



**AGENDA FOR THE  
ENGLEWOOD CITY COUNCIL  
STUDY SESSION  
MONDAY, AUGUST 16, 2010  
COMMUNITY ROOM  
\* \* 5:30 P.M. \* \***

- I. Financial Report**  
Financial and Administrative Services Director Frank Gryglewicz will discuss the July, 2010, Financial Report.
- II. Budget Update**  
City Manager Gary Sears and Financial and Administrative Services Director Frank Gryglewicz will provide a budget update.
- III. Furlough Days**  
City Council will discuss furlough days for City employees.
- IV. City Manager's Choice**
- V. City Attorney's Choice**

# MEMORANDUM

**To:** Mayor Woodward and City Council  
**From:** Frank Gryglewicz, Director of Finance and Administrative Services  
**Date:** July 15, 2010  
**Subject:** July 2010 Financial Report

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## Summary of July 2010 General Fund Financial Report

### REVENUES:

- Through July 2010, the City of Englewood collected **\$22,938,040 or \$310,865 (1.3 percent)** less than last year (See chart attached to the full report for detail on changes in revenue in past year).
- The City collected \$2,877,425 in property and \$137,143 in specific ownership tax through July.
- **Year-to-date sales and use tax revenue were \$12,506,300 or 261,259 (2.1 percent) less than July 2009** (In January 2009, the City of Englewood received \$201,000 from use tax audits completed in 2008. This skews the percentage difference between 2010 and 2009.)
- Cigarette tax collections were down \$18,447 compared to last year.
- Franchise fee collections were \$119,842 more than last year.
- Licenses and permit collections were \$87,077 more than 2009.
- Intergovernmental revenues were \$79,668 more than the prior year.
- Charges for services decreased \$41,036 from last year.
- Recreation revenues increased \$162,553 from 2009.
- Fines and forfeitures were \$91,976 less than last year.
- Investment income was \$54,453 less than last year.
- Miscellaneous revenues were \$294,637 less than last year.

### OUTSIDE CITY:

- Outside City sales and use taxes were down \$343,816 or eight percent compared to last year.
- At this time potential refunds total approximately \$900,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is \$600,000.

### CITY CENTER ENGLEWOOD (CCE):

- Sales and use tax revenues collected in July 2010 were \$1,238,494 (4.1 percent) less than the \$1,291,209 collected in 2009.

### EXPENDITURES:

- Expenditures through July were \$22,585,831 or \$135,617 (.60 percent) more than the \$22,450,214 expended through July 2009.
- The City refunded \$167,657 in sales and use tax claims through July.

### RESERVES:

- The reserves for 2010 are budgeted at \$3,878,895 or 10.7 percent of budgeted revenues.
- The unreserved/undesignated fund balance for 2010 is *estimated* at \$4,287,492 or 11.6 percent of projected revenues.

### TRANSFERS:

- Net transfers-in to date of \$1,894,433 were made in 2010.

### REVENUES OVER/UNDER EXPENDITURES:

- Revenues exceeded expenditures through July by \$352,209 through July 2010..

### PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$959,078 in revenues and spent \$1,954,068 year-to-date. Estimated year-end fund balance is \$189,258.

# City of Englewood, Colorado

## July 2010 Financial Report

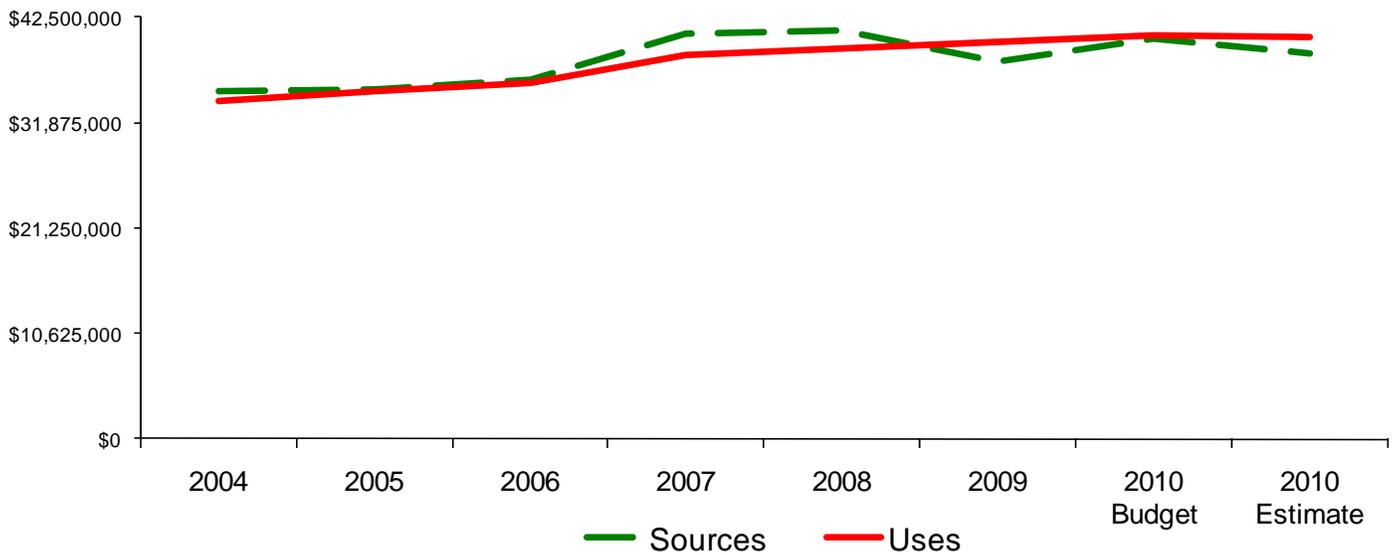
### GENERAL FUND OVERVIEW AND ANALYSIS

The General Fund accounts for the major “governmental” activities of the City. These activities include “direct” services to the public such as police, fire, public works, parks and recreation, and library services. General government also provides services by the offices of city manager and city attorney; the departments of information technology, finance and administrative services, community development, human resources, municipal court and legislation. Debt service, lease payments, and other contractual payments are also commitments of the General Fund.

#### General Fund Surplus and Deficits

The line graph below depicts the history of sources and uses of funds from 2004 to 2010 Estimate. As illustrated, both surpluses and deficits have occurred in the past. The gap has narrowed over the past few years by reducing expenditures, freezing positions, negotiating lower-cost health benefits, increased revenue collections. Continued efforts will be required to balance revenues and expenditures, especially with persistent upward pressure on expenditures due to increases in the cost of energy, wages and benefits.

**General Fund: Total Sources and Uses of Funds**



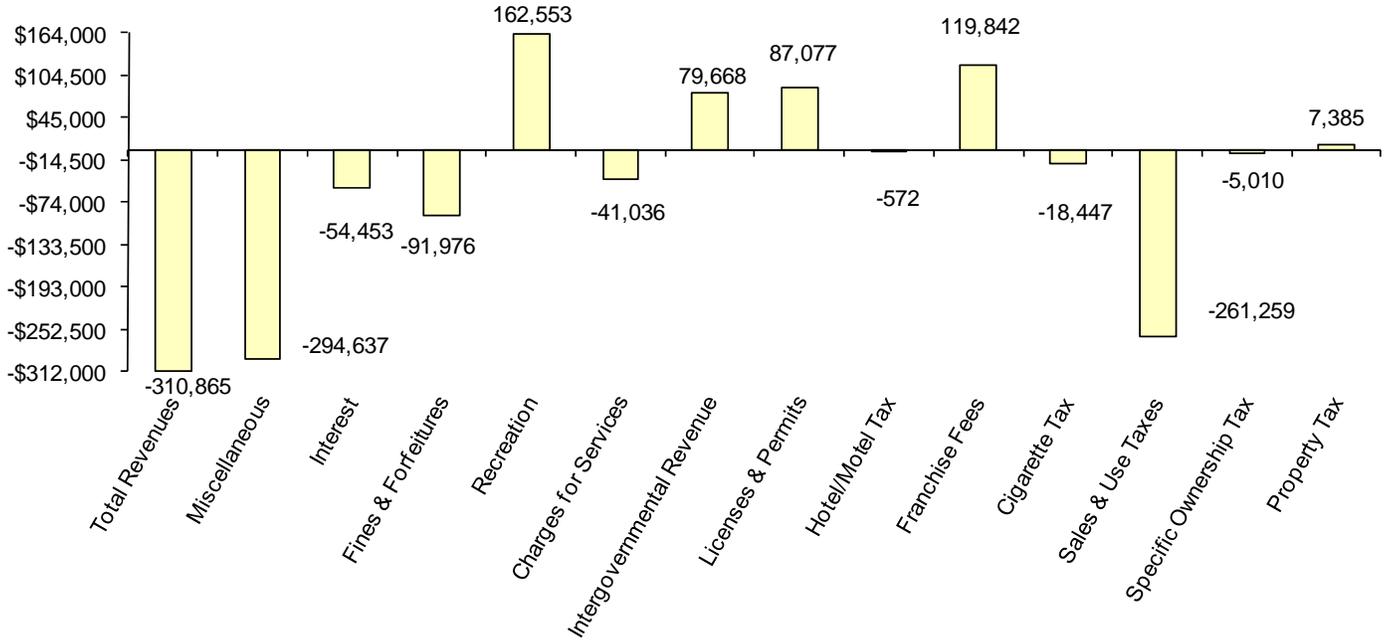
The table below summarizes General Fund Year-To-Date (YTD) Revenues, Expenditures, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended July, 2010. Comparative figures for years 2009 and 2008 are presented as well. The table also highlights the dollar and percentage changes between those periods.

General Fund	2010 YTD	2009 YTD	% Change	2008 YTD	2009 YTD	% Change	2010 Estimate
Year-To-Date Revenues	\$ 22,938,040	\$ (310,865)	(1.34%)	\$ 23,248,905	\$ (1,376,019)	(5.59%)	\$ 24,624,924
Year-To-Date Expenditures	22,585,831	\$ 135,617	.60%	22,450,214	\$ 260,550	1.17%	22,189,664
Net Revenues (Expenditures)	\$ 352,209	\$ (446,482)		\$ 798,691	\$ (1,636,569)		\$ 2,435,260
Estimated Unreserved/ Undesignated Fund Balance	\$ 4,388,016	\$ (505,762)	(10.33%)	\$ 4,893,778	\$ (1,363,042)	(21.78%)	\$ 6,256,820
Sales & Use Tax Revenue YTD	\$ 12,506,300	\$ (261,259)	(2.05%)	\$ 12,767,559	\$ (1,457,824)	(10.25%)	\$ 14,225,383
Outside City Sales & Use Tax YTD	\$ 3,977,912	\$ (343,816)	(7.96%)	\$ 4,321,728	\$ (1,020,717)	(19.11%)	\$ 5,342,445

**General Fund Revenues**

The City of Englewood’s total budgeted revenue is \$38,532,965. Total revenues collected through July 2010 were \$22,938,040 or \$310,865 (1.34 percent) less than was collected in 2009. The chart below illustrates changes in General Fund revenues this year compared to last year.

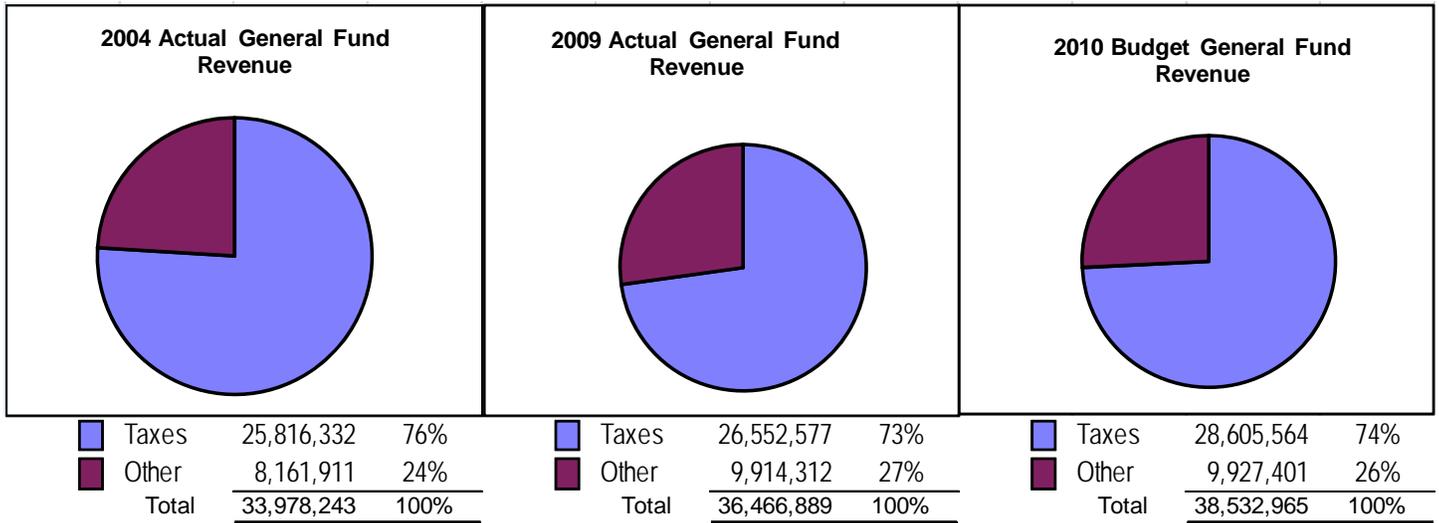
**2010 Year-To-Date Change in General Fund Revenue as Compared to Prior Year**



**General Fund Taxes**

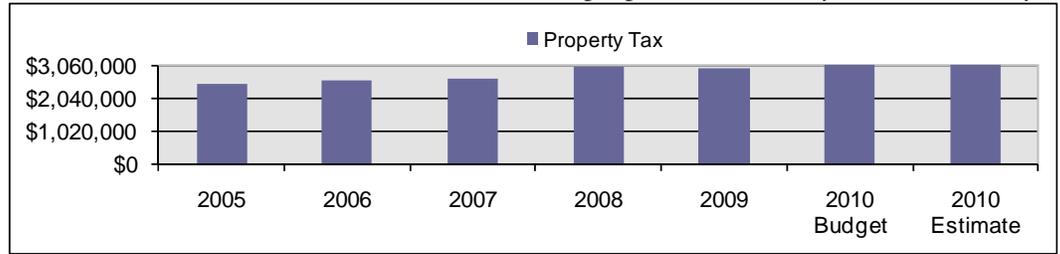
The General Fund obtains most of its revenue from taxes. In 2009 total revenues were \$36,466,887 of which \$26,552,577 (72.8 percent) came from tax collections. Taxes include property, sales and use, specific ownership, cigarette, utilities, franchise fees, and hotel/motel. The following pie charts illustrate the contribution of taxes to total revenue for 2004 and unaudited 2009 and budgeted 2010. Taxes as a percentage of total revenue have declined slightly as other fees and charges have been increased to help offset rising costs and relatively flat tax revenues.

**General Fund Revenues  
Taxes vs. Other**



**Property taxes:** These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property.

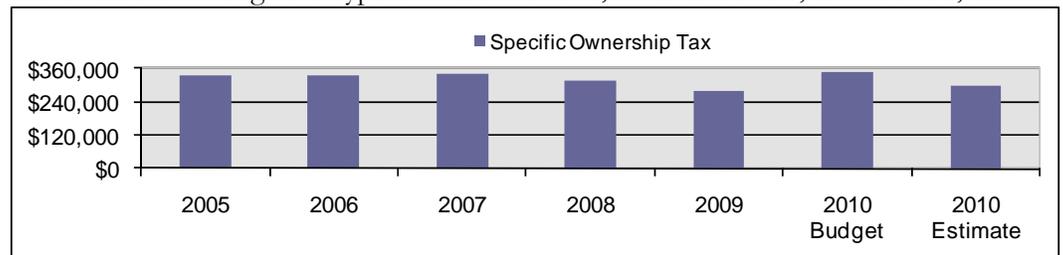
The City's total 2009 mill levy collected in 2010 is 7.911 mills. The 2009 mill levy for general operations collected in 2010 is 5.880 mills. A voter approved additional mill of 2.031 mills



is levied for principal and interest payments on the City's general obligation debt (parks and recreation projects). Property tax collections grew from \$2,493,832 in 2005 to \$2,971,303 in 2009. This was an increase of \$477,471 or 19.1 percent. In 2009 the City collected \$2,971,303 or 11.2 percent of 2009 total taxes and 8.1 percent of total revenues from property taxes. The City budgeted \$3,046,000 for 2010; collected \$2,877,425 through July 2010.

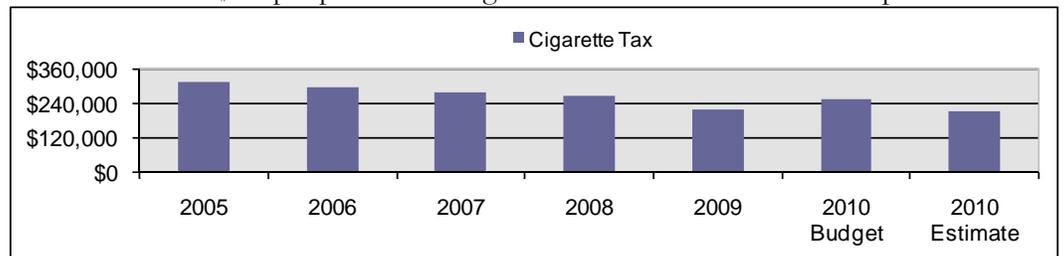
**Specific ownership:** These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc.

These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected \$334,768 in 2005 and \$276,414 in 2009 which is a decrease of \$58,354 or 17.4 percent. The City collected \$276,414 in 2009 which is less than one percent of total revenues and one percent of total taxes. The City budgeted \$350,000 for 2010 and collected \$137,143 through July 2010. The year-end estimate has been reduced to \$250,000.



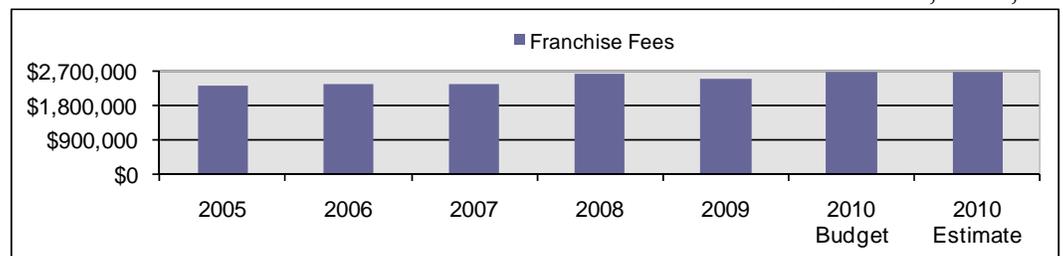
**Cigarette Taxes:** The State of Colorado levies a \$.20 per pack tax on cigarettes. The State distributes 46 percent of the gross tax to cities and towns based on the pro rata share of state sales tax collections in the previous year. These taxes have fallen significantly in the past and continue to fall after the 2009 federal tax increase of approximately

\$.62 per pack went into effect. This increase will fund the State Children's Health Insurance Program (SCHIP). In 2005 the City collected \$313,731, but in 2009 the City collected \$218,449, which is a decrease of \$95,282 or 30.4 percent. These taxes accounted for one percent of total taxes and less than one percent of total revenues in 2009. The City budgeted \$250,000 for the year and collected \$110,208 through July 2010, which is \$18,447 or 14.3 percent less than the \$128,655 collected through July 2009. The year-end estimate has been reduced to \$200,000.

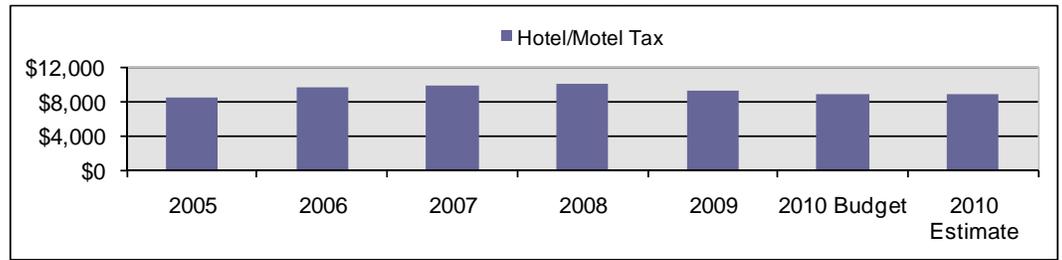


**Franchise Fees:** The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as occupational taxes on telephone services. The City collected \$2,294,972 in 2005 and \$2,452,611 in 2009, an increase of \$157,639 or 6.9 percent. These taxes accounted for 9.2 percent of

taxes and 6.7 percent of total revenues in 2009. The City budgeted \$2,650,851 for the year; collections through July totaled \$1,408,199 compared to \$1,288,357 collected during the same period last year.



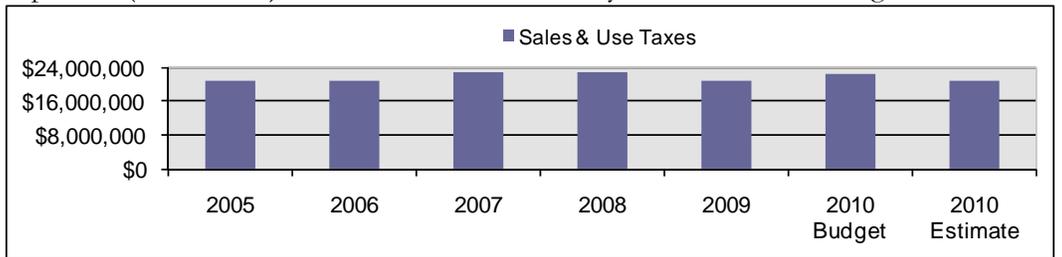
**Hotel/Motel Tax:** This tax is levied at two percent of the rental fee or price of lodging for under 30 days duration. The City budgeted \$8,713 for the year and has collected \$5,082 through July 2010.



### Sales and Use Taxes Analysis

Sales and use taxes are the most important (and volatile) revenue sources for the City. Sales and use taxes generated 77.4 percent of all taxes and 56.4 percent of total revenues collected in 2009. In 2005,

this tax generated \$20,886,855 for the City of Englewood; in 2009 the City collected \$20,624,659, a decrease of 1.3 percent. This tax is levied on the sale price of taxable goods.



Sales tax is calculated by multiplying the sales price of taxable goods times the sales tax rate of 3.5 percent. Vendors receive a .25 percent fee for collecting and remitting the taxes to the City by the due date. Taxes for the current month are due to the City by the twentieth day of the following month. The City budgeted \$22,300,000 for 2010. Sales and Use Tax revenue through July 2010 was \$12,506,300 while revenue year-to-date for July 2009 was \$12,767,559 a decrease of \$261,259 or 2.1 percent.

In January 2009, the City of Englewood received \$201,000 from use tax audits completed in 2008. This skews the percentage difference between 2010 and 2009. If the audit proceeds are removed from 2009, the City is down \$60,259 or .47 percent for the year.

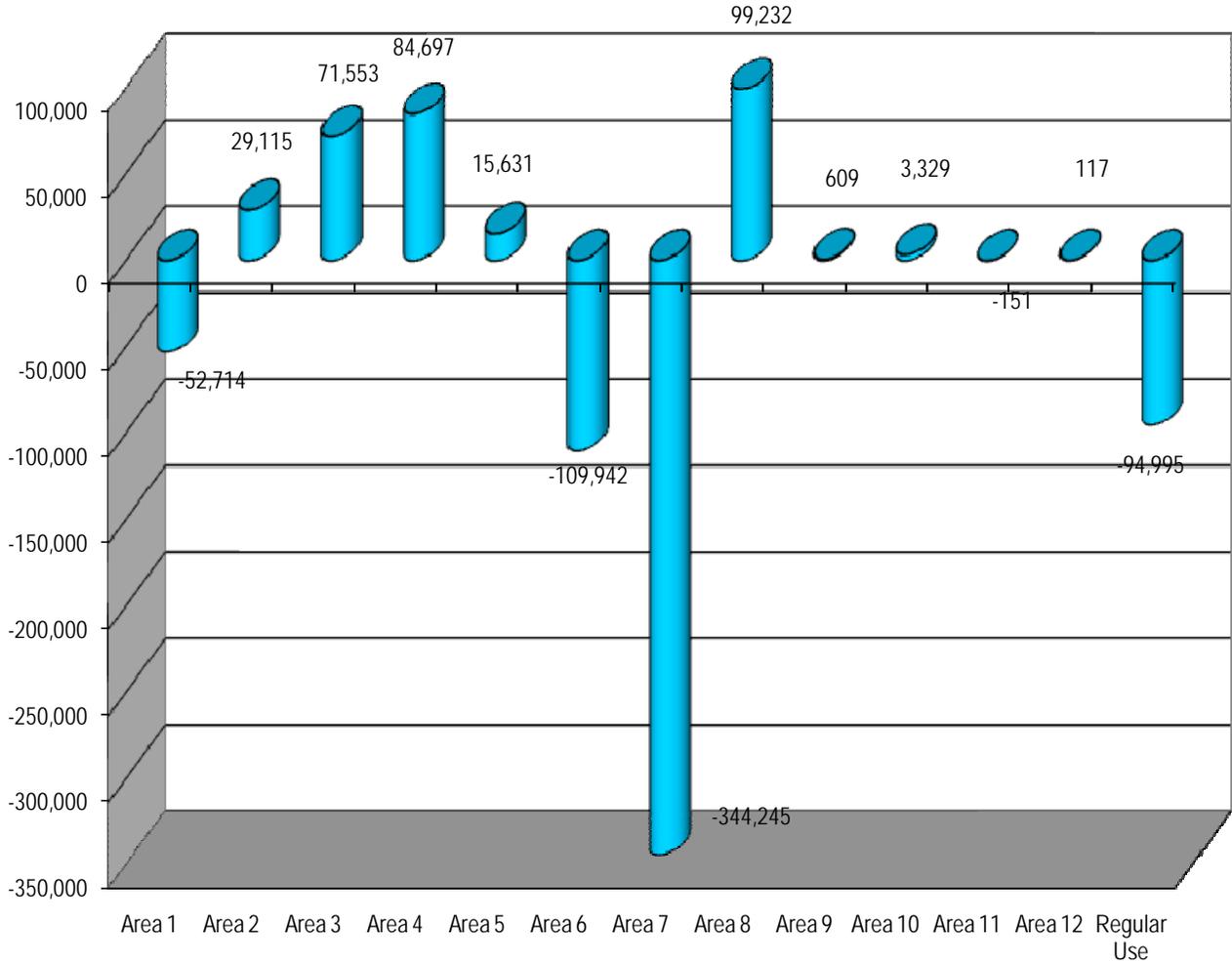
Collections for July 2010 were \$2,019,569 while collections for July 2009 and July 2008 were \$2,041,376 and \$2,339,636 respectively. July 2010 collections were \$21,807 or 1.7 percent less than July 2009 and \$320,067 or 13.7 percent less than 2008 collections.

This revenue source tends to ebb and flow (often dramatically) with the economy, growing during economic expansions and contracting during downturns. The past two years of sales tax collections have been exceptionally erratic with no discernable trend to make accurate short or long term forecasts. It is important to continually review and analyze sales and use tax data including trends in the various geographic areas of the City.

Year to date the City has collected 98 percent of last year's sales and use taxes (\$20,624,659). If this holds through to the end of the year, the City will collect \$20,212,166 for the year. Historically, the City collects 63 percent of its total sales and use taxes in the first quarter; this leaves 37 percent to be collected over the next five months. If this historic pattern holds true for the year, the City can expect to collect an additional \$7,344,970 for a total of \$19,851,270 for the year. Earlier in the year, the estimate was reduced to \$21,200,000. Based on the above calculations, the estimated collections have been reduced to \$20,800,000 to reflect the continuing decline in collections for the year and will be reviewed further with upcoming reports.

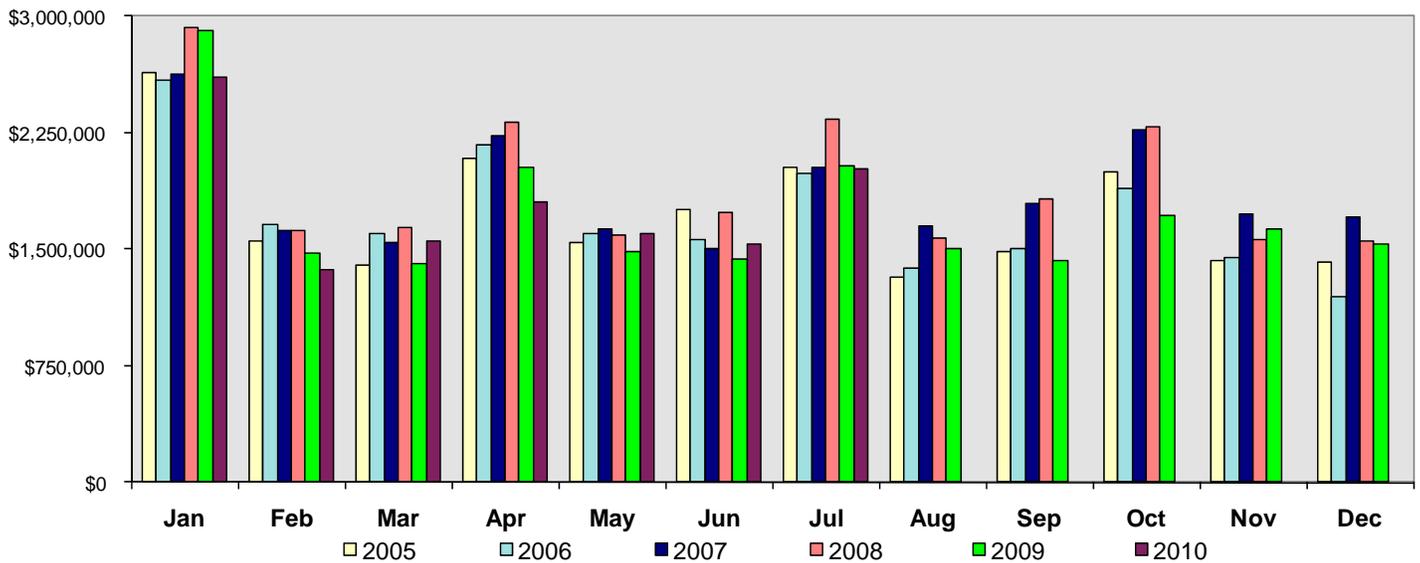
The chart on the next page, "Change in Sales/Use Tax Collections by Area 2010 vs. 2009" indicates that most of the decrease in sales tax collections is due to Outside City (Area 7) and All Other City Locations (Area 6) sales. Regular use tax was up last year due to the 2009 receipt of a 2008 audit. Economic improvement, judged strictly by sales tax collections, appears to be in decline in most of the geographic areas compared to the same period last year.

**Change in Sales/Use Tax Collections by Area 2010 vs 2009**



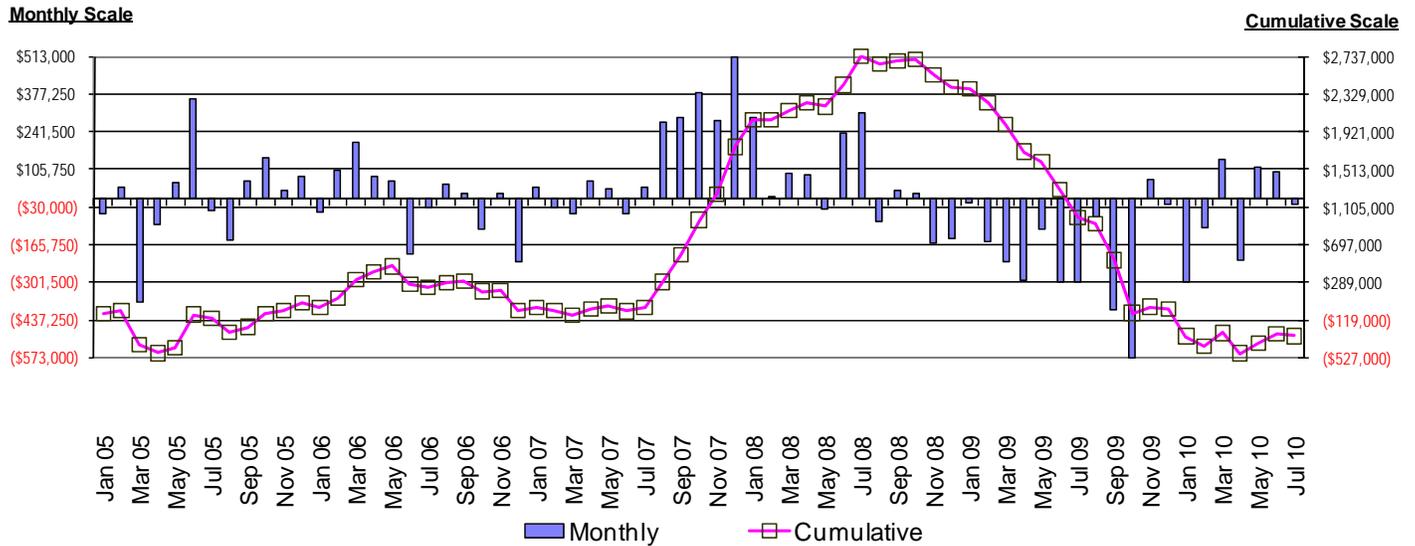
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2005 through 2010.

**2005-2010 YTD Sales/Use Tax Collections by Month - Cash Basis**



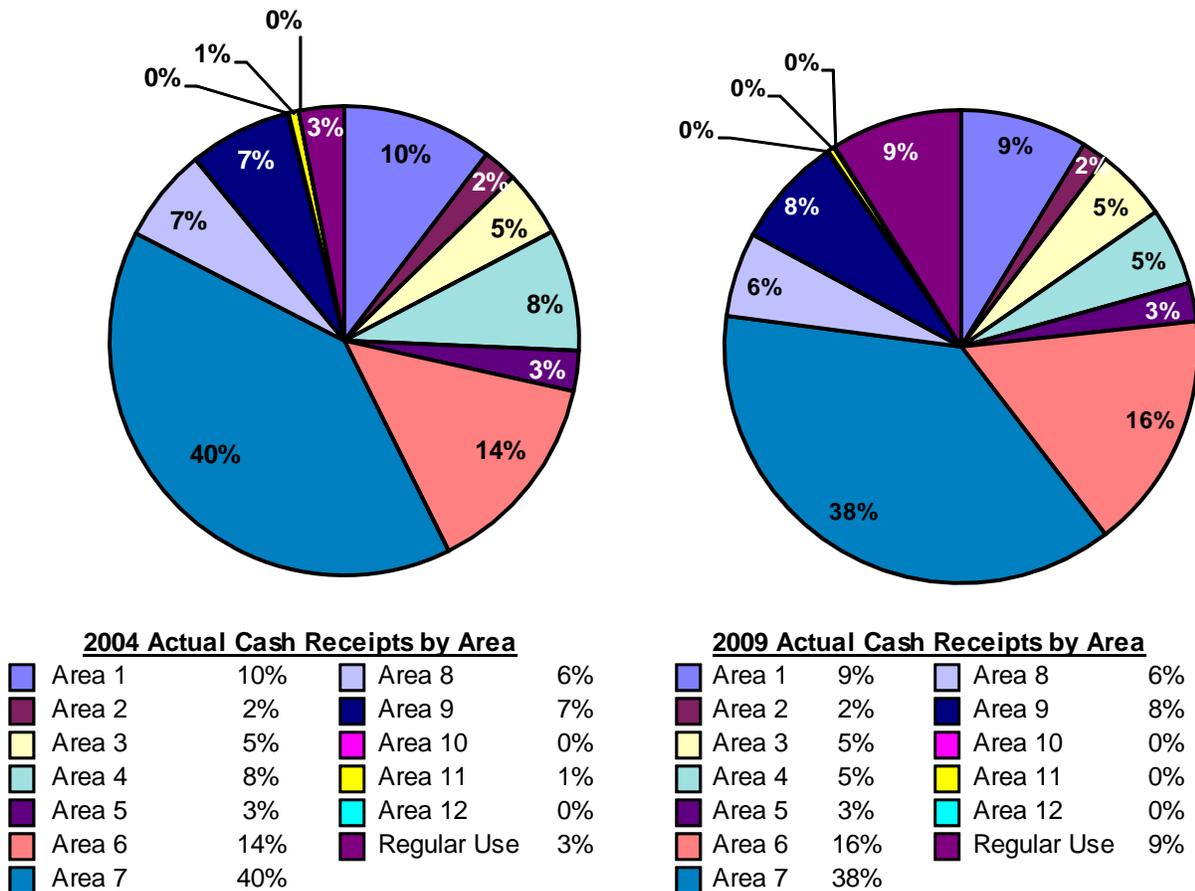
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.

### 2005 - 2010 Monthly Change Sales and Use Tax



Sales tax collections are reported by various geographic areas as illustrated in the following pie charts. These illustrate the changing collection patterns for 2004 and 2009.

### Geographic Sales Tax Collection Areas



A brief description and analysis of the significant geographic areas follows:

**Area 1:** This geographic area accounts for the sales tax collections from CityCenter Englewood. CityCenter Englewood had collections of \$1,238,494 year-to-date 2010, in 2009, the City collected \$1,238,494.

**Area 6:** This geographic area is down from last year due to an audit that was completed and paid last year for \$201,000.

**Area 7:** This geographic area records the outside city sales tax collections (Outside City). Outside City has been the geographic area responsible for much of the sales tax growth (and decline) in past years. Outside City collections have decreased 7.6 percent from the same period last year. The chart below illustrates this area’s contribution to total sales and use taxes (cash basis) as well as total revenues since 2006 for collections through the month of July. The importance of Outside City has declined as a percentage of sales and use tax collections but it continues to remain an important impact on the City’s General Fund as illustrated by the following:

	2006	2007	2008	2009	2010
Total Sales and Use Taxes	13,164,415	13,201,013	14,182,413	12,778,134	12,480,181
Outside City Collections	4,762,246	4,809,869	5,342,445	4,321,728	3,977,912
Percentage of Total	36.2%	36.4%	33.9%	41.8%	34.6%
Total General Fund Revenues	22,803,178	22,947,712	24,624,924	23,248,905	22,938,040
Outside City Collections	4,762,246	4,809,869	5,342,445	4,321,728	3,977,912
Percentage of Revenues	20.9%	21.0%	21.7%	18.6%	17.3%

The City records the proceeds of some returns from Outside City into an unearned revenue (liability) account. The criteria staff uses to decide if proceeds should be placed in the unearned account is if a reasonable probability exists for another municipality to claim the revenue. This account currently has a balance of \$600,000 to cover intercity claims. The City paid \$166,046 in refunds including intercity sales/use tax claims through July 2010 compared to \$68,371 through July 2009. At this time potential refunds total approximately \$900,000 for claims submitted to Englewood but not completed.

**Area 8:** This geographic area consists of collections from public utilities. Collections through July were up \$99,232 or 10.2 percent over last year. Weather conditions, energy usage conservation, and rising energy prices play an important role in revenue collections. Collections could increase or decrease if the remainder of the year is significantly hotter/colder than normal.

### Other Sales Tax Related Information

Finance and Administrative Services Department collected \$231,472 in sales and use tax audit revenues and general collections of balances on account through the month of July; this compares to \$402,137 collected in 2009 and \$374,073 collected in 2008.

Of the 72 sales tax accounts reviewed in the various geographic areas, 47 (65 percent) showed improved collections and 25 (35 percent) showed reduced collections this year compared to the same period last year.

The Department issued 256 new sales tax licenses through July 2010; 209 and 250 were issued through July 2009 and 2008 respectively.

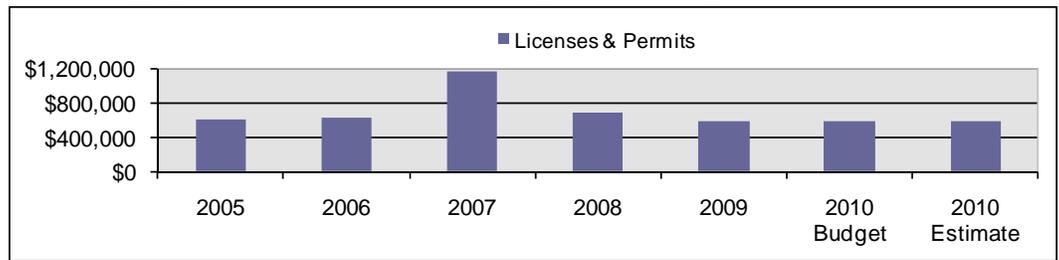
City records indicate that year-to-date 92 businesses closed (50 of them were outside the physical limits of Englewood) and 249 opened (158 of them were outside the physical limits of Englewood).

### **General Fund Other Revenue**

Other revenues accounted for \$9,914,311 or 27.2 percent of the total revenues for 2009; the City budgeted \$9,927,401 for 2010.

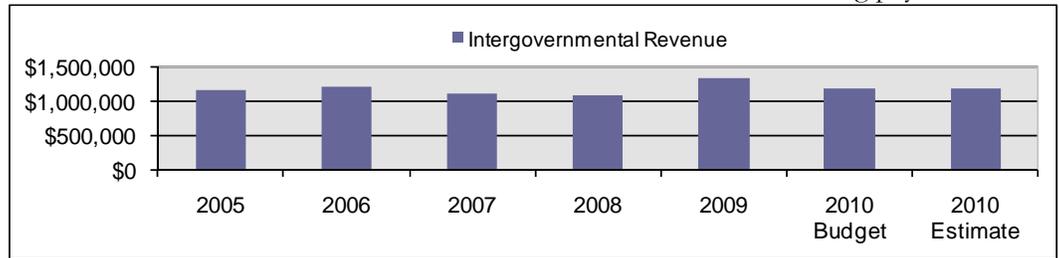
Following are additional significant revenue sources:

**Licenses and Permits:** This revenue category includes business and building licenses and permits. This revenue source generated \$588,403 during 2009 or 1.6 percent of total revenue and 5.9 percent of total other revenue. This revenue source totaled \$609,971 in 2005 and decreased to \$588,328 in 2009, a 3.5 percent decrease.



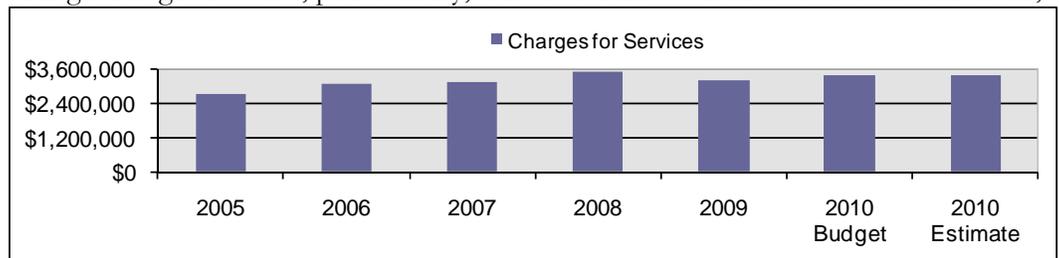
The City budgeted \$573,300 for 2010 or 5.7 percent of budgeted total other revenues (\$9,927,401) and year-to-date the City collected \$386,348 or \$87,077 (29.1 percent) more than the \$299,271 collected through July 2009. The year-end estimate has been increased to \$600,000.

**Intergovernmental Revenues:** This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,198,327 for 2010, this is 12 percent of total other revenue. This revenue source totaled \$1,156,221 in 2005 and the City collected \$1,319,282 in 2009, a 14.1 percent increase.

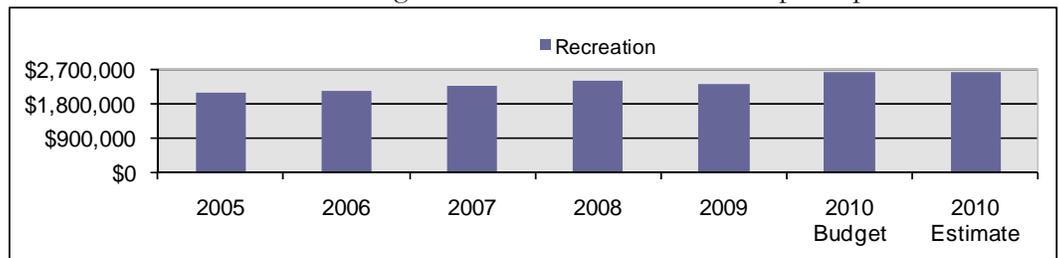


The City collected \$749,112 through July 2010 this is \$79,668 (11.9 percent) more than the \$669,444 collected in the same period in 2009. The year-end estimated has been increased to \$1,334,000.

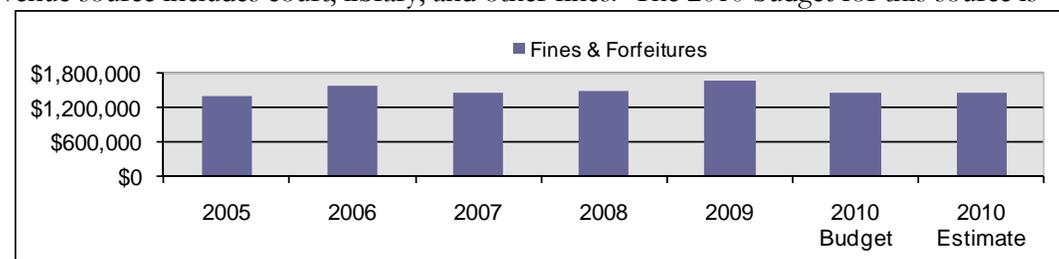
**Charges for Services:** This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at \$3,318,587 for 2010 or 32 percent of total other revenue. This revenue source totaled \$2,750,211 in 2005 and increased to \$3,185,443 in 2009, a 15.8 percent increase. Total collected year-to-date was \$1,827,562 or \$41,036 (2.2 percent) less than the \$1,868,598 collected year-to-date in 2009.



**Recreation:** This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department. This revenue source is budgeted at \$2,625,194 for 2010 or 26.4 percent of total other revenue. This revenue source totaled \$2,060,758 in 2005 and increased to \$2,315,598 in 2009, a 12.4 percent increase. Total collections through July 2010 were \$1,705,275 compared to \$1,542,722 collected in 2009.



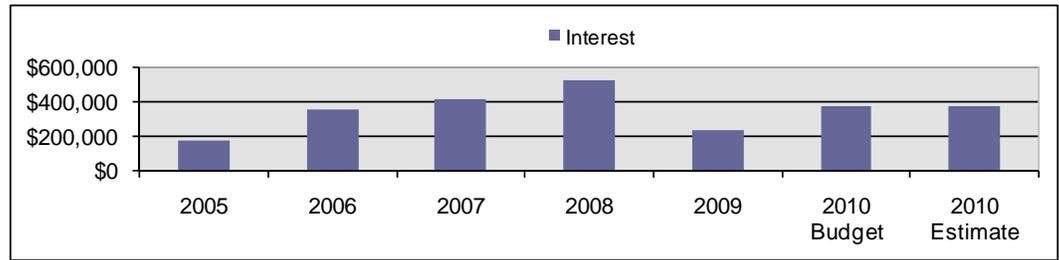
**Fines and Forfeitures:** This revenue source includes court, library, and other fines. The 2010 budget for this source is \$1,426,801 or 14.7 percent of total other revenue. This revenue source totaled \$1,386,842 in 2005 and increased to \$1,639,678 in



2009, an 18.2 percent increase. Total collected year-to-date was \$906,009 or \$91,976 (9.2 percent) less than the \$997,985 collected in the same time period last year.

**Interest:** This is the amount

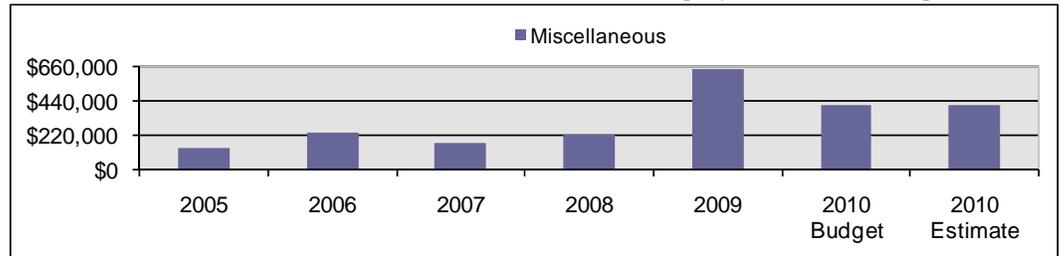
earned on the City’s cash investments. The 2010 budget for this source is \$372,611 or 3.8 percent of total other revenue. This revenue source totaled \$168,370 in 2005 and increased to \$230,000 in



2009, a (36.6 percent) increase. The City earned \$98,592 through July 2010; the City earned \$153,045 through July 2009. The year-end estimate has been reduced to \$200,000 to reflect the current low interest rate environment.

**Miscellaneous:** This source includes all revenues that do not fit in another revenue category. The 2010 budget for this source is \$412,581 or 4.2 percent of total other

revenue. This revenue source totaled \$131,849 in 2005 and increased to \$635,982 in 2009, a 382 percent increase. Total collected year-to-date is



\$220,785 (57.2 percent) less compared to the \$515,422 collected last year during the same period.

**General Fund Expenditures**

**Outcome Based Budgeting**

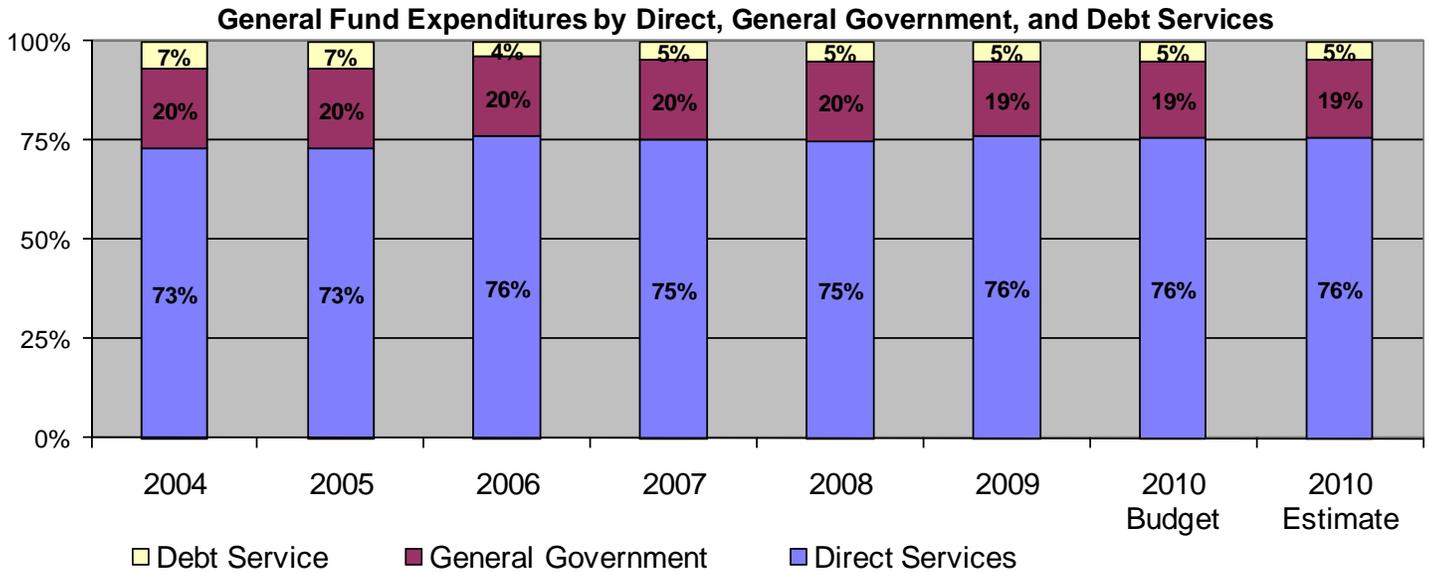
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ A City that provides and maintains quality infrastructure,
- ▶ A safe, clean, healthy, and attractive City,
- ▶ A progressive City that provides responsive and cost efficient services,
- ▶ A City that is business friendly and economically diverse, and
- ▶ A City that provides diverse cultural, recreational, and entertainment opportunities.

Outcome based budgeting is an additional tool the City Council and staff use to better develop ways to serve our citizens. This type of budgeting is a new concept and is refined and reviewed on an on-going basis to help us better focus our resources in meeting the objectives of our citizens.

The City budgeted total expenditures at \$40,616,941 for 2010, this compares to \$38,997,977 and \$39,015,199 expended in 2009 and 2008 respectively. Budgeted expenditures for 2010 general government totals \$8,387,284 or 20.2 percent of the total. Direct government expenditures are budgeted at \$31,064,182 or 75.0 percent of the total. Debt service (fixed costs) payments are \$1,993,682 or 4.8 percent of the total. Total expenditures through July were \$22,585,831 compared to \$22,450,214 in 2009 and \$22,189,664 in 2008. *The City Manager asked that all departments hold their 2010 spending at or below 2009 expenditure amounts. The Revenue, Expenditure, and Fund Balance Report has been updated to reflect this request.*

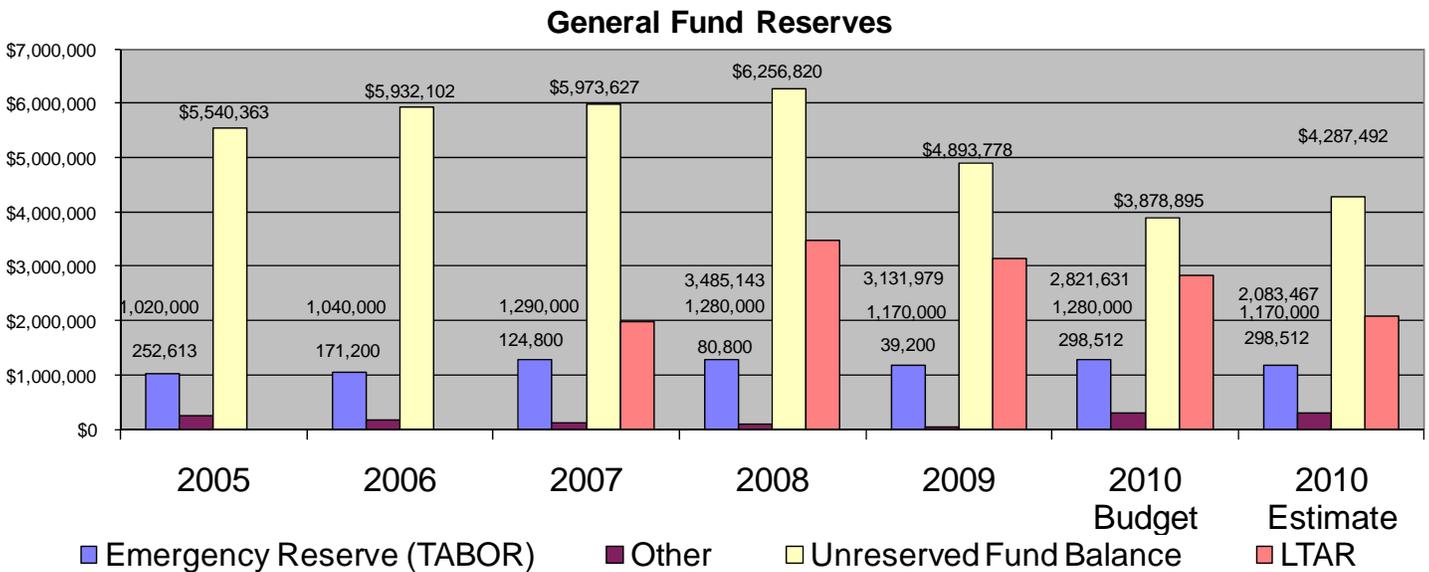
The chart below illustrates the breakdown of expenditures into debt service, general and direct government.



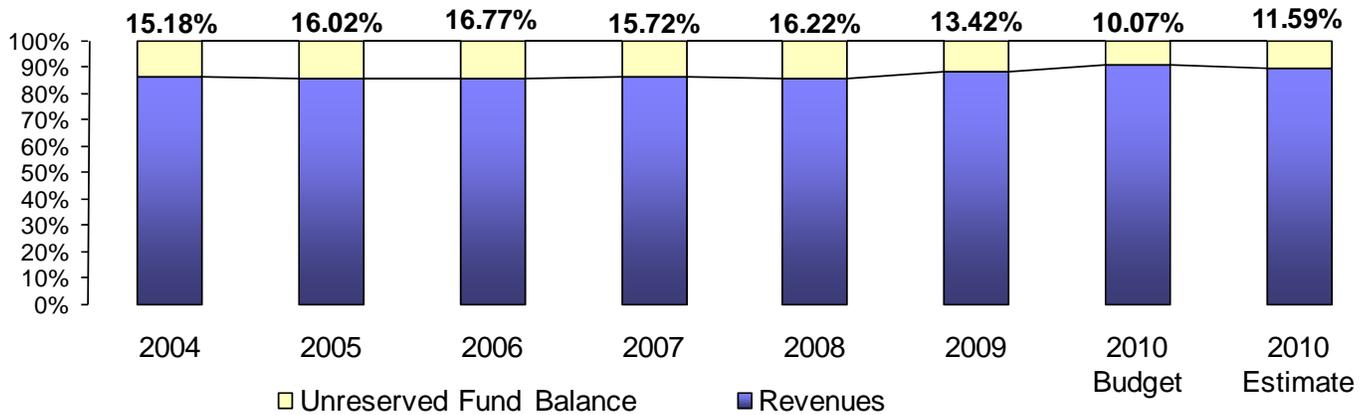
**General Fund Reserves**

Reserves are those funds the City sets aside for a “rainy day”. The intent is to smooth over unexpected revenue declines and expenditure increases. The fund is normally built up when revenues exceed expenditures. In the past, excess reserves have been transferred out to other funds, usually for capital projects identified in the Multiple Year Capital Plan (MYCP). The reserve balance is not adequate to provide for a transfer from the General Fund to the capital projects funds.

**Long Term Asset Reserve (LTAR)** At the 2008 Budget workshop held on July 22, 2007, City Council discussed and directed staff to establish a General Fund reserve account to accumulate funds from the sale, lease, or earnings from long-term assets. It was also determined that these funds should be used in a careful, judicious and strategic manner. The funds restricted in this account can only be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The 2010 estimated year-end balance in the account is \$2,083,467 (This balance reflects a \$750,000 transfer that was appropriated for the purchase of two homes and rehabilitation of ten homes, and an estimate of \$65,125 rental income from EMRF).



### Unreserved Fund Balance As A Percentage of Revenue



The City ended 2009 with an unreserved/undesignated general fund balance of \$4,893,778 or 13.4 percent of revenues. The 2010 estimate shows an unaudited ending fund balance of \$4,287,492 or 11.6 percent of estimated revenues or 11 percent of estimated expenditures. The \$4,287,492 would allow the City to operate for approximately 39 days (using average daily estimated expenditures) if all other revenues and financing sources ceased. In these times of economic uncertainty, it is more important than ever to maintain reserves to help the City make up for revenue shortfalls and unexpected expenditure increases given that the one-time transfers made to the General Fund to help maintain reserves are no longer available.

### PUBLIC IMPROVEMENT FUND OVERVIEW

The Public Improvement Fund (PIF) accounts for the City’s “public-use” capital projects (e.g. roads, bridges, pavement, etc.). The PIF funding is from the collection of vehicle and building use taxes, intergovernmental revenues, interest income, and other miscellaneous sources.

Provided for your information is the table below that illustrates the PIF Year-To-Date (YTD) revenues and expenditures for the years 2008 through 2010. The dollar and percentage change between each year is also provided. The Estimated Ending Fund Balance is included in order to account for the remaining PIF appropriation in addition to the remaining annual revenue anticipated for the fund.

	2010	2010 vs 2009 Increase (Decrease)	2009	2009 vs 2008 Increase (Decrease)	2008
<b>Public Improvement Fund (PIF)</b>					
YTD Revenues	\$ 959,078	\$ (729,088) (43.19%)	\$ 1,688,166	\$ 119,380 7.61%	\$ 1,568,786
YTD Expenditures	1,954,068	\$ (558,316) (22.22%)	2,512,384	\$ (3,000,010) (54.42%)	5,512,394
Net Revenues (Expenditures)	\$ (994,990)	\$ (170,772)	\$ (824,218)	\$ 3,119,390	\$ (3,943,608)
Beginning PIF Fund Balance	\$ 1,515,399		\$ 1,067,525		\$ 3,359,169
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 520,409		\$ 243,307		\$ (584,439)
Plus: Remaining Annual Revenue	757,244		1,585,628		2,824,862
Less: Remaining Annual Appropriation	(1,088,395)		(1,924,281)		(2,030,256)
Estimated Ending Fund Balance	\$ 189,258		\$ (95,346)		\$ 210,167
<b>Unappropriated Fund Balance as of December 31,</b>			\$ 337,197		\$ 21,117

The three main funding sources for the PIF are Vehicle Use Tax, Building Use Tax and Arapahoe County Road and Bridge Tax.

	2010	2010	2010		2009	2009 Vs 2008		2008
	Estimate	Adopted Budget	YTD Actual	\$ %	YTD Actual	\$ %	YTD Actual	
Vehicle Use Tax	\$ 1,000,000	\$ 1,000,000	\$ 438,447	\$ (26,668) -6%	\$ 465,115	\$ (192,971) -29%	\$ 658,086	
Building Use Tax	\$ 400,000	\$ 400,000	\$ 293,289	\$ 107,500 58%	\$ 185,789	\$ (399,556) -68%	\$ 585,345	
Arapahoe County Road and Bridge Tax	\$ 192,109	\$ 200,000	\$ 172,898	\$ (7,992) -4%	\$ 180,890	\$ 111,680 161%	\$ 69,210	

**Vehicle Use Tax** is based on the valuation of new vehicles purchased by City of Englewood residents. This tax is collected and remitted by Arapahoe County at the time the vehicle is registered. **Building Use Tax** is based on the valuation of building permits issued by the City of Englewood. We will monitor these revenue sources to determine if the 2010 estimate needs to be revised. **Arapahoe County Road and Bridge Tax** is restricted to the construction and maintenance of streets and bridges. This tax is based on a mill levy established by Arapahoe County multiplied by the City’s assessed valuation multiplied by 50%.

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### CLOSING

The Finance and Administrative Services Department staff works closely with the City Manager’s Office and the various departments to help identify revenue and expenditure threats, trends and opportunities as well as strategies to balance revenues and expenditures. I will continue to provide Council with monthly reports. It is important to frequently monitor the financial condition of the City so City staff and Council can work together to take action, if necessary, to maintain service levels, employees, and fiscal health of the City.

I plan to discuss this report with Council at an upcoming study session. If you have any questions regarding this report, I can be reached at **303.762.2401**.

### FUNDS GLOSSARY

**Capital Equipment Replacement Fund (CERF)** – Accounts for the accumulation of funds for the scheduled replacement of City-owned equipment and vehicles.

**Capital Projects Funds** account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds).

**Central Services Fund** – Accounts for the financing of printing services and for maintaining an inventory of frequently used or essential office supplies provided by Central Services to other departments of the City on a cost reimbursement basis.

**Community Development Fund** – Accounts for grant funds of the Brownfields Pilot Grants Program administered by the United States Environmental Protection Agency and the Art Shuttle Program administered by the Regional Transportation District (RTD).

**Concrete Utility Fund** – Accounts for revenues and expenses associated with maintaining the City’s sidewalks, curbs and gutters.

**Conservation Trust Fund** – Accounts for the acquisition of parks and open space land not previously owned by the City and for improvements to existing park and recreation facilities. Financing is provided primarily from State Lottery funds.

**Debt Service Funds** account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond and loan principal and interest from special assessment levies when the government is obligated in some manner for payment.

## FUNDS GLOSSARY

**Donors' Fund** – Accounts for funds donated to the City for various specified activities.

**Employee Benefits Fund** – Accounts for the administration of providing City employee benefit programs: medical, dental, life, and disability insurance.

**Enterprise Funds** account for operations that: (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the City Council has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management controls, accountability or other purposes.

**Fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**General Obligation Bond Fund** – Accounts for the accumulation of monies for payment of General Obligation Bond principal and interest.

**Golf Course Fund** – Accounts for revenues and expenses associated with the operations of the Englewood Municipal Golf Course.

**Governmental Funds** distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). These funds focus on the near-term *inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year.

**Housing Rehabilitation Fund** – Accounts for revenues and expenses associated with the City's housing rehabilitation program.

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

**MOA** – Museum of Outdoor Arts

**Malley Center Trust Fund** – Accounts for a trust established by Elsie Malley to be used for the benefit of the Malley Senior Recreation Center.

**Multi-Year Capital Projects Fund (MYCP)** - Accounts for the acquisition and/or construction of major capital improvements and facilities. Financing is provided primarily with transfers from other City Funds.

**Parks and Recreation Trust Fund** – Accounts for a trust established by the City, financed primarily by donations, to be used exclusively for specific park and recreation projects.

**Proprietary Funds** account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

**Public Improvement Fund (PIF)** – Accounts for the acquisition and/or construction of major capital improvements and facilities. Financing is provided primarily from building and vehicle use taxes.

**Risk Management Fund** – Accounts for the administration of maintaining property and liability and workers' compensation insurance.

**ServiCenter Fund** – Accounts for the financing of automotive repairs and services provided by the ServiCenter to other departments of the City, or to other governmental units, on a cost reimbursement basis.

**Sewer Fund** – Accounts for revenues and expenses associated with providing wastewater services to the City of Englewood residents and some county residents.

## FUNDS GLOSSARY

**Special Assessment Funds** account for and pay special assessment bond principal and interest and/or inter-fund loan principal and interest: Following are funds to account for special assessments: **Paving District No. 35, Paving District No. 38, and Concrete Replacement District 1995.**

**Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**Storm Drainage Fund** – Accounts for revenues and expenses associated with maintaining the City’s storm drainage system.

**Water Fund** – Accounts for revenues and expenses associated with providing water services to City of Englewood residents.

# General Fund Comparative Revenue, Expenditure & Fund Balance Report

as of July 31, 2010

Percentage of Year Completed = 58%

Fund Balance January 1	\$ 8,518,581	\$ 9,234,957	\$ 9,234,957	\$ 11,102,763	\$11,102,763	\$ 9,374,427	\$ 9,374,427				
	2010				2009			2008			
	Budget	Jul-10	% Budget	YE Estimate	Dec-09	Jul-09	% YTD	Dec-08	Jul-08	% YTD	
<b>Revenues</b>											
Property Tax	3,046,000	2,877,425	94.47%	3,046,000	2,971,303	2,870,040	96.59%	2,995,990	2,863,683	95.58%	
Specific Ownership Tax	350,000	137,143	39.18%	250,000	276,415	142,153	51.43%	316,242	163,441	51.68%	
Sales & Use Taxes	22,300,000	12,506,300	56.08%	20,800,000	20,624,659	12,767,559	61.90%	22,617,767	14,225,383	62.89%	
Cigarette Tax	250,000	110,208	44.08%	200,000	218,448	128,655	58.90%	261,743	149,887	57.26%	
Franchise Fees	2,650,851	1,408,199	53.12%	2,650,851	2,452,611	1,288,357	52.53%	2,588,214	1,390,920	53.74%	
Hotel/Motel Tax	8,713	5,082	58.33%	8,713	9,141	5,654	61.85%	10,078	6,110	60.63%	
Licenses & Permits	573,300	386,348	67.39%	573,300	588,303	299,271	50.87%	671,384	383,314	57.09%	
Intergovernmental Revenue	1,198,327	749,112	62.51%	1,443,017	1,333,688	669,444	50.19%	1,092,701	526,665	48.20%	
Charges for Services	3,318,587	1,827,562	55.07%	3,335,864	3,163,735	1,868,598	59.06%	3,452,946	2,036,322	58.97%	
Recreation	2,625,194	1,705,275	64.96%	2,568,636	2,315,598	1,542,722	66.62%	2,364,758	1,669,526	70.60%	
Fines & Forfeitures	1,426,801	906,009	63.50%	1,509,150	1,639,678	997,985	60.86%	1,461,100	891,965	61.05%	
Interest	372,611	98,592	26.46%	200,000	229,999	153,045	66.54%	520,325	248,519	47.76%	
Miscellaneous	412,581	220,785	53.51%	410,445	643,311	515,422	80.12%	226,270	69,189	30.58%	
<b>Total Revenues</b>	<b>38,532,965</b>	<b>22,938,040</b>	<b>59.53%</b>	<b>36,995,976</b>	<b>36,466,889</b>	<b>23,248,905</b>	<b>63.75%</b>	<b>38,579,518</b>	<b>24,624,924</b>	<b>63.83%</b>	
<b>Expenditures</b>											
Legislation	359,314	206,985	57.61%	358,957	346,045	196,808	56.87%	350,254	189,531	54.11%	
City Attorney	767,546	401,475	52.31%	808,299	678,038	360,546	53.17%	698,563	382,062	54.69%	
Court	1,005,723	514,859	51.19%	1,005,199	914,493	527,878	57.72%	915,303	522,618	57.10%	
City Manager	668,633	392,640	58.72%	672,965	674,170	401,155	59.50%	674,323	400,488	59.39%	
Human Resources	504,898	213,104	42.21%	483,457	456,275	251,389	55.10%	579,137	305,430	52.74%	
Financial Services	1,684,000	831,106	49.35%	1,560,927	1,575,924	872,517	55.37%	1,626,571	912,263	56.09%	
Information Technology	1,342,948	687,619	51.20%	1,351,923	1,360,237	738,979	54.33%	1,280,156	693,991	54.21%	
Public Works	5,497,881	2,923,603	53.18%	5,389,539	5,152,891	2,831,093	54.94%	5,189,173	2,883,440	55.57%	
Fire Department	7,407,551	4,195,278	56.64%	7,512,524	7,320,268	4,085,228	55.81%	7,215,443	3,972,517	55.06%	
Police Department	10,469,333	5,917,418	56.52%	10,625,839	10,183,891	5,718,284	56.15%	9,974,925	5,629,369	56.44%	
Community Development	1,457,667	686,342	47.08%	1,430,167	1,366,437	777,246	56.88%	1,464,725	739,134	50.46%	
Library	1,352,221	753,518	55.72%	1,348,726	1,275,554	765,482	60.01%	1,261,112	725,224	57.51%	
Recreation	6,034,770	3,383,225	56.06%	6,019,917	5,727,968	3,427,501	59.84%	5,916,449	3,475,336	58.74%	
Debt Service	2,004,456	1,465,742	73.12%	1,864,122	1,805,208	1,449,996	80.32%	1,809,306	1,338,502	73.98%	
Contingency	60,000	12,917	21.53%	60,000	160,578	46,112	28.72%	59,759	19,759	33.06%	
<b>Total Expenditures</b>	<b>40,616,941</b>	<b>22,585,831</b>	<b>55.61%</b>	<b>40,492,561</b>	<b>38,997,977</b>	<b>22,450,214</b>	<b>57.57%</b>	<b>39,015,199</b>	<b>22,189,664</b>	<b>56.87%</b>	
Excess revenues over (under) expenditures	(2,083,976)	352,209	-16.90%	(3,496,585)	(2,531,088)	798,691		(435,681)	2,435,260		
Net transfers in (out)	1,844,433	1,134,433	61.51%	2,101,099	663,282	3,682	0.56%	2,164,017	2,352,932	108.73%	
<b>Total Fund Balance</b>	<b>\$ 8,279,038</b>	<b>\$ 10,721,599</b>	<b>129.50%</b>	<b>\$ 7,839,471</b>	<b>\$ 9,234,957</b>	<b>\$11,905,136</b>	<b>128.91%</b>	<b>\$ 11,102,763</b>	<b>\$ 14,162,619</b>	<b>127.56%</b>	

## Fund Balance Analysis

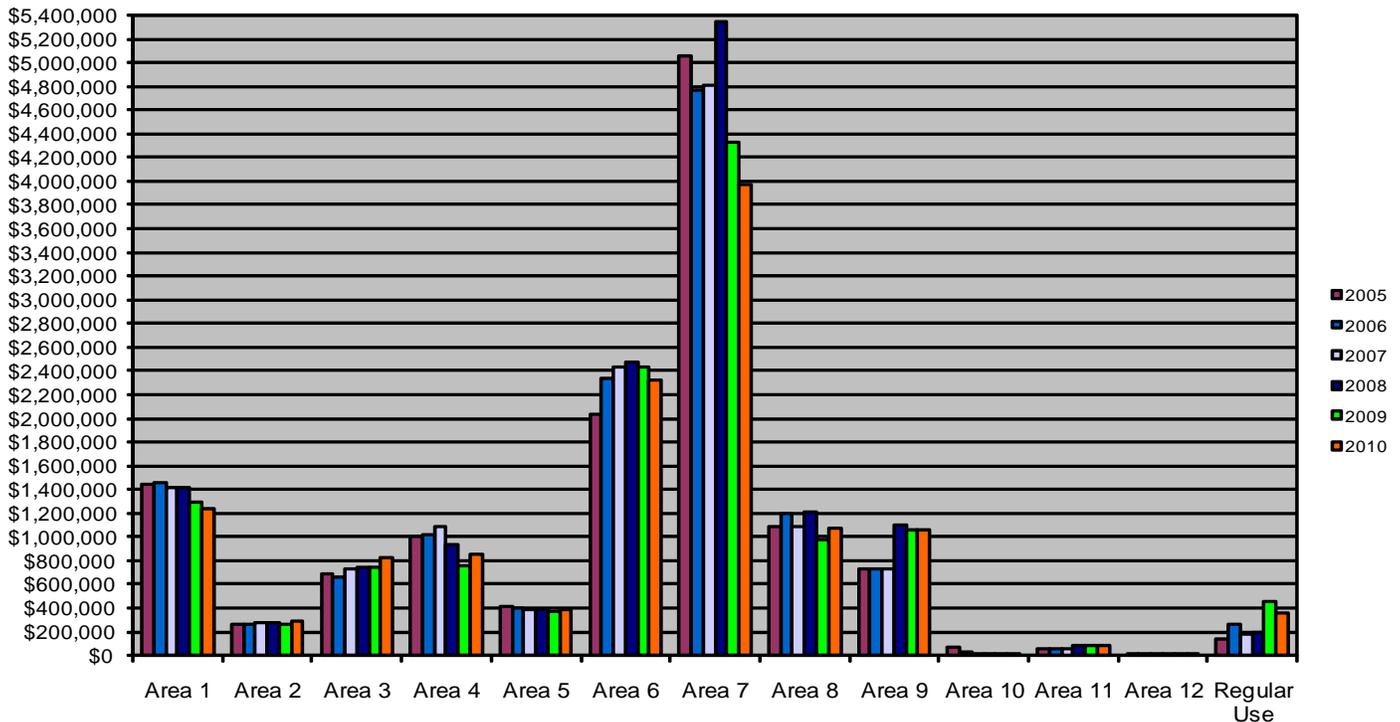
Total Fund Balance	\$ 8,279,038	\$ 7,839,471	\$ 9,234,957	\$ 11,102,763
Reserves/designations:				
-Emergencies (TABOR)	1,280,000	1,170,000	1,170,000	1,280,000
-LTAR	2,821,631	2,083,467	3,131,979	3,485,143
-MOA	-	-	39,200	80,800
-COPS Grant	298,512	298,512	-	-
Unreserved/undesignated				
Fund Balance	<b>\$ 3,878,895</b>	<b>\$ 4,287,492</b>	<b>\$ 4,893,778</b>	<b>\$ 6,256,820</b>
Potential reserves/designations	-	-	-	-
Estimated unres/undesig				
Fund Balance	<b>\$ 3,878,895</b>	<b>\$ 4,287,492</b>	<b>\$ 4,893,778</b>	<b>\$ 6,256,820</b>
As a percentage of projected revenues	<b>10.48%</b>	<b>11.59%</b>	<b>13.42%</b>	<b>16.22%</b>
As a percentage of budgeted revenues	<b>10.07%</b>	<b>11.13%</b>		
Target	3,853,297	5,779,945		

## Sales & Use Tax Collections Year-to-Date Comparison for the month of July 2010

### Cash Basis

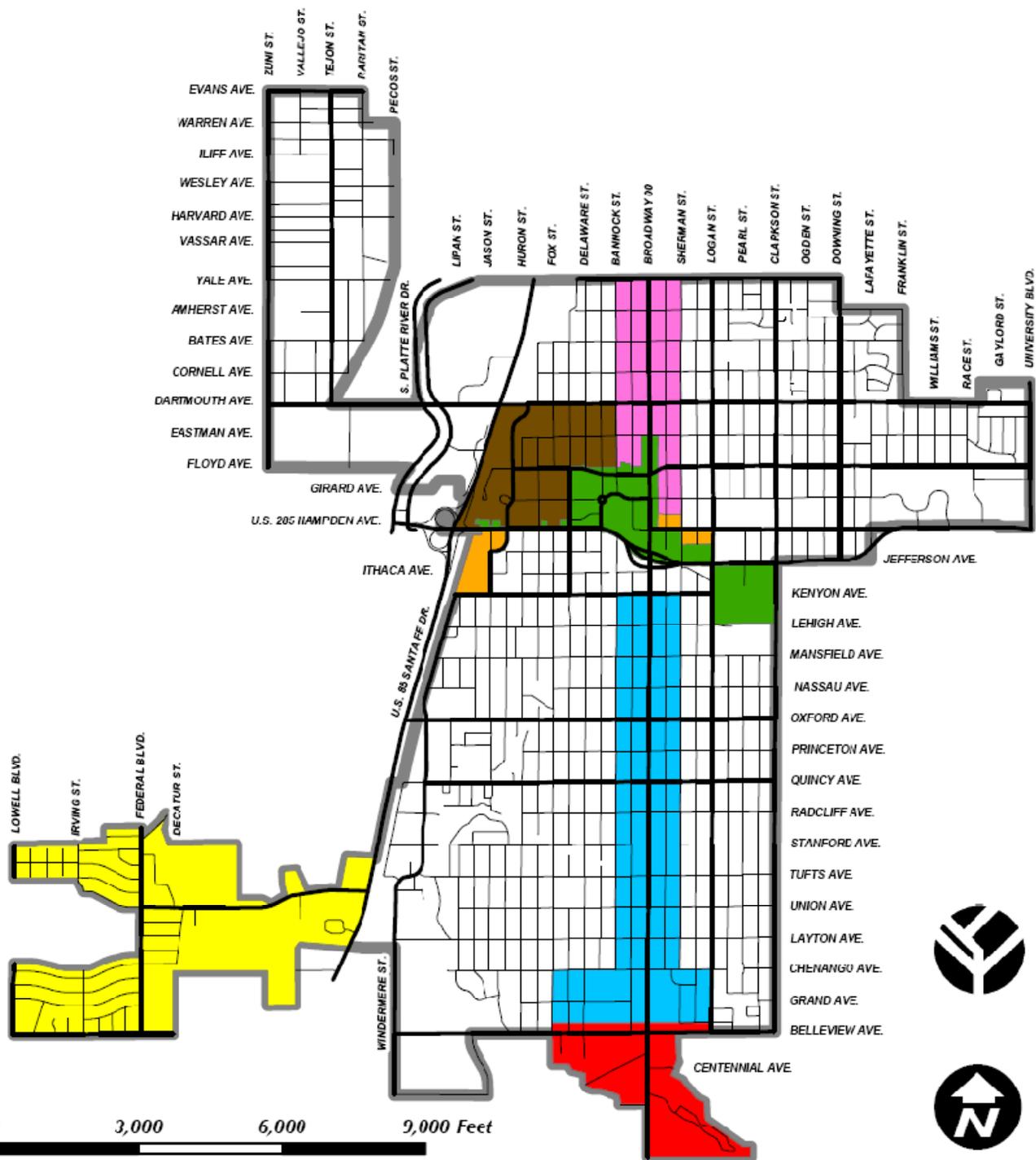
	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2010	% Change
<b>Area 1</b>	1,445,243	3.59%	1,461,433	1.12%	1,412,125	-3.37%	1,414,491	0.17%	1,291,209	-8.56%	1,238,494	-4.08%
<b>Area 2</b>	269,717	2.90%	269,780	0.02%	271,702	0.71%	273,221	0.56%	266,644	-1.86%	295,759	10.92%
<b>Area 3</b>	684,751	-9.24%	658,238	-3.87%	735,026	11.67%	747,182	1.65%	749,432	1.96%	820,985	9.55%
<b>Area 4</b>	1,008,761	-3.86%	1,015,493	0.67%	1,080,337	6.39%	935,346	-13.42%	763,817	-29.30%	848,513	11.09%
<b>Area 5</b>	418,158	17.44%	402,034	-3.86%	382,745	-4.80%	388,177	1.42%	367,198	-4.06%	382,829	4.26%
<b>Area 6</b>	2,037,644	-2.60%	2,332,748	14.48%	2,437,549	4.49%	2,472,379	1.43%	2,429,979	-0.31%	2,320,037	-4.52%
<b>Area 7</b>	5,052,104	0.10%	4,762,246	-5.74%	4,809,869	1.00%	5,342,445	11.07%	4,321,728	-10.15%	3,977,483	-7.97%
<b>Area 8</b>	1,083,530	0.80%	1,190,813	9.90%	1,085,330	-8.86%	1,208,577	11.36%	972,303	-10.41%	1,071,535	10.21%
<b>Area 9</b>	725,669	0.00%	725,669	0.00%	725,669	0.00%	1,100,427	51.64%	1,064,302	46.66%	1,064,911	0.06%
<b>Area 10</b>	74,225	257.81%	22,676	-69.45%	14,295	-36.96%	12,197	-14.68%	10,561	-26.12%	13,891	31.52%
<b>Area 11</b>	58,239	0.00%	58,239	0.00%	58,239	0.00%	86,263	48.12%	81,973	40.75%	81,822	-0.18%
<b>Area 12</b>	1,260	-80.00%	2,260	79.37%	2,951	30.58%	2,668	-9.60%	2,559	-13.29%	2,676	4.58%
<b>Regular Use</b>	135,742	-45.02%	262,786	93.59%	185,174	-29.53%	199,040	7.49%	456,428	146.49%	361,433	-20.81%
<b>Total</b>	<b>12,995,043</b>	<b>-0.72%</b>	<b>13,164,415</b>	<b>1.30%</b>	<b>13,201,013</b>	<b>0.28%</b>	<b>14,182,413</b>	<b>7.43%</b>	<b>12,778,134</b>	<b>-3.20%</b>	<b>12,480,369</b>	<b>-2.33%</b>
Refunds	81,708	-24.61%	184,556	125.87%	150,876	-18.25%	309,764	105.31%	69,371	-77.61%	197,731	185.03%
Audit & Collections Revenue*	525,492	907.61%	261,140	-50.31%	296,017	13.36%	374,073	26.37%	402,137	7.50%	288,507	-28.26%
*included Above												
Unearned Sales Tax	700,000	-29.18%	650,000	-7.14%	650,000	0.00%	650,000	0.00%	600,000	-7.69%	600,000	0.00%
Building Use	283,197	0.00%	664,408	134.61%	744,127	12.00%	585,345	-21.34%	185,789	-68.26%	293,289	57.86%
Vehicle Use	813,306	0.00%	682,010	-16.14%	811,644	19.01%	772,550	-4.82%	548,700	-28.98%	525,884	-4.16%

## July YTD Collections by Area 2005-2010



### Area Descriptions

- |  |  |
|--|--|
| <p><b>Area 1</b> - CityCenter (Formerly Cinderella City)</p> <p><b>Area 2</b> - S of Yale, N of Kenyon between Bannock &amp; Sherman (excludes EURA 1)</p> <p><b>Area 3</b> - S of Kenyon, N of Chenango between Bannock &amp; Sherman and S of Chenango, N of Bellewood between Logan &amp; Delaware</p> <p><b>Area 4</b> - Brookridge Shopping Center (Between Fox and Sherman and North side of Belleview and to the Southern City Limits)</p> <p><b>Area 5</b> - Centennial Area W of Santa Fe</p> | <p><b>Area 6</b> - All other City locations</p> <p><b>Area 7</b> - Outside City limits</p> <p><b>Area 8</b> - Public Utilities (Xcel Energy, Qwest)</p> <p><b>Area 9</b> - Downtown &amp; Englewood Pkwy</p> <p><b>Area 10</b> - Downtown &amp; Englewood Pkwy <u>Use Tax Only</u></p> <p><b>Area 11</b> - S of 285, N of Kenyon between Jason and Santa Fe</p> <p><b>Area 12</b> - S of 285, N of Kenyon between Jason and Santa Fe <u>Use Tax Only</u></p> |
|--|--|



**City of Englewood, Colorado: Sales Tax Areas**

- |        |                |                          |
|--------|----------------|--------------------------|
| Area 1 | Area 5         | Arterials and Collectors |
| Area 2 | Area 9 and 10  | Local Streets            |
| Area 3 | Area 11 and 12 | Englewood City Limits    |
| Area 4 |                |                          |

Areas Not Depicted on Map:

- |                               |                              |                           |
|-------------------------------|------------------------------|---------------------------|
| Area 6 - Other City Locations | Area 7 - Outside City Limits | Area 8 - Public Utilities |
|-------------------------------|------------------------------|---------------------------|

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## MEMORANDUM

**TO:** Mayor Woodward and Members of City Council  
**FROM:** Gary Sears, City Manager ✓  
**DATE:** July 29, 2010  
**SUBJECT:** 2010 Budget and 2011 Budget

Dear Mayor and Members of the Englewood City Council,

On Monday, August 2<sup>nd</sup>, at the City Council Study Session, we will be discussing this Budget Memorandum. Financial and Administrative Services Director Frank Gryglewicz will provide supporting financial and budget information. Also, Departmental Directors will provide a brief review of their proposed budgets as listed – Police Department, Fire Department, Public Works Department, Community Development Department, Parks and Recreation Department, Library Services, Information Technology Department, Human Resources Department, Municipal Court, City Manager's Office, City Attorney's Office and Utilities/WWTP.

Budgeting in the public sector is an ongoing activity because of the fluctuations in revenues and the need to monitor expenditures and estimates throughout the year. Due to the elasticity of sales and use taxes, it is very difficult to estimate the amount of total revenues, especially sales taxes that our community can expect to receive in any calendar year. In fact, City sales and use taxes have fluctuated as much as \$3 million or more from one calendar year to the next (as noted in the attached chart of Sales Taxes from 2001-2009). The June 30, 2010, report shows a projected reserve of 12.43% for 2010, a reserve of 13.42% for 2009 and a reserve of 16.22% for 2008. Again because of fluctuations in both revenue estimates and expenditures (such as snowfall amounts), it is very difficult to predict the reserve estimates for the end of the year. As a guideline, however, City Council has used a 10% reserve in the past several years.

From an expenditure viewpoint, the requirement that the City finalize agreements with our three collective bargaining units (Englewood Employees Association (EEA), Police Benefit Association (EPBA) and Englewood Firefighters Association (EFFA) by July 1 of each year further complicates budgeting for the upcoming year. Thus, the City is required to project expenditure requirements before a mid-year review can be accomplished. Last year, to offset declining revenues, the City was required to reopen agreements with both the Englewood Firefighters Association and the Englewood Police Benefit Association in late fall, which resulted in no wage increases for either union for 2010. The Englewood

Employees Association had previously agreed to freeze their wages for 2010 and Management, Confidential and Supervisory (MSC) employee's wages had been frozen by executive mandate. The proposed 2011 Budget provides for no wage or salary increases or personal leave payouts for EEA, MSC and Departmental Directors. However, in 2011, the City is committed to honor its contractual obligations that include a salary survey and wage increases for both the EPBA and EFFA (if such increases are warranted based on those surveys). Finally, because of actuarial responsibilities determined in June, 2010, the City will be required to meet nearly \$400,000 in additional pension expenses for police, fire and general employees in 2011.

During the last few years, the City has taken dramatic actions to reduce expenditures, resulting in fewer capital projects, reductions in program expenditures in most departments, and the reduction of full- and part-time employees. In addition, both City Council and staff have reviewed many other alternatives to meet the City's service obligations while exploring ways to cut expenditures or staffing requirements when it was possible to do so. As you will note in the second attachment from the 2010 budget, the number of City employees in the General Fund budget has dropped from 373 in 2001 to 333 in 2010. The majority of these reductions have been a result of positions that were "frozen" and then eliminated in the following year, but in some circumstances, management has "laid off" workers to achieve the required budget reductions. However, City Council and staff have always attempted to use alternatives to employee lay offs to reduce City expenditures.

The budgetary choices for 2011 are not any easier. As a result of our preliminary budget meetings, a list of alternatives is listed below to meet our current budgetary conditions. We would like City Council to consider these alternatives and give us some direction regarding which alternatives you believe we should pursue to finalize the preliminary budget.

At the Study Session on August 2<sup>nd</sup>, I have asked the Departmental Directors to briefly review the key elements of their budgets and summarize the potential 2011 budget cuts. City Council has also scheduled the August 16<sup>th</sup> Study Session and the September 25<sup>th</sup> Budget Workshop to review these budget alternatives.

### **Proposed Reductions**

It is estimated that the City will need to reduce the General Fund budget by approximately \$2.7 million for 2011 to meet a 10% reserve in our general fund (in addition to Long Term Asset Reserve [LTAR] funds). The following is the list of alternatives, which will be explained in greater detail at the upcoming budget study session on August 2<sup>nd</sup> by each of the Department Directors:

1. Transfer from the Central Services Fund to the General Fund - \$100,000
2. Transfer from the ServiCenter Fund to the General Fund - \$100,000
3. Transfer from the Risk Management Fund to the General Fund - \$400,000
4. Transfer EMRF (Englewood McLellan Reservoir Foundation) first year tenant (TT Denver) payment to the General Fund - \$325,000

5. Eliminate Security Guard in the Library - \$28,000
6. Eliminate Catalyst Program – \$120,000
7. Eliminate the Art Shuttle Service - \$85,000
8. Reduce Professional Services for reduction of Consultant Studies in the Community Development Department for a combined total of \$100,000 between 2010 and 2011
9. Close Court operation by 1 hour daily or close Court one day per week - \$51,000
10. Eliminate Parks and Recreation programs – Englewood Arts Sponsorship, RecZone, Special Events (funfest, concert series, and kid stage) - \$39,640
11. Implement a Furlough Program for all City employees, including two furlough days in 2010 and four furlough days in 2011 - \$450,000. The implementation of these furlough days will be complicated but because they will reduce the need to eliminate jobs, we are proposing that they are included. The dates in 2010 are proposed to be October 11<sup>th</sup> and November 12<sup>th</sup> but we have not determined the dates in 2011. Human Resources Director Sue Eaton has prepared a memorandum regarding the implementation of these proposed furlough days which is attached. We will be asking City Council to give us direction regarding these furlough days as soon as possible because of the scheduling issues involved with implementing this year's proposed furlough days.
12. Eliminate vacated positions or soon to be vacated positions. Additional positions may be "frozen" by the end of the year (if vacated) saving existing positions. Savings from the elimination of these positions ***have been included*** in the attached financial report.
13. Consider the elimination of approximately 11 full- and part-time positions in General Fund departments. Staff has not finalized all of the potential impact of the reduction or loss of these positions, but we have identified a number of positions that could be reduced through layoffs. Savings from these potential layoffs ***have not been included*** in the financial report from the Financial and Administrative Service Department.
14. Other miscellaneous departmental reductions will be discussed by the department heads.

I believe that City Council and staff have conservatively projected revenues and reduced City expenditures during the last several years, while maintaining quality services to our citizens. However, because of the current economic conditions, staff is asking City Council's consideration and direction regarding these possible cuts.

The 2011 budget will be very difficult to finalize and I would like to thank all City employees and the City Council in advance for their support in finding the best ways to continue to provide quality services to the citizens of our community in spite of the need to severely reduce expenditures.

We look forward to seeing you on August 2, 2010.

City of Englewood, Colorado  
Sales Tax Collections by Category (1)

Last Ten Years

Category	2009	2008	2007	2006
General Retail	\$ 4,149,309	\$ 4,881,581	\$ 5,446,717	\$ 5,415,504
Utilities	3,248,988	3,847,273	3,636,480	3,314,418
Automotive Dealers/Service Stations	1,833,262	1,954,468	2,112,028	2,020,048
General Merchandise	1,786,989	2,016,736	2,097,943	2,145,435
Eating/Drinking Places	1,939,054	2,008,877	1,970,427	1,880,357
Personal Service other than Lodging	1,923,168	1,844,698	1,918,597	1,180,089
Bldg Materials/Hardware	1,239,205	1,629,274	1,503,922	1,568,946
Finance/Insurance/Real Estate	828,804	1,192,040	968,783	978,359
Apparel/Accessories	700,194	711,537	732,103	709,763
Food	666,727	691,164	724,817	796,463
Furniture/Home	667,597	760,602	707,230	733,986
Non-classifiable	1,114,561	929,063	676,711	511,151
Manufacturing	395,798	412,842	397,553	331,814
Contract Construction	73,398	85,415	94,516	100,542
Hotels/Lodging	23,283	16,998	17,394	16,653
	<u>\$ 20,590,337</u>	<u>\$ 22,982,568</u>	<u>\$ 23,005,221</u>	<u>\$ 21,703,528</u>

The City direct sales tax rate is 3.5% for all years presented.

(1) Includes the Englewood Urban Renewal Authority,  
a Tax Increment Financing District, which ended on August 23, 2007.

Amounts are presented on a cash basis.

Source: City of Englewood Revenue and Budget Division

Schedule 10

	2005	2004	2003	2002	2001*	2000
\$	5,272,169	\$ 5,064,841	\$ 5,091,960	\$ 4,213,016	\$ 5,084,212	\$ 5,764,996
	3,582,230	3,598,872	3,197,317	3,504,593	5,303,203	5,854,735
	2,441,788	2,369,812	2,450,642	2,648,608	2,957,738	2,924,973
	2,126,762	2,084,527	2,151,157	2,159,223	1,824,220	1,019,289
	1,790,727	1,665,241	1,547,705	1,516,288	1,401,532	1,334,941
	1,211,622	1,122,037	1,329,097	1,446,853	1,615,052	1,217,626
	1,121,973	1,141,660	1,154,021	1,188,556	1,514,381	1,703,759
	1,098,376	1,120,778	1,315,502	1,085,406	1,716,023	1,929,900
	685,281	678,999	685,488	627,727	578,387	567,533
	725,549	751,955	813,660	856,240	860,024	856,616
	813,110	1,091,367	590,668	535,798	574,729	591,332
	534,610	694,865	781,975	1,045,273	1,027,471	946,383
	283,794	207,309	195,747	226,679	314,570	446,326
	83,022	78,832	24,107	38,878	18,678	28,325
	14,710	15,920	17,931	19,254	20,305	19,552
\$	21,785,723	\$ 21,687,015	\$ 21,346,977	\$ 21,112,392	\$ 24,810,525	\$ 25,206,286

**City of Englewood, Colorado 2010 Budget**  
**PERSONNEL STAFFING COMPARISON - PERMANENT EMPLOYEES FTE**

	2001	2002	2003	2004	2005	2006	2007	2008	Budget 2009	Estimate 2009	Budget 2010	2009 Est vs 2010
<b>General Fund (02)</b>												
02-0201 City Manager's Office	6.010	5.700	5.680	5.600	5.000	5.500	5.500	5.380	5.380	5.000	5.000	0.00
02-0301 City Attorney's Office	7.200	6.900	6.900	4.800	5.375	5.380	5.500	5.500	5.500	5.500	5.500	0.00
02-0401 Municipal Court	12.800	13.800	11.050	10.200	10.990	10.990	11.055	10.900	10.900	10.607	10.375	-0.23
02-0501 Human Resources	5.000	5.000	5.000	4.620	3.620	4.675	4.675	4.670	4.270	3.770	3.570	-0.20
02-0601 Finance & Admin Services - Administration	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.00
02-0602 Finance & Admin Services - City Clerk	3.000	3.750	2.950	2.950	3.000	3.000	3.000	3.000	3.000	3.000	3.000	0.00
02-0603 Finance & Admin Services - Accounting	4.800	4.700	6.100	5.300	5.330	5.580	5.330	5.900	5.900	4.900	5.900	1.00
02-0604 Finance & Admin Services - Revenue & Budget	7.870	8.100	8.000	8.000	8.000	8.000	7.269	7.000	7.000	7.000	7.000	0.00
02-0605 Finance & Admin Services - Purchasing	2.000	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.00
Subtotal - Finance & Administrative Services	19.670	20.550	20.050	19.250	19.330	19.580	18.599	18.900	18.900	17.900	18.900	1.00
02-0701 Information Technology	8.000	10.000	10.000	10.000	8.500	9.600	9.600	10.600	11.500	11.500	11.500	0.00
02-0801 Community Development	13.000	13.000	13.000	11.500	11.500	12.000	12.000	12.000	12.000	11.000	11.000	0.00
02-1001 Public Works - Administration	2.000	2.000	2.000	2.000	3.310	2.000	2.000	2.000	2.000	2.000	2.000	0.00
02-1002 Public Works - Engineering Services	7.000	5.000	4.340	6.900	2.750	3.334	3.334	3.334	3.334	3.134	3.009	-0.13
02-1003 Public Works - Streets & Drainage	15.000	15.000	14.000	13.900	13.000	13.000	13.000	13.000	13.000	13.000	13.000	0.00
02-1004 Public Works - Traffic Maintenance	4.000	7.000	7.000	7.000	7.130	6.500	6.500	6.500	6.500	6.500	6.500	0.00
02-1005 Public Works - General Operations & Maint	27.000	25.000	24.000	25.000	23.000	22.700	22.700	21.700	21.700	21.700	23.000	1.30
Subtotal - Public Works	55.000	54.000	51.340	54.800	49.190	47.534	47.534	46.534	46.534	46.334	47.509	1.18
02-1101 Safety Services - Administration	11.950	13.200	11.500	11.600	10.625	10.700	10.600					
02-1102 Fire - Operations	53.000	53.000	56.000	55.000	52.000	55.000	57.000					
02-1103 Fire - Support Services	7.000	7.000	4.000	4.000	3.000	3.000	0.000					
02-1104 Police - Communications & Records	21.620	20.630	19.500	17.000	17.250	19.630	18.130					
02-1105 Police - Operations	56.050	56.880	54.880	52.370	62.750	49.950	69.900					
02-1106 Police - Support Services	22.000	22.000	21.000	22.900	8.000	20.200	0.000					
02-1107 Building & Safety	8.000	8.000	8.000	7.000	7.000	7.000	7.000					
02-1108 Neighborhood & Environmental Services	10.000	10.000	10.000	8.000	8.000	6.000	6.000					
Subtotal - Safety Services	189.620	190.710	184.880	177.870	168.625	171.480	168.630	0.000	0.000	0.000	0.000	0.00
02-1102 Fire - Operations and Support Services								58.000	58.000	58.800	58.800	0.00
02-1107 Building & Safety								7.000	7.000	7.000	7.000	0.00
Subtotal - Fire Department								65.000	65.000	65.800	65.800	0.00
02-1101 Police - Administration								8.600	8.600	8.600	8.600	0.00
02-1104 Police - Communications & Records								17.130	17.500	15.400	15.400	0.00
02-1105 Police - Operations and Support Services								69.900	69.050	70.700	69.700	-1.00
02-1108 Neighborhood & Environmental Services								6.000	6.000	6.000	6.000	0.00
Subtotal - Police Department								101.630	101.150	100.700	99.700	-1.00
02-1201 Library	19.460	19.000	18.810	17.200	15.625	16.380	15.970	15.700	15.700	16.640	16.640	0.00
02-1301 Recreation - Administration	4.000	4.000	4.000	4.000	5.000	4.000	4.000	4.000	4.000	4.000	4.000	0.00
02-1302 Recreation - Rec Center	2.000	2.000	2.000	6.200	6.250	7.160	6.269	6.580	6.580	6.580	6.580	0.00
02-1303 Malley Center				2.000	2.000	2.780	2.780	2.500	2.500	2.500	2.500	0.00
02-1304 Recreation Programs				9.300	7.000	7.000	8.920	8.580	8.580	8.580	8.580	0.00
02-1305 Parks	18.000	18.000	18.500	15.000	17.000	17.000	16.500	16.000	16.000	15.500	15.500	0.00
02-1308 Pirates Cove						0.250	0.730	0.750	0.750	0.750	0.750	0.00
Recreation - Adult Cultural Arts	1.000	1.000	1.000									0.00
Recreation - Adult Ed, Special Events - Malley	0.000	1.000	1.000									0.00
Recreation - Adult Spl Int, Ed & Travel	1.000	1.000	1.000									0.00
Recreation - Before & After School	1.000	2.000	1.000									0.00
Recreation - Youth Programs	1.000	1.000	1.000									0.00
Recreation - Outdoor & Environment Rec	0.000	0.000	0.000									0.00
Recreation - Senior Citizen Rec	2.000	2.000	0.020									0.00
Recreation - Aquatics Indoor Pool	1.000	2.000	1.670									0.00
Recreation - Aquatics Outdoor Pool	0.000	1.000	0.330									0.00
Recreation - Fitness & Dance	1.000	1.000	1.000									0.00
Recreation - Playgrounds & Daycamp	0.000	1.000	0.000									0.00
Recreation - Marketing & Publications	1.000	1.000	1.000									0.00
Recreation - Special Events	1.000	1.000	1.000									0.00
Recreation - LDC Interchange Maintenance	1.000	1.000	0.000									0.00
Recreation - Adult Sports	1.000	1.000	1.000									0.00
Recreation - Youth Sports	1.000	1.000	1.000									0.00
Recreation - Ballfield Maintenance	1.000	1.000	1.000									0.00
Subtotal - Parks and Recreation	38.000	43.000	37.520	36.500	37.250	38.190	39.199	38.410	38.410	37.910	37.910	0.00
<b>Total General Fund</b>	<b>373.760</b>	<b>381.660</b>	<b>364.230</b>	<b>352.340</b>	<b>335.005</b>	<b>341.309</b>	<b>338.262</b>	<b>335.224</b>	<b>335.244</b>	<b>332.661</b>	<b>333.404</b>	<b>0.74</b>

City of Englewood, Colorado 2010 Budget  
PERSONNEL STAFFING COMPARISON - PERMANENT EMPLOYEES FTE

	2001	2002	2003	2004	2005	2006	2007	2008	Budget 2009	Estimate 2009	Budget 2010	2009 Est vs 2010
<b>Open Space Fund (10)</b>												
10-1305 Open Space Fund								1.000	1.000	1.000	1.000	0.00
<b>Public Improvement Fund (PIF) (30)</b>												
30-1006 Concrete Replacement							0.385	0.385	0.385	0.000	0.000	0.00
<b>Water (40), Sewer (41) &amp; Storm Drainage (42)</b>												
40-1601 Source of Supply	4.730	4.740	4.740	5.000	5.000	4.450	5.200	4.200	4.200	5.200	5.200	0.00
40-1602 Power & Pumping	3.200	3.200	3.200	3.000	3.000	3.200	3.200	3.200	3.200	3.200	3.200	0.00
40-1603 Purification	8.200	8.200	8.200	8.000	9.000	7.200	8.200	8.700	8.700	8.200	8.200	0.00
40-1604 Transmission & Distribution	7.700	7.700	7.700	8.000	8.000	7.700	7.700	7.700	7.700	7.700	7.700	0.00
40-1607 Administration & General	6.120	6.120	6.120	14.000	15.670	6.420	6.420	6.200	6.100	6.100	6.100	0.00
41-1605 Wastewater Collections	4.000	4.500	4.500	4.000	5.000	5.700	5.750	5.500	5.500	5.500	5.500	0.00
41-1607 Administration - Sewer	7.370	7.370	7.370	0.000	0.000	9.195	8.940	9.350	8.950	8.950	8.950	0.00
42-1606 Storm Drainage	0.650	0.650	0.650	0.650	0.000	0.450	0.200	0.200	0.200	0.200	0.200	0.00
42-1607 Storm Drainage Administration & General	0.000	0.000	0.000	0.000	0.000	0.000	0.450	0.450	0.450	0.450	0.450	0.00
Total - Utilities	41.970	42.480	42.480	42.650	45.670	44.315	46.060	45.500	45.000	45.500	45.500	0.00
<b>Golf Course Fund (43)</b>												
43-1306 Golf Course - Operations	2.000	3.000	3.000	3.000	2.975	2.750	2.750	3.000	3.000	3.000	3.000	0.00
43-1307 Golf Course - Maintenance	6.500	6.500	6.500	6.000	7.000	6.000	6.000	6.000	6.000	5.500	5.500	0.00
Total - Golf Course	8.500	9.500	9.500	9.000	9.975	8.750	8.750	9.000	9.000	8.500	8.500	0.00
<b>Concrete Utility Fund (44)</b>												
44-1001 Concrete Utility Fund - Administration							1.916	1.916	1.916	1.916	1.916	0.00
44-1006 Concrete Utility Fund - Program		1.000	1.000	1.000	1.000	3.531	1.615	1.620	1.620	2.000	2.000	0.00
Total - Concrete Utility		1.000	1.000	1.000	1.000	3.531	3.531	3.536	3.536	3.916	3.916	0.00
<b>Central Services Fund (60)</b>												
60-0610 Central Services - Print Shop	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.100	1.100	1.100	1.100	0.00
<b>ServiCenter Fund (61)</b>												
61-1007 ServiCenter-Garage	10.000	11.000	11.000	10.000	11.000	9.000	10.000	10.000	10.000	9.000	9.000	0.00
61-1008 ServiCenter-Administration	0.000	0.000	0.000	0.000	0.000	1.300	1.300	1.300	1.300	2.300	1.000	-1.30
Total - ServiCenter	10.000	11.000	11.000	10.000	11.000	10.300	11.300	11.300	11.300	11.300	10.000	-1.30
<b>Risk Management Fund (63)</b>												
63-0503 Self-Insurance (Property & Liability)	1.000	1.000	1.500	1.500	1.500	1.400	1.400	1.250	1.250	1.400	1.500	0.10
<b>Employees Benefits Fund (64)</b>												
64-0505 Self-Insurance (Employee Benefits)	2.750	2.600	1.500	2.300	1.500	1.400	1.400	1.250	1.250	1.400	1.500	0.10
<b>Englewood Environmental Fund (85)</b>												
85-8501 Englewood Environmental Fund						0.750	0.500	0.500	0.500	0.700	0.825	0.13
<b>Littleton/Englewood Treatment Plant (LEWWTP) Fund (90)</b>												
90-1701 Projects Regulatory Management						5.000	5.000	5.000	6.000	5.000	5.000	0.00
90-1702 Beneficial Use						5.000	5.000	5.000	5.000	5.000	5.000	0.00
90-1703 Maintenance						18.000	18.000	16.000	16.000	17.000	17.000	0.00
90-1704 Operations						26.000	25.240	26.600	26.600	26.600	26.600	0.00
90-1705 Laboratory						6.400	6.400	6.400	6.400	6.400	6.400	0.00
90-1706 Business Services						9.730	10.730	10.500	10.500	10.500	10.500	0.00
90-1707 Pretreatment						5.000	6.000	7.000	7.000	7.000	7.000	0.00
Total - LEWWTP	70.000	72.000	74.000	74.000	74.000	75.130	76.370	76.500	77.500	77.500	77.500	0.00
<b>GRAND TOTAL</b>	508.980	522.240	506.210	493.790	480.650	487.885	488.958	486.545	487.065	484.977	484.745	-0.232
Change in number of Employees	20.100	13.260	-16.030	-12.420	-13.140	7.235	1.073	-1.340	-0.820	-3.981	-0.232	
Percentage Increase (Decrease)	4.11%	2.61%	-3.07%	-2.45%	-2.66%	1.51%	0.22%	-0.27%	-0.17%	-0.81%	-0.05%	

City of Englewood, Colorado  
2011 Proposed General Fund Budget

	2010 Est		2010 Est		2011 Bud		Notes
	Reductions	FTE Impact	Reductions	FTE Impact	Reductions	FTE Impact	
<b>Department Recommended Reductions:</b>	20,000	0.0	290,000	0.0	1,977,193	5.5	Included on lines 51 and 52 of the General Fund Revenue, Expenditure and Fund Balance sheet
<b>Legislation</b>							
<b>Total</b>	0	0.0	0	0.0	0	0.0	
<b>City Manager's Office</b>							
<b>Total</b>	0	0	0	0	0	0	
<b>Community Development</b>							
Eliminate Catalyst Program (Economic Incentives)					120,000		
Eliminate art Shuttle (Other Expenses)					85,000		
Reduce Professional Services for Elimination of Studies (\$35,000 in 2010 and \$65,000 in 2011)			35,000		65,000		
<b>Total</b>	0	0	35,000	0	270,000	0	
<b>Public Works</b>							
Eliminate 2 Vacant FTE Positions					98,000	2	
<b>Total</b>	0	0	0	0	98,000	2	
<b>Human Resources</b>							
Project Thanks	5,000						Reduction incorporated in 2010 Estimate Amount
Recruitment Advertising	10,000						Reduction incorporated in 2010 Estimate Amount
Copiers, Printers, Print Shop	5,000						Reduction incorporated in 2010 Estimate Amount
<b>Total</b>	20,000	0	0	0	0	0	
<b>Municipal Court</b>							
Reduce Court operation hours by 2 hours daily. Savings in the form of reduced security guard hours and part-time hours.					15,000		
Closing the Court one day per week-eliminate one FTE; savings from reduced security guard hours, associate judge costs and reduced part-time hours					36,000	0.5	
Reduce vacant staff position 1 FTE					0	1	
<b>Total</b>	0	0	0	0	51,000	1.5	
<b>Parks and Recreation</b>							
Englewood Arts Sponsorship					12,000		
RecZone (net of revenue)					9,000		
Special Events: Funfest, Concert Series, and Kid Stage					11,640		
Eliminate vacant Parks Maintenance Worker Position					51,000	1	
For each FTE reduction, the budget is reduced by approximately \$54,071							
<b>Total</b>	0	0	0	0	83,640	1	
<b>Information Technology</b>							
<b>Total</b>	0	0	0	0	0	0	
<b>Library Services</b>							
Reduce Materials	0		0		22,000		
Eliminate Security Guard					28,000		
Reduce seven hours of operation by one hour Mon-Sat and .5 hour on Fri-Sat					32,600	0.5	These are choices, the total FTE reduction will be approx .5 FTE each and total savings will be between \$43,340 and \$61,720
Close Library on Sundays-reduce .5 FTE					21,340	0.5	
Close Library on Fridays-reduce .5 FTE					39,720	0.5	
<b>Total</b>	0	0	0	0	143,660	1.5	
<b>Finance and Administrative Services</b>							
Publish by Title Only					25,000		
<b>Total</b>	0	0	0	0	25,000	0	
<b>Fire Department</b>							
Eliminate vacant position					108,553	1	
Professional Service Reduction					28,000		
<b>Total</b>	0	0	0	0	136,553	1	
<b>City Attorney's Office</b>							
Reduce staff and professional services					38,000		
<b>Total</b>	0	0	0	0	38,000	0	
<b>Police Department</b>							
<b>Total</b>	0	0	0	0	0	0	
<b>Other</b>							
EMRF Lease Revenue (2010-\$105,000 and 2011-\$325,000)			105,000		325,000		
2 Furlough Days in 2010 // 4 Furlough Days in 2011			150,000		300,000		
Transfer Funds From Central Services Fund to GF (FAS)					100,000		
Transfer Funds From ServiCenter Fund to GF (PW)					100,000		
Transfer Funds From Risk Management Fund to GF (HR)					400,000		
<b>Total</b>	0	0	255,000	0	1,225,000	0	
<b>Totals</b>	20,000	0.00	290,000	0.00	1,977,193	5.50	
<b>Check Figure</b>	20,000	0.00	290,000	0.00	1,977,193	5.50	
<b>Difference</b>	0	0.00	0	0.00	0	0.00	

Sales & Use Tax Growth:	-0.60%	4.49%	-8.81%	8.12%
Property Tax Increase:	14.21%	-0.10%	-0.83%	2.51%
All Other Tax Growth Rate:	6.36%	2.50%	-6.92%	10.25%
All Other Revenue Growth Rate:	1.46%	3.00%	1.28%	0.13%
Investment Income Growth Rate:	26.44%	2.00%	-55.80%	62.01%
Combined Expenditure Growth:	2.35%	0.00%	0.44%	3.65%

Line	Actual 2007	Actual 2008	Budget 2009	Budget 2009	Budget 2010	Estimated 2010	Proposed 2011	Notes
<b>REVENUES</b>								
1 Property	2,623,118	2,995,990	2,993,000	2,971,303	3,046,000	3,046,000	3,046,000	
2 Specific Ownership	341,423	316,242	350,000	276,415	350,000	250,000	250,000	
3 Sales and Use (Net of Refunds)	22,753,820	22,617,767	23,632,500	20,624,659	22,300,000	20,800,000	21,216,000	Based on results through July, 2010 revenues reduced \$400,000
4 Franchise Fees	2,356,385	2,588,214	2,620,851	2,452,611	2,650,851	2,650,851	2,650,851	
5 Cigarette	278,785	261,743	250,000	218,448	250,000	200,000	190,000	Loss of five percent per year
6 Hotel/Motel	9,722	10,078	8,713	9,141	8,713	8,713	8,713	
7 Total Taxes	28,363,253	28,790,034	29,855,064	26,552,577	28,605,564	26,955,564	27,361,564	
8 Intergovernmental Revenue	1,106,280	1,079,285	991,448	1,333,688	1,185,204	1,443,017	1,461,205	
9 Charges for Services	3,113,550	3,476,583	3,058,177	3,163,735	3,333,114	3,335,864	3,336,962	
10 Recreation	2,235,938	2,364,758	2,334,265	2,315,598	2,625,194	2,568,636	2,587,653	
11 Fines and Forfeitures	1,445,641	1,461,100	1,584,349	1,639,678	1,426,801	1,509,150	1,509,150	
12 Net Investment Income	411,516	520,325	372,611	229,999	372,611	200,000	200,000	
13 Other Revenue	166,247	215,824	277,900	643,311	411,177	410,445	423,112	
14 Total Revenues	38,011,402	38,579,518	39,050,721	36,466,889	38,532,965	36,995,976	37,454,746	
<b>Expenditures</b>								
<b>General Government</b>								
15 Legislation	227,964	254,254	283,853	250,044	263,314	262,957	265,380	
16 City Attorney	694,358	698,563	799,937	678,038	767,546	808,299	788,817	
17 Municipal Court	890,152	915,303	1,026,917	914,493	1,005,723	1,005,199	1,010,287	
18 City Manager	673,949	674,322	707,145	674,170	668,633	672,965	673,177	
19 Community Development	1,412,444	1,464,725	1,639,615	1,366,437	1,457,667	1,430,167	1,438,488	
20 Human Resources	557,855	579,136	560,898	456,275	504,898	483,457	504,569	
21 Finance & Administrative Services	1,568,074	1,626,571	1,764,772	1,575,924	1,684,000	1,560,927	1,599,964	
22 Information Technology	1,254,364	1,280,156	1,448,147	1,360,237	1,342,948	1,351,923	1,352,147	
23 Contingency & Potential Pension Increase per Actuarials	130,925	59,759	60,000	160,578	60,000	60,000	60,000	Pension Increases Included in Budgets
24 Total General Government	7,410,085	7,552,789	8,291,284	7,436,196	7,754,729	7,635,894	7,692,829	
25 Safety Services	16,497,359							
26 Fire		7,215,444	7,487,169	7,320,268	7,394,951	7,512,524	7,691,851	
27 Police		9,974,925	10,538,437	10,183,890	10,481,933	10,625,839	10,809,152	
28 Public Works	5,122,603	4,862,524	5,176,184	4,806,065	5,151,055	5,042,713	5,282,164	
29 Recreation	5,566,094	5,916,449	6,117,008	5,727,968	6,034,770	6,019,917	6,054,245	
30 Library	1,259,525	1,261,112	1,398,558	1,275,554	1,352,221	1,348,726	1,351,958	
31 Contributions to Component Unit				188,165	0			
32 Total "Direct" Government	28,445,581	29,230,454	30,717,356	29,501,910	30,414,930	30,549,719	31,189,370	
33 Total Expenditures Before Non-Discretionary	35,855,666	36,783,243	39,008,640	36,938,106	38,169,659	38,185,613	38,882,199	
<b>Debt Service &amp; Contractual (Non-Discretionary):</b>								
34 IBIS Lease	178,967							
35 DTD/MTA - Legislation	96,000	96,000	96,000	96,000	96,000	96,000	96,000	
36 Prepayment Lease - PIF (2065)	18,000	15,000	15,000	15,000	15,000	15,000	15,000	
37 Common Area Maintenance - Public Works	299,171	326,649	346,826	346,826	346,826	346,826	357,231	CAM growth is three percent per year
38 Brownfields - PIF (2011)	100,063	100,063	100,063	100,063	100,063	100,063	100,063	
39 Information Tech Lease - CPF (2013)			185,226	0	197,000	56,666	113,332	
40 Ameresco Lease (2026)					15,781	15,781	37,644	
41 Ameresco Lease (2026) - Offset					(15,781)	(15,781)	(37,644)	
42 Civic Center COP's (2023)	1,572,731	1,571,000	1,575,000	1,571,750	1,574,000	1,574,000	1,577,000	
43 Delcer, VOIP, Cameras (2015)							151,416	
44 Fire Equipment Lease - PIF (2017)		118,393	118,393	118,395	118,393	118,393	118,393	
45 Total	2,264,932	2,227,105	2,436,508	2,248,034	2,447,282	2,306,948	2,528,435	
46 Total Expenditures	38,120,598	39,015,198	41,445,148	39,186,140	40,616,941	40,492,561	41,410,634	
47 Revenues Over (Under) Expenditures	(109,196)	(435,680)	(2,394,427)	(2,719,251)	(2,083,976)	(3,496,585)	(3,955,888)	
48 Other Net Sources (Uses)	2,340,321	2,164,016	1,481,717	851,445	1,844,433	2,101,099	1,096,788	2010 Includes \$200,000 from Employee Benefits Fund
49 Proposed Rent From McLellan						105,000	325,000	From Priority List - Rental Revenue from McLellan
50 Proposed Reductions Scenario One						185,000	1,652,193	From Priority List - Various Items
51 Beginning Total Reserves	7,143,302	9,374,427	10,362,859	11,102,763	8,518,581	9,234,957	8,129,471	
52 Ending Total Reserves	9,374,427	11,102,763	9,450,149	9,234,957	8,279,038	8,129,471	7,247,564	
53 Reserved for TABOR	1,290,000	1,280,000	1,290,000	1,170,000	1,280,000	1,170,000	1,170,000	
54 Reserved for MOA (2009) and COPS Grant (2010)	124,800	80,800	39,200	39,200	298,512	298,512	298,512	
55 Reserved - LTAR	1,986,000	3,485,143	3,913,178	3,131,979	2,821,631	2,083,467	2,833,467	
56 Unreserved/Undesignated	5,973,627	6,256,820	4,207,771	4,893,778	3,878,895	4,577,492	2,945,585	
57 As percentage of actual revenues	15.72%	16.22%	10.78%	13.42%	10.07%	12.37%	7.86%	
58 Target Percentage	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
59 Target Reserves	3,801,140	3,857,952	3,905,072	3,646,689	3,853,297	3,699,598	3,745,475	
60 Over/(Under Target Percentage)	2,172,487	2,398,868	302,699	1,247,089	25,599	877,894	(799,890)	
61 Available for Capital Expenditure	2,172,487	2,398,868	302,699	1,247,089	25,599	877,894	0	



# Memorandum

City Manager's Office

**To:** Mayor Jim Woodward and City Council Members  
**Through:** Gary Sears, City Manager  
**From:** Michael Flaherty, Deputy City Manager  
**Date:** August 12, 2010  
**Subject:** 2011 Preliminary Capital Project Recommendations

## Source of Funds

### Capital Project Fund (CPF) and Public Improvement Fund (PIF)

The source of funding for both the Capital Projects Fund (CPF) and the Public Improvement Fund (PIF) are revenues received to the Public Improvement Fund, primarily from auto and building use taxes and transfers in from other funds, including grant funds and the City General Fund. PIF revenues have trended significantly lower in 2010 due to the recessionary impacts on construction and auto sales. We expect this trend to continue into 2011. Projected PIF revenues for 2011 are estimated at \$1.6million, however due to close of completed projects and other carry-over funds; the total amount available for appropriation in 2011 is estimated at approximately \$2.0 million. No transfers from the General Fund are proposed in the 2011 budget.

### Conservation Trust Fund (CTF)

Conservation Trust Fund revenues, annually distributed from the State of Colorado Lottery proceeds, are projected to remain at or near the 2010 level of approximately \$330,000, including interest. The unappropriated fund and contingencies balances at year-end 2009 are estimated at \$276,000, for a total of funds available in 2011 of approximately \$610,000. Use of Conservation Trust Fund proceeds is limited to parks, recreation, cultural and historic purposes.

### Open Space Fund (OSF)

The City's share of Arapahoe County Open Space Fund 2011 revenues is estimated at \$600,000, with additional County grant funding of \$200,000 for a total on \$800,000. The estimated fund balance at year-end 2009 is approximately \$250,000. Total funds available for appropriation in 2011 are approximately \$1million for eligible projects and maintenance personnel (ten percent of the annual distribution of Open Space funds is eligible for parks and open space maintenance purposes.) The Open Space Fund use is limited to parks and open space purposes.

## Use of Funds

### Capital Project Fund and Public Improvement Fund (PIF)

Requests for Capital Project and Public Improvement projects total over \$4.1 million. Of this amount, nearly \$2 million in requests are related to on-going maintenance of the City's infrastructure, building and technology systems and capital equipment. With potential funding of approximately \$2 million available, we are able to fund basic on-going capital infrastructure/system programs only. The preliminary recommended total amount is initially proposed at \$1,919,123, including 415,149 for lease and lease/purchase (Centennial Park Brownfield loan, Selbe lease, fire trucks, computers, and telephone system replacement, Deicer and video surveillance project.) The benefit of leasing is that we are able to obtain a very favorable lease rate and to spread these costs over a 3-7 year period, which will increase our purchasing power in 2011.

Based on funding availability and priorities identified by staff, several significant projects are currently not recommended, including upgrading of the City's Human Resources and Financial (Oracle) system at an estimated cost of \$350,000. Oracle will discontinue support of the City's version in 2012, in order to avoid serious problems that would impact all aspects of the City's payroll, human resource data and our financial systems; we need to initiate the upgrade prior to the end of 2011 in order to avoid losing support. Staff is currently exploring options to fund this significant expenditure in 2011, but has not yet determined a solution.

Council may consider funding one of more of these unfunded projects by reordering of the proposed project priority or by looking to other sources of funding that may be available, such as the LATR fund.

### Conservation Trust Fund (CTF)

Recommendations for 2011 CTF projects total \$484,000. These recommendations include security camera system at the Recreation Center, improvements at the Pirates Cove, the Recreation Center, the farm at Belleview Park and replacement equipment for the Recreation Center and Malley Senior. Also included is matching funds for Duncan Park for the future expansion of Pirates Cove.

### Open Space Fund (OSF)

Recommended Open Space Fund projects for 2011 is \$523,305. Recommended projects include the, irrigation system replacement and automation, park landscape improvements, capital maintenance and equipment replacement, continuation of the tree replacement and flower bed programs, funding for allowable maintenance personnel, and set asides for future open space land acquisition and matching funds for grant funded park and open space projects.

The 2011 capital projects program will continue to be refined, with input of City Council, during upcoming budget deliberations.

#### Attachments:

2011 Preliminary Capital Project Recommendations

2011 Preliminary Open Space Fund and Conservation Trust Fund Recommendations

**2011 Capital Projects Preliminary Recommendations**

<b>Fund</b>	<b>Department</b>	<b>Description</b>	<b>Request</b>	<b>Recommended</b>	<b>Comments</b>
30	FAS	Transfer to General Fund-Debt Service	\$415,149		2011 debt service/lease obligations-see itemized list below
30	FAS	Transfer to General Fund-Debt Service		\$100,063	Brownfield Loan (final payment)
30	FAS	Transfer to General Fund-Debt Service		\$15,000	Selbe Lease
30	FAS	Transfer to General Fund-Debt Service		\$118,393	Firetrucks lease/purchase
30	FAS	Transfer to General Fund-Debt Service		\$56,666	Computer lease/purchase
30	FAS	Transfer to General Fund-Debt Service		\$62,201	VOIP lease/purchase- Council initial approval pending
30	FAS	Transfer to General Fund-Debt Service		\$23,098	DeIcer lease/ purchase- Council initial approval pending
30	FAS	Transfer to General Fund-Debt Service		\$39,728	Video surviellance system lease/purchase - Council initial approval pending
31	FAS	1% Art in Public Places	\$10,445	\$10,445	1% of CPF appropriations per ordinance requirement
31	PW	Road and Bridge	\$750,000	\$750,000	Annual street rehabilitation program
30	PW	Concrete Utility-City's share of Utility	\$224,000	\$224,000	City's share of Concrete Utility program expenses
30	PW	Bridge Repairs	\$50,000	\$50,000	Planned bridge rehabilitation - annual program
		<b>\$1.5 Million Cutoff (1,512,397)</b>			
31	IT	Software - Microsoft licenses	\$43,000	\$43,000	Licensing (contract) requirement
31	IT	Software - Microsoft Office licenses	\$43,000	\$43,000	Licensing (contract) requirement
31	IT	Websense licenses	\$18,000	\$18,000	Licensing (contract) requirement
31	IT	Antivirus licenses	\$20,000	\$20,000	Licensing (contract) requirement
31	PW	Building Maintenance	102,100		Annual maintenance program - see itemized list below
31	PW	BUILDING MAINTENANCE - MOA		\$500	
31	PW	BUILDING MAINTENANCE - LIBRARY		\$6,200	
31	PW	BUILDING MAINTENANCE - HAMPDEN HALL		\$1,300	
31	PW	BUILDING MAINTENANCE - PIRATES COVE		\$2,500	
31	PW	BUILDING MAINTENANCE - TEJON STATION		\$6,000	
31	PW	BUILDING MAINTENANCE - ACOMA STATION		\$5,000	
31	PW	BUILDING MAINTENANCE - JEFFERSON STATION		\$6,500	
31	PW	BUILDING MAINTENANCE - SUB STATION 2 - FOX		\$3,000	
31	PW	BUILDING MAINTENANCE - MILLER BUILDING		\$300	
31	PW	BUILDING MAINTENANCE - MALLEY		\$16,500	
31	PW	BUILDING MAINTENANCE - RECREATION CENTER		\$21,000	
31	PW	BUILDING MAINTENANCE SAFETY SERVICES		\$11,300	
31	PW	BUILDING MAINTENANCE - CIVIC CENTER		\$22,000	
30	PW	Transportation System Upgrade	\$175,000	\$175,000	Annual traffic system and controls program
31	Police	Radio CERF	\$30,000	\$20,000	Annual radio replacement program- adjusted for current balance to carry-forward
31	FAS	Financial & HR System	\$34,729	\$34,729	Supplemental funding for Sales Tax software system replacement
31	PW	Civic Center revolving door upgrade	\$8,700	\$8,700	Repair of malfunctional door
31	IT	Cell phone - google buildout	\$5,000	\$5,000	Required for compatibility of mobile phones with City phone system
		<b>\$2.0 Million Cutoff (1,920,891)</b>			

**2011 Capital Projects Preliminary Recommendations**

31	IT	Financial & HR System/Oracle Upgrade	\$350,000	\$0	HR/Finance system upgrade is required due to Oracle support termination of City's version
31	IT	Departmental PC Replacement	\$80,000	\$0	Defer at this time/explore lease/purchase
31	IT	Court System	\$50,000	\$0	Defer at this time/explore lease/purchase
31	IT	Replacement servers	\$28,000	\$0	To be funded through Lease/Purchase - see above
		<b>\$2.5 Million Cutoff (\$2,499,926)</b>			
31	PW	Civic Center -Replace carpeting third floor	\$107,000	\$0	Defer at this time
31	IT	Wireless built-out	\$40,000	\$0	Defer at this time
31	PW	Sidewalks-Missing Links	\$55,000	\$0	Defer at this time
30	PW	Broadway Medains Jefferson to Quincy	\$280,000	\$0	Defer at this time
30	PW	Broadway Medains Quincy to Tufts	\$120,000	\$0	Defer at this time
30	Police	Computer Assist Dispatch/MIS System	\$30,000	\$0	Defer at this time
31	Police	Furniture Replacement	\$10,000	\$0	Defer at this time
31	Fire	Acoma Station Internal Remodel	\$57,750	\$0	Defer at this time
31	Fire	Acoma Station South Fence and Patio Area	\$12,600	\$0	Defer at this time
31	Fire	Exhaust Extraction System	\$63,000	\$0	Defer at this time
31	Fire	Jefferson Station - East Office & Living Area Remodel	\$44,625	\$0	Defer at this time
31	Fire	Jefferson Station - Replace Brick Wall and Patio	\$36,750	\$0	Defer at this time
31	Fire	Murphy Bed Replacement	\$94,500	\$0	Defer at this time
31	Fire	Parking Area Resurface Fire & Police Lot	\$70,000	\$0	Defer at this time
31	Fire	Tejon Station - Remodel Locker Room	\$19,425	\$0	Defer at this time
31	Fire	Police/Fire Facilities Master Plan	\$183,750	\$0	Defer at this time
31	Fire	Resurface of aging Safety Services Parking Areas	\$73,500	\$0	Defer at this time
31	Fire	Alert Systems Replacement	\$47,250	\$0	Defer at this time
31	Fire	Replace carpeting - all stations	\$30,000	\$0	Defer at this time
31	Fire	Snow Blower - Tejon Station	\$2,600	\$0	Operating budget item
31	Fire	Recliner Replacement - all stations	\$12,000	\$0	Operating budget item
31	Fire	One Touch Dispatching	\$33,600	\$0	Operating budget item
31	Fire	Backup Compact Stationary Breathing Air Compressor	\$8,925	\$0	Operating budget item
31	Fire	LifePak Software Upgrade	\$18,900	\$0	Operating budget item
31	Fire	Mattress Replacement	\$17,325	\$0	Operating budget item
31	Fire	Tough Shed Storage/Acoma and Tejon Garden Equipment	\$9,450	\$0	Operating budget item
31	Fire	Auto-Pulse devices	\$31,500	\$0	Operating budget item
31	Fire	Acoma Station - Truck room exhaust fans	\$5,000	\$0	Request withdrawn
31	Fire	Hazardous Materials Monitoring Equipment	\$1,500	\$0	Request withdrawn
31	Fire	Mobile Data Terminal System Upgrades	\$19,000	\$0	Request withdrawn
31	Fire	Fire Safety Education Supplies	\$18,000	\$0	Request withdrawn
31	Police	Lease/Purchase Optical Records System	\$10,000	\$0	Request withdrawn
30	P&R	Pirates Cove expansion fund	\$150,000	\$0	Request withdrawn
30	P&R	Malley Center Training Room equipment	\$4,739	\$0	Request withdrawn
		<b>Total PIF/CPF</b>	\$4,154,812	\$1,919,123	

Fund	Department	Description	Request	Recommended	Comments
		<b>Conservation Trust Fund</b>			
03		ERC security camera system	75,000.00	75,000.00	
03		Canopy replacement	2,500.00	2,500.00	
03		Pirates Cove chaise lounge maintenance	17,000.00	17,000.00	
03		Pirates Cove slides/play structure maintenance	39,000.00	39,000.00	
03		Duncan Park grant matching funds	25,000.00	25,000.00	
03		ERC/Malley fitness equipment replacement	25,000.00	25,000.00	
03		ERC pool -paint pool deck	2,500.00	2,500.00	
03		ERC pool re grout tile	2,000.00	2,000.00	
03		ERC racquetball cts. -wall & floor replace	115,000.00	115,000.00	
03		ECR lifeguard chairs	6,000.00	6,000.00	
03		Bellevue Park Farm Improvements	5,000.00	5,000.00	
03		Pirates Cove diamond brite comp pool floor	60,000.00	60,000.00	
03		Pirates Cove Lazy River painting	10,000.00	10,000.00	
03		Pirates Cove expansion fund	100,000.00	100,000.00	
		<b>Total CTF</b>	<b>484,000.00</b>	<b>484,000.00</b>	
		<b>Arapahoe County Open Space Fund</b>			
10		Tree maintenance program (replacement, pruning, etc...)	10,000.00	10,000.00	
10		Parks flowerbed program	18,000.00	18,000.00	
10		Open Space land bank	100,000.00	100,000.00	
10		Parks landscape improvements	50,000.00	50,000.00	
10		Tennis/Basketball court renovations	40,000.00	40,000.00	
10		Aerial bucket trailer	30,000.00	30,000.00	
10		Irrigation system replacement	75,000.00	75,000.00	
10		Small equipment Replacement	20,000.00	20,000.00	
10		Bellevue Park pump station	50,000.00	50,000.00	
10		Parks maintenance employee compensation	60,955.00	60,955.00	
10		Contingency	25,000.00	25,000.00	
10		Tree spade	30,000.00	30,000.00	
10		Turf tender vibrator	11,000.00	11,000.00	
10		Turf tender box scraper	3,350.00	3,350.00	
		<b>Total Open Space</b>	<b>523,305.00</b>	<b>523,305.00</b>	



# Memorandum

City Manager's Office

**TO:** Mayor Woodward and Members of City Council  
**THROUGH:** Gary Sears, City Manager [REDACTED]  
**FROM:** Michael Flaherty, Deputy City Manager  
**DATE:** August 12, 2010  
**SUBJECT:** Impacts of Proposed Furlough Implementation

During the Study Session of August 2, 2010, City Council members raised questions regarding the proposed implementation of furloughs. The following information has been prepared with the cooperation of all department directors to provide a summary of impacts to citizens and employees.

Prior to now, the City Manager and City Council have successfully avoided implementation of lay-offs and furloughs in order to maintain delivery of services to citizens in spite of the depressed economy. In order to do that it has been necessary to utilize one-time fund transfers, reduce non-personnel costs, and eliminate vacant positions with existing staff taking on more responsibilities. As we pointed out during the prior Study Session, the overall General Fund employee count has been decreased by 10% since 2001. However, because City revenues have continued to decline, staff is now reluctantly recommending implementation of two furlough days in 2010 (October 11 and November 12) and four furlough days (to be determined) in 2011 as a means of limiting service reductions to citizens and avoiding lay-offs of the employees who deliver those services. We acknowledge that there are impacts on citizen services and to our employees associated with implementing these proposed furloughs. While we do not take these impacts lightly, the alternative - a reduction of an additional \$450,000 in costs - through lay-off of employees - would have a permanent impact on citizen services and those affected employees, as well as the remaining employees. Furthermore, if the economy should improve, we could easily rescind one or more furlough days.

## **Citizen Impacts and Issues**

Closure of City facilities equates to a service reduction and causes a general inconvenience to the public. Such closures will mean that all normal business functions would be unavailable, including building permit applications, inspections, zoning matters, license applications, court appearances/ticket payments, police records access and counter reports, utility bill payments, employment applications, as well as citizen access to city staff and routine meetings between City staff and with businesses and citizens. Depending on

the actual days of the week designated for closure, Board and Commission meetings might also be affected. However, if we can limit closures to Fridays, there will be no impact on these meetings.

The closure of the Library would inconvenience its users and render the Library meeting rooms unavailable as well. In addition, the citizen use of the Community Room, Hampden Hall, and the Museum of Outdoor Arts will be affected since these facilities would also be required to close in order to limit building access and related staffing requirements. Advance scheduling of furloughs is necessary to insure that full building closure is possible.

Recreation Center and Malley Center closures would impact classes, programs, and events on furlough days, requiring rescheduling or possibly eliminating class sessions, programs. Adjustments or extension of passes for Recreation Center pass-holders would be required. Preschool program services, which some parents use as daycare, would not be available. Aquatic and exercise classes, adult sports leagues, and Malley computer lab with daily participants of 50-200, would be interrupted. RecZone, a youth program held on Friday nights, would be cancelled for any Friday furloughs. Malley senior citizen lunches, which are offered Monday-Friday, would be cancelled on furlough days, as they are with holiday closures. Gym and room rentals at both ERC and Malley would not occur on furlough days. In addition, the net revenue loss for each day of closure is estimated at \$1000. Alternatively, furlough days could be staffed as a Sunday or holiday schedule, which would provide a limited level of service at a cost higher than a furlough day, but less than a normal weekday. It should also be noted that some programs and events have been programmed and advertised for this fall on planned furlough dates, which will require rescheduling or issuing refunds for paid programs, services, such as park maintenance and street repairs (and the golf course operations, if closed), would be interrupted by furloughs. The associated impacts on citizens would be limited primarily to inconvenience. Grass would not be cut on a furlough day during growing season and daily street repairs and maintenance would be delayed. However, adverse weather conditions, e.g., snow storms, wind damages to City property, as well as some routine operations, such as removal of trash from parks, could require employees to respond as necessary. This would require managers to reschedule furlough days for affected employees.

### **Employee Impacts and Issues**

Furloughs equate to reduced employee wages or unpaid time off. An eight-hour furlough during an 80 hour pay period is equal to a 10% reduction in an employee's gross pay for that pay period. Two furlough days in 2010 will result in a .77% reduction in annual pay and four days in 2010 will cost the employee an additional 1.54% reduction in salary.

Because of the salary reductions, retirement contributions for most employees will be reduced. Those contributions are based on annual salary, and the retirement contribution will be reduced proportionally. For example, for employees in the defined contribution plan the loss of base pay is further reduced by the City's 7% 401 match of \$70.

Several Department Directors have indicated that in conversation with employees, many see furlough days as the lesser of potential evils. While obviously affected financially, they would prefer furloughs to having employees being laid off. During negotiations with two of the three employee associations earlier this year, leadership of these associations expressed similar sentiments. In 2010, proposing a furlough day in October was done in part because there are three bi-weekly payrolls. This occurs twice each year – in 2011, it will occur in April and September. Furlough days in 2011 could be planned with this in mind in order to help lessen the impact on employees.

However, the actual impact of furloughs on employee morale is uncertain. Most of our employees face a second year of no salary increases and a requirement to forgo personal leave payouts and increased premiums for health insurance in 2011. Some directors have expressed some concerns about wage freezes and furloughs. While the job market is not currently robust, when it does rebound, some employees may perhaps be more motivated to seek jobs elsewhere, especially those seeking salaries that would mirror their City salaries if their wages had remained intact. Those employees who are most attractive in the job market may also be the employees whose departures would pose the greatest detriment to the City.

### **Management Impacts and Issues**

As Human Resources Director Sue Eaton pointed out in her memorandum of July 28, the two proposed furlough days for 2010 and City facility closures are Monday, October 11 and Friday, November 12. While, specific furlough days for 2011 have not yet been proposed, they would likely be scheduled on Fridays preceding national holidays that fall on Monday. To accommodate furloughs, City facilities, including the Civic Center (administrative offices, Library, and Courts), the Malley Center, the Recreation Center, and the Servicenter would be closed. The Golf Course (an enterprise fund) could remain open, weather permitting.

Furloughs would also impact City staff in that the amount of time available for conducting daily activities would be reduced. The reduced work week in which a furlough day falls can be accommodated, similar to our holiday operations, but furloughs will not reduce the amount of work to be done – only the amount of time in which to do it.

Emergency services and other 24-hour operations obviously cannot be closed on designated furlough days. Department Directors of departments that have 24/7 operations would have to schedule shift employee furloughs at other times. However, non-shift employees would take their furloughs on the designated days of City closures. Employees scheduled for shifts longer than 8 hours, e.g., 4 x 10 schedules, would be required to supplement their furlough hours with paid leave (personal leave, annual leave, comp time, holiday leave) or revert to a 5x8 schedule during the week of a planned furlough. For Fire Department line employees, two furlough days equates to 22.5 hours for 2010 and 45 hours for 2011. Scheduling of off-time could create some problems for managers and may, in some cases, result in paying overtime to one employee to cover the required time off of another. This may be particularly difficult for Fire personnel. Scheduling of part-time employees around furlough days could also be challenging for managers. For the purpose

of effectively scheduling time off for 24/7 departments and part-time personnel and avoiding excessive overtime and/or closure of a fire rescue unit, managers need sufficient time to plan these schedules, especially for the proposed 2010 furlough days.

Information Technology would be required to complete the necessary programming changes in our payroll system for furlough time entry and reporting purposes. The estimated time required for IT programming and testing is 4-6 weeks. A City Council decision on August 16 would allow adequate time for the required programming and testing prior to the first proposed 2010 furlough on October 11.

In the event of furlough implementation, it will also be critical for us to provide information to our residents and businesses in a timely fashion. The September/October *Englewood Citizen* newsletter is slated to go to print next week and we plan to include information on the planned furloughs, pending Council's decision.

The unavailability of internal support functions, e.g., IT and building services, during furloughs could have a negative impact on 24/7 operations. However, furlough days would be treated as holidays and appropriate staff would be on-call to respond to any needs of affected operations if they should arise.

In the event of a furlough day on a Monday, the City Council Study Session and possibly Regular Meeting would have to be cancelled or postponed to the following day.

#### **Conclusion/Direction from City Council**

The recommendation of implementation of employee furloughs is made with reluctance and only as a means of preventing a higher degree and permanent reduction of citizen services and forced reduction of staffing. It is also a means of buying time for the economy to recover. It will also be coupled with a less painful reduction of staff through attrition in order to avoid layoffs and to possibly allow for reinstatement of employees and related citizen services as our revenues improve.

We understand that this recommendation poses a very difficult decision for City Council. However, in order to implement cost controls going into the final 2011 budget deliberations, we ask that City Council consider this recommendation and respond so that planning for the efficient implementation of furloughs may move forward.