



City of Boulder

City Council Study Session

2017 Recommended Budget

Agenda

- Financial Update
- Reserve Policies
- 2017 Recommended Budget
 - Budget Overview
 - Budget Highlights
- Additional Information
 - Neighborhood Traffic Mitigation Program
 - Homelessness Initiatives
- Next Steps

Questions

1. Does council agree with the strategic approach proposed for reserve policies?
2. Does council have any questions or feedback on the recommended budget for the Neighborhood Traffic Mitigation Program?
3. Does council have any questions or feedback on the additional proposed investment for homelessness initiatives?
4. Does council have any questions or other suggested changes to the City Manager's 2017 Recommended Budget?

Financial Update

Economic Climate

- Global conditions uncertain
- Continued modest domestic growth
 - Labor market healthy
 - Consumer confidence favorable
 - Uncertainty around interest rates
- Colorado economy remains solid
 - Low unemployment
 - Housing market strong, rents stabilizing
 - Retail sales – slowing growth

Sales/Use Tax Revenue

	2016 Revised	2016 YTD	2017 Projected
City of Boulder Sales/Use Tax	2.40%	6.85%	2.97%
COB Retail Sales Tax	3.50%	2.90%	3.00%

Sales/Use Tax

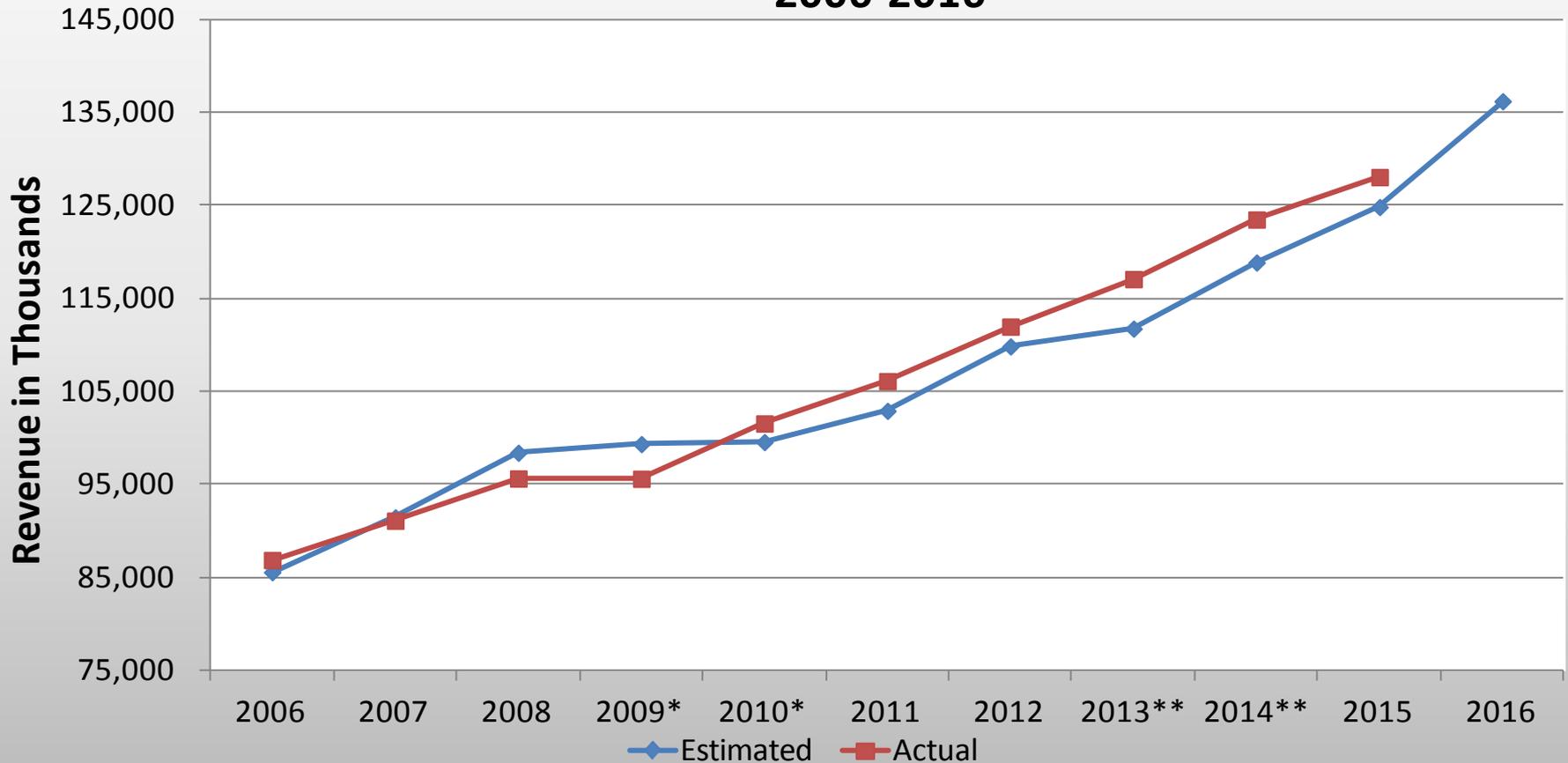
- One-time, large dollar audits (3)
- Use tax would be down 3.55% without above audits

Retail Sales Tax

- One-time, large dollar returns/audits (3)
- Amazon collections
- Retail sales tax would be up 0.56% without above returns/audits

Revenue Projections to Actuals

General Fund Estimated vs Actual Revenue 2006-2016



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

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

Comprehensive Financial Strategy

- Blue Ribbon Commission highlighted potential gap of \$135 million
- No current gap
 - Addressed revenues
 - Addressed expenditures
 - Implemented strong financial policies
 - Structurally balanced budget
 - Reserve policies

Reserve Policies

“Reserves are the cornerstone of financial **flexibility**. They provide a government with **options** to respond to unexpected issues and afford a **buffer** against shocks and other forms of risk.” Financial Policies, GFOA



Why Have a Reserve Policy?

- Prepare for operational uncertainty
 - Extreme events and public safety concern
 - Revenue stabilization
 - Emergency cash flow needs
 - Other- depends on entity
- Maintain good standing with rating agencies
- Avoid interest expense/generate investment income
 - Investment policy to be discussed at Jan 31, 2017 study session

Fund Balance vs. Reserves

- Fund Balance: accounting term
- Reserves: budget/policy term
 - Resources set aside to buffer against risk
- Generally refers to a portion of fund balance
 - Includes Committed, Assigned and Unassigned
 - Does not include Non Spendable or Restricted

City Reserve Classifications

- **Emergency / Stabilization**

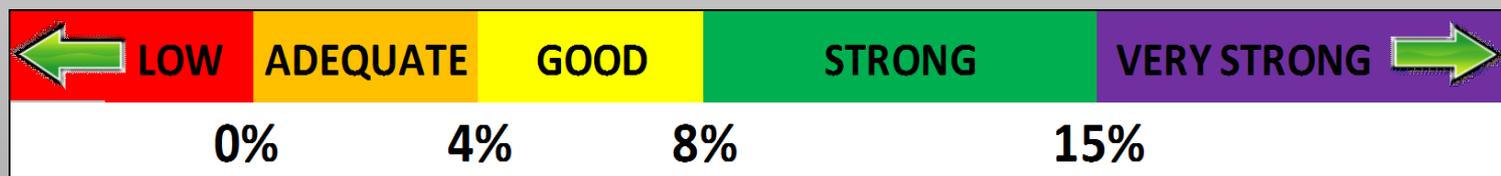
- Includes 3% TABOR reserve
- “Operating Reserve”

- Pay Period 27
- Compensated absences
- Debt/bond reserves
- Legally restricted or restricted by management
- Capital

Right Level of Reserves

General Fund

- Government Finance Officers Association (GFOA) baseline recommendation for General Fund
 - 16% (2 months) of regular operating revenues or expenditures
 - If needed, adjust according to local conditions
- Standard & Poor's views on reserves



Factors to Consider

- Risk factors

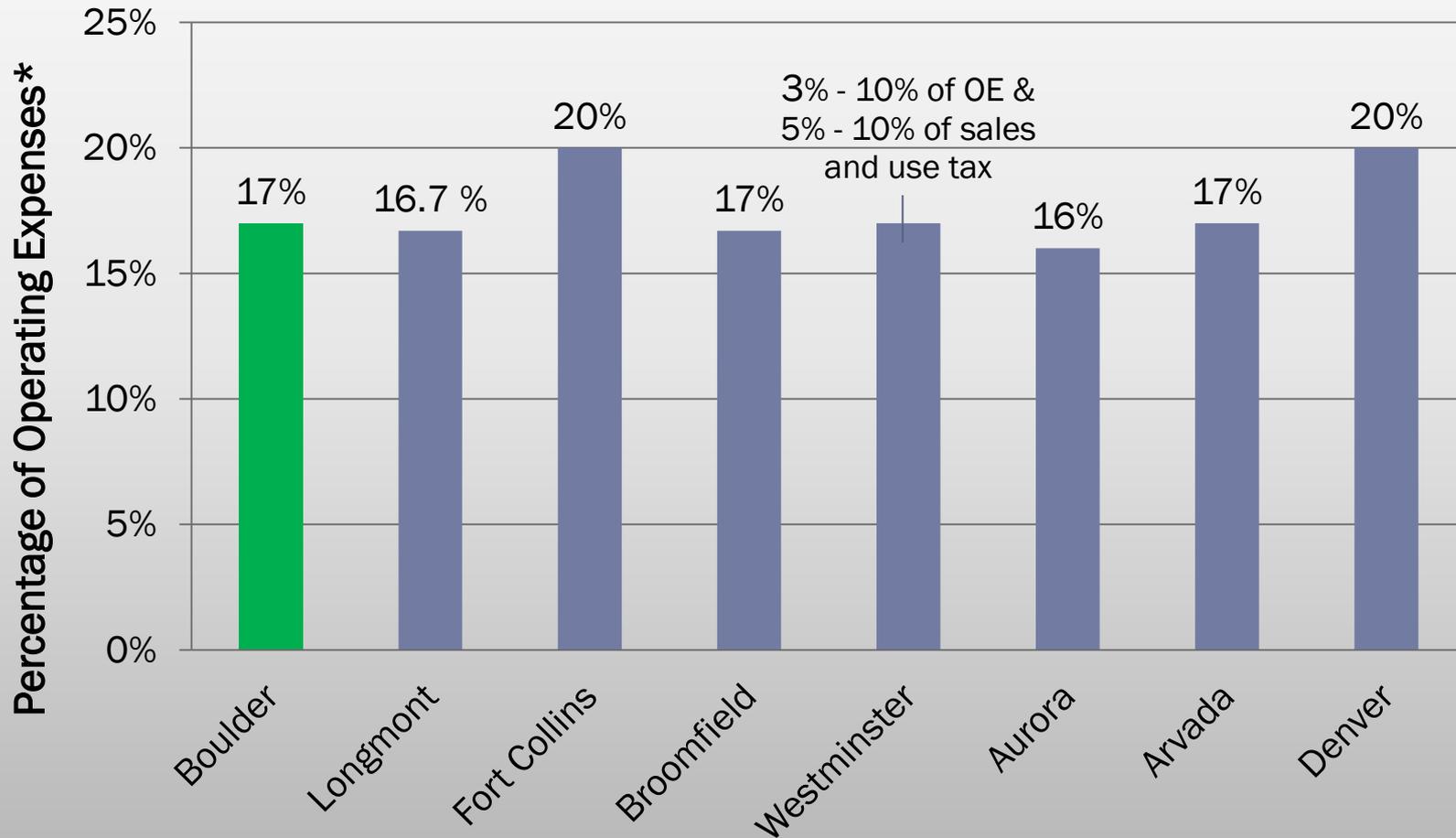
- Extreme events and public safety concern
- Revenue stability
- Expenditure volatility
- Liquidity
- Other funds' dependency
- Growth
- Capital projects

- Other Drivers

- Budget practice
- Government size
- Borrowing capacity
- Public perception
- Political Support



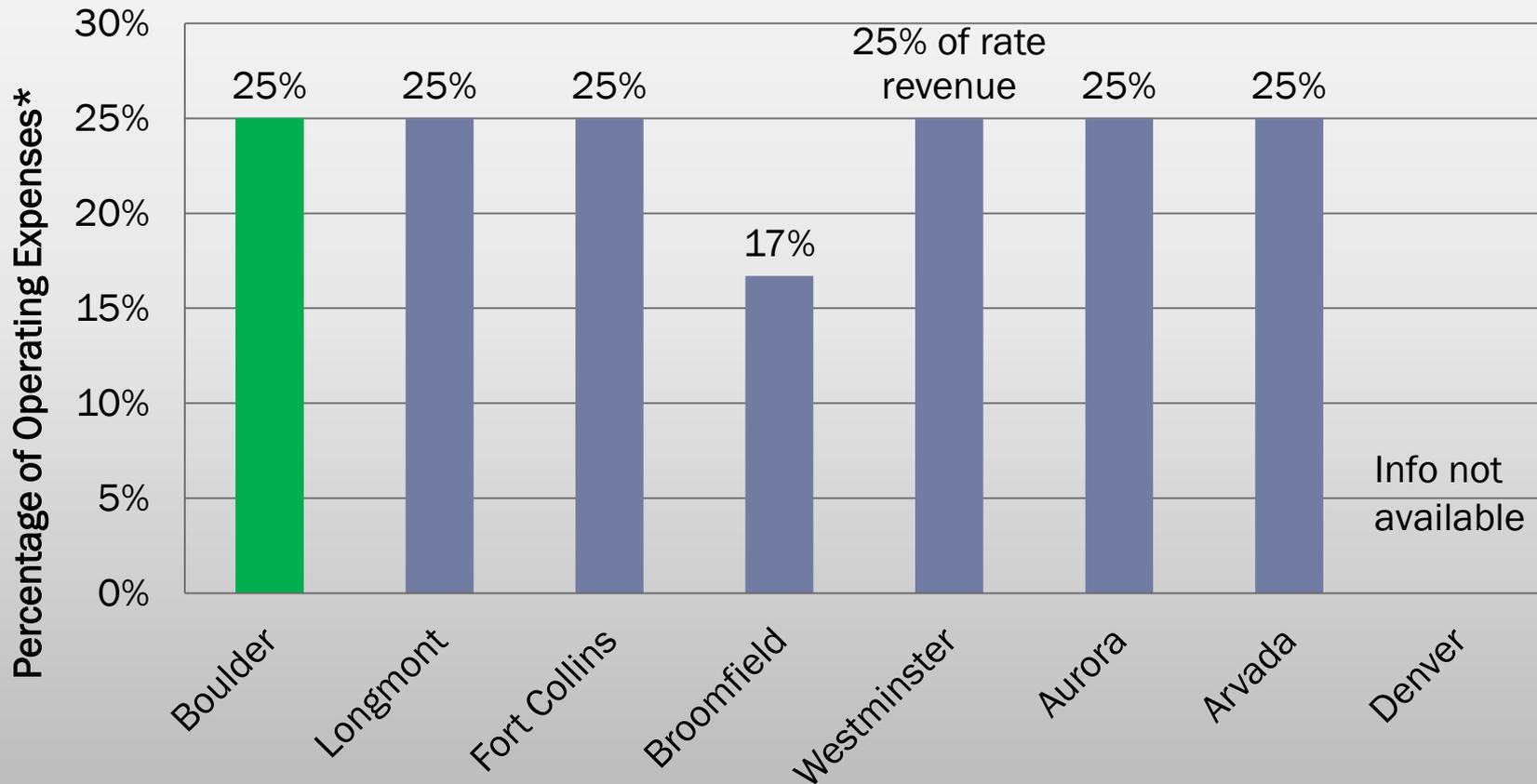
General Fund Minimum Operating Reserve Requirements



Reserves in Enterprise Funds

- Most important fund type outside of General Fund to have reserve
 - Enterprise risks may differ from other risks
- GFOA says 45 days a bare minimum level of reserve
 - If volatile type of fund 90 days minimum

Enterprise Fund Minimum Operating Reserve Requirements



* Percentage of Operating Expenses unless otherwise noted

Staff Recommendation for Minimum Operating Reserves

- General Fund: 20% of operating expenses by 2020
- Enterprise Funds: No change in policy (varies by fund – most funds' reserves are 25% of operating expenses)
- Other funds: Varies by Fund

Budget Overview

2017 Budget Calendar

**Priority Alignment,
Revenue and Cost
Projections**

**2017 Budget
Development**

**Council
Study
Sessions**

**Council Budget
Ordinances**



JAN - JUL

AUG

SEP

OCT - DEC



Economic and Budget Updates



**Study Session, Capital
Improvement Program (CIP)**



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

2017 Recommended Budget

(in \$1,000s)

Total Budget
\$321,834

Operating Budget
\$260,645

Capital Budget
\$61,189

General Fund
\$130,857

Dedicated Funds
\$129,788

2017 Compared to 2016

2017 Change over 2016

Total Change: -1.79%

Capital:

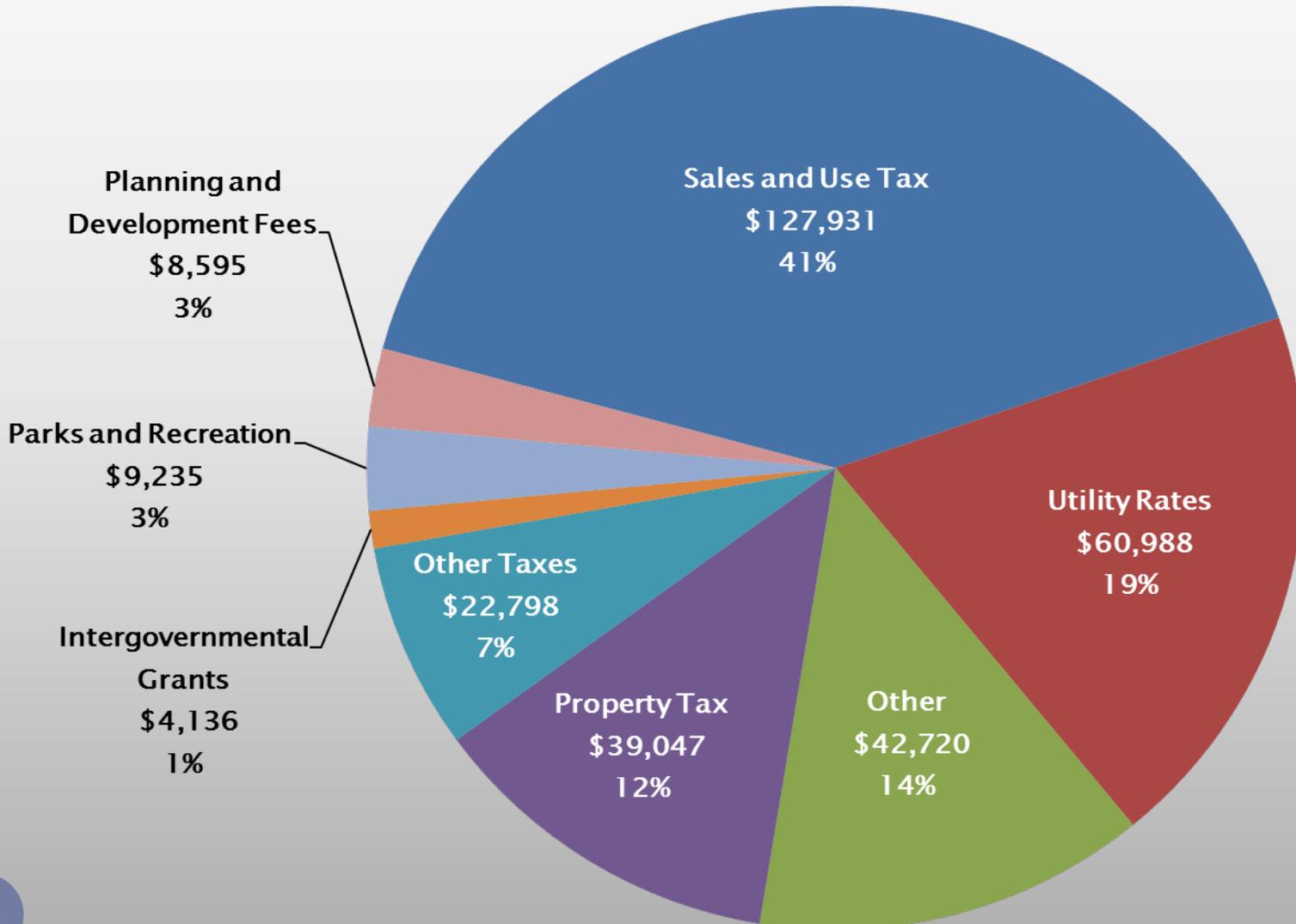
-16.53 percent

Operating:

+2.46 percent

Citywide Revenues

Total: \$315,450 (in thousands)

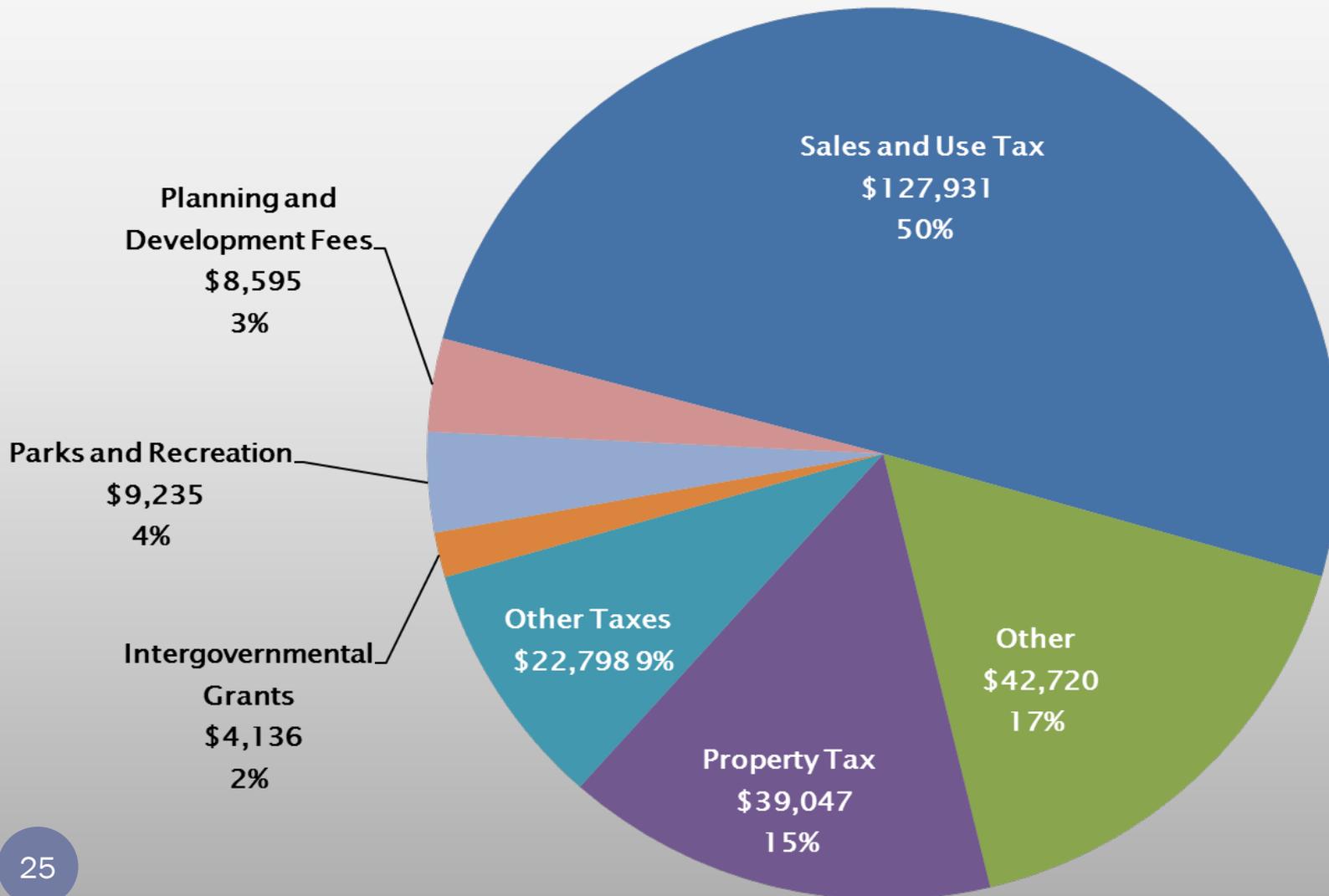


Utilities - Projected Rate Increases

	2016	2017	2018	2019
Water	8%	8%	8%	7%
Wastewater	5%	5%	6%	6%
Stormwater/ Flood Management	4%	8%	8%	8%

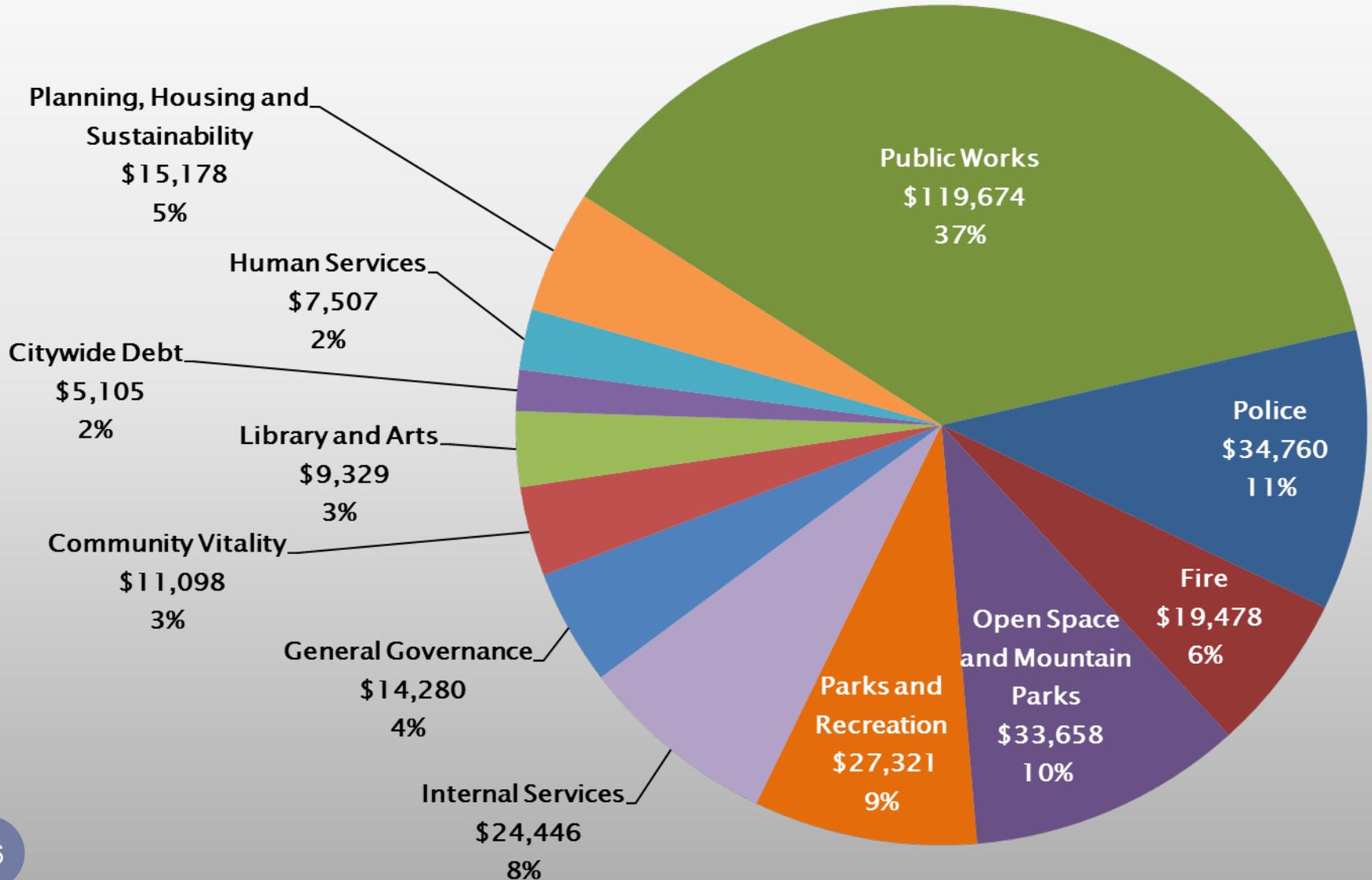
Citywide Revenues Excluding Utilities

Total: \$254,462 (in thousands)



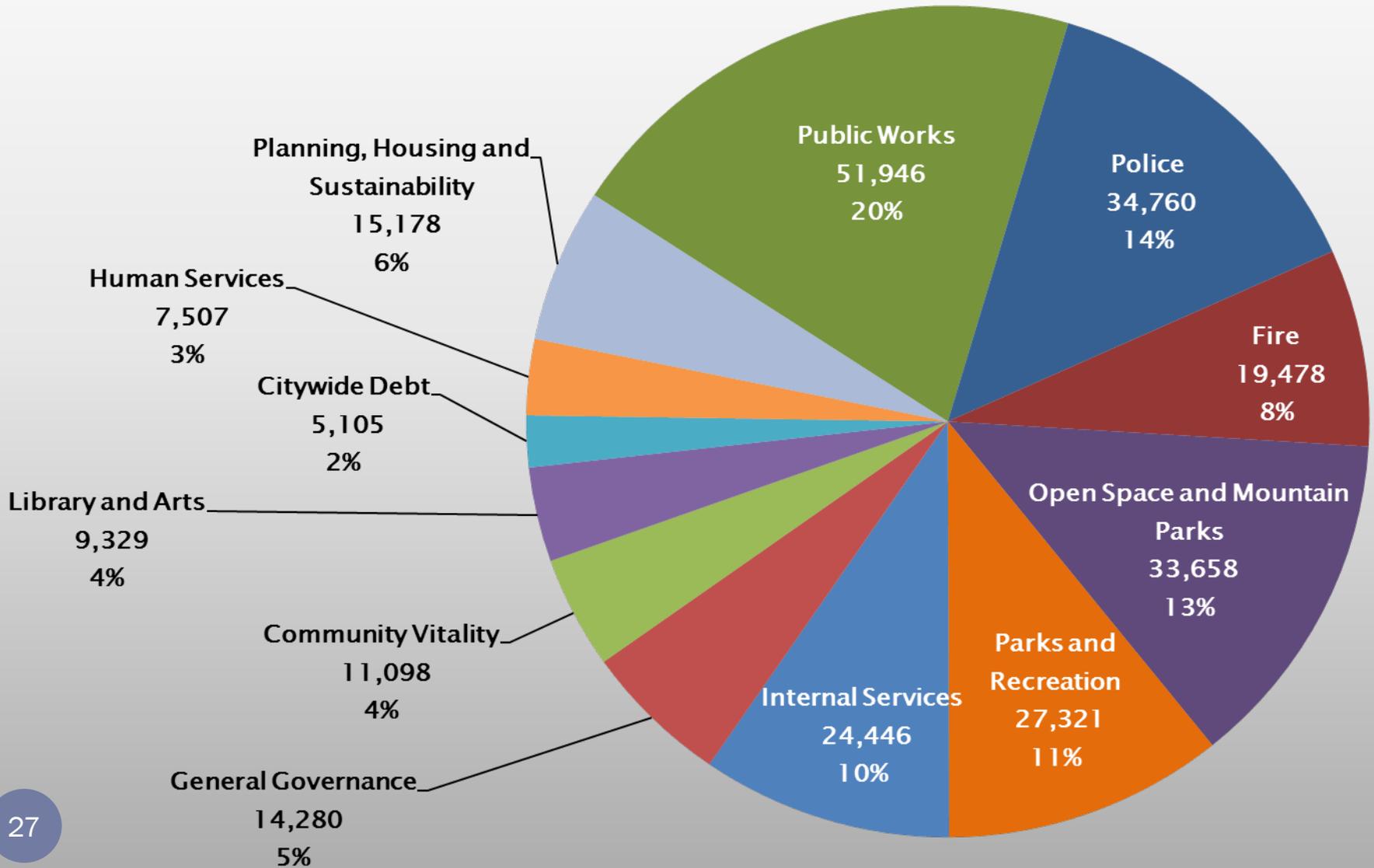
Citywide Expenditures

Total: \$321,834 (in thousands)



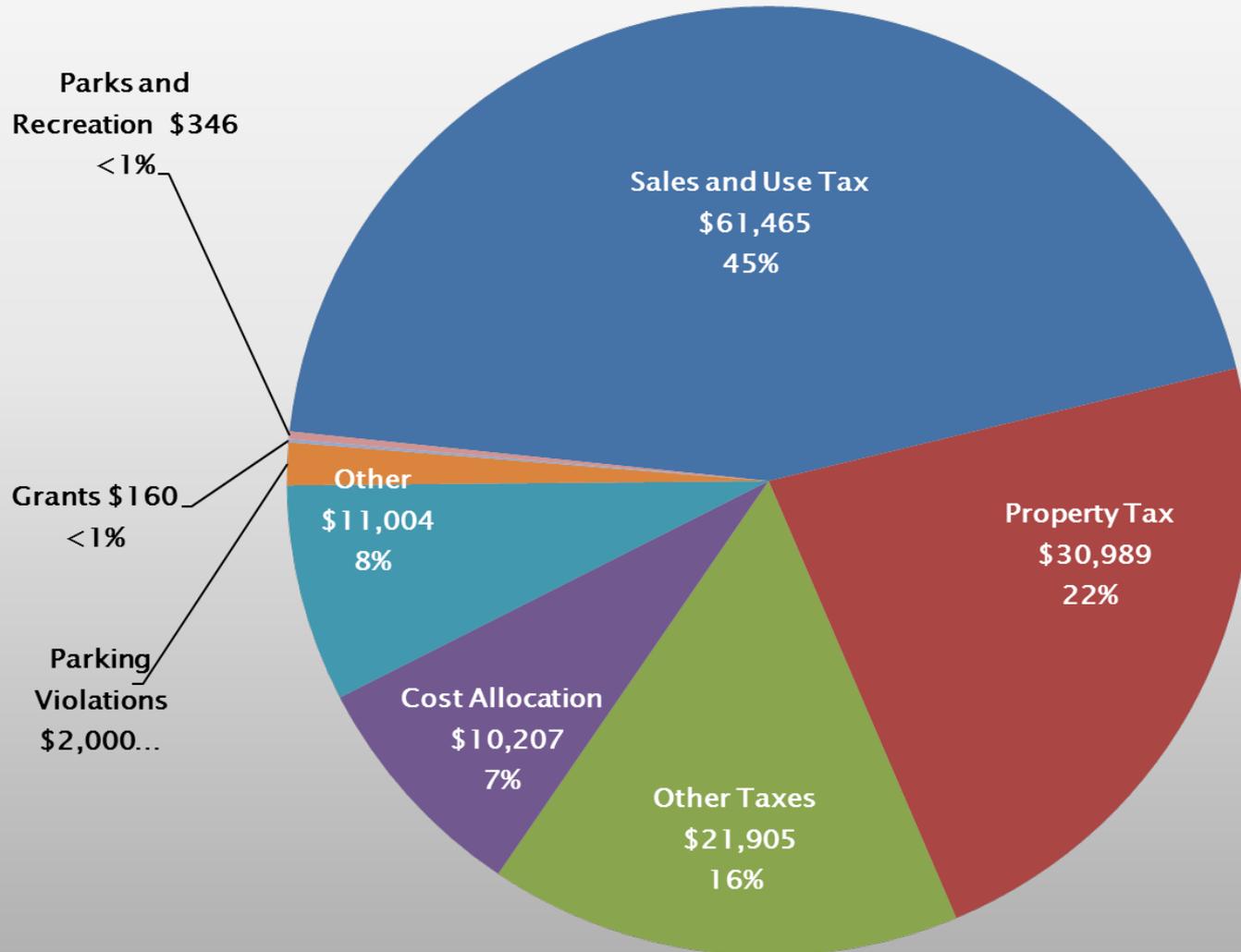
Citywide Expenditures Excluding Utilities

Total: \$254,105 (in thousands)



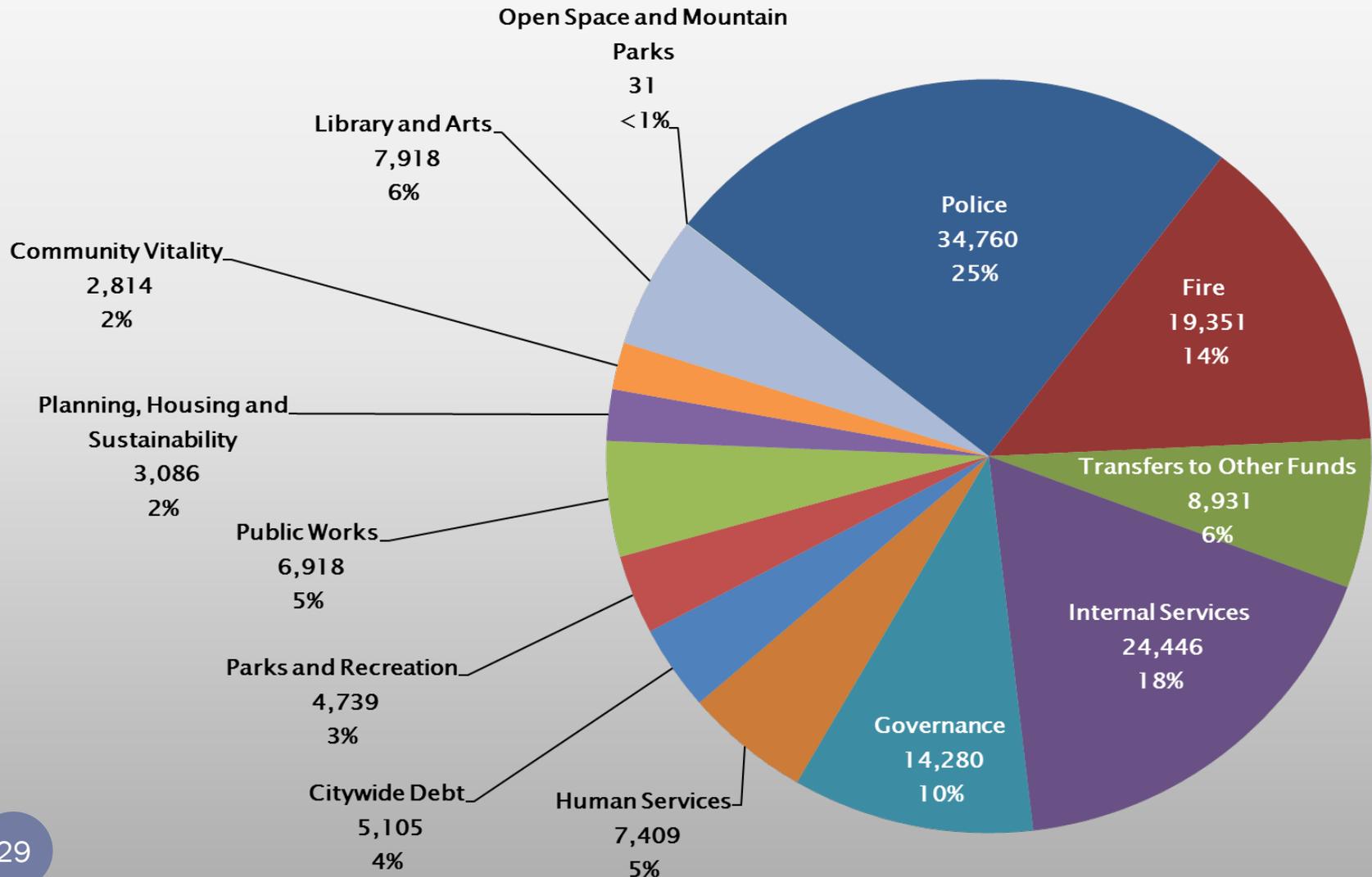
General Fund Revenues

Total: \$138,075 (in thousands)



General Fund Expenditures

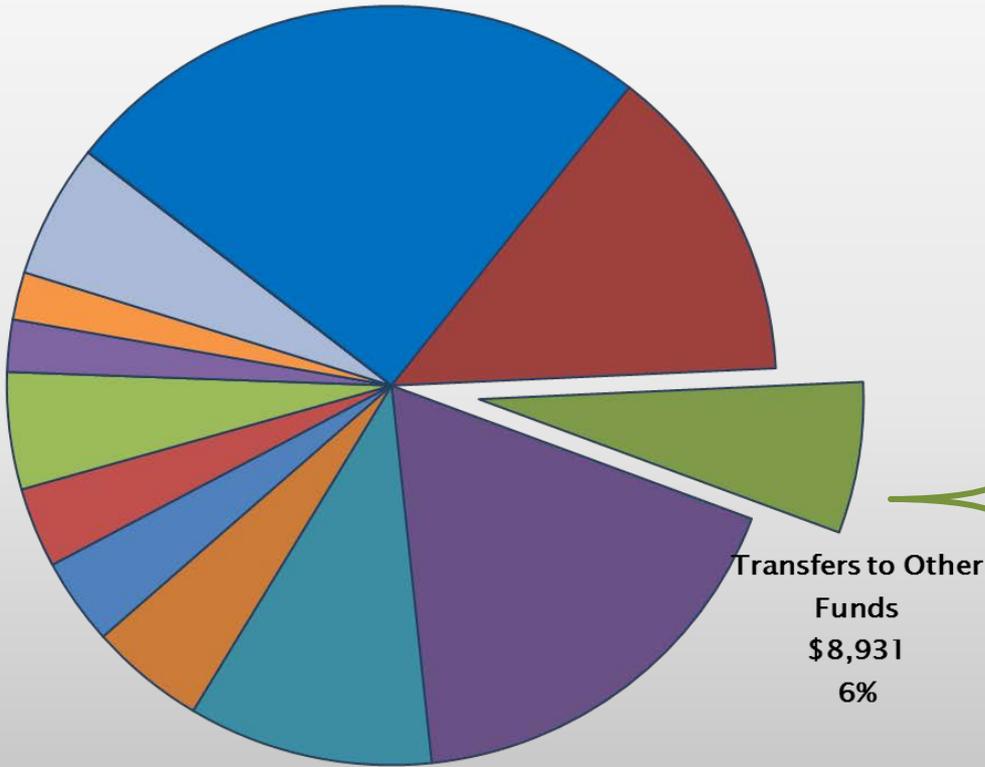
Total: \$139,788 (in thousands)



General Fund Transfers to Other Funds

Total: \$8,931 (in thousands)

(Amounts in Thousands)



Direct GF Support	
Planning & Development Fund	2,368
Affordable Housing Fund	240
Recreation Fund	1,603
Open Space Fund	1,210
Equipment Replacement Fund	275
Bridge Loan	
BJGID-Parking Fund	
Pass Through Revenues (including TIF Gap)	
CAGID Fund	1,733
UHGID Fund	425
Loan Repayment	
Capital Development Fund	811
Water Utility Fund	93
Fleet Operating Fund	145
Fleet Replacement Fund	28

2017 Staffing

- The 2017 Recommended Budget includes a net increase of 9.12 FTE*
 - 4.62 Ongoing FTE
 - 4.50 Fixed-term FTE

*This includes an additional 3.0 FTE in support of Homelessness Initiatives

Budget Highlights

Sustainability Framework



2017 Budget Highlights

Council/Community Priorities

- Social Equity
- Homelessness
- Transportation Safety
- Arts and Culture
- Climate and Resilience Initiatives
- Central Boulder Long Term Visioning
- Community and Neighborhood Engagement

2017 Budget Highlights

Financial Strategy

- Conservative Approach
- Reserves
- Compliance
- Minimal Staffing Increase
- Asset Maintenance/Investment in Infrastructure

Safe Community

- Utility Infrastructure
- Police
- Fire
- University Hill, Boulder Creek Path and Chautauqua Safety Enhancements (2A)

Environmentally Sustainable Community

- Energy Code Specialist
- Zero Waste Compliance
- Climate Commitment
- Energy Strategy
- OSMP Trails Management

Livable Community

- Housing Boulder Work Plan Implementation
- Design Excellence Initiative
- Central Boulder Long-term Planning
- Neighborhood Services

Healthy & Socially Thriving Community

- Social Equity
- EDGE Program
- Arts and Culture
- Homelessness

Economically Vital Community

- Community Vitality Master Plan
- University Hill Hotel and Parking
- Special Events

Accessible and Connected Community

- Transportation Safety
 - Towards Vision Zero

Safe Streets Boulder

- 2014 TMP objective:
 - Safety strategy: **Toward Vision Zero**
- 2016 report includes analysis of crash trends from 2009 to 2014
- City's ultimate goal is to strive toward zero serious injury and fatal collisions for people using all modes of travel



Safe Streets Boulder Report

Toward Vision Zero

Preventing fatal and serious injury crashes and improving safety for all modes of travel

Prepared by the City of Boulder
Transportation Division



May 2016

Safe Streets Boulder Moving Toward Vision Zero

*Engineering
Education
Enforcement
Evaluation*



From 2009-2014, approximately
3,275 COLLISIONS were reported to the Boulder
Police Department each year

Collisions that resulted in a
SERIOUS INJURY or **FATALITY** have been
relatively flat at **2%** of total collisions in the past six years

BICYCLISTS & PEDESTRIANS
are overrepresented in collisions that result in serious injuries or fatalities,
ONLY 8% of all traffic collisions in the City of Boulder involve
bicyclists or pedestrians.
They account for approximately **60%** of serious injuries and fatalities

IMPAIRED PERSONS are overrepresented, especially
those involving bicyclists and
pedestrians resulting in serious injuries or fatalities
Approximately **3%** of total collisions involve an impaired person
12% of serious injuries and **38%** of fatalities involve an
impaired person

Safety: Vision Zero Action Items



EDUCATION

ENGINEERING

ENFORCEMENT

EVALUATION

Accessible and Connected Community (continued)

- Broadband Initiative
- Chautauqua Access Management Plan

Good Governance

- Flood Recovery/FEMA Reimbursement
- Affordable Healthcare Act Compliance
- Fair Labor Standards Act Compliance

Additional Information

Neighborhood Traffic Mitigation Program (NTMP)

- Budget includes: Education & Enforcement
 - \$610k annually
- Engineering Treatments (traffic circles, speed humps, etc.) eliminated in 2003

NTMP (continued)

TMP Transportation Investment Priorities

- Highest – safety, operations/maintenance of existing system
- Next Priority – operational efficiency improvements, enhancement of the pedestrian, bicycle, and transit system – only partially funded
- Next Lower Priority – quality of life (sound walls, NTMP)
- Lowest Priority – auto capacity additions (new lanes/interchanges)

NTMP (continued)

NTMP – quality of life investment

- Primary benefit - neighborhood livability
- TAB recommended against funding NTMP engineering treatments
- Priority: Toward Vision Zero Safety Program

Homelessness Initiatives

Additional Funding Proposed for 2017:

- Human Services Reserve
 - Day and night sheltering services Jan.1 to April 30, 2017
 - Expansion of short-term emergency rental assistance for families

Homelessness Initiatives

Additional Funding Proposed for 2017:

- General Fund
 - City-wide homeless coordination, planning, analysis and project support
 - Creation of a mobile integrated health program pilot
 - Exploration of an integrated services center and housing

Next Steps

- October Budget Hearings
 - Oct. 4 first reading
 - 2017 City Budget ordinances
 - Oct. 18 second reading
 - 2017 City Budget Ordinances
 - 2017 General Improvement District Resolutions
- Council Adopts 2017 Budget, including CIP

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