



Memorandum:

To: Honorable Mayor and Members of the City Council
From: Eric A. Keck, City Manager
Date: 3 August 2015
Subject: Fiscal Year 2016 Budget: Proposal 1.0

The proposed Fiscal Year 2016 budget for the City of Englewood has been quite challenging to put together. In the past, the City has relied on a number of transfers into and out of the General Fund to obtain a balanced budget. To the greatest extent possible, this type of balancing has been eliminated for the 2016 budget. This “right sizing” of the budget requires some additional attention over the next year to more finely tune the sources and uses of our funds. Furthermore, additional time to study the staffing levels and programs of the City will be further defined over the next year as staff implements the Priority Based Budgeting philosophy. This memorandum will discuss some of the budgetary changes that have transpired to arrive at the budget that will be before the City Council on 10 August 2015. Staff is fully committed to arriving at a balanced budget that will not only meet the needs of the community but also address some of the more critical capital needs that have gone unaddressed for several years.

Revenues:

Staff has taken a very conservative view concerning the revenues that will be generated in 2016. Total revenues for the proposed Fiscal Year 2016 budget are \$43,739,329 or an increase of \$757,677 over the 2015 estimated budget. This is a 2% increase over the previous year. The biggest change that will be noticeable in a comparison with the current year is that the property taxes collected are predicted to jump due to a revaluation of real property in Englewood. We are only predicting a slight increase in sales and use tax as well as franchise fees. A decrease is anticipated in the cigarette tax as we have been watching a slight downward trend. We are also predicting a flat hotel/motel tax return. Sales and use tax may increase slightly pending the approval and construction of both multifamily product and condominiums at the General Iron Foundry project site.

Expenditures:

Expenditures for the proposed Fiscal Year 2016 budget are currently set at \$43,735,670. This is a decrease of \$322,541 compared to the previous year. There have been several changes over the past year that have impacted expenditures including the reduction in the number of department directors; contracting of Fire/EMS services; restructuring

departments; and the FY 2016 reclassification of \$338,000 previously accounted for in the Capital Projects Fund for Building, Road and Traffic Maintenance. This reclassification needed to be done as these functions were ongoing expenses and not one time in nature. For an analysis by department, please see the accompanying exhibit entitled "General Fund Budget Statement of Revenue, Expenditure and Changes in Fund Balance".

Many departments saw a decrease in expenditures for 2016 including Legislation, City Manager's Office, City Attorney's Office, Municipal Court, Community Development and Library Services. The explanation of variance from the current year compared with the proposed budget is shown on the same General Fund Budget Statement of Revenue worksheet.

Some key expenditure changes for FY2016;

- A decrease of approximately \$200,000 on the debt service for the civic center building due to the refund of the 2005 Certificates of Participation.
- Not an increase but rather a movement of maintenance funds for Public Works from the Capital Projects Fund to the General Fund in the amount of \$338,000 as previously noted.
- \$236,000 debt service payment for the two Crimson fire engines. This is a double payment and will finalize the payoff of this rolling stock.
- No increase to the health care benefits for the City's employees. A further decrease to the health insurance premium may be possible but is not known as of the writing of this memorandum.
- Use of LTAR fund to pay for the construction of Plaza Circle within the Englewood McClellan Reservoir Foundation (EMRF) property. The EMRF share of the road is \$800,000. The total cost of the project is \$1.7 million with RTD providing \$500,000 and MKS contributing \$400,000. The LTAR fund would then be paid back over a 2 year period from increased leasing activity opened up through the road's construction. Alternatively, the Council may select to pay for Plaza Circle out of the unassigned fund balance portion that is over the 10% reserve policy and leave the EMRF revenue proceeds in the general fund.

Personnel:

There were requests for several additional or new positions in the Fiscal Year 2016 budget. However, staff's concern with adding additional overhead and ongoing costs to the budget caused a cautious approach to any recommended positions. At this time, I am recommending the following:

- Crime Analyst Technician: \$85,571 fully burdened
- Fire Inspectors (2): \$211,632 fully burdened
- Library Operations Supervisor: \$60,000 fully burdened
- Property Maintenance Code Inspector: \$53,730 **not funded**
- Library part time Communications Assistant: \$32,000 **not funded**

Capital Projects:

One of the more exciting aspects of the proposed 2016 budget is our ability to fund a significant amount of capital projects. The FY 2016 budget proposes to expend from all of the disparate funds \$8,707,496 on capital projects and equipment. This is a significant amount of money that will help to ensure that our infrastructure is maintained and in the best serviceable shape possible.

Some highlights are as follows:

General Fund

- Additional \$50,000 for the commercial catalyst grant program
- Acquisition of 2 additional Police vehicles: \$46,120
- Acquisition of 1 additional Park vehicle: \$25,000

Conservation Trust Fund

- New selectorized weight equipment at both ERC and Malley: \$150,000
- Pirates Cove expansion fund: \$100,000
- Replacement of ERC pool boiler: \$31,500
- Malley exterior lighting enhancement: \$30,000
- New fencing at Jack Poole Field in Belleview Park: \$15,000

Open Space Fund

- Belleview Rail Road Bridge repair: \$50,000
- Irrigation system replacement: \$75,000
- Miller building demolition: \$80,000
- Tennis/basketball court renovation: \$25,000
- Parks irrigation well assessments: \$75,000

Capital Projects Fund

- IT Disaster recovery system: \$150,000
- Document management system: \$55,000
- Citrix security management: \$45,000
- Municipal Court metal detector replacement: \$5,500
- Netmotion Antennas for PD: \$18,969
- Compact crawler boom lift: \$155,000

Public Improvement Fund

- Centennial Park shelter and restroom replacement: \$400,000
- Cushing Park skate park replacement: \$100,000
- Broadway median landscape: \$80,000
- Rotolo playground replacement: \$200,000
- Acoma fire station rehabilitation: \$207,500
- Concrete alley construction: \$150,000
- Jefferson fire station rehabilitation: \$317,500
- Servicer facility rehabilitation: \$37,500

Fund Balance:

Fund Balance is very important to the City for a number of reasons. The City Council had previously heard about a proposal from Finance staff to have an unassigned fund balance of 10% of the total General Fund. The estimated 2015 fund balance is \$5,595,852 or 13.02%. The proposed Fiscal Year 2016 unassigned fund balance is \$5,950,176 or 13.60%. Given this fact, if the City Council were inclined to adhere to this fund balance target, an additional \$1,576,243 could be programmed into the budget for one time capital projects which would further enhance our ability to get caught up with unmet capital needs that have existed for some time. It would be my desire to have this conversation during the meeting with the City Council on the proposed budget and afford the policy makers with the opportunity to select additional projects that would be beneficial to the community.

Conclusion:

I hope that the information contained within this memorandum has been helpful to the understanding of the proposed budget. Staff has worked very diligently to bring the budgeting process into a focused fashion to create a balanced budget.

This budget could not have been made possible without the leadership and guidance of Ms. Jennifer Nolan and the cooperation of the department directors and their staff. I am thankful for all of their assistance.

If you should have any questions or comments, please do not hesitate to contact me.