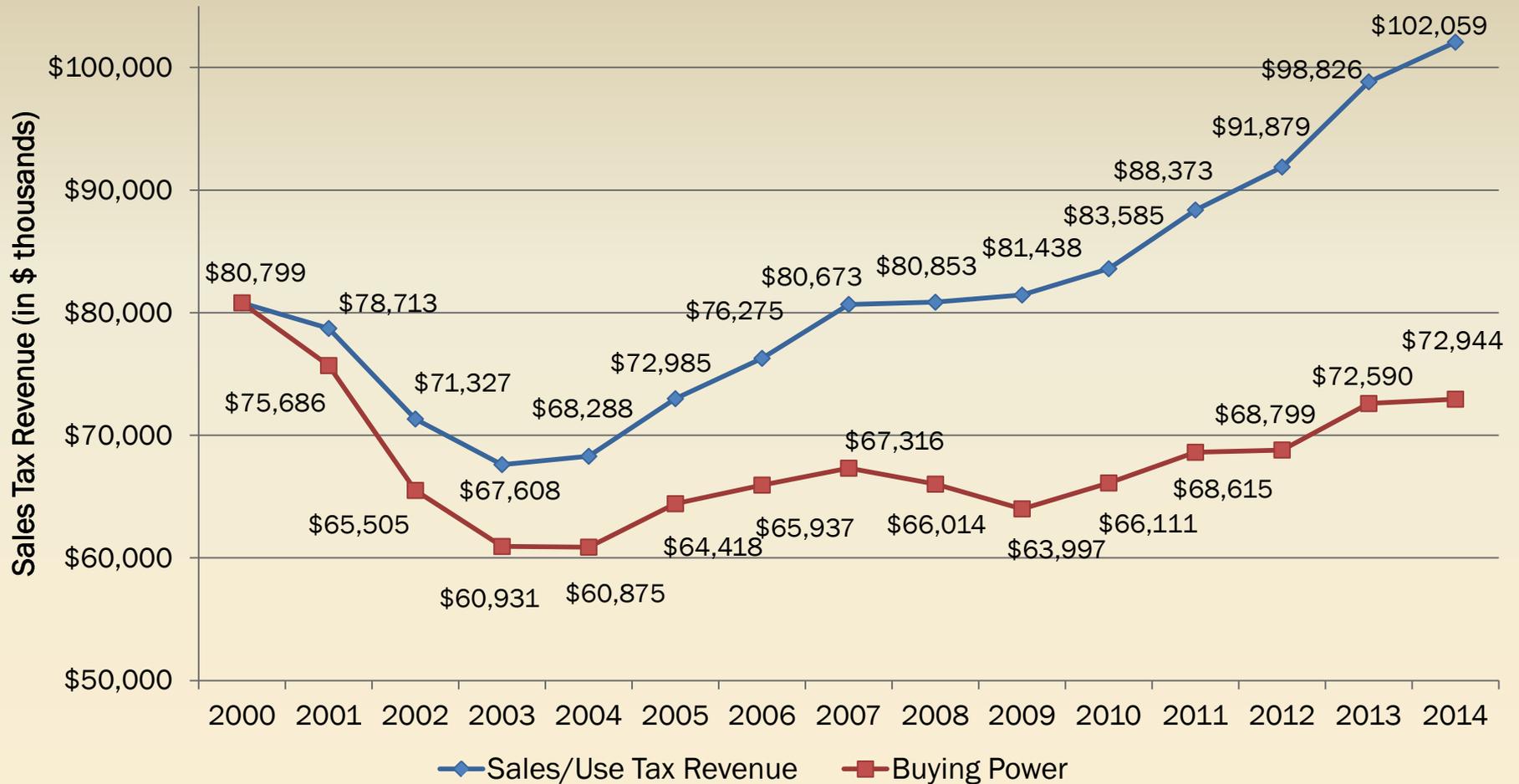
Revenue Projections to Actuals

General Fund Estimated vs Actual Revenue 2005-2013*



* 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



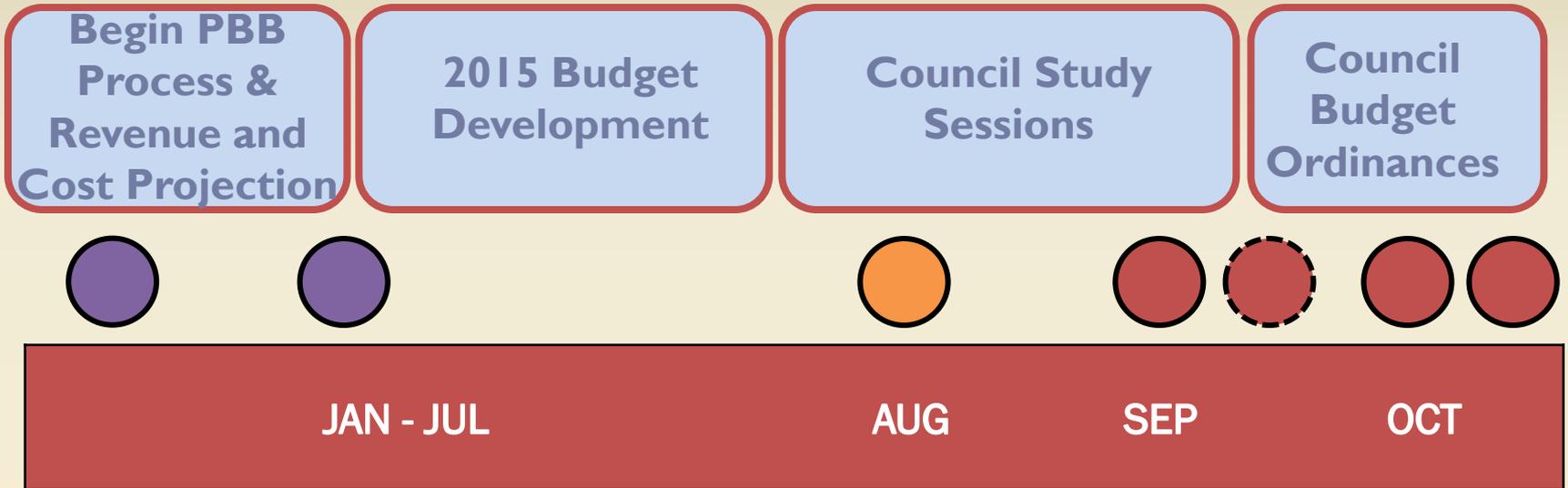
To allow for comparison between 2000 and 2014, .15% Open Space sales tax collected since 2004, .15% Fire Training Center sales tax collected only in 2007 and .15% Transportation sales tax starting in 2014 is not included.

Budget Overview

Budget Process



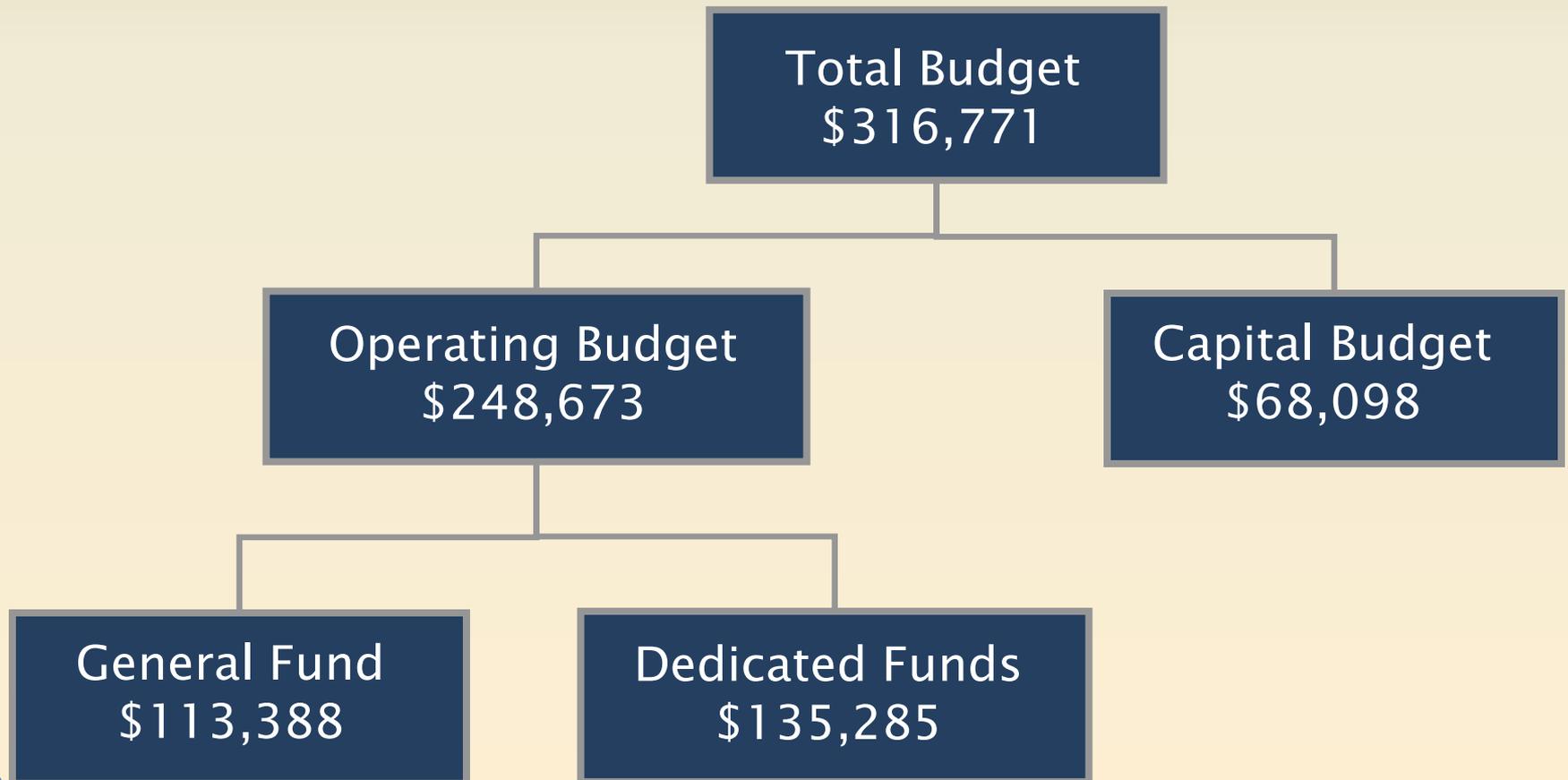
2015 Budget Calendar



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

2015 Recommended Budget

(in \$1,000s)



2015 Compared to 2014

2015 Increase over 2014

9.6% capital

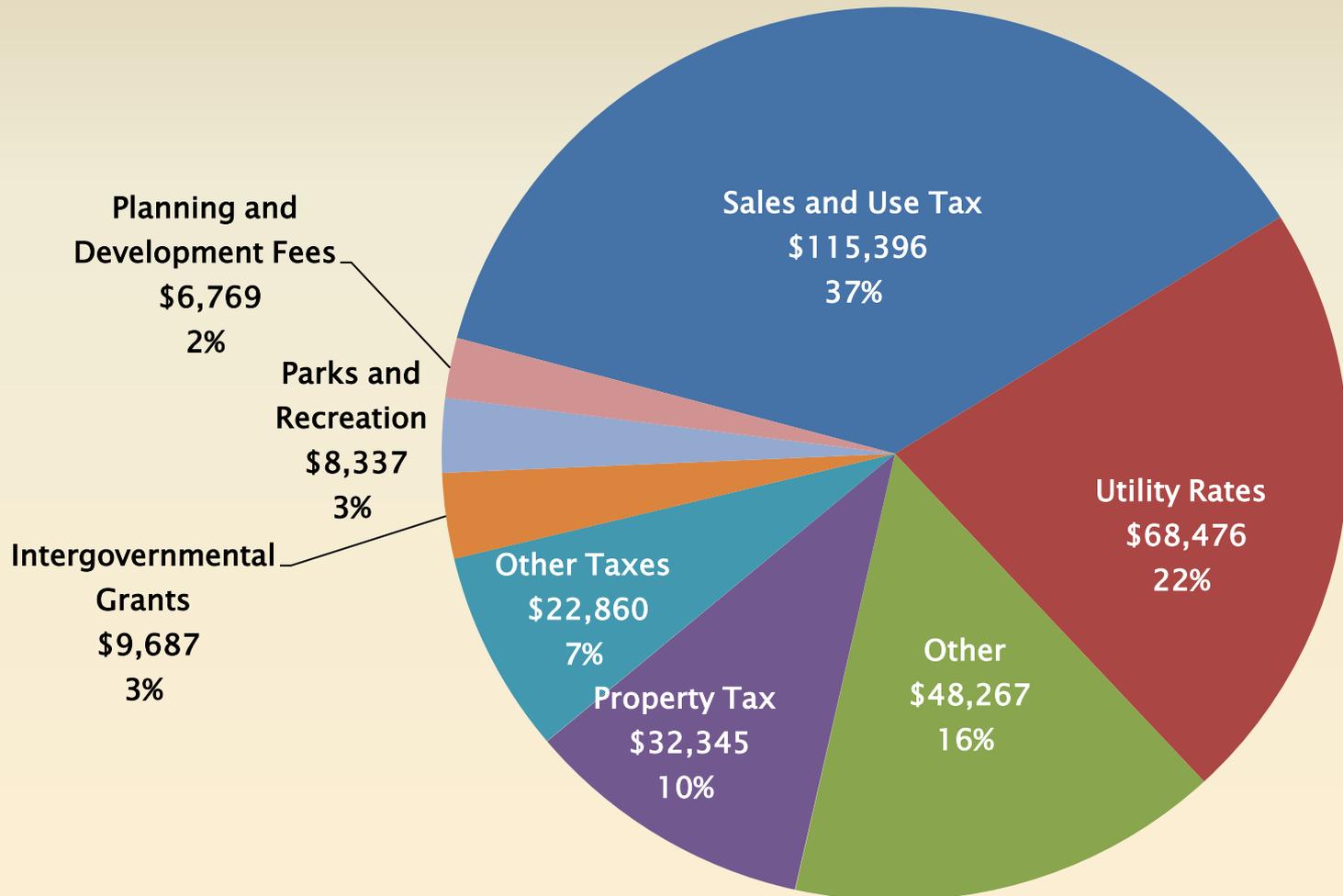
3.5% one-time operating

4.4% ongoing operating

17.5% TOTAL

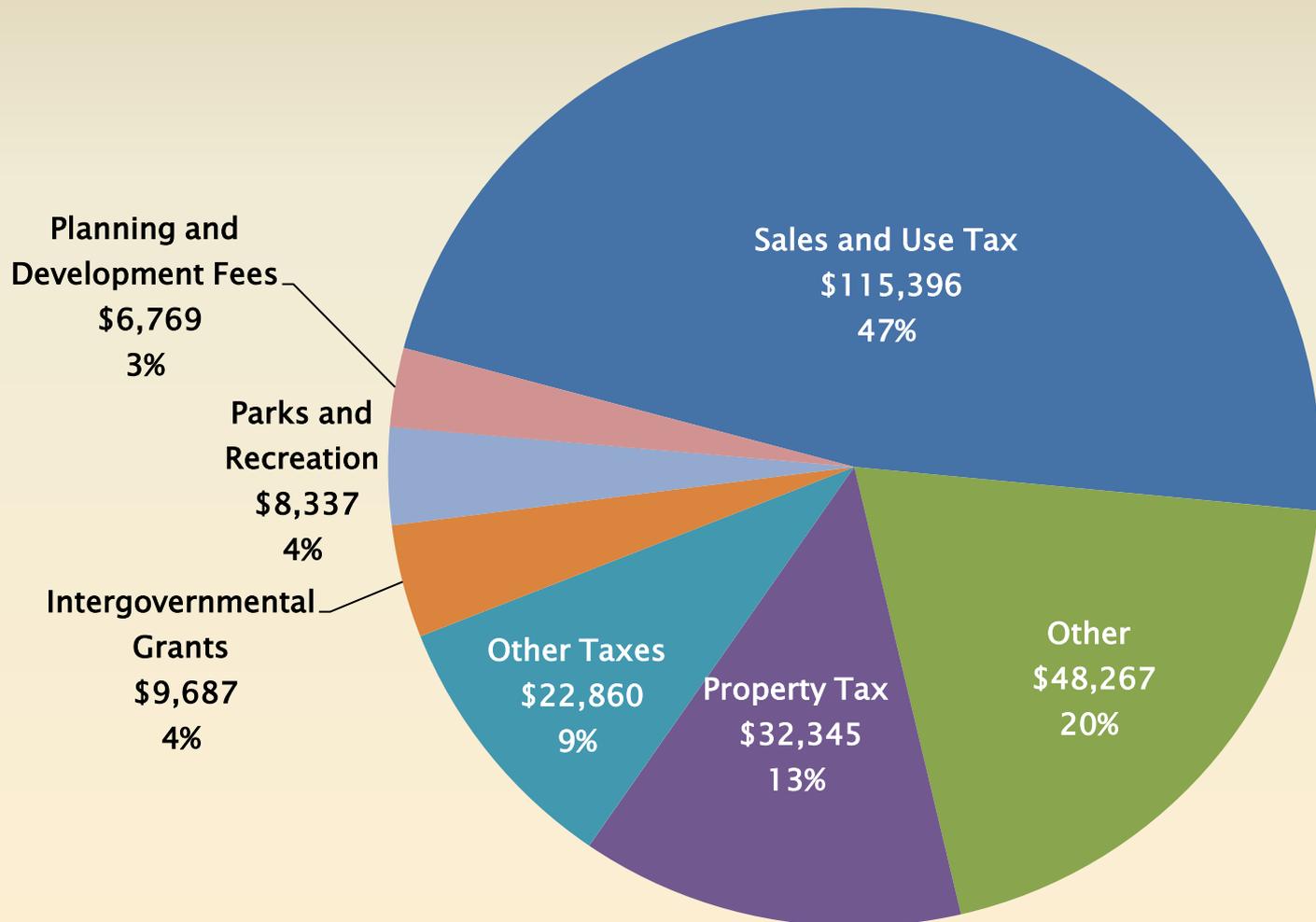
Citywide Revenues

Total: \$312 (in millions)



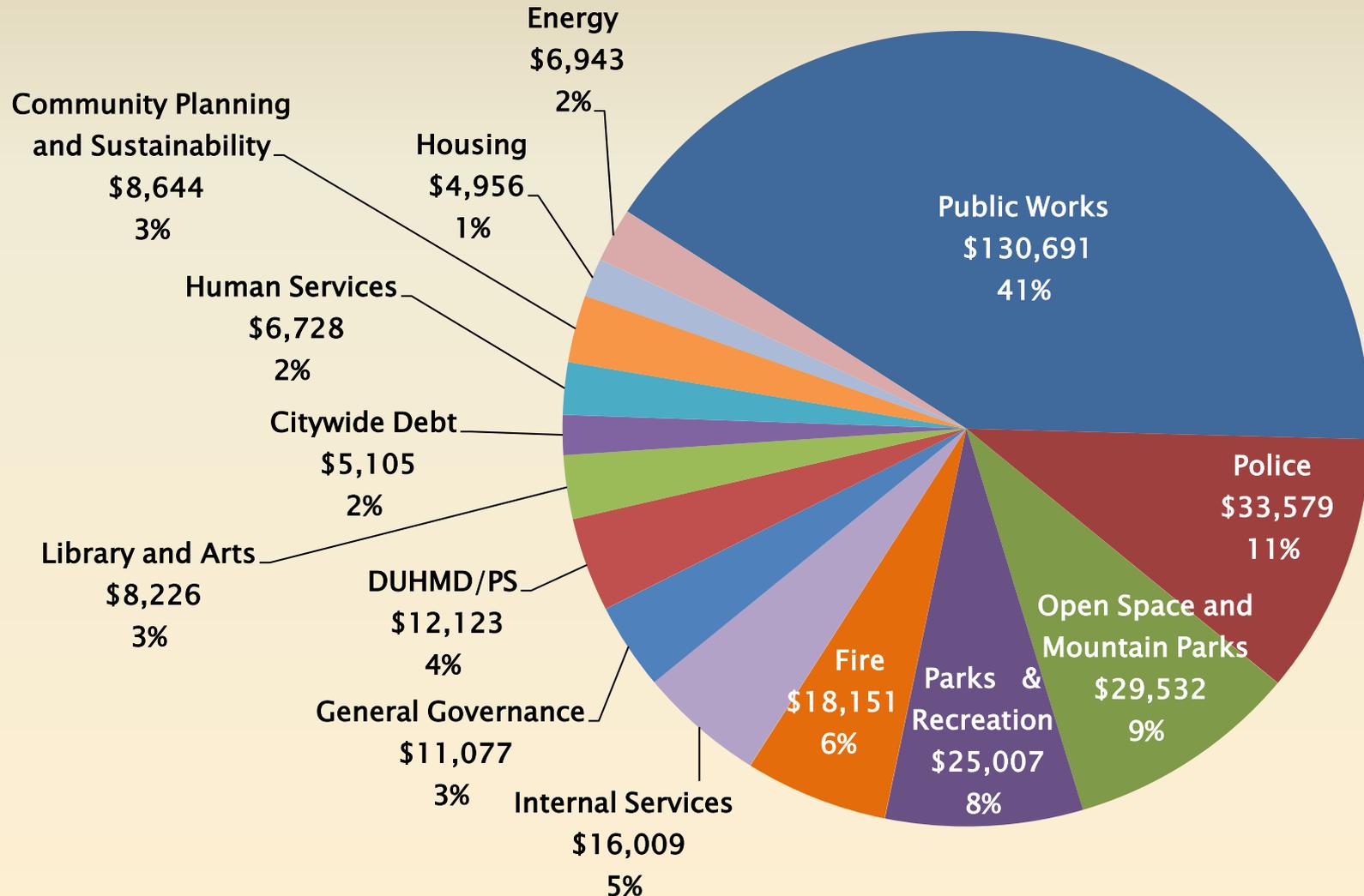
Citywide Revenues Excluding Utilities

Total: \$244 (in millions)



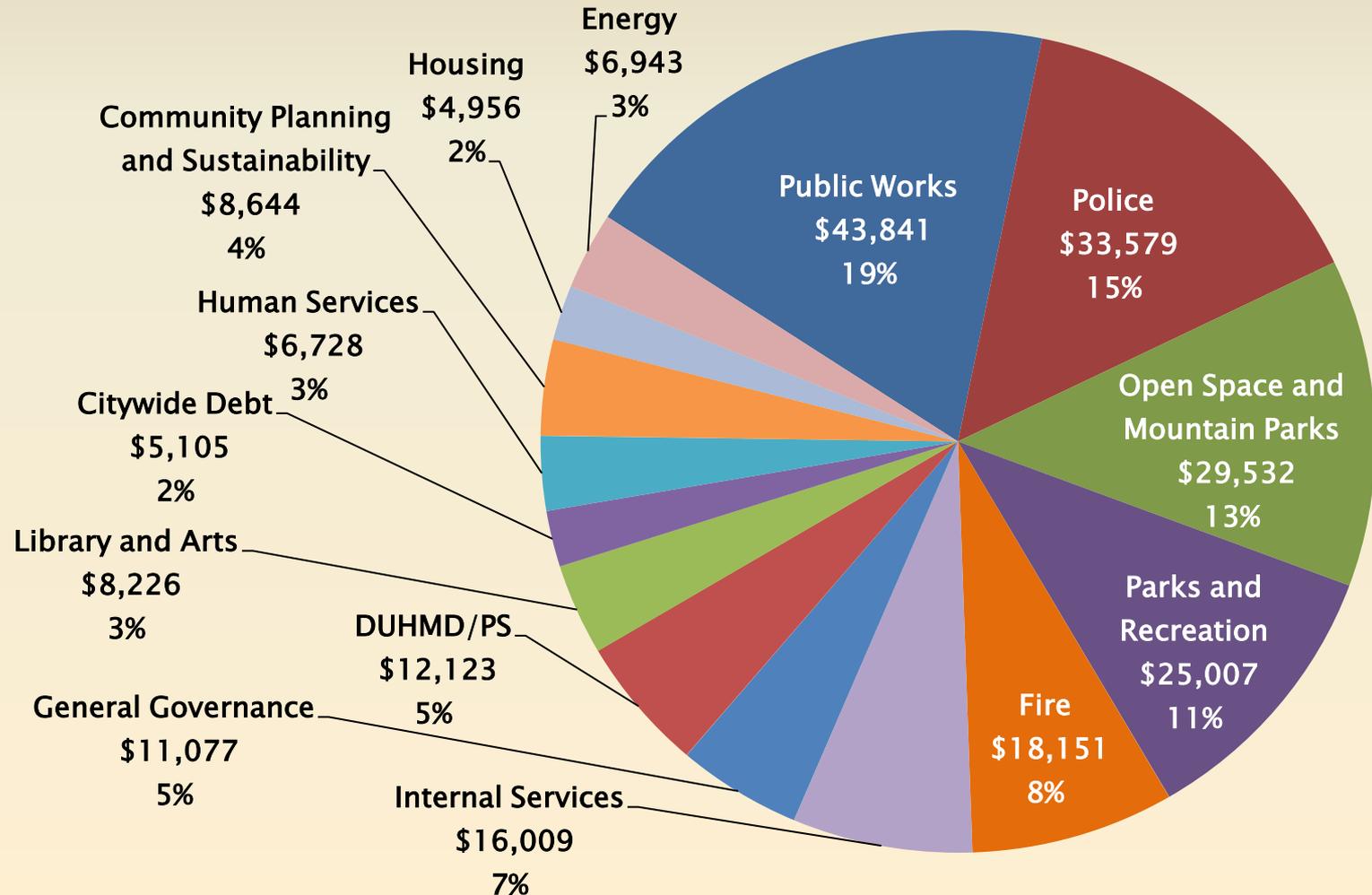
Citywide Expenditures

Total: \$317 (in millions)



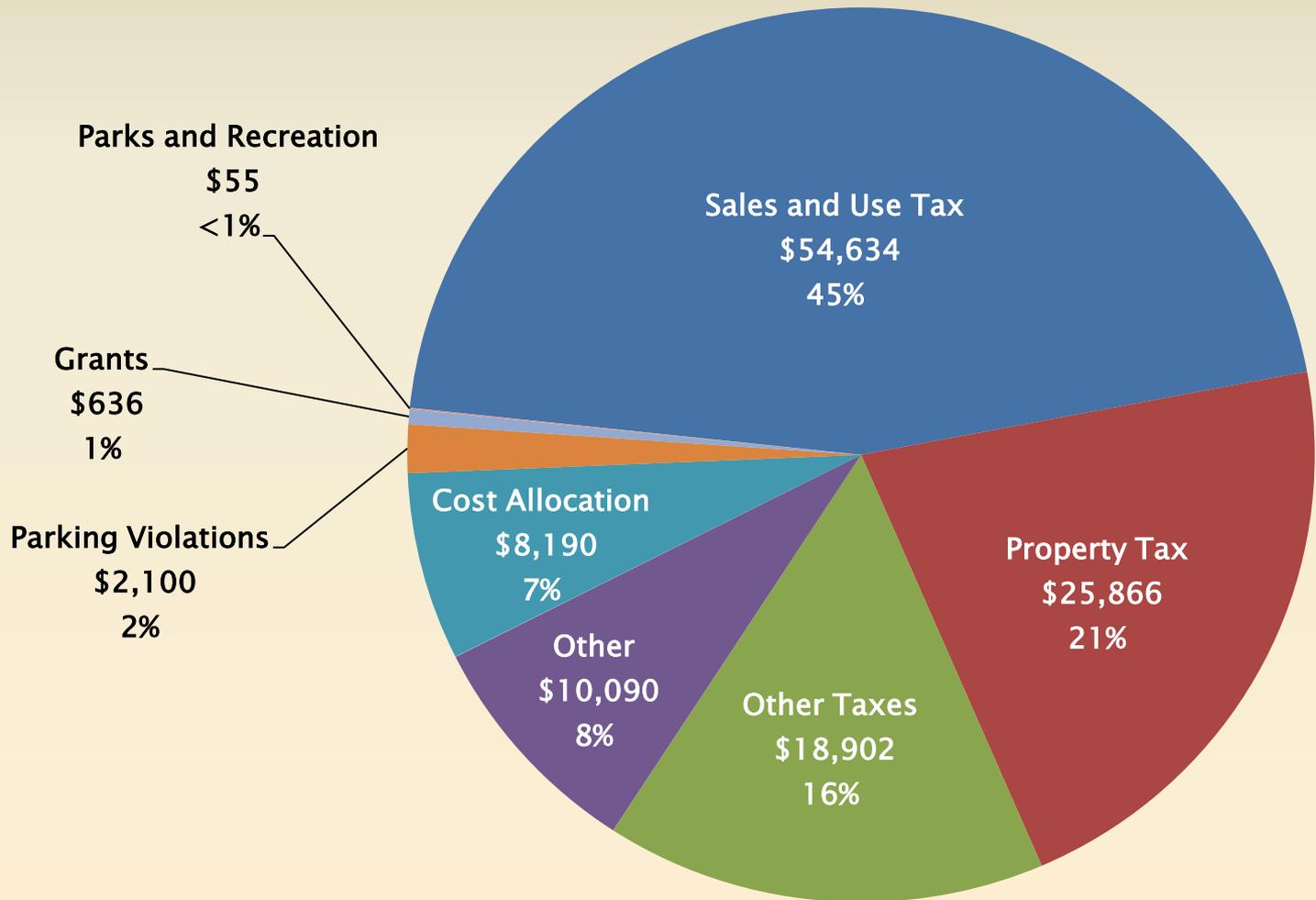
Citywide Expenditures Excluding Utilities

Total: \$230 (in millions)



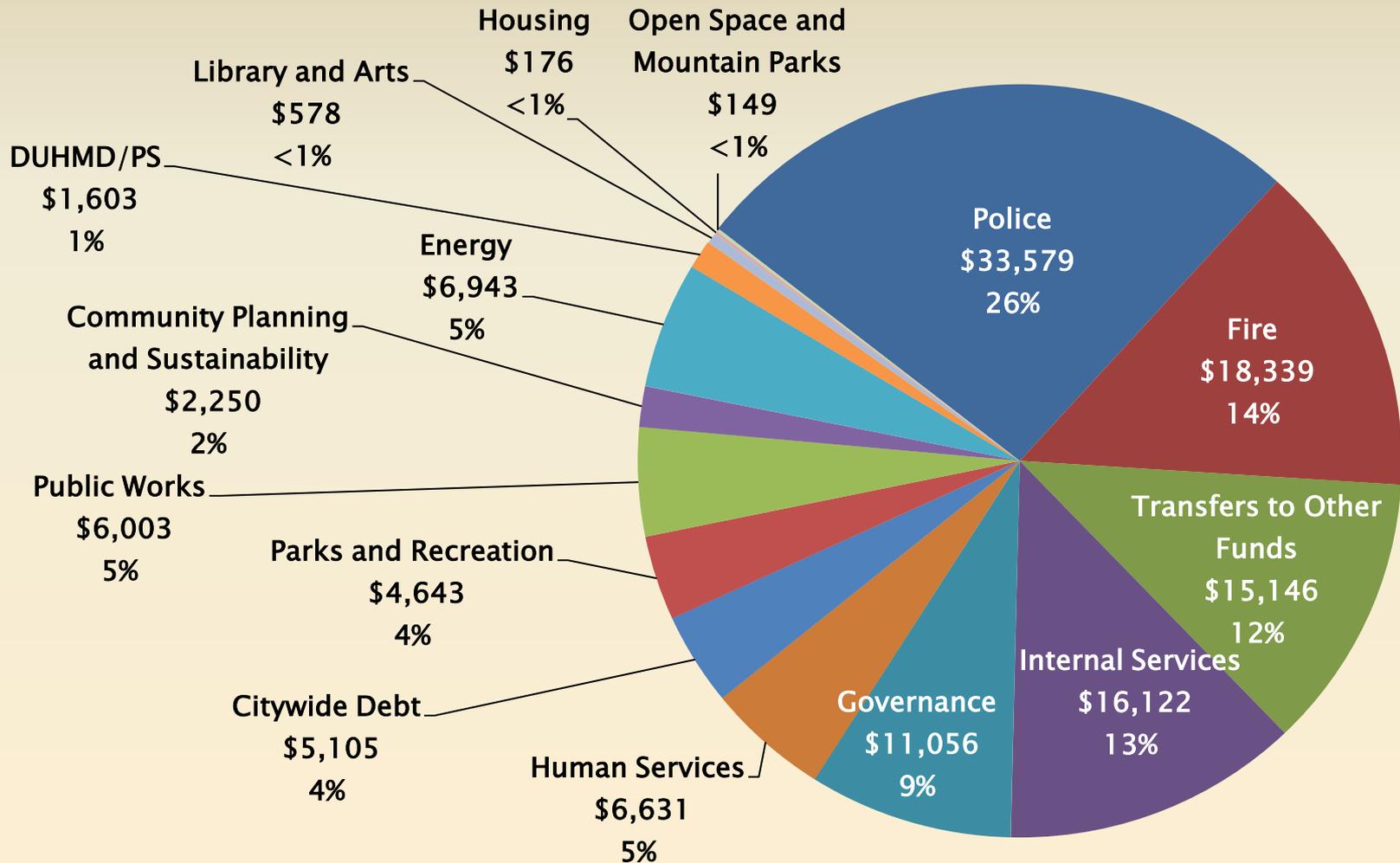
General Fund Revenues

Total: \$120 (in millions)



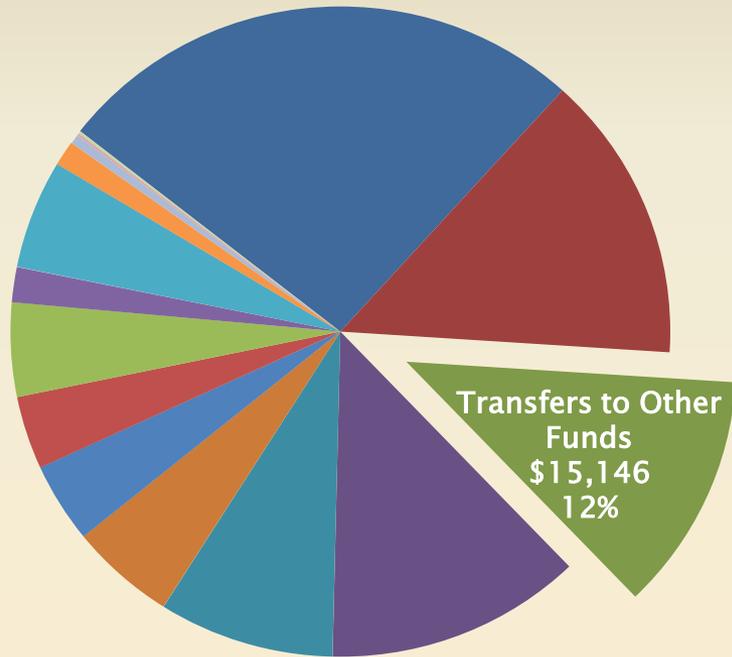
General Fund Expenditures

Total: \$128 (in millions)



General Fund Transfers to Other Funds

Total: \$15 (in millions)



(Amounts in Thousands)

Direct GF Support

Planning & Development Fund	\$ 2,192
Affordable Housing Fund	240
Library Fund	6,586
Recreation Fund	1,378
Open Space Fund	1,141

Bridge Loan

BJGID-Parking Fund	\$ 324
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Pass Through Revenues (including TIF Gap)

CAGID Fund	\$ 1,810
UHGID Fund	425

Loan Repayment

Capital Development Fund	\$ 811
Water Utility Fund	93
Fleet Operating Fund	146

Reserves

General Fund

- Recommend 14% in 2015, 15% 2016 ongoing
 - Use of Reserves for flood
 - Best practice replenish 1-3 years
 - Solid 2013 revenues and budget savings

.25 Cent Sales Tax Fund

- Recommend creating operating reserve in this fund
 - 5% in 2015, 10% in 2016, 15% 2017 ongoing

Recreational Marijuana

- Revenue not Included in 2015 Recommended Budget
- Considered One-time revenue
- First Cover Costs
- Second Fund Education
- 2014 revenues slightly under projections
 - Contingency
- Supplemental in 2015

Budget Highlights

2015 Budget Focus

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

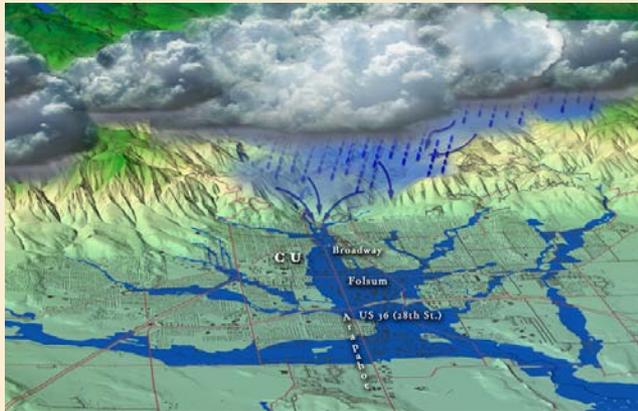
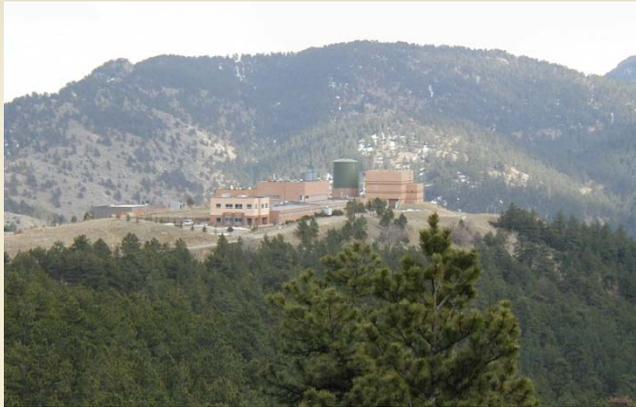
2015 Budget Highlights

- Water, Wastewater and Stormwater/Flood Management
- Energy
- Other Highlights
- Additional Items for Consideration

Water, Wastewater, Stormwater/Flood Management Rates

Utilities

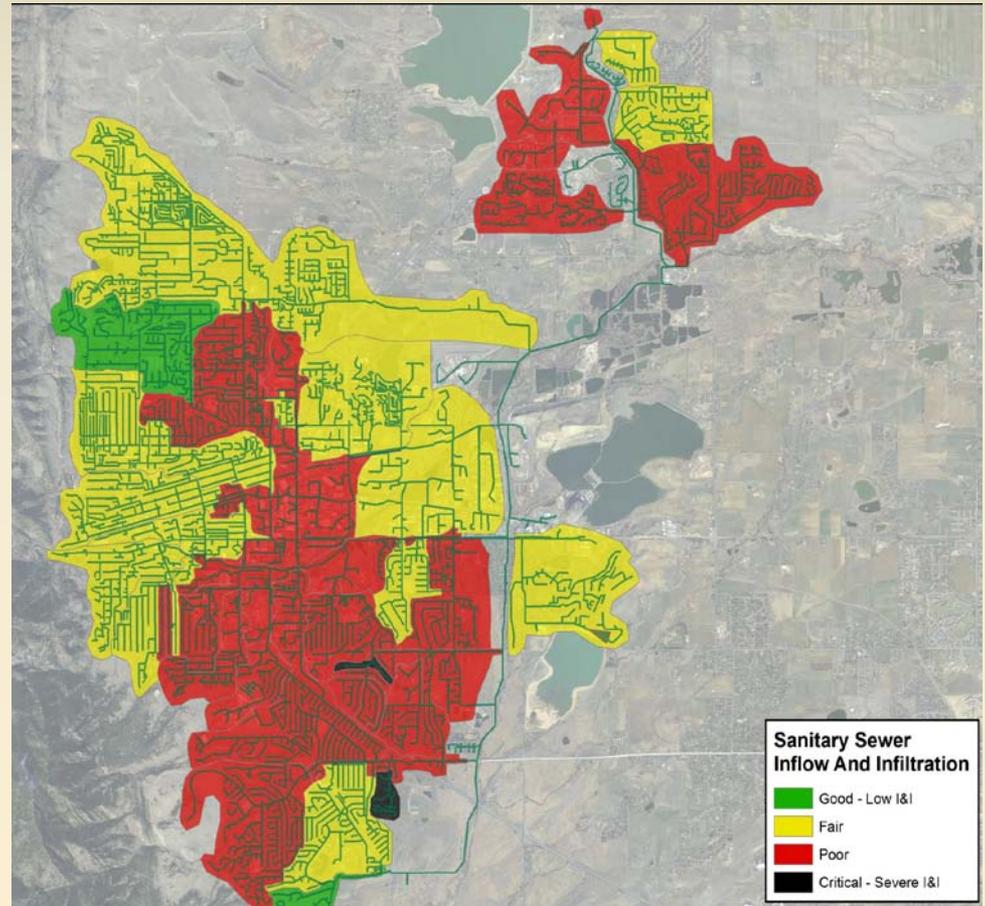
Water, Wastewater, Stormwater & Flood Management



Wastewater Collection System Rehabilitation Scenarios

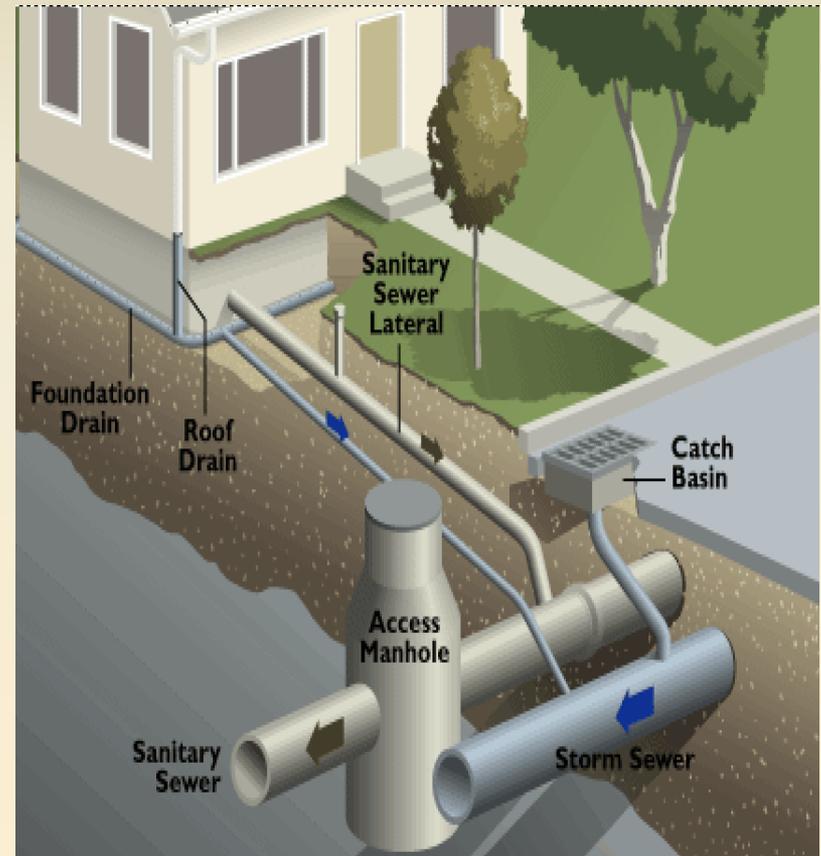
90 Years	Current Funding
45 Years	10% Increase
20-25 Years	25% Increase
15 Years	30%* Increase
7 Years	50%* Increase

*All funds above 25% dedicated to pipe rehabilitation



Sources of Wastewater Inflow & Infiltration

- Aging Pipes
- Manholes
- Flood Damaged Infrastructure
- Private Service Lines
- Inflows from Homes & Businesses



Water Fund

(5 percent)



1.0 FTE Water Resources – Irrigation Ditches

Wastewater Fund

(30 percent)

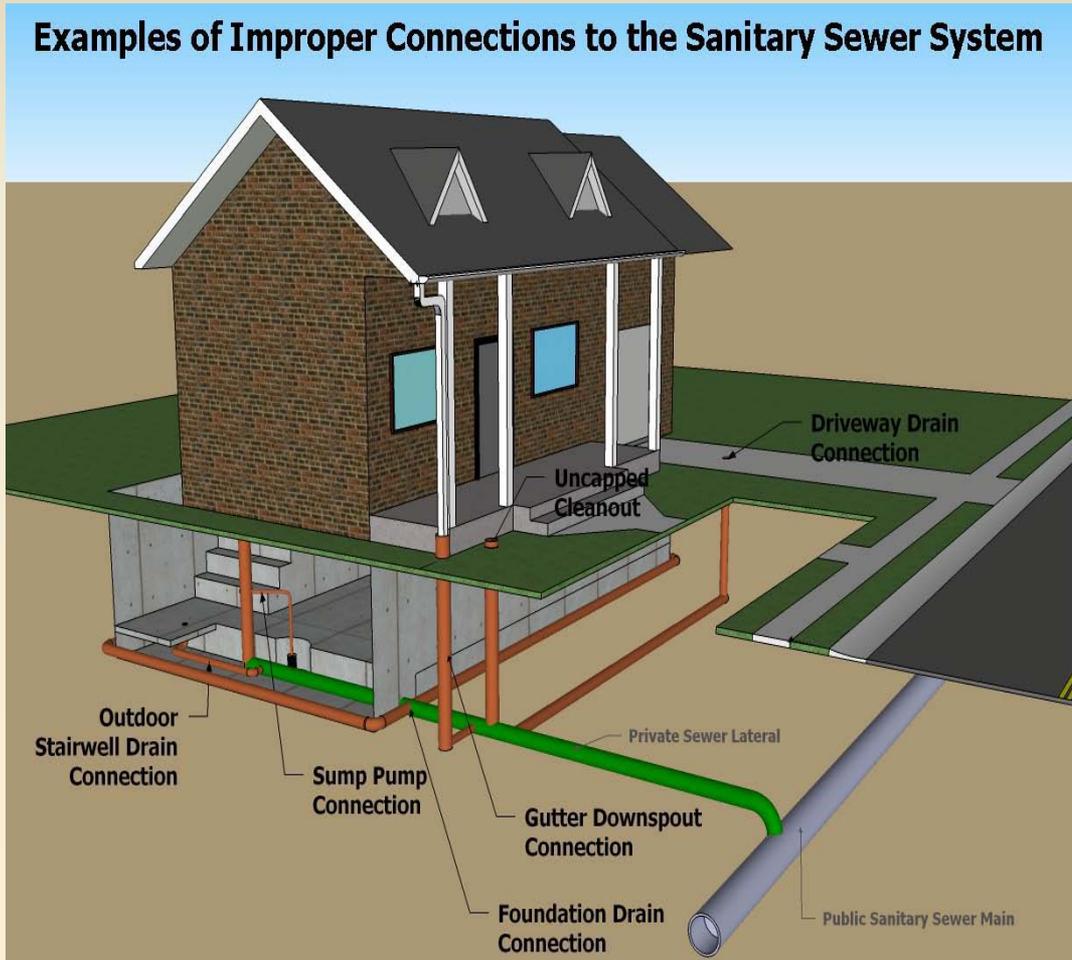


1.0 FTE – Engineer/Technician
1.0 FTE – Wastewater Maintenance Person

Wastewater Fund

Programs/Services

- 1.0 FTE
- Education
- Outreach
- Compliance Incentives
- Enforcement



Stormwater & Flood Management (75 percent)



Two Additional Maintenance Crews (5 FTE)
One Additional Vacuum/Jet Truck

Flood Control & Major Drainageway Maintenance



One Additional FTE

Rate Impacts

- Water – 5%
- Wastewater – 30%
- Stormwater & Flood Management – 75%



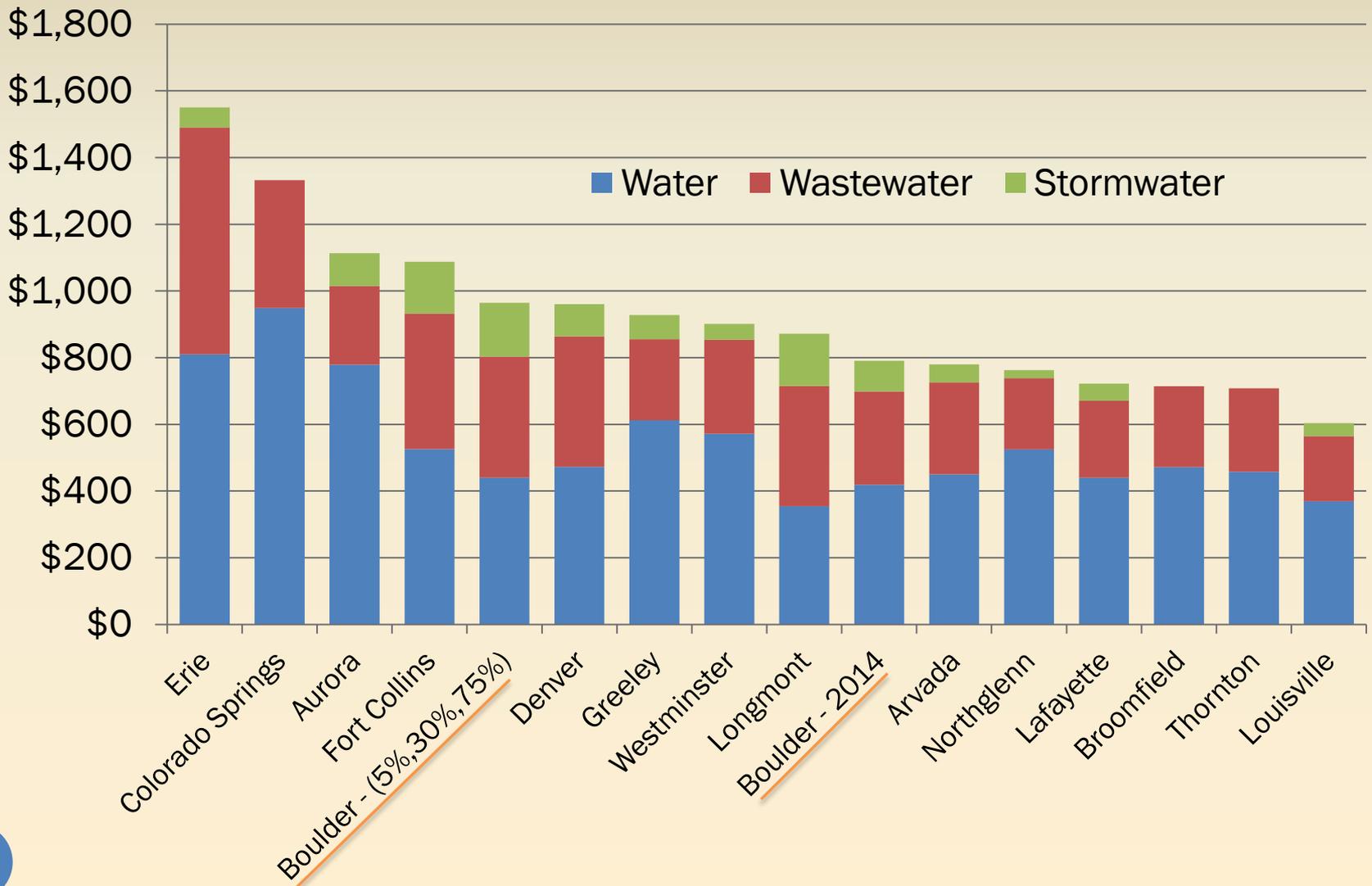
Sample Customer Bill Impacts

5% Water, 30% Wastewater, 75% Stormwater/Flood

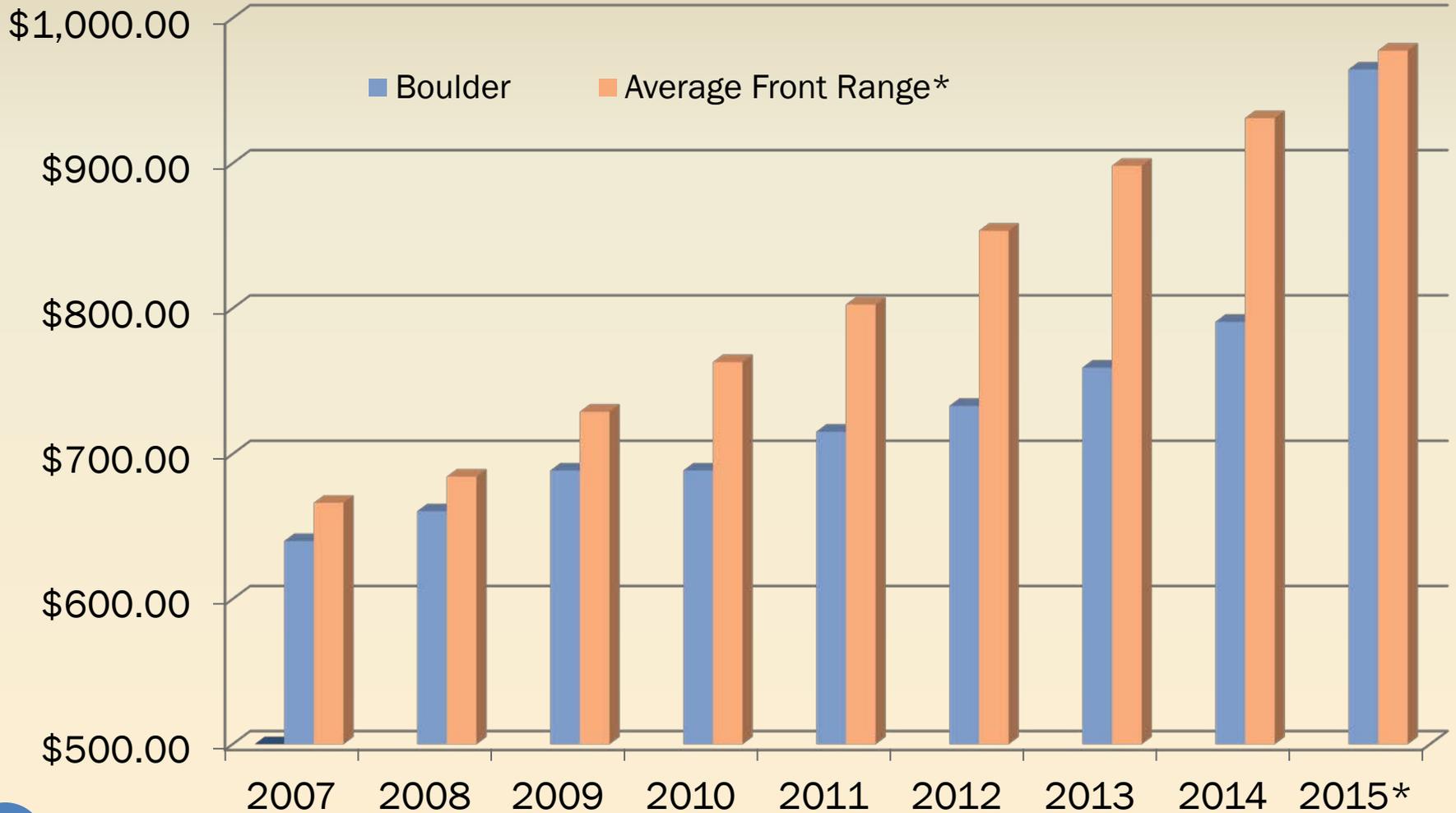
Customer	Combined Monthly Bill 2014 Rates	Combined Monthly Bill 2015 Rates	Monthly Bill Increase	Percent Change
Single Family Residential	\$66	\$81	\$15	23%
Hotel	\$2,797	\$3,452	\$655	23%
Grocery Store	\$6,537	\$8,006	\$1,468	22%
Large Format Retailer	\$2,176	\$3,066	\$890	41%
Pearl Street Retail	\$96	\$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%

Annual Residential Bill Comparison

2014 Rates



Historical Bill Trend (Residential)



*2015 for Front Range assumes continuing the average 5% increase

Questions

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

Energy Strategy and Electric Utility Development

Energy

Staff recommendation to address a timing difference:

- Additional funding of \$4.9 mill over the 2015 \$2 mill Utility Occupation Tax (UOT)
- Advanced from general fund reserves with the UOT portion to be replenished by UOT in 2016 and 2017

Why?

- Flexibility to respond to legal costs with unknown payment timing
- Timing of transition costs driven by legal outcomes

Energy

Process

- Investment proposed for 2015 is strategic and supported by a comprehensive transition plan
- Process has included measured steps and potential off-ramps to ensure responsible use of taxpayer dollars
- Project requires acceleration of the original work plan
- Timing and level of expenditures are not completely known, budget will need some level of flexibility

Energy

- Staff is managing budget expenditures based on known outcomes
- Transition plan activities will focus on policies, procedures, process improvements and staffing analysis
- Emphasis on customer service, accounting and other internal service areas
- Efforts in 2015 will benefit overall organization

Questions

- Does council have any questions or feedback on the 2015 Recommended Budget for Energy Strategy and Electric Utility Development?

Public Safety/Enforcement

- Police
 - Additional Officer
 - Criminalist
 - Cell Phones for Officers
- Fire
 - Safety Officer Program
 - Life and Safety Equipment Replacement
- Municipal Court
- City Attorney's Office

Community Investment

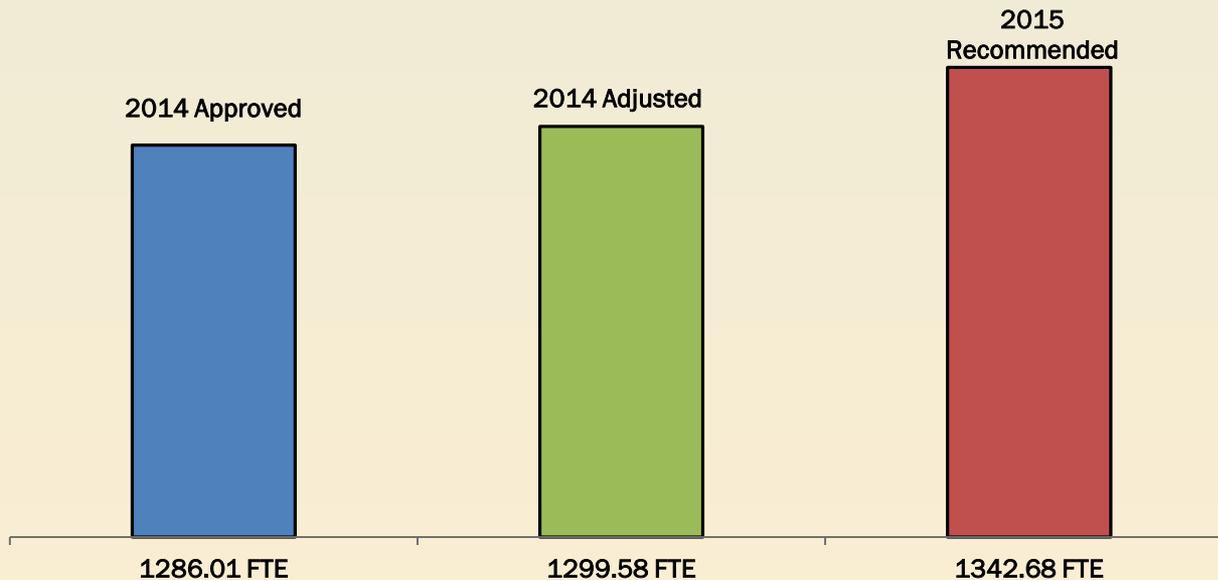
- University Hill
 - Continue Coordinator
 - Residential Services District
- Civic Area
 - Ambassadors
 - Events and Programming
 - Planning Studies

Resilience

- Flood Recovery and Mitigation
- Asset Management
- Transportation
- Emerald Ash Borer Response
- Organizational Capacity

Organizational Capacity

Net Increase of 10 fixed-term and 33.1 FTE* ongoing positions



2014 adjusted includes positions supporting priorities that emerged since the 2014 budget was approved

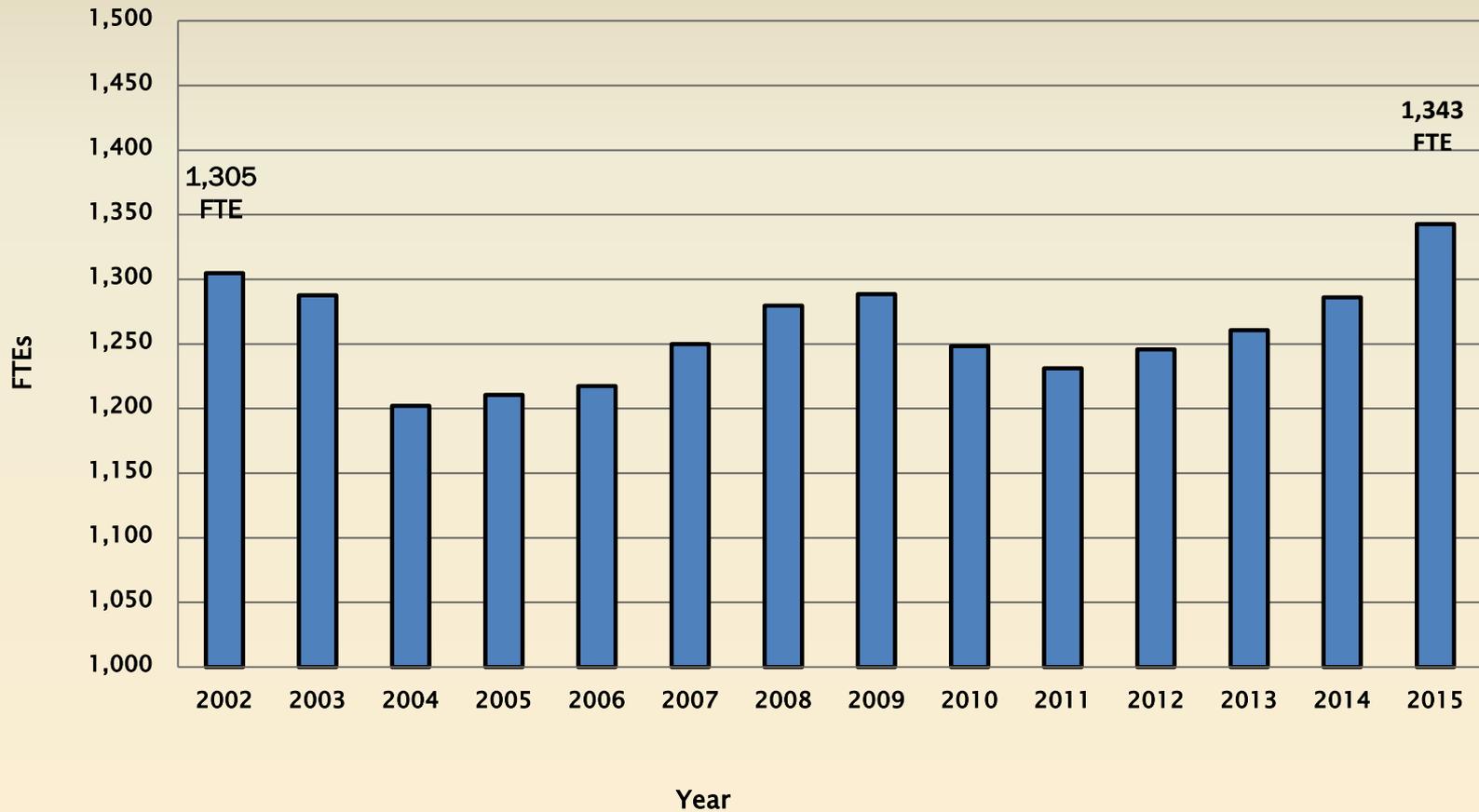
FTE=Full Time Equivalent

Organizational Capacity

2015 key ongoing FTE investments:

- 12 FTE for Master Plan implementation (Parks and Recreation, OSMP, Transportation) – 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)

City Staffing Levels 2002-2015



Neighborhood Services, Code Enforcement and Vacation Rentals By Owner (VRBOs)

Neighborhood Services

- Evaluating Best Practices
- One option – Liaison / Coordinator
- Similar to Economic Vitality model
- Cost range: \$100K - \$150K
- Funding: Cost Allocation
- Refine proposal for Oct. 7

Rental Housing Licensing Enforcement

- 20,633 licensed rental units
- .5 FTE increase proposed for enforcement in 2015
- Proposed expenditure: \$37K
- Funding : Fee-based
- Next Step: SmartRegs Compliance Plan

Vacation Rental By Owners

- 2015 Workplan Item
- Proposed Study Session
- Implementation may involve:
 - Code changes
 - Budget proposal
 - Ballot Measure

Vacation Rental By Owners

- Enforcement Issues – Potential Code Changes
- Taxation Option – May Require Voter Approval
- Regulatory Approach – Potential City License /Fee

Next Steps

- Sept. 23 Study Session (if needed)
- October Budget Hearings
 - Oct. 7 First Reading
 - Oct. 21 Second Reading (including Districts)
- Council Adopts 2015 Budget, including CIP
- Comprehensive Financial Strategy update to City Council in First Quarter of 2015

Questions

- Does council support the proposed utility rate increases:
 - Water – 5%
 - Wastewater – 30%
 - Stormwater/Flood Management – 75%
- Does council support the proposed approach for energy funding?
- Does council have any other questions or feedback on the 2015 Recommended Budget?
- Does council want a second study session?