



**I. Budget Workshop**

Budget Advisory Committee Chair Christine McGroarty will present the 2016 BAC Budget Report and Revenue and Budget Manager Jennifer Nolan and Finance & Administrative Services Director Shelley Becker will discuss the Fiscal Year 2016 Budget.

**II. Council Member's Choice**

**III. City Manager's Choice**

**IV. City Attorney's Choice**



CITY OF ENGLEWOOD, COLORADO  
Finance and Administrative Services Department  
**MEMORANDUM**

To: Mayor Randy Penn and City Council Members  
Through: Eric Keck, City Manager  
From: Shelley Becker, Finance and Administrative Services Director  
Jennifer Nolan, Revenue and Budget Manager  
Date: September 24, 2015  
Subj: **2016 Proposed Budget Workshop Study Session**

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Due to a previously scheduled commitment, City Manager Eric Keck will not be present at the 2016 Budget Workshop scheduled for Monday, September 28 at 6:00pm.

We will be present to discuss the following changes to the 2016 Proposed Budget since the document was published on September 8, 2015:

General Fund Revenue Estimate Adjustment

- Arapahoe County Property Valuation Assessment of \$575,636,070 that changed the Property Tax estimate from \$3,190,000 to \$3,349,000; an **increase of \$159,000**
- Letter from the Colorado Municipal League providing the 2016 Highway User Tax information that changed the Highway User Tax estimate from \$950,914 to \$936,356; a **decrease of \$14,558**

General Fund Expenditure Estimate Adjustment

- City Council's 2016 Proposed Budget for the salary increase for newly elected City Council Members as stated in Ordinance 56, Series of 2014; an **increase of \$10,981**
- Finance and Administrative Services Department's 2016 Proposed Budget for the 2016 Center for Priority Based Budget's Online Tool and Citizen Survey for input on the seven priorities identified; an **increase of \$15,000**
- Police Department's 2016 Proposed Budget for the Police Officer Recruitment Program; an **increase of \$203,015**

**Attachments**

- Revised 2016 Five Year Pro Forma
- Revised 2016 General Fund Statement of Revenue, Expenditure and Changes in Fund Balance

City of Englewood, General Fund Revenue, Expenditure, & Fund Balance 2010 - 2020  
For 08/24/2015 Study Session

		S/T Increase (Decrease)	1.17%	4.17%	2.88%	4.79%	6.00%	-2.57%	7.77%	3.00%		2.75%	2.75%	2.75%	2.75%				
		Property Tax	1.67%	-0.88%	-3.99%	0.90%	-0.29%	0.26%	0.00%	10.00%		1.00%	10.00%	1.00%	5.00%				
		All Other Taxes	-7.03%	-9.81%	-0.75%	13.56%	3.85%	-8.38%	0.00%	-1.98%		1.50%	1.50%	1.50%	1.50%				
		Franchise	6.83%	0.43%	11.38%	5.81%	3.44%	-5.94%	4.34%	0.79%		3.00%	3.00%	3.00%	3.00%				
		Other Revs	-6.49%	6.64%	7.43%	-2.53%	4.08%	-3.35%	-5.94%	-3.18%		2.00%	2.00%	2.00%	2.00%				
		Investments	-56.28%	-9.46%	-7.68%	-112.16%	-768.49%	29.01%	0.00%	-1.95%		3.00%	3.00%	3.00%	3.00%				
		Expenditures	-0.25%	1.53%	1.95%	-0.35%	5.84%	4.94%	-1.14%	-0.93%		3.00%	3.00%	3.00%	3.00%				
Line		Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Restated Budget 2015	Estimate 2015	Proposed Budget 2016	Other 2016 Proposed Additions (Deletions)	Revised 2016 Proposed Budget	2017 Capital Projects Related O&M	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Net \$ Change 10 - '14	Avg % Change '10 - '14	Avg \$ Change '10 - '14
	<b>REVENUES</b>																		
1	Property	3,020,884	2,994,213	2,874,816	2,900,715	2,892,433	2,900,000	2,900,000	3,190,000	159,000	3,349,000		3,382,490	3,720,739	3,757,946	3,945,844	(128,451)	-0.85%	(25,690)
2	Specific Ownership	263,434	246,062	243,293	266,881	291,670	260,000	260,000	260,000		260,000		263,900	267,859	271,876	275,955	28,236	2.14%	58,334
3	<b>Sales and Use (Net of Refunds)</b>	<b>20,866,515</b>	<b>21,737,110</b>	<b>22,363,618</b>	<b>23,433,775</b>	<b>24,839,296</b>	<b>24,200,000</b>	<b>26,081,262</b>	<b>26,863,699</b>		<b>26,863,699</b>		<b>27,602,451</b>	<b>28,361,518</b>	<b>29,141,460</b>	<b>29,942,850</b>	<b>3,972,781</b>	<b>3.81%</b>	<b>794,556</b>
4	Franchise Fees	2,620,191	2,631,393	2,930,888	3,101,310	3,207,978	3,017,550	3,148,550	3,173,550		3,173,550		3,268,757	3,366,819	3,467,824	3,571,858	587,787	4.49%	641,596
5	Cigarette	196,320	190,763	189,618	195,088	188,652	179,000	179,000	170,050		170,050		164,949	160,000	155,200	150,544	(7,668)	-0.78%	(1,534)
6	Hotel/Motel	8,806	9,820	10,395	12,039	11,949	12,000	12,000	12,000		12,000		12,180	12,363	12,548	12,736	3,143	7.14%	2,390
7	<b>Total Taxes</b>	<b>26,976,150</b>	<b>27,809,361</b>	<b>28,612,628</b>	<b>29,909,808</b>	<b>31,431,978</b>	<b>30,566,550</b>	<b>32,580,812</b>	<b>33,669,299</b>	<b>159,000</b>	<b>33,828,299</b>	<b>-</b>	<b>34,694,726</b>	<b>35,889,298</b>	<b>36,806,855</b>	<b>37,899,787</b>	<b>4,455,828</b>	<b>3.30%</b>	<b>891,166</b>
8	Licenses and Permits	695,563	778,536	983,359	1,446,578	1,576,298	1,107,122	1,168,222	1,168,222		1,168,222		1,191,586	1,215,418	1,239,727	1,264,521	880,735	25.32%	176,147
9	Intergovernmental Revenue	1,465,970	1,724,807	1,865,722	1,488,204	1,869,045	1,400,924	1,624,318	1,301,662	(14,558)	1,287,104		1,312,846	1,339,103	1,365,885	1,393,203	403,075	5.50%	80,615
10	Charges for Services	3,254,830	3,384,318	3,441,525	3,469,845	3,215,032	3,318,899	2,905,192	2,551,862		2,551,862		2,602,899	2,654,957	2,708,056	2,762,217	(39,798)	-0.24%	(7,960)
11	Recreation	2,489,781	2,635,221	2,615,642	2,420,443	2,466,421	2,556,900	2,485,500	2,592,400		2,592,400		2,644,248	2,697,133	2,751,076	2,806,097	(23,360)	-0.19%	(4,672)
12	Fines and Forfeitures	1,437,957	1,284,758	1,381,453	1,317,707	1,350,165	1,396,844	1,008,350	1,008,350		1,008,350		1,028,517	1,049,087	1,070,069	1,091,470	(87,792)	-1.22%	(17,558)
13	Net Investment Income	100,545	91,034	84,045	(10,223)	68,340	88,164	88,164	86,446		86,446		89,039	91,711	94,462	97,296	(32,205)	-6.41%	(13,668)
14	<b>Net Rental Revenues - McLellan</b>	<b>105,125</b>	<b>425,159</b>	<b>551,295</b>	<b>573,526</b>	<b>684,683</b>	<b>858,882</b>	<b>858,882</b>	<b>1,150,000</b>		<b>1,150,000</b>		<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>-</b>	<b>579,558</b>	<b>110.26%</b>	<b>115,912</b>
15	Other Revenue	293,658	173,381	354,130	285,932	210,531	329,413	262,212	211,088		211,088		280,000	280,000	280,000	280,000	(83,127)	-5.66%	(16,625)
16	<b>Total Revenues</b>	<b>36,819,579</b>	<b>38,306,575</b>	<b>39,889,799</b>	<b>40,901,820</b>	<b>42,872,493</b>	<b>41,625,698</b>	<b>42,981,652</b>	<b>43,739,329</b>	<b>144,442</b>	<b>43,883,771</b>	<b>-</b>	<b>44,243,862</b>	<b>45,616,707</b>	<b>46,316,129</b>	<b>47,594,592</b>	<b>6,052,914</b>	<b>3.29%</b>	<b>1,210,583</b>
	<b>EXPENDITURES</b>																		
	<b>General Government</b>																		
17	Legislation (includes MOA contractual obligation)	309,870	298,731	316,043	280,920	329,738	357,575	356,381	354,591	10,981	365,572		376,539	387,835	399,470	411,455	19,868	1.28%	3,974
18	City Attorney	702,228	706,841	712,036	719,781	726,377	869,106	886,605	810,022		810,022		834,323	859,352	885,133	911,687	24,149	0.69%	4,830
19	Municipal Court	901,469	848,775	886,249	922,245	942,264	1,085,494	1,038,709	1,058,583		1,058,583		1,090,340	1,123,051	1,156,742	1,191,444	40,795	0.91%	8,159
20	<b>City Manager (2016 includes Denver Fire Contract and related programs)</b>	<b>659,882</b>	<b>639,184</b>	<b>658,047</b>	<b>675,844</b>	<b>673,402</b>	<b>8,767,741</b>	<b>8,226,080</b>	<b>6,586,762</b>		<b>6,586,762</b>	<b>11,400</b>	<b>6,795,765</b>	<b>6,999,638</b>	<b>7,209,627</b>	<b>7,425,916</b>	<b>13,520</b>	<b>0.41%</b>	<b>2,704</b>
21	<b>Community Development (2016 includes Building Division Programs)</b>	<b>1,301,473</b>	<b>1,359,264</b>	<b>1,262,451</b>	<b>1,113,710</b>	<b>1,128,034</b>	<b>2,092,306</b>	<b>2,081,148</b>	<b>2,134,378</b>		<b>2,134,378</b>		<b>2,198,409</b>	<b>2,264,362</b>	<b>2,332,292</b>	<b>2,402,261</b>	<b>(173,439)</b>	<b>-2.67%</b>	<b>(34,688)</b>
22	<b>Human Resources (Effective 2016 reported under FAS)</b>	<b>419,421</b>	<b>430,792</b>	<b>469,343</b>	<b>408,551</b>	<b>441,956</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,535</b>	<b>1.07%</b>	<b>4,507</b>
23	<b>Finance and Administrative Services (FAS) (2016 includes HR and IT Programs)</b>	<b>1,445,581</b>	<b>1,446,313</b>	<b>1,464,305</b>	<b>1,533,060</b>	<b>1,566,733</b>	<b>3,713,334</b>	<b>3,878,168</b>	<b>3,950,669</b>	<b>15,000</b>	<b>3,965,669</b>	<b>183,000</b>	<b>4,267,639</b>	<b>4,395,668</b>	<b>4,527,538</b>	<b>4,663,364</b>	<b>121,152</b>	<b>1.68%</b>	<b>24,230</b>
24	<b>Information Technology (Effective 2016 reported under FAS)</b>	<b>1,280,660</b>	<b>1,332,766</b>	<b>1,373,943</b>	<b>1,336,591</b>	<b>1,348,275</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,615</b>	<b>1.06%</b>	<b>13,523</b>
25	Contributions to Component Unit	-	-	-	-	-	-	-	-		-		-	-	-	-	0	0.00%	0
26	Contingency	48,139	152,423	143,810	88,360	211,622	200,000	250,000	250,000		250,000		257,500	265,225	273,182	281,377	163,483	67.92%	32,697
27	<b>Total General Government</b>	<b>7,068,723</b>	<b>7,215,029</b>	<b>7,286,227</b>	<b>7,079,062</b>	<b>7,368,401</b>	<b>17,085,556</b>	<b>16,717,091</b>	<b>15,145,005</b>	<b>25,981</b>	<b>15,170,986</b>	<b>194,400</b>	<b>15,820,516</b>	<b>16,295,131</b>	<b>16,783,985</b>	<b>17,287,505</b>	<b>299,678</b>	<b>0.85%</b>	<b>59,936</b>
28	<b>Direct Government</b>																		
	<b>Safety Services</b>																		
29	<b>Fire Services (Effective 2016 the Denver Fire Contract is reported under City Manager's Office, Fire Marshal program is reported under Police and Building Division is reported under Community Development)</b>	<b>7,425,903</b>	<b>7,666,842</b>	<b>8,100,554</b>	<b>8,002,677</b>	<b>9,176,241</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,750,338</b>	<b>4.71%</b>	<b>350,068</b>
30	<b>Police Services (2016 includes Fire Marshal Programs)</b>	<b>10,312,633</b>	<b>10,395,239</b>	<b>10,788,935</b>	<b>11,226,157</b>	<b>11,872,226</b>	<b>12,457,100</b>	<b>12,436,555</b>	<b>13,044,532</b>	<b>203,015</b>	<b>13,247,547</b>	<b>1,339</b>	<b>13,646,312</b>	<b>14,055,702</b>	<b>14,477,373</b>	<b>14,911,694</b>	<b>1,559,593</b>	<b>3.02%</b>	<b>311,919</b>
31	Public Works (includes CAM contractual obligation)	5,137,364	5,259,875	5,202,903	5,234,383	5,440,975	5,790,091	5,730,645	6,208,706		6,208,706		6,394,967	6,586,816	6,784,421	6,987,953	303,611	1.18%	60,722
32	Recreation	5,811,809	5,717,147	5,402,600	5,402,600	5,574,428	6,053,116	6,027,588	6,136,594		6,136,594		6,320,692	6,510,313	6,705,622	6,906,791	(237,381)	-0.82%	(47,476)
33	Library	1,284,083	1,145,613	1,180,771	1,174,656	1,165,446	1,317,657	1,283,016	1,241,179		1,241,179		1,278,414	1,316,767	1,356,270	1,396,958	(118,637)	-1.85%	(23,727)
34	<b>Total "Direct" Government</b>	<b>29,971,792</b>	<b>30,184,716</b>	<b>30,922,409</b>	<b>31,040,473</b>	<b>33,229,316</b>	<b>25,617,964</b>	<b>25,477,804</b>	<b>26,631,011</b>	<b>203,015</b>	<b>26,834,026</b>	<b>1,339</b>	<b>27,640,386</b>	<b>28,469,597</b>	<b>29,323,685</b>	<b>30,203,396</b>	<b>3,257,524</b>	<b>2.17%</b>	<b>651,505</b>
35	Total Expenditures Before Non-Discretionary	37,040,515	37,399,805	38,208,636	38,119,535	40,597,717	42,703,520	42,194,895	41,776,016	228,996	42,005,012	195,739	43,460,901	44,764,728	46,107,670	47,490,900	3,557,202	1.92%	711,440
36	<b>Estimated Lump Sum Expenditure Increase</b>																		
37	Debt Service (Non-Discretionary):	1,860,827	2,096,463	2,056,951	2,005,830	1,869,903	1,863,314	1,863,316	1,871,644	-	1,871,644	-	1,561,929	1,567,297	1,570,159	1,565,611	9,076	0.10%	1,815
38	<b>Total Expenditures</b>	<b>38,901,342</b>	<b>39,496,268</b>	<b>40,265,587</b>	<b>40,125,365</b>	<b>42,467,620</b>	<b>44,566,834</b>	<b>44,058,211</b>	<b>43,647,660</b>	<b>228,996</b>	<b>43,876,656</b>	<b>195,739</b>	<b>45,022,830</b>	<b>46,332,025</b>	<b></b>				

City of Englewood, General Fund Revenue, Expenditure, &  
Fund Balance 2010 - 2020  
For 08/24/2015 Study Session

Line		Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Restated Budget 2015	Estimate 2015	Proposed Budget 2016	Other 2016 Proposed Additions (Deletions)	Revised 2016 Proposed Budget	2017 Capital Projects Related O&M	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Net \$ Change 10 - '14	Avg % Change '10 - '14	Avg \$ Change '10 - '14
	S/T Increase (Decrease)	1.17%	4.17%	2.88%	4.79%	6.00%	-2.57%	7.77%	3.00%				2.75%	2.75%	2.75%	2.75%			
	Property Tax	1.67%	-0.88%	-3.99%	0.90%	-0.29%	0.26%	0.00%	10.00%				1.00%	10.00%	1.00%	5.00%			
	All Other Taxes	-7.03%	-9.81%	-0.75%	13.56%	3.85%	-8.38%	0.00%	-1.98%				1.50%	1.50%	1.50%	1.50%			
	Franchise	6.83%	0.43%	11.38%	5.81%	3.44%	-5.94%	4.34%	0.79%				3.00%	3.00%	3.00%	3.00%			
	Other Revs	-6.49%	6.64%	7.43%	-2.53%	4.08%	-3.35%	-5.94%	-3.18%				2.00%	2.00%	2.00%	2.00%			
	Investments	-56.28%	-9.46%	-7.68%	-112.16%	-768.49%	29.01%	0.00%	-1.95%				3.00%	3.00%	3.00%	3.00%			
	Expenditures	-0.25%	1.53%	1.95%	-0.35%	5.84%	4.94%	-1.14%	-0.93%				3.00%	3.00%	3.00%	3.00%			

**Please Note:**

Line 41: Includes a 2016 General Fund Transfer (\$800,000) from LTAR to fund the road construction project on the EMRF property that is needed for potential tenants. These funds would be replenished over a two year period beginning in 2017. Also included is a 2016 General Fund Transfer (\$1,530,000) to PIF for additional capital projects recommended to City Council at the 8/17/2015 Study Session.

General Fund Budget - 2016 Proposed Budget

Statement of Revenue, Expenditure and Changes in Fund Balance

	A	B	C	D	E	F	G	H	I	
			(A+B)		9/8/2015		9/28/2015	(G-E)	(G/C-1)	
	2015 Adopted Budget	2015 Budget Adj	2015 Restated Budget	2015 Estimated Actual	2016 Proposed Budget	\$ Change from 8/24/2015 Study Session	2016 Proposed Budget	\$ Budget Variance	% Budget Variance	2016 vs 2015 Budget Variance Description
<b>Beginning Fund Balance</b>	\$ 10,416,386	\$ 10,416,386	\$ 10,416,386	\$ 12,211,250	\$ 9,658,951		\$ 9,658,951			
<b>Revenue</b>										
Property Tax	2,900,000		2,900,000	2,900,000	3,190,000	159,000	3,349,000	449,000	15.48%	Additional increase above the 10% anticipated amount (\$290,000) is due to 2015 property assessment valuation provided by Arapahoe County Letter Dated 8/25/2015 (\$159,000)
Specific Ownership Tax	260,000		260,000	260,000	260,000	-	260,000	-	0.00%	
Sales & Use Taxes	24,200,000		24,200,000	26,081,262	26,863,699	-	26,863,699	2,663,699	11.01%	2015 Estimate is 5% of 2014 Actual; 2016 is 3% of 2015 Estimate
Cigarette Tax	179,000		179,000	179,000	170,050	-	170,050	(8,950)	-5.00%	
Franchise Fees	3,017,550		3,017,550	3,148,550	3,173,550	-	3,173,550	156,000	5.17%	Increase is based in part to increased Water and Sewer Utilities operation costs
Hotel/Motel Tax	12,000		12,000	12,000	12,000	-	12,000	-	0.00%	
Licenses & Permits	1,107,122		1,107,122	1,168,222	1,168,222	-	1,168,222	61,100	5.52%	
Intergovernmental Revenue	1,400,924		1,400,924	1,624,318	1,301,662	(14,558)	1,287,104	(113,820)	-8.12%	Decrease in Highway User Tax per 9/5/2015 Letter (\$14,558) Decrease due in part to EMS services provided by Denver Fire (\$725,000)
Charges for Services	3,318,899		3,318,899	2,905,192	2,551,862	-	2,551,862	(767,037)	-23.11%	
Recreation Program Fees	2,556,900		2,556,900	2,485,500	2,592,400	-	2,592,400	35,500	1.39%	
Library Fines	20,000		20,000	20,000	20,000	-	20,000	-	0.00%	
Fines & Forfeitures	1,376,844		1,376,844	988,350	988,350	-	988,350	(388,494)	-28.22%	Decrease is based in part to change in policing philosophy
Interest Income	88,164		88,164	88,164	86,446	-	86,446	(1,718)	-1.95%	
Other Income	329,413		329,413	262,212	211,088	-	211,088	(118,325)	-35.92%	
Contribution from Component Units	858,882		858,882	858,882	1,150,000	-	1,150,000	291,118	33.89%	
<b>Total Revenue</b>	<b>41,625,698</b>	<b>-</b>	<b>41,625,698</b>	<b>42,981,652</b>	<b>43,739,329</b>	<b>144,442</b>	<b>43,883,771</b>	<b>2,258,074</b>	<b>5.42%</b>	
<b>Expenditure</b>										
Legislation	357,575		357,575	356,381	354,591	10,981	365,572	7,997	2.24%	Increase due to new salary rates for new City Council Members per Ordinance 56, Series 2014.
City Manager's Office (As of 2015 Includes Fire Operations)	731,307	8,036,434	8,767,741	8,226,080	6,586,762	-	6,586,762	(2,180,979)	-24.88%	Decrease due in part to the fire service transition from City provided to Denver Fire provided
City Attorney's Office	869,106		869,106	886,605	810,022	-	810,022	(59,084)	-6.80%	
Municipal Court	1,085,494		1,085,494	1,038,709	1,058,583	-	1,058,583	(26,911)	-2.48%	Savings is due in part to reduced benefit costs and staying within budget parameters.
Human Resources	482,893	(482,893)	-	-	-	-	-	-	0.00%	
Finance & Administrative Services (As of 2015 Includes Human Resources and Information Technology)	1,805,052	1,908,282	3,713,334	3,878,168	3,950,669	15,000	3,965,669	252,335	6.80%	Increase due in part to classifying Human Resource personnel that were previously accounted for in Internal Service Funds (\$81,306), anticipated salary increases, increased banking fees for online processing of sales and use tax returns and licensing (\$39,325), increases in software and hardware maintenance agreements (\$127,704); PBB Online Tool and Citizen Survey Services (\$15,000)

	A	B	C (A+B)	D	E 9/8/2015	F	G 9/28/2015	H (G-E) \$	I (G/C-1) %	2016 vs 2015 Budget Variance Description
	2015 Adopted Budget	2015 Budget Adj	2015 Restated Budget	2015 Estimated Actual	2016 Proposed Budget	\$ Change from 8/24/2015 Study Session	2016 Proposed Budget	Budget Variance	Budget Variance	
Information Technology	1,425,389	(1,425,389)	-	-	-	-	-	-	0.00%	
Community Development (As of 2015 Includes Building Division)	1,288,781	803,400	2,092,181	2,081,148	2,134,378	-	2,134,378	42,197	2.02%	SE requests include \$50k for Catalyst Grant Program and \$4,968 for six 40" Wall Monitors
Public Works	5,790,091		5,790,091	5,730,645	6,208,706	-	6,208,706	418,615	7.23%	Increase due in part to the following operation and maintenance costs reclassified from Capital Projects Fund: \$120k Building Maintenance, \$118k Road Maintenance and \$100k Traffic Maintenance
Police (As of 2015 Includes Fire Marshal Programs)	12,157,100	300,000	12,457,100	12,436,555	13,044,532	203,015	13,247,547	790,447	6.35%	Increase due in part to anticipated increases in salary and benefits, the absorption of the Fire Marshal program, police operations and the following three new positions: Crime Analyst (\$85,571), and two Fire Inspectors (\$211,632). SE request is for two Police vehicles (\$46,120). On September 8, 2015, City Staff was directed to incorporate the new Police Officer Recruitment Program for two officers (\$203,015)
Fire	9,139,834	(9,139,834)	-	-	-	-	-	-	0.00%	
Library Services	1,317,657		1,317,657	1,283,016	1,241,179	-	1,241,179	(76,478)	-5.80%	Personnel savings due to the merging of Parks & Recreation and Library Services - Includes one full time Operations Supervisor (\$60k)
Parks & Recreation Services	6,053,116		6,053,116	6,027,588	6,136,594	-	6,136,594	83,478	1.38%	Open Space Manager Position – Previously 50% of salary was in the golf budget. With departmental reorganization it was shifted to the general fund. - \$50,000; Pirates Cove – Utility Cost increase - Xcel found a mistake in their previous charges; Activity Guide – Reinstated mailing guides to all Englewood Households; Part time Salaries – Part time salaries were increased to account for minimum wage. The SE request is for a Parks pickup truck (\$25k); The additional truck was already included in the proposed budget therefore a \$25,000 reduction from last report presented.
<i>Departments Expenditure Subtotal</i>	42,503,395	-	42,503,395	41,944,895	41,526,016	228,996	41,755,012	(748,383)	-1.76%	
Contribution to Component Units	-		-	-	-		-	-		
Contingencies	200,000		200,000	250,000	250,000		250,000	50,000	25.00%	Increase due in part to anticipated retirements
Debt Service-Civic Center	1,568,988		1,568,988	1,568,988	1,520,979	-	1,520,979	(48,009)	-3.06%	Decrease is due to refinancing COPs
Debt Service-Other	294,326		294,326	294,328	350,665		350,665	56,339	19.14%	Increase due in part to two Fire Truck payments (\$118,393 ea) which completes the fire trucks (2) debt service
<i>Other Expenditure Subtotal</i>	2,063,314	-	2,063,314	2,113,316	2,121,644	-	2,121,644	58,330	2.83%	
<b>Total Expenditure</b>	<b>44,566,709</b>	<b>-</b>	<b>44,566,709</b>	<b>44,058,211</b>	<b>43,647,660</b>	<b>228,996</b>	<b>43,876,656</b>	<b>(690,053)</b>	<b>-1.55%</b>	
<b>Excess Revenue Over (Under) Expenditure</b>	<b>(2,941,011)</b>	<b>-</b>	<b>(2,941,011)</b>	<b>(1,076,559)</b>	<b>91,669</b>	<b>(84,554)</b>	<b>7,115</b>	<b>2,948,127</b>	<b>99.76%</b>	
<b>Other Financing Sources (Uses) of Funds</b>			-	-	-		-	-	<b>0.00%</b>	
Transfers In	294,326		294,326	395,776	350,665		350,665	56,339	19.14%	PIF funding for capital lease debt service
Transfers Out	-		-	1,871,516	2,330,000	-	2,330,000	2,330,000	0.00%	EMRF property road construction for potential tenants (\$800,000); 8/17/2015 Additional Capital Recommendations (\$1,530,000)

	A	B	C (A+B)	D	E 9/8/2015	F	G 9/28/2015	H (G-E) \$	I (G/C-1) %	
	<i>2015 Adopted Budget</i>	<i>2015 Budget Adj</i>	<i>2015 Restated Budget</i>	<i>2015 Estimated Actual</i>	<i>2016 Proposed Budget</i>	<i>\$ Change from 8/24/2015 Study Session</i>	<i>2016 Proposed Budget</i>	<i>Budget Variance</i>	<i>Budget Variance</i>	2016 vs 2015 Budget Variance Description
Net Other Financing Sources (Uses)	294,326	-	294,326	(1,475,740)	(1,979,335)	-	(1,979,335)	(2,273,661)	-772.50%	
<b>Net Change in Fund Balance</b>	<b>(2,646,685)</b>	<b>-</b>	<b>(2,646,685)</b>	<b>(2,552,299)</b>	<b>(1,887,666)</b>	<b>(84,554)</b>	<b>(1,972,220)</b>	<b>674,466</b>	<b>-25.48%</b>	
<b>Ending Fund Balance</b>										
<b>Before Designated Amounts</b>	<b>7,769,701</b>		<b>7,769,701</b>	<b>9,658,951</b>	<b>7,771,285</b>	<b>(84,554)</b>	<b>7,686,731</b>	<b>(82,970)</b>	<b>-1.07%</b>	
<i>Restricted-TABOR Emergency Reserve</i>	1,340,000		1,340,000	1,400,000	1,400,000		1,400,000	60,000	4.48%	
<i>Committed-LTAR</i>	2,663,099		2,663,099	2,663,099	1,863,099		1,863,099	(800,000)	-30.04%	EMRF property road construction project, 2 yr payback
<b>Designated Fund Balance</b>	<b>4,003,099</b>	<b>-</b>	<b>4,003,099</b>	<b>4,063,099</b>	<b>3,263,099</b>		<b>3,263,099</b>	<b>(740,000)</b>	<b>-18.49%</b>	
<b>Unassigned Fund Balance</b>	<b>\$ 3,766,602</b>	<b>\$ -</b>	<b>\$ 3,766,602</b>	<b>\$ 5,595,852</b>	<b>\$ 4,508,186</b>	<b>\$ (84,554)</b>	<b>\$ 4,423,632</b>	<b>\$ 657,030</b>	<b>17.44%</b>	
Unassigned Fund Balance as a percentage of										
Total Revenue	9.05%		9.05%	13.02%	10.31%		10.08%			
Fund Balance Before Designated Amounts as a percentage of Total Revenue	18.67%		18.67%	22.47%	17.77%		17.52%			
Fund Balance Before Designated Amounts as a percentage of Total Expenditure	17.43%		17.43%	21.92%	17.80%		17.52%			
<b>10% Unassigned FB Funding (Gap) Excess</b>	<b>(395,968)</b>		<b>(395,968)</b>	<b>1,297,686</b>	<b>134,253</b>		<b>35,255</b>			

City of Englewood, Colorado  
Budget Advisory Committee

Annual Report to  
City Council

Submitted  
September 8, 2015

Prepared by

Christine McGroarty, Chair

Steve Ward, Vice Chair

John Moore

Harvey Pratt

Ben Rector



The Budget Advisory Committee is pleased to present its second annual report to the Englewood City Council.

## **Background**

The Englewood City Council created the Budget Advisory Committee in May 2013 (Ordinance 16, Series 2013) with the following purpose:

The Budget Advisory Committee (BAC) is established by Council and the City Manager to advise the City on the development, implementation, and evaluation of the annual City Budget. Participation in the Budget Advisory Committee is an opportunity not only to advise on the prioritization of how city tax dollars are spent, but also to advise policymakers in their decision-making process in an open and transparent manner.

The BAC is comprised of:

- Christine McGroarty, Chair
- Steve Ward, Vice Chair
- John Moore
- Harvey Pratt
- Ben Rector
- Joe Jefferson, City Council Liaison
- Linda Olson, Alternate City Council Liaison

The BAC has been meeting monthly along with various City staff to deliver on its charge:

Once the budgets have been reviewed and have incorporated requests for new programs and/or personnel authorized by the City Manager, the Budget Advisory Committee shall submit a written report of its findings and recommendations (BAC Report). The BAC Report shall be delivered to Council prior to the public hearing regarding the budget.

## **Overview**

Membership in the BAC affords us the opportunity to meet annually with the various city departments. To prepare last year's report, we met with the fire, public works and human resources departments. For this year's report, we had meetings with community development, police, and parks and recreation.

Each department meeting is an opportunity for us as lay citizens to learn about how each of these city departments provides services that benefit the citizens, how each department is managed, and what personnel or capital purchases each department needs or wants. We also have an opportunity to see the proactive long-term planning that each department does.

The BAC enjoyed its second year participating in the budget process, and we continue to be impressed with the City staff we met and believe they are committed and dedicated to goals developed by the Council:

- A City that provides and maintains a quality infrastructure
- A City that is safe, clean, healthy and attractive
- A progressive City that provides responsive and cost effective services
- A City that is business-friendly and economically diverse
- A City that provides diverse culture, recreation, and entertainment

In this year's BAC Report, we will provide comments and recommendations around the following issues:

- Fire department
- Parks and recreation
- Police department
- Community development
- Priority based budgeting
- Economic development and shifting demographics
- Retrospective: Review of last year's BAC recommendations as adopted
- Prospective: Recommendations going forward

## **Fire Department**

Although Council routinely has to make difficult decisions, perhaps the most difficult decision it has faced in several years was to the fate of the Englewood Fire Department. When Council hired the new City Manager, Eric Keck, one of his first assignments was to provide the Council with information to help decide if the fire department should continue as is or if there was a better solution to address the mounting financial pressures.

Mr. Keck spent months researching the various options which included continuing a city run fire department or contracting the services from either the South Metro Fire/Rescue Authority or the Denver Fire Department and the Denver Health Paramedic Division (for ambulance services).

During this time many vocal citizens became involved and contacted their council members regarding their concerns about the options. As a result, there were several public hearings. A major concern was why the Englewood Fire Department, whose history was over 100 years old, should be disbanded.

After completing his evaluation, Mr. Keck reported to Council that he thought the best decision for Englewood was to contract with the Denver Fire Department and Denver Health for paramedic services. He explained this was the most cost effective decision, as compared to the cost of keeping the current Englewood Fire Department or the cost of going with South Metro

Fire/Rescue Authority.

Many Englewood citizens attended the Council study session where the future of the Englewood Fire Department was discussed and the City Manager's recommendation made. At the next Council study session, Mr. Keck had several top officials of the Denver Fire Department and Denver Health paramedic service at the meeting to discuss what services would be provided under the contract as well as the proposed response times. Additionally, the Deputy City Manager of Glendale spoke about Glendale's 10 years of experience under their contract with Denver Fire and Denver Health. He said Glendale has been very pleased with the arrangement. When there was a major fire all the equipment needed to fight the fire was there and stayed until the fire was out.

There were still Englewood citizens and some Council members that were opposed to the recommendation and wanted to delay the decision until the 2015 election when a ballot question regarding the fire department could be put to a vote of the citizenry. It was clear to all parties involved that the Englewood Fire Department could not thrive or survive unless the citizens approved additional funding. With such a short timeline, it would have been difficult to plan for a bond issue to supply the funds needed to rebuild Englewood's fire stations and secure new apparatus. Despite these obstacles, Council had the option to put forth a ballot question proposing a tax increase that would allow Englewood to keep its fire department.

When Council decided not to put the question on the 2015 ballot, the next issue was what would happen to the Englewood firefighters if Denver Fire was contracted for service. During the Denver Fire and Denver Health presentation it was explained the Englewood firefighters would be welcome to apply and would be given preference, although they would have to attend the Denver Fire Academy.

A majority of the Council decided it was time to make a decision and voted to contract with the Denver Fire Department and Denver Health. The Council directed the City Manager to begin negotiations. Council gave final approval of the contract May 2015 with service beginning June 1, 2015. Currently Denver Fire Department is providing Englewood fire protection and Denver Health is providing coverage with two dedicated ambulances.

The good news is 40 members of the Englewood Fire Department joined the Denver Fire Department and had a brief four to five week training session at the Denver Fire Academy. Unfortunately three members were disqualified for background events, and eight members of the Englewood Fire Department decided to retire.

## **Parks and Recreation**

The parks and recreation department takes care of more than just our city's parks. They also maintain medians where greenery is planted, run Pirates Cove, and share use of some fields and recreation facilities with the Englewood School District.

Englewood's citizens make heavy use of Englewood's parks. Many of the services provided by the parks and recreation department are free to citizens. Other activities, such as Pirates Cove,

generate more revenue than is required to provide the service. Rather than setting those excess revenues aside for infrastructure improvements, upwards of \$300,000 per year aided in the city's operations in years of declining revenues. Sacrifices were made to accommodate the city's more immediate needs; specifically, expensive capital projects were delayed or denied.

As an example, it costs a minimum of \$250,000 to replace a restroom in a park. The cost to replace irrigation systems is closer to \$1 million. The parks and recreation department identifies these costly infrastructure needs annually, but those funds cannot be used for identified needs if Council assigns this money to other uses.

When major recreation facilities such as Pirates Cove, Englewood Recreation Center, or the Malley Center are built, the parks and recreation department has traditionally used bond proceeds. While bond money is effective in paying for these large capital costs, it is not as effective in paying for maintenance or upgrades. A steady hand is required in order to ensure that future expansion plans as well as ongoing maintenance do not become burdensome to the city's overall budget.

No one questions the value of our city's parks and recreation facilities. Members of other nearby municipalities are paying property taxes into a special district for parks and recreation facilities. Their payment of 8.8 mils goes exclusively to the South Suburban Parks and Recreation District (SSPRD). The municipal mill levy that these citizens pay is in addition to the 8.8 mils for SSPRD. In Englewood, our parks, along with all other city services, are supported by a smaller 8.124 mill levy. Englewood does not have any special districts adding to the mill levy that we pay. It's important to note that Englewood's mill levy goes to support all city services not just parks and recreation. Additional funds come from sales and use taxes, grants, and lottery dollars to supplement Englewood's low property tax rate.

Englewood is blessed with a parks and recreation system that effectively meets the needs of its citizens. Indeed, Pirates Cove is a regional attraction serving not just the citizens of Englewood. We encourage Council to continue its support of our parks and recreation department and to exercise extreme caution when it prioritizes other activities over long term infrastructure needs. We are pleased to see that the proposed budget for 2016 does not include any transfers from parks and recreation to the general fund.

## **Police**

When we met with the police department, Chief John Collins discussed two major department needs. The department has a significant capital need because it is housed in a 44-year-old building. This building is afflicted with HVAC issues, a leaking roof, inadequate locker rooms, lack of room to securely catalog and store evidence, and an overall lack of square footage for offices. Additionally, the current public safety building is not functional as a jail because of the issues listed above. The estimated cost for rebuilding or replacing the police building is \$15 to \$16 million.

The BAC believes that it is appropriate to investigate and discuss funding options to replace the police building. While a certificate of participation (COP) or lease purchase option might

be considered, we believe that a bond is a less expensive financing option. We also support the use of a bond rather than a COP because a bond option recognizes the citizen's right to make decisions regarding the long-term finances of the city.

Chief Collins also shared with us some concerns regarding personnel and staffing. While it is likely that every city department would prefer "more bodies," the chief's concerns extend beyond just the number of bodies he has on staff. Acquiring and training a police officer is an expensive and lengthy process. Some police departments in other cities can afford to choose applicants, pay their tuition through the law enforcement academy, and bring them on board as full police officers after they are certified by the Peace Officers Standards and Training (POST) Board. Unfortunately, Englewood's budget does not allow us to hire police officers before they are POST certified.

An increase in the police department's staffing budget would allow the city to pay for police officer candidates' POST certification and would thereby ensure that Englewood could compete with other, larger municipalities for a larger applicant pool. This approach would result in increased up-front hiring costs, but we believe Chief Collins when he indicates that the investment would allow us to hire the best-qualified candidates into long-term positions. We encourage Council to investigate this approach in hiring future police officers and consider evaluating the results through a pilot program.

Some nearby municipalities recently received a lot of media attention for their ticketing practices. It seems that some law enforcement agencies are focused on ticket writing for the purposes of revenue generation. We commend Chief Collins for overseeing Englewood's recent shift from a "numbers-driven" (quota) policing system where the officer who wrote the most tickets was seen as the most effective officer to a more "hot spot" or "community-based" model. By analyzing crime statistics and focusing police attention on areas of the city where the highest numbers of crimes occur, our police officers are better equipped to build positive relationships in the community. As citizens of Englewood, we support a police department that continues to maintain focus on its primary purpose: preventing and responding to serious crimes and providing services to victims.

## **Community Development**

Our visit with the community development department revealed an active group that serves our citizens in a number of ways. Community development is responsible for approving building plans, verifying zoning requirements, and marketing our city to potential business owners. The department serves to aid business owners, developers, and citizens in ensuring that their proposed projects comply with Englewood's requirements before ground is broken. Additionally, community development is deeply involved in the city's comprehensive plan.

We believe that community development is a great asset to the city, and will continue to be so well into the future. Sometimes, potential development is stymied by bureaucratic hurdles. In our meeting, the officials from community development made it clear that they are available to members of the public to assist with understanding the regulatory hurdles involved in development. We encourage further marketing of the community development department as a

resource for business owners and homeowners to foster a collaborative rather than adversarial relationship with the city's regulatory officials.

We would like to see continued focus on economic development and the adoption of policies that contribute to sustained business growth in our city. Because our city is dependent upon sales tax for much of its revenue, we would like to see continued allotment of resources to our community development department to allow it to effectively attract and keep major retailers in areas that will revitalize surrounding neighborhoods of our city. The success of the King Soopers at Belleview and Federal is an example of how the work of our community development department can serve to provide both an economic benefit and a lifestyle convenience to the people of Englewood.

### **Priority Based Budgeting**

The BAC is extremely interested in the results of the City's priority based budgeting initiative. Council members and staff alike seem to be enthusiastic about the initiative and the BAC is eager to see the impacts it will have on the budget and the budgeting process. As the BAC often discusses which services are most important to citizens and how resources should be allocated, the initiative's focus on results-based resource allocation is of considerable interest to the committee. The BAC is especially enthusiastic about the outcomes of the fiscal health and wellness initiative. Thus far the fiscal health and wellness approach seems to be incorporating several of the issues that we raised in the 2014 BAC report (e.g., fiscal policies and long term sustainability). The BAC looks forward to participating in and learning about the outcomes of the priority based budgeting initiative.

### **Economic Development, Growth and Changing Demographics**

Although there is some disagreement, the BAC believes that current growth and development is, over all, positive for Englewood. The BAC supports the emphasis the City Manager is placing on economic development. There is significant new construction and development happening around the City from new grocery stores and apartments to expansion of medical facilities. However, there is some concern among citizens about the growth in the number of apartments in the City. The influx of new residents should have a positive impact, particularly on growth of new and existing businesses. Inevitably there are tradeoffs between the economic benefits of growth against the increased demands for services associated with that growth. The BAC believes it is important to analyze both costs and benefits associated with growth and development. For example, how many new residents can be added before an additional police officer is needed? The BAC believes that conducting a robust analysis of costs and benefits and including that analysis in the decision-making process is key. Consider, the State requires that all new state legislation have an accompanying fiscal note that analyzes expenditure and revenue implications. The BAC believes a similar approach could be valuable to the City as projects are being considered.

There are several initiatives underway including Englewood Forward and the branding initiative. Although change can be difficult, the BAC supports these initiatives as being critical to Englewood's community and economic vitality. The Committee is very pleased to see the significant effort being undertaken to involve citizens and get their input on these initiatives.

The BAC also applauds the cooperation of the various city departments in these development initiatives. Close cooperation, such as between community development and public works, is essential to ensure that the City's infrastructure (e.g., parking and transportation) is adequate to handle an increased number of residents. The BAC urges close collaboration between all departments to ensure that all perspectives and costs are understood, considered and addressed as the City grows.

### **Retrospective: Review of Last Year's BAC Recommendations as Adopted**

In the first annual BAC Report, we addressed a number of issues from citizen involvement to aging infrastructure. The BAC is pleased to see progress on several of those issues over the last 12 months. The work with the Center for Priority Based Budgeting is addressing concerns the BAC raised around the need for the City to have a reserve policy and to engage in more long-term planning. The Council is reviewing a draft of financial policies that establish parameters and guidelines for a number of items including reserve policies. The BAC is very pleased to see the financial policy document and is appreciative of the opportunity to contribute ideas to the drafts.

Infrastructure needs were a major theme of the 2014 BAC Report and continue to be a critical issue that the BAC urges Council to keep front and center. Since his arrival in September of 2014, the City Manager has worked with departments to develop a snapshot of Englewood's infrastructure needs. The list of needs totaled more than \$100 million over the next 20 years. One of the intended uses for the savings from outsourcing the fire department was to bolster capital improvements funding. The BAC hopes that a significant portion of the savings will be dedicated to capital infrastructure needs and will not be used to increase ongoing operating expenses. Despite this infusion of new funding, the City's capital and infrastructure needs remain significant. Addressing these needs continue to be a high priority issue for the BAC.

Another major theme in the 2014 BAC Report was the City's vulnerability due to its heavy reliance on volatile sales tax revenues. 58% of Englewood's revenue comes from sales tax. Because sales tax revenue depends on consumer spending, it is subject to fluctuations as the economy rises and falls. The economic downturn of 2008 had a significant negative impact on Englewood's financial situation. While the City was able to weather those difficulties and is currently in a strong financial position, greater insulation from the volatility of heavy dependence on sales tax revenues remains an important issue. In the 2014 report, the BAC discussed the need to diversify the City's revenue streams. We urge Council to continue looking for ways to generate revenue that is more stable and sustainable than sales tax.

As referenced in the parks and recreation discussion, many citizens of nearby municipalities pay into special districts for fire protection, library services, and parks and recreation. These citizens can wind up paying in excess of 20 mills just to special districts. Englewood does not have any of these special districts. The library, parks and recreation, and fire protection are all funded from the city's general fund. Unquestionably, our low property taxes make Englewood an attractive place for rental properties and businesses.

Property taxes are a sensitive and controversial issue in any area. The members of the BAC respectfully suggest that Council take a closer look at the property tax breakdown in Englewood and in other nearby cities. The possibility of asking the citizens for a property tax increase to fund the current and ongoing needs of the Englewood Fire Department was roundly rejected by Council this year. Englewood has a lengthy list of long-term capital improvement needs that will require a stable revenue source to address. We believe that if specific numbers are presented to the citizens ahead of these funding needs, the citizenry will be better prepared to make an educated decision as other issues similar to the fire department arise (such as already happening with respect to the police department facility, discussed above).

Another issue the BAC discussed in our 2014 report was the issue of citizen involvement. Increasing citizen involvement in the budget was a major factor in Council's decision to create the BAC. In addition to developing this report, last year the BAC developed a citizens' Budget in Brief in hopes of making Englewood's budget more accessible to citizens. Unfortunately it does not appear as though that effort reached very many citizens. The BAC has postponed development of a citizens' Budget in Brief until later in the year. The BAC plans to revisit the citizen's budget and the issue of increasing citizen engagement in the fall.

### **Prospective: Recommendations Going Forward**

As we noted in the closing of our 2014 BAC report, the annual budget process by its very nature favors a shorter-term focus, but the long-term sustainability of the City demands that the annual budget process include an increasing look down the road. Tremendous stress on future budgets can be anticipated due to our aging infrastructure, and we support an explicit and ever increasing focus on those challenges. The events with respect to the fire department this past year highlight two issues – these challenges are real and imminent, and waiting to address them limits options.

While the BAC commends the City Manager and Council for facing the fire department challenge and not “kicking the can” even further down the road, we believe the delay in addressing the problem effectively took off the table the chance for the citizens to weigh in via a ballot measure. Rather than presuming citizens would not be willing to pay to retain an independent, dedicated Englewood Fire Department, ideally we would have given them a chance to express their collective opinion.

The police department facility is probably the most pressing significant capital need, and we encourage Council to engage the citizens early in the process. But that is just the first in a long line of needs, and we continue to encourage Council to develop a plan to address these issues over the next five to 10 years. We also hope to see the financial policy document finalized before we issue our 2016 BAC report.

The BAC is invested in the City's success, and we look forward to continuing to work with Council on the budgetary issues so that the City can continue to provide excellent services to the citizens, long into the future.