**AGENDA FOR THE**

**ENGLEWOOD CITY COUNCIL**

**STUDY SESSION**

**MONDAY, SEPTEMBER 24, 2012**

**COMMUNITY ROOM**

**6:00 P.M.**

# ***BRING 2013 PROPOSED BUDGET***

I. **Oxford Bridge Grant, 2013 Proposed Budget & Sewer Rate Increase**
City Council and staff will discuss the CDOT grant for the Oxford Bridge, the 2013 Proposed Budget and the Sewer Rate Increase.

II. **City Manager's Choice.**

III. **City Attorney's Choice.**

IV. **City Council Choice.**

Please Note: If you have a disability and need auxiliary aids or services, please notify the City of Englewood, 303-762-2407, at least 48 hours in advance of when services are needed. Thank you.

# Memorandum

## City Manager's Office

TO: Mayor Penn and Members of City Council

THROUGH: Gary Sears, City Manager

FROM: Michael Flaherty, Deputy City Manager

DATE: September 20, 2012

SUBJECT: Oxford TOD Project/CDOT FASTER Grant Application

During our meetings with Littleton Capital Partners (LCP) on their proposed development at the Martin Plastics site, one of the primary issues discussed was pedestrian access to the Oxford Light Rail Station. The current pedestrian crossing at the Oxford and Navajo intersection is located on the east side of Navajo, which would require pedestrians from the new development to cross Navajo twice to access the Light Rail Station. While this is workable, with the addition the pedestrian safety improvements recommended in the LCP traffic study, it is not convenient or intuitive for pedestrians and the increased foot traffic from the new development will add significantly to current pedestrian crossings. The traffic study recognizes that as a long-term solution, a grade-separated (bridge) crossing over Oxford would benefit existing pedestrian traffic as well as the tenants of the new development and potential future development south of Oxford.

In a recent meeting, staff discussed the pedestrian bridge with representatives of LCP and RTD. We were informed by RTD staff that applications are now being accepted by the Colorado Department of Transportation for 2014-15 FASTER transit funds. The FASTER transit grants are available for transit facilities and equipment with a minimum cost of $100,000. The grant application deadline is September 28, 2012.

Staff is in process of preparing a grant application of the Oxford pedestrian bridge in cooperation with RTD, which will also provide a letter of support. Cost for preliminary engineering services needed for the grant application will be covered from an existing Public Improvement Fund. Under normal circumstances, staff would seek formal approval from City Council, in the form of a Council Resolution, to apply for a grant; however due to the approaching deadline, staff will be seeking a consensus of Council on going forward with the grant application during the Study Session on September 24.

During a subsequent meeting with John Shonsey, RTD Senior Manager for Engineering, I discussed a possible partnership with RTD on the pedestrian bridge in the event that RTD could secure property for a parking lot on South Navajo Street to meet unmet parking demand on the Southwest Light Rail corridor. Mr. Shonsey responded that RTD would consider exploring that

option, however, funding is not currently available for that purpose. The funding that RTD had budgeted for the expansion of the north parking lot at Englewood Station was rescinded when that project was abandoned. When funding becomes available, RTD could consider providing a parking lot if the City would agree a park and ride lot in that area. Because funding is not currently available, RTD cannot participate in the cost of a pedestrian bridge at this time, but RTD may consider participation when funding becomes available and if an RTD parking lot were to be built on South Navajo.

Staff will continue to work with LCP on provision of public improvements that will best mitigate vehicular and pedestrian movement at the Oxford/Navajo intersection, including planning for pedestrian bridge.

**City of Englewood Department of Finance and Administrative Services**

# Memorandum

**To:** Mayor Randy Penn and City Council

**Through:** Gary Sears, City Manager

**From:** Frank Gryglewicz, Director of Finance and Administrative Services

**Date:** September 19, 2012

**Re:** September 24, 2012 Study Session – 2013 Budget Workshop

Attached is the latest General Fund Statement of Revenue, Expenditure, and Changes in Fund Balance that includes the 2012 estimated actual and 2013 proposed budget information. Please note the following:

- The Unassigned Fund Balance is 11.63 percent and 9.32 percent for 2012 Estimated Actual and 2013 Proposed Budget respectively.
- The reconciliation between the information presented to Council at the August 13, 2012 Study Session and the most current General Fund Statement of Revenue, Expenditure, and Changes in Fund Balance are attached.

Options to consider include:

Approve the 2013 Proposed Budget "as is" or explore other options to achieve a higher fund balance as determined by City Council. Council may wish to consider the following:

If revenue estimates are met, most likely the Unassigned Fund Balance will increase from 11.63 percent because actual expenditures have historically been at least two percent less than budget. If total expenditures come in at 99 percent of budget this year, the estimated Unassigned Fund Balance will be 12.62 percent this year and 10.3 percent in 2013. If expenditures come in at 98 percent of budget, the 2013 Unassigned Fund Balance would be 11.3 percent. To insure expenditures are less than budget, the City Manager could mandate all open positions could be held open until January 2013.

If expenditure and/or revenue estimates are not met to insure an adequate Unassigned Fund Balance by February 2013, staff could identify addition expenditures cuts for 2013. The cuts will most likely include positions to eliminate in early 2013. The positions identified will be prioritized by service impacts as well as the impact on employees. If employees are planning to retire or in the deferred retirement option plan (DROP), those positions would be reviewed first for elimination as opposed to employees who are expected to be employed by the City for a longer period of time.

The Public Improvement Fund projections for 2013 as budgeted will meet the capital recommendations as well as the recommended transfer of $500,000 to the General Fund. Council could direct staff to transfer additional funds to the General Fund to increase the budgeted Unassigned Fund Balance.

Additional Issues for Discussion:

- Code Enforcement Staffing
- Employee Health Care Changes (Memorandum Attached)
- Housing Rehabilitation Program (Memorandum Attached)

This information will be discussed at the September 24, 2012 Study Session (Budget Workshop).

Attachments

# General Fund Budget
## Statement of Revenue, Expenditure and Changes in Fund Balance

9/19/2012
2:30 PM

| | 2007 Actual | 2008 Actual | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Adopted Budget | 2012 Estimated Actual | 2013 Proposed Budget |
|---|---|---|---|---|---|---|---|---|
| **Beginning Fund Balance** | **$ 7,143,302** | **$ 9,374,427** | **$ 11,102,763** | **$ 9,234,957** | **$ 8,494,679** | **$ 8,753,654** | **$ 8,817,685** | **$ 8,626,388** |
| ***Sources of Funds*** | | | | | | | | |
| Property Tax | 2,623,118 | 2,995,990 | 2,971,303 | 3,020,884 | 2,994,213 | 2,880,000 | 2,880,000 | 2,898,000 |
| Specific Ownership Tax | 341,423 | 316,242 | 276,414 | 263,434 | 246,062 | 250,000 | 230,000 | 230,000 |
| Sales & Use Taxes | 22,753,820 | 22,617,767 | 20,624,659 | 20,866,515 | 21,737,110 | 22,115,126 | 22,115,126 | 22,336,277 |
| Cigarette Tax | 278,785 | 261,743 | 218,449 | 196,320 | 190,762 | 190,000 | 184,000 | 184,000 |
| Franchise Fees | 2,356,385 | 2,588,214 | 2,452,611 | 2,620,191 | 2,631,393 | 3,056,938 | 3,067,552 | 3,067,552 |
| Hotel/Motel Tax | 9,722 | 10,078 | 9,140 | 8,806 | 9,820 | 8,713 | 9,000 | 9,000 |
| Licenses & Permits | 1,168,977 | 671,609 | 588,328 | 695,563 | 778,536 | 574,025 | 765,148 | 767,153 |
| Intergovernmental Revenue | 1,106,280 | 1,079,285 | 1,319,282 | 1,465,970 | 1,724,807 | 1,552,315 | 1,821,012 | 1,387,598 |
| Charges for Services | 3,113,550 | 3,476,583 | 3,185,443 | 3,254,830 | 3,384,317 | 3,392,567 | 3,261,304 | 3,270,618 |
| Recreation Program Fees | 2,235,938 | 2,364,758 | 2,315,598 | 2,489,781 | 2,635,221 | 2,599,668 | 2,609,701 | 2,629,173 |
| Library Fines | 21,691 | 22,746 | 21,370 | 21,923 | 19,884 | 20,000 | 20,000 | 20,000 |
| Fines & Forfeitures | 1,423,950 | 1,438,354 | 1,618,308 | 1,416,034 | 1,264,875 | 1,298,450 | 1,348,450 | 1,348,450 |
| Interest Income | 411,516 | 520,325 | 230,000 | 100,545 | 91,034 | 100,000 | 100,000 | 100,000 |
| Other | 166,247 | 215,823 | 635,982 | 293,658 | 173,382 | 419,153 | 339,307 | 163,449 |
| Contribution from Component Units | - | 599,143 | 611,837 | 105,125 | 425,159 | 663,046 | 432,087 | 638,829 |
| ***Total Revenue*** | **38,011,402** | **39,178,660** | **37,078,724** | **36,819,579** | **38,306,575** | **39,120,001** | **39,182,687** | **39,050,099** |
| ***Other Financing Sources*** | 2,902,197 | 1,973,789 | 1,028,456 | 2,091,485 | 1,813,945 | 1,306,739 | 1,968,243 | 1,139,574 |
| ***Total Sources of Funds*** | **40,913,599** | **41,152,449** | **38,107,180** | **38,911,064** | **40,120,520** | **40,426,740** | **41,150,930** | **40,189,673** |
| ***Uses of Funds*** | | | | | | | | |
| Legislation | 323,964 | 350,254 | 346,044 | 309,870 | 298,731 | 333,793 | 337,748 | 330,436 |
| City Manager's Office | 673,949 | 674,322 | 674,170 | 659,882 | 639,184 | 672,072 | 665,441 | 679,653 |
| City Attorney's Office | 694,358 | 698,563 | 678,038 | 702,228 | 706,841 | 746,734 | 774,254 | 783,147 |
| Municipal Court | 890,152 | 915,303 | 914,494 | 901,469 | 848,775 | 974,417 | 949,982 | 962,993 |
| Human Resources | 557,855 | 579,136 | 456,275 | 419,421 | 430,792 | 470,910 | 461,343 | 481,392 |
| Finance & Administrative Services | 1,568,074 | 1,626,571 | 1,575,923 | 1,445,581 | 1,446,313 | 1,541,645 | 1,509,333 | 1,583,684 |
| Information Technology | 1,254,364 | 1,280,156 | 1,360,237 | 1,280,660 | 1,332,766 | 1,360,355 | 1,342,364 | 1,340,211 |
| Community Development | 1,412,444 | 1,464,725 | 1,366,437 | 1,301,473 | 1,359,264 | 1,478,398 | 1,328,798 | 1,324,774 |
| Public Works | 5,421,774 | 5,189,173 | 5,152,891 | 5,137,364 | 5,259,875 | 5,436,637 | 5,327,838 | 5,308,257 |
| Safety Services | 16,497,359 | | | | | | | |
| Police | | 9,974,925 | 10,183,890 | 10,312,633 | 10,395,239 | 10,921,455 | 11,043,064 | 11,250,771 |
| Fire | | 7,215,444 | 7,320,268 | 7,425,903 | 7,666,842 | 7,711,732 | 8,021,054 | 7,889,065 |
| Library Services | 1,259,525 | 1,261,112 | 1,275,554 | 1,284,083 | 1,145,613 | 1,256,481 | 1,231,346 | 1,251,293 |
| Parks & Recreation Services | 5,566,094 | 5,916,449 | 5,727,968 | 5,811,809 | 5,717,147 | 5,834,425 | 5,704,923 | 5,711,776 |
| *Departments Expenditure Subtotal* | 36,119,912 | 37,146,133 | 37,032,189 | 36,992,376 | 37,247,382 | 38,739,054 | 38,697,488 | 38,897,452 |
| Contribution to Component Units | - | - | 800,000 | - | - | - | - | - |
| Contingencies | 130,925 | 59,759 | 160,578 | 48,139 | 152,423 | 150,000 | 150,000 | 150,000 |
| Debt Service-Civic Center | 1,578,281 | 1,575,850 | 1,571,752 | 1,570,705 | 1,658,857 | 1,574,000 | 1,574,000 | 1,573,000 |
| Debt Service-Other | 291,480 | 233,456 | 233,456 | 290,122 | 437,606 | 486,739 | 486,739 | 489,574 |
| *Other Expenditure Subtotal* | 2,000,686 | 1,869,065 | 2,765,786 | 1,908,966 | 2,248,886 | 2,210,739 | 2,210,739 | 2,212,574 |
| ***Total Expenditure*** | **38,120,598** | **39,015,198** | **39,797,975** | **38,901,342** | **39,496,268** | **40,949,793** | **40,908,227** | **41,110,026** |
| ***Other Financing Uses*** | 561,876 | 408,915 | 177,011 | 750,000 | 301,246 | - | 434,000 | - |
| ***Total Uses of Funds*** | **38,682,474** | **39,424,113** | **39,974,986** | **39,651,342** | **39,797,514** | **40,949,793** | **41,342,227** | **41,110,026** |
| ***Net Sources (Uses) of Funds*** | **2,231,125** | **1,728,336** | **(1,867,806)** | **(740,278)** | **323,006** | **(523,053)** | **(191,297)** | **(920,353)** |
| ***Fund Balance Before Assigned Amounts*** | **9,374,427** | **11,102,763** | **9,234,957** | **8,494,679** | **8,817,685** | **8,230,601** | **8,626,388** | **7,706,035** |
| *Restricted-TABOR Emergency Reserve* | 1,290,000 | 1,280,000 | 1,170,000 | 1,150,000 | 1,150,000 | 1,150,000 | 1,150,000 | 1,150,000 |
| *Committed-LTAR* | 2,428,312 | 3,485,143 | 3,131,979 | 2,130,520 | 2,406,649 | 2,713,467 | 2,619,375 | 2,619,375 |
| *Committed-Contractual Reserve* | 124,800 | 80,800 | 39,200 | 298,512 | 298,512 | 298,512 | 298,512 | 298,512 |
| ***Assigned Fund Balance*** | **3,843,112** | **4,845,943** | **4,341,179** | **3,579,032** | **3,855,161** | **4,161,979** | **4,067,887** | **4,067,887** |
| ***Unassigned Fund Balance*** | **$ 5,531,315** | **$ 6,256,820** | **$ 4,893,778** | **$ 4,915,647** | **$ 4,962,524** | **$ 4,068,622** | **$ 4,558,501** | **$ 3,638,148** |
| Unassigned Fund Balance as a percentage of Total Revenue | 14.55% | 15.97% | 13.20% | 13.35% | 12.95% | 10.40% | 11.63% | 9.32% |
| Fund Balance Before Assigned Amounts as a percentage of Total Revenue | 24.66% | 28.34% | 24.91% | 23.07% | 23.02% | 21.04% | 22.02% | 19.73% |
| Fund Balance Before Assigned Amounts as a percentage of Total Expenditures | 24.59% | 28.46% | 23.20% | 21.84% | 22.33% | 20.10% | 21.09% | 18.74% |
| 10% Unassigned FB Funding Gap | - | - | - | - | - | - | - | **(266,862)** |

City of Englewood, Colorado
Department of Finance and Administrative Services

9/19/2012
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**Reconciliation of Changes to the 2013 Proposed Budget General Fund Statement from 8/13/2012 Study Session**

**General Fund Proposed Budget**

**Statement of Revenue, Expenditure and Changes in Fund Balance**

| | *8/13/2013* | *9/19/2012* | *9/19/2012* | |
|---|---|---|---|---|
| | ***2013 Proposed Budget*** | ***2013 Proposed Budget*** | ***Change*** | ***Comments*** |
| **Beginning Fund Balance** | **$ 8,538,569** | **$ 8,626,388** | **$ 87,819** | 2012 Risk Management Fund Transfer In (+$200,000); 2012 PIF Transfer In (+$100,000); 2012 Fire Estimate Revised (+$3,000); 2012 Highway User Tax Estimate Revised (-$61,891); 2012 Intergovernmental (-$100,000) Station Master Plan Study Acct'd in PIF; 2012 EMRF Rents (-$65,558); 2012 Net Expenditure Savings (+$63,490) |
| ***Sources of Funds*** | | | | |
| Property Tax | 2,880,000 | 2,898,000 | 18,000 | Arapahoe County Property Valuation Update (+$18,000) |
| Specific Ownership Tax | 230,000 | 230,000 | - | |
| Sales & Use Taxes | 22,336,277 | 22,336,277 | - | |
| Cigarette Tax | 184,000 | 184,000 | - | |
| Franchise Fees | 3,067,552 | 3,067,552 | - | |
| Admissions Tax | - | - | - | |
| Hotel/Motel Tax | 9,000 | 9,000 | - | |
| Licenses & Permits | 767,153 | 767,153 | - | |
| Intergovernmental Revenue | 1,442,129 | 1,387,598 | (54,531) | Highway User Tax Revision (-$54,531) |
| Charges for Services | 3,270,618 | 3,270,618 | - | |
| Recreation Program Fees | 2,629,173 | 2,629,173 | - | |
| Library Fines | 20,000 | 20,000 | - | |
| Fines & Forfeitures | 1,348,450 | 1,348,450 | - | |
| Interest Income | 100,000 | 100,000 | - | |
| Other | 163,449 | 163,449 | - | |
| Contribution from Component Units | 688,830 | 638,829 | (50,001) | EMRF Rents (-$50,001) |
| ***Total Revenue*** | **39,136,631** | **39,050,099** | **(86,532)** | |
| ***Other Financing Sources*** | 639,574 | 1,139,574 | 500,000 | PIF Transfer In (+$500,000) |
| ***Total Sources of Funds*** | **39,776,205** | **40,189,673** | **413,468** | |
| ***Uses of Funds*** | | | | |
| Legislation | 330,436 | 330,436 | - | |
| City Manager's Office | 681,142 | 679,653 | (1,489) | Health Insurance Savings from 10% to 4.19% |
| City Attorney's Office | 784,842 | 783,147 | (1,695) | Health Insurance Savings from 10% to 4.19% |
| Municipal Court | 966,572 | 962,993 | (3,579) | Health Insurance Savings from 10% to 4.19% |
| Human Resources | 482,277 | 481,392 | (885) | Health Insurance Savings from 10% to 4.19% |
| Finance & Administrative Services | 1,587,203 | 1,583,684 | (3,519) | Health Insurance Savings from 10% to 4.19% |
| Information Technology | 1,342,830 | 1,340,211 | (2,619) | Health Insurance Savings from 10% to 4.19% |
| Community Development | 1,397,905 | 1,324,774 | (73,131) | Health Insurance Savings from 10% to 4.19%; Professional Services Savings by Changing the Scope of the Comprehensive Plan Study |
| Public Works | 5,327,823 | 5,308,257 | (19,566) | Health Insurance Savings from 10% to 4.19% |
| Safety Services | | - | - | Health Insurance Savings from 10% to 4.19% |
| Police | 11,310,645 | 11,250,771 | (59,874) | Health Insurance Savings from 10% to 4.19% |
| Fire | 8,012,012 | 7,889,065 | (122,947) | Health Insurance Savings from 10% to 4.19%; Personnel Savings 2013 |
| Library Services | 1,254,098 | 1,251,293 | (2,805) | Health Insurance Savings from 10% to 4.19% |
| Parks & Recreation Services | 5,791,940 | 5,711,776 | (80,164) | Health Insurance Savings from 10% to 4.19%; 2013 Personnel Savings |
| *Departments Expenditure Subtotal* | 39,269,725 | 38,897,452 | (372,273) | |
| Contribution to Component Units | - | - | - | |
| Contingencies | 150,000 | 150,000 | - | |
| Debt Service-Civic Center | 1,573,000 | 1,573,000 | - | |
| Debt Service-Other | 489,574 | 489,574 | - | |
| *Other Expenditure Subtotal* | 2,212,574 | 2,212,574 | - | |
| ***Total Expenditure*** | **41,482,299** | **41,110,026** | **(372,273)** | |
| ***Other Financing Uses*** | - | - | - | |
| ***Total Uses of Funds*** | **41,482,299** | **41,110,026** | **(372,273)** | |
| ***Net Sources (Uses) of Funds*** | **(1,706,094)** | **(920,353)** | **785,741** | |
| ***Ending Fund Balance Before Assigned Amounts*** | **6,832,475** | **7,706,035** | **873,560** | |
| *Restricted-TABOR Emergency Reserve* | 1,150,000 | 1,150,000 | - | |
| *Committed-LTAR* | 2,619,375 | 2,619,375 | - | |
| *Committed-Contractual Reserve* | 298,512 | 298,512 | - | |
| ***Assigned Fund Balance*** | **4,067,887** | **4,067,887** | **-** | |
| ***Unassigned Fund Balance*** | **$ 2,764,588** | **$ 3,638,148** | **$ 873,560** | |
| Unassigned Fund Balance as a percentage of Total Revenue | 7.06% | 9.32% | | |
| Fund Balance Before Assigned Amounts as a percentage of Total Revenue | 17.46% | 19.73% | | |
| Fund Balance Before Assigned Amounts as a percentage of Total Expenditures | 16.47% | 18.74% | | |
| 10% Unassigned FB Funding Gap | **(1,149,075)** | **(266,862)** | | |

City of Englewood, Colorado
Finance and Administrative Services Department
Revenue and Budget Division

| | 2013 Proposed Budget |
|---|---|
| Unassigned Fund Balance from GF Statement - 8/13/2012 Study Session | 2,764,588 |
| Unassigned Fund Balance from GF Statement - Current | 3,638,148 |
| Difference | 873,560 |
| | |
| Adjustments from 8/13/2012 Study Session: | |
| Community Development - Professional Services (2013) | 70,000 |
| Health Insurance Savings (2013) | 140,627 |
| Public Improvement Fund Transfer (2012) | 100,000 |
| Public Improvement Fund Transfer (2013) | 500,000 |
| Property Tax Estimate-Updated Valuation from Arapahoe County | 18,000 |
| Community Development - Professional Services (2012) Reclass Multi-Year Station Plan Study to PIF and Corresponding Intergovernmental Revenue Decrease of $100,000; Professional Services (2013) | 20,000 |
| Fire Department-Intergovernmental Revenue Increase ($3,000); 2012 Building Division Personal Leave Savings ($10,580); 2013 Personnel Savings by leaving positions vacant until year end ($61,545); Other Personnel Savings due to formula errors in Fire Operations and Building Divisions ($27,447) | 102,572 |
| Parks and Recreation Department - 2013 Leaving Vacant Program Administrator Position Open for the entire year | 63,666 |
| Police Department - 2012 Leaving Vacant Position Open until year end | 41,898 |
| Change in Highway User Tax Estimate from CML 8/28/2012 Letter received 9/4/2012 change in 2012 Estimate (-$61,891)and 2013 Proposed Budget (-$54,531) | (116,422) |
| Change EMRF Rents to 2012 Estimate (-$65,558) and 2013 Proposed Budget (-$50,001) | (115,559) |
| | |
| Transfer from Golf Course for Share in Energy Efficiency Project conducted by Ameresco | 48,778 |
| Sub Totals | 873,560 |
| | (0) |

# CITY OF ENGLEWOOD
## HUMAN RESOURCES

TO: MAYOR PENN AND CITY COUNCIL MEMBERS

THROUGH: GARY SEARS, CITY MANAGER

FROM: SUE EATON, DIRECTOR OF HUMAN RESOURCES

DATE: SEPTEMBER 18, 2012

SUBJECT: COUNCIL REQUEST 12-173 - "Copy of Employee Health Benefit Info"

You may recall that at the August 13th study session, I presented a proposal on behalf of City management outlining a health insurance plan design change that would reduce the general fund budget by $140,000. Upon Council's concurrence to include the change in the proposed 2013 budget, I sent the attached email to City employees. The highlights of the email message are:

- The premium increase would be **11.4%** with no change to the current plan design.
- With the addition of a $250 deductible for accessing some services, the premium increase would be reduced to **4.19%.**
- The deductible applies only to higher cost services such as inpatient hospital care, emergency room visits, etc.
- The deductible does not apply to most routine procedures such as primary care, specialty care, preventative and prenatal visits, well child care, after hours care, etc.
- Prescription drug coverage remains the same. The deductible does not apply.
- Out of pocket maximums are **reduced** from $2000 individual/$4000 family to $750 individual (plus deductible) and $2250 family (plus deductible).

As mentioned above, the cost of the deductible plan has been incorporated into the 2013 budget. I will be available at the September 24th study session to answer any related questions.

Thank you.

1000 Englewood Parkway Englewood, Colorado 80110 Phone 303-762-2370 Fax 303-783-6897
www.englewoodgov.org

## Sue Eaton

**From:** Sue Eaton
**Sent:** Wednesday, August 15, 2012 1:53 PM
**To:** #AllEmailUsers

Hello All!

The 2013 budget process is proving to be a challenging one, due primarily to our limited revenue base coupled with increasing personnel and pension costs. City Council and management are considering a variety of cost saving measures that will result in a budget that balances our revenues with expenditures and provides a prudent general fund balance.

One of the options for cost savings that Council is considering will likely be of interest to you – a plan design associated with our Kaiser HMO. One reason we've proposed this change is that the HMO 2013 premium rate increase will be **11.4%** without adjustments to the current plan. With the addition of a *deductible* your premium rate increase for 2013 will be **4.19%** (as will the City paid portion of the premium.) Here is a very brief summary of the proposed changes:

- The deductible **does not apply** to services requiring a co-pay. Examples of those services are: primary care; specialty care; preventative and prenatal visits; well child care; outpatient physical therapy; after hours care; outpatient mental/chemical dependency care, etc.
- The deductible **does apply** to services that require co-insurance. Examples of those services are: inpatient hospital care; emergency room visits; x-rays and special lab procedures, etc.
- Prescription drug coverage remains the same as current
- Out of pocket maximums are reduced from $2000 individual/$4000 family to $750 individual (plus deductible) and $2250 family (plus deductible).
- The same deductible will apply to the Kaiser HMO portion of the buy-up plan (Triple Option).

The proposed deductible amount is $250-employee only/$500- employee plus one/$750- family . This is the lowest deductible Kaiser offers. Your HR liaisons have been briefed on the details of the proposed plan design changes. Please feel free to call him/her with your questions. We plan to provided expanded information on the change during open enrollment in November if Council approves it as a part of the budget.

Thank you!

# MEMORANDUM
## COMMUNITY DEVELOPMENT

TO: Mayor Penn and City Council

THROUGH: Gary Sears, City Manager

FROM: Alan White, Community Development Director

DATE: September 24, 2012

SUBJECT: Housing Programs

The Housing programs the City has available have been funded for a number of years, with funding coming from a variety of sources. Today, the programs operate with annual allocations of CDBG funds from the County, repaid and recycled loan funds, and lines of credit from local banks. These programs are:

1. Energy Efficient Englewood – this is a CDBG-funded grant program available to low and moderate income households for the purpose of making energy saving improvements to residences, such as insulation, windows and doors, furnaces, water heaters and similar improvements. Maximum grants are $8,000 and applicants must provide a 20% match. The program replaced the Paint-up/Fix-up Program two years ago. $100,000 has been allocated in each of the last two years for this program. The number of households assisted has been 12 and 14 the last two years.

2. Housing Rehab Program – this is a loan program available to provide assistance with major repairs, upgrades, remodeling or room additions. The loan fund is infused each year with CDBG dollars, but other funds are available as loans from past years are paid off. Loans are made from both Fund 45 and Fund 46. Loans may be amortized or deferred. Deferred loans are ones which are not due until the property sells. Also, lines of credit from local banks have been available which have been used to supplement the pool of available funds. Individual loans are secured by a Promissory Note and Deed of Trust recorded against the property. The City signs a note from the Fund to the bank and issues an Assignment of Deed, thereby fully collateralizing each loan using the homeowner's property as security. Each homeowner makes monthly payments to the Fund and the Fund then passes these payments through to the bank. These lines of credit provide the bulk of funds available, as CDBG funds in recent years have provided $25,000 and $27,500 to the fund. The average loan amount is $20,000.

Funds 45 and 46 are used to provide funds for the grant and loan programs noted above. Personnel costs to run the programs come mostly from the General Fund. Two full time positions, about 10% of a third position in Community Development, and some percentage of

accounting time in Finance are involved in administering the programs. Salaries and benefits for these positions are estimated to approach $175,000 annually. Some of the personnel costs are offset by the annual CDBG allocation, roughly $15,000 annually.

The City is typically the "lender of last resort" and is usually in second and even third position on most loans. There have been some delinquencies, but generally loan payments are paid on time. Several loans have been paid off in the last few years. There have been a relatively small number of foreclosures on first mortgages where the City has written off the debt, rather than trying to redeem the foreclosed property. The write-offs on foreclosures do not affect any general fund revenues, only the accumulated grant funds in Fund 45 or 46. In the past 12 months, $33,000 was written off in Fund 45.

The funds in the Housing Rehabilitation Loan Program (Fund 45 and Fund 46) have accrued over approximately 35 years from various sources as explained in the attached memo about the history of the Housing Rehabilitation Loan Program.

Fund 46 has been drawn down over the past year because it has been used to provide the funds to rehab the remaining seven foreclosed properties purchased under the NSP. (LTAR funds were used to rehab the first 11 foreclosed properties. The LTAR Fund has been fully repaid.) The fund will be replenished as the remaining NSP properties are sold.

As was mentioned at the August 6th budget workshop, it may be an opportune time to examine options in providing the housing programs because of potential retirements and associated salary savings. Also as mentioned, the rehab program is unique in the State and it may be difficult to find someone with the skills, knowledge and experience to continue the program exactly for the purposes it fulfills now. Regardless of whether the loan program continues or not, existing loans must be serviced. The Department is spending approximately $30,000 to purchase new software to be able to continue servicing these loans. We have approached local banks about servicing the loans for us, but because of the complexity of the loans and the relatively small volume, banks are not interested. The complexity is due to some loans being from different sources, with part deferred and part amortized.

**Options to Consider**

Retirements may not occur until early in 2014; one definitely will occur by the end of March 2014, which provides sufficient time to explore options for the programs. One or more options could be considered for implementation for 2013.

1. One option to consider is to discontinue the rehab program, but maintain the energy efficient grant program. Current loans would need to be serviced and perhaps this could be done by a contract employee or other arrangement. Loans for emergencies potentially could be arranged through modifications to the grant program.

2. Staff is currently researching an energy efficiency program that could provide assistance to both residential and business property owners, administered through a contract with a local non-profit (iCast) which currently has similar contracts with other Colorado cities and counties. Funds for improvements would be available through CDBG. Engaging

this non-profit to run a program of this nature would cost approximately $10,000 per year. This program could potentially provide assistance to far greater numbers of residents and businesses than the current Energy Efficient Englewood program. In addition, partnering with this non-profit would provide for outreach, education, energy audits and technical assistance with current Xcel rebate programs and state and federal tax benefits. A pilot program could possibly be arranged with iCast in 2013 to determine their effectiveness.

3. There may be an opportunity to explore use of a non-profit that has expertise in housing rehab to take over the current and future rehab loan program.

4. These types of programs are typically administered through a housing authority or other non-profit. The Englewood Housing Authority may be interested in taking over some of these programs, either the current housing rehabilitation program (Fund 46) and/or the CDBG program. Until the late 1990's these programs were administered through the Housing Authority, although the City funded the positions.

In the broader view it should be determined if the programs provide a benefit to the community. There is no question that the rehab program has helped hundreds of households improve their properties over the years, sometimes in emergency situations. The rehab program has provided loans for improvements for households when conventional funding sources were unavailable, and at lower interest rates. Some questions to consider in considering the future of the housing programs: Has the program had the desired effect in improving the housing stock in the City's neighborhoods? Have property values increased as a result of the programs? Should the City even be in the rehab loan business? Is Council willing to let go of the programs, provided financial assistance is still available to residents in some form?

Assuming Council wants to continue the two programs in some form, the options that would seem to offer an acceptable transition are exploring with non-profits how the services could be delivered. Using non-profits would result in the services being available to residents, but with potentially significant cost savings to the City.

# CITY OF ENGLEWOOD
## COMMUNITY DEVELOPMENT

**TO:** Mayor and City Council

**THRU:** Gary Sears, City Manager
Alan White, Community Development Director

**FROM:** Janet Grimmett, Housing Finance Specialist
Harold J. Stitt, Senior Planner

**DATE:** September 19, 2012

**SUBJECT:** Housing Rehabilitation Loan Program

In 1976, City leaders began discussions about housing conditions in Englewood and the need for a mechanism that would address the growing housing needs within the City. From these initial discussions the Housing Rehabilitation Loan Program was born. The purpose of the Loan Program was to preserve the existing housing stock and to help families finance major household repairs and enlarge their homes. In addition, various financial, social, and economic conditions also came together at that time to influence the creation of this program. Those influences were:

1. The Englewood School District was experiencing a drop in student enrollment due to families moving out of the City as their families grew in size. They requested assistance from the City to create a program that would encourage families to stay in Englewood by repairing and enlarging their homes;

2. Congress enacted Community Reinvestment Act (CRA) to encourage commercial banks and savings associations to meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods; and,

3. Congress created the Community Development Block Grant (CDBG) program that funds local community development activities such as affordable housing, anti-poverty programs, and infrastructure development.

Early in the Program, target areas were identified within the City to give priority to the oldest neighborhoods but by the early 1980's, loan requests were being received from families throughout the entire City. By the mid 1980's the fixed target area idea was abandoned and the Program opened citywide.

The City and the Colorado Division of Housing provided initial funding for the Housing Program. However, since 1976 a variety of federal, state, and local funds have been invested in the program.

**PUBLIC FUNDING SOURCES:**

| | |
|---|---|
| U.S. Department of Housing and Urban Development | |
| Community Development Block Grant | $5,987,182 |
| HOME Program | $ 500,000 |
| Rental Rehab Loan Program | $ 363,745 |
| Section 312 Loan Program | $ 563,000 |
| Urban Homesteading Program | $ 150,000 |
| Neighborhood Stabilization Program | $1,753,379 |
| **Total** | **$9,318,206** |
| | |
| Colorado Division of Housing | $ 250,000 |
| Colorado Housing Finance Authority | $ 75,000 |
| Englewood Housing Authority | $ 50,000 |
| City of Englewood Pubic Improvement Fund | $ 565,000 |
| **TOTAL STATE/LOCAL** | **$ 940,000** |
| | |
| **TOTAL PUBLIC** | **$10,258,827** |

In 1977, the Housing Program leveraged a line of credit (LOC) through a local bank consortium. These funds were then blended with the government funds to reduce the effective interest rate for low-income families and to "stretch" the government funds to assist more families. Englewood was one of the first communities in the State to leverage private funds for a rehab program.

The Loan Program is designed to allow anyone whose principal residence is within the corporate limits of Englewood and met the 100% area median income limits for their family size, to apply for a rehab loan for their primary residence. Investors who owned small rental properties no larger than a 4-unit building are also eligible to apply.

The bank LOC has been in integral part of the City's Loan Program with various local banks participating.

**PRIVATE FUNDING SOURCES:**

| | | |
|---|---|---|
| Private Funding Sources: | | |
| Continental Bank | (1977 - 1980) | $ 450,000 |
| First Interstate Bank | (1980 - 1993) | $1,350,000 |
| Wells Fargo Bank | (1993) | $ 250,000 |
| Vectra Bank | (1993 - 2005) | $4,179,000 |
| WestStar Bank | (2006) | $ 750,000 |
| US Bank | (2007 - 2011) | $2,500,000 |
| **TOTAL PRIVATE** | | **$9,479,000** |
| | | |
| **TOTAL PUBLIC & PRIVATE** | | **$19,737,206** |

In addition to the above funding for the Housing Rehab Program, the Housing Division has also received Community Development Block Grant funding for the following non-housing related projects:

| Project | |
|---|---|
| Malley Center Parking Lot Addition | $ 75,000 |
| Broadway Façade Loan Program | $ 150,000 |
| Family Self Sufficiency Program | $ 95,000 |
| Disabled Access-Sidewalks NW Englewood | $ 27,780 |
| North Englewood Sidewalk Handicap Ramps | $ 25,000 |
| Homeless Prevention Program | $ 18,000 |
| House of Hope Rehab & Staffing | $ 460,288 |
| South Platte River Open Space Plan | $ 25,000 |
| Skerritt House Renovation | $ 40,000 |
| **TOTAL** | **$ 916,068** |

Since 1976, the Community Development Department, Housing Division has received public and private funds totaling **$20,653,274** for housing and non-housing reinvestment in the community.

MEMORANDUM

TO: Englewood City Council

FROM: Stewart Fon Utilities

DATE: September 18, 2012

RE: Sewer Utility Rates

The results of numerous cash flows for the Sewer Utility are presented in the attached table. The results show the rates required to maintain an unencumbered balance of about $2,500,000 in 2015 under various conditions. These conditions include different projected incomes ($13,537,441 and $13,837,441) and different borrowing in 2013 ($2,000,000; $3,000,000 and $-0-).

In 2016 it is anticipated that the wastewater treatment plant will be required to build facilities that meet the new adopted nutrient regulations. This will require substantial rate increases from 2016 to 2020. The amount of the expense is not known at this time. A long range master plan will be completed in 2013 to address this issue. The capital requirements anticipated through 2015 are to maintain the current infrastructure of the sewer plant and are small compared to what will be required to remove nutrients.

The table shows combinations of rate increases from 2013 to 2015 from 0% to 7% in each year. The table shows that higher rates of borrowing result in lower rate increases. The table also shows larger increases in the early years result in lower increases in the later years.

After considering the information presented, the Water and Sewer Board recommended that Council consider increases of 4% in 2013, 4% in 2014 and 4% in 2015. The Board also recommended borrowing $3,000,000 in 2013 because interest rates are so low at this time. It is anticipated that interest rates could rise before the nutrient project is built.

Two cash flows are attached which show the effects of the 4% rate increase. They show a 2015 balance of $4,091,406 if $3,000,000 is borrowed and a 2015 balance of $3,210,832 if $2,000,000 is borrowed. Both cash flows show a steady increase in rates of 4% as opposed to lower increases followed by much larger increases in later years.

If a rate increase is to occur in 2013, it should become effective January 1, 2013. Council could also consider passing multiple year increases at this time.

| Case # | 1 | 5 | 9 | 2 | 3 | 7 | 6 | 8 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Income | 13,537,441 | 13,537,441 | 13,537,441 | 13,837,441 | 13,837,441 | 13,837,441 | 13,837,441 | 13,837,441 | 13,837,441 | 13,837,441 |
| Borrow | 3,000,000 | 0 | 2,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 0 | 0 | 2,000,000 | 2,000,000 |
| 2015 balance | 2,593,828 | 2,521,147 | 2,558,580 | 2,586,048 | 2,575,203 | 2,567,765 | 2,542,631 | 2,523,147 | 2,554,976 | 2,542,947 |
| Rates 2013 | 4 | 7 | 5 | 2 | 0 | 0 | 4.7 | 5 | 3 | 0 |
| Rates 2014 | 4 | 7 | 5 | 2.5 | 3 | 2 | 6 | 6 | 3.5 | 5 |
| Rates 2015 | 3 | 6 | 4 | 3 | 8 | 10 | 6 | 5 | 4 | 10 |

"

# NO REDUCTIONS CASH FLOW - SEWER ENTERPRISE FUND - 2013 BUDGET

9/20/2012

**FIVE YEAR CASH PROJECTION**

GROWTH = OUTSIDE (1.0%AGR), 6 TAPS/YR INSIDE (0.01AGR)

**Stu's Model #2a-1c: 2% O&M; 2012 WWTP Treatment Charge is $6,900,000; $3M Bonding; With WWTP Major Capital; Adds 2010 $300K to 2011; Rate Increases 2013 = 4%, 2014 = 4%, 2015 = 4%.**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| O&M Increase | 2.00% | | | | | | | | | | |
| Interest on deposit: | 1.5% | | | | | | | | | | |
| Loan Payment Factor | 0.0764 | 2008 Actuals | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| | | Cash Method | Cash Method | Cash Method | Cash Method | Estimated | Proposed | Projected | Projected | Projected | Projected |
| **REVENUE:** | | | | | | | | | | | |
| DISPOSAL SERVICE | | $ 10,978,824 | $ 12,017,131 | $ 13,284,241 | $ 13,537,441 | $ 13,837,441 | $ 13,837,441 | $ 14,390,939 | $ 14,966,576 | $ 15,565,239 | $ 15,565,239 |
| RATE INCREASE | | | | | - | - | 553,498 | 575,638 | 598,663 | - | - |
| SUB TOTAL | | 10,978,824 | 12,017,131 | 13,284,241 | 13,537,441 | 13,837,441 | 14,390,939 | 14,966,576 | 15,565,239 | 15,565,239 | 15,565,239 |
| RENTAL | | | | | - | - | - | - | - | - | - |
| MISCELLANEOUS | | 73,147 | 83,188 | 103,099 | 112,914 | 96,100 | 96,100 | 95,000 | 95,000 | 95,000 | 95,000 |
| S.ENGLEWOOD MAINT. | | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 |
| **TOTAL REVENUE** | | 11,091,571 | 12,139,919 | 13,426,940 | 13,689,955 | 13,973,141 | 14,526,639 | 15,101,176 | 15,699,839 | 15,699,839 | 15,699,839 |
| O&M (NO DEPR) | | (1,640,980) | (1,621,129) | (1,577,271) | (1,485,968) | (1,842,864) | (1,870,006) | (1,907,406) | (1,945,554) | (1,984,465) | (2,024,155) |
| TREATMENT CHARGE | | (6,694,990) | (6,819,979) | (6,642,649) | (6,568,679) | (6,900,000) | (7,038,000) | (7,178,760) | (7,322,335) | (7,468,782) | (7,618,158) |
| ADMIN FEE | | (1,308,142) | (1,184,974) | (1,196,869) | (1,208,506) | (1,230,000) | (1,230,000) | (1,230,000) | (1,230,000) | (1,230,000) | (1,230,000) |
| FRANCHISE TAX | | (316,587) | (369,410) | (403,736) | (388,265) | (415,123) | (431,728) | (448,997) | (466,957) | (466,957) | (466,957) |
| **NET OPERATING REVENUE** | | 1,130,872 | 2,144,427 | 3,606,415 | 4,038,537 | 3,585,154 | 3,956,904 | 4,336,013 | 4,734,993 | 4,549,635 | 4,360,570 |
| **DEBT SERVICE (current):** | | | | | | | | | | | |
| PRINCIPAL | | (886,755) | (949,177) | (3,231,045) | (3,387,676) | (3,270,884) | (2,535,351) | (2,660,351) | (2,795,351) | (2,930,351) | (3,037,571) |
| INTEREST | | (1,690,089) | (2,092,743) | (2,028,006) | (1,879,676) | (1,680,818) | (1,734,308) | (1,605,087) | (1,469,407) | (1,326,972) | (1,191,014) |
| L/E CONSTRUCTION | | | | | | | | | | | |
| PRINCIPAL | | | | | | | | | | | |
| INTEREST | | | | | | | | | | | |
| FUTURE DEBT SERVICE | | | | | - | - | - | **(229,200)** | **(229,200)** | **(229,200)** | **(229,200)** |
| **ROUTINE CAPITAL REPLACE** | | - | | | - | (20,000) | (35,000) | (36,400) | (37,856) | (39,370) | (40,945) |
| **AVAILABLE REVENUE** | | (1,445,972) | (897,493) | (1,652,636) | (1,228,815) | (1,386,548) | (347,755) | (195,025) | 203,179 | 23,742 | (138,160) |
| **INTEREST INCOME** | | 857,779 | 468,618 | 313,978 | 215,974 | 163,957 | 164,756 | 173,807 | 164,812 | 145,699 | 54,739 |
| **BALANCE FORWARD** | | **18,537,762** | **15,041,683** | **14,752,352** | **12,924,238** | 12,003,583 | 10,021,369 | 12,110,871 | 11,237,152 | 10,902,643 | 8,669,584 |
| TRANSFER TO BOND FUND | | | | | - | - | - | - | - | - | - |
| LOAN - GENERAL FUND | | | | | - | - | - | - | - | - | - |
| NEW DEBT PROCEEDS | | | | | - | - | **3,000,000** | - | - | - | - |
| **AVAILABLE FUNDS** | | 17,949,569 | 14,612,808 | 13,413,694 | 11,911,397 | 10,780,992 | 12,838,371 | 12,089,652 | 11,605,143 | 11,072,084 | 8,586,162 |
| CAPITAL PROJECTS | | - | | | - | (58,000) | - | | | | |
| COLL. SYST. | | (54,000) | | | - | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) |
| L/E MAJOR CONSTRUCTION | | (4,599,202) | | | - | - | - | - | (25,000) | (1,750,000) | (9,250,000) |
| L/E ROUTINE CONSTRUCTION | | | (220,674) | (689,820) | (139,734) | (825,000) | (850,000) | (975,000) | (800,000) | (775,000) | (775,000) |
| INSURANCE REIMBURSEMENT | | | | | | | | | | | |
| CAPITAL GRANT - STAG | | - | | | | | | | | | |
| SURCHARGE | | - | | | - | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| INSIDE CONNECTIONS | | - | | | - | 8,377 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| OUTSIDE CONNECTIONS | | 1,282,569 | 360,218 | 200,364 | 231,920 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| ENDING BALANCE | | **$ 14,578,936** | $ 14,752,352 | $ 12,924,238 | $ 12,003,583 | $ 10,021,369 | $ 12,110,871 | $ 11,237,152 | $ 10,902,643 | $ 8,669,584 | $ (1,316,338) |
| DEBT SERVICE RESERVE FUND | | | | | | | | $ - | $ - | $ - | $ - |
| RESTRICTED CASH | | 1,813,308 | | 3,754,506 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 |
| UNRESTRICTED CASH | | $ 12,765,628 | 14,752,352 | 9,169,732 | $ 5,753,583 | $ 3,771,369 | $ 5,860,871 | $ 4,987,152 | $ 4,652,643 | $ 2,419,584 | $ (7,566,338) |
| DEBT SERVICE RESERVE FUND | | | | | | | | | | | |
| ***Reconciliation Adjustments from Accrual Basis to Cash Basis:*** | | | | | | | | | | | |
| A/REC + Assessment/REC | | 312,004 | | | | | | | | | |
| Other Current Liabilities - San Dist and ( | | 55,890 | | | | | | | | | |
| Due to San Districts Contra Labor/Equipment on In-House Capital Projects | | 94853 | | | | | | | | | |
| A/P + LEWWTP A/P | | 15,041,683 | | | | | | | | | |
| Ending Cash Balance | | 15,041,683 | $ 14,752,352 | $ 12,924,238 | 12003583 | | | | | | |
| Ending Cash Balance Per CAFR | | - | **14,752,352** | **12,924,238** | 12,003,583 | | | | | | |
| Difference | | | | | | | | | | | |
| TOTAL REVENUE | | | | | 14,137,849 | 14,360,475 | 14,913,895 | 15,497,483 | 16,087,152 | 16,068,038 | 15,977,078 |
| TOTAL EXPENDITURES | | | - | | (15,058,504) | (16,342,689) | (15,824,393) | (16,371,201) | (16,421,661) | (18,301,098) | (25,962,999) |
| DEBT COVERAGE RATIO | | 1.27 | | | 0.85 | 0.80 | 1.02 | 1.05 | 1.14 | 1.10 | 1.04 |
| | | | | | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |

| | |
|---|---|
| 13,231,919 | 12,968,755 |
| (9,960,699) | (9,995,492) |
| 3,271,220 | 2,973,263 |
| (2,576,844) | (3,041,920) |
| (2,834,528) | (3,346,112) |
| 436,692 | (372,849) |
| 1,813,308 | 2,622,849 |
| -3496079 | #REF! |
| -3496079 | (68,657) |
| #REF! | |
| 11,450,751 | |

| Year | Rate Increase Annual | Cumul. |
|---|---|---|
| 2007 | 14.00% | 14.00% |
| 2008 | 14.00% | 29.96% |
| 2009 | 8.00% | 40.36% |
| 2010 | 8.00% | 51.59% |
| 2011 | 8.00% | 63.71% |
| 2012 | 0.00% | 63.71% |
| 2013 | 4.00% | 70.26% |
| 2014 | 4.00% | |
| 2015 | 4.00% | |
| 2016 | 0.00% | |
| 2017 | 0.00% | |

# NO REDUCTIONS CASH FLOW - SEWER ENTERPRISE FUND - 2013 BUDGET

9/20/2012

**FIVE YEAR CASH PROJECTION**

GROWTH = OUTSIDE (1.0%AGR), 6 TAPS/YR INSIDE (0.01AGR)

**Stu's Model #2a-2: 2% O&M; 2012 WWTP Treatment Charge is $6,900,000; $2M Bonding; With WWTP Major Capital; Adds 2010 $300K to 2011; Rate Increases 2013 = 4%, 2014 = 4%, 2015 = 4%.**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| O&M Increase | 2.00% | | | | | | | | | | |
| Interest on deposit: | 1.5% | | | | | | | | | | |
| Loan Payment Factor | 0.0764 | 2008 Actuals | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| | | Cash Method | Cash Method | Cash Method | Cash Method | Estimated | Proposed | Projected | Projected | Projected | Projected |
| **REVENUE:** | | | | | | | | | | | |
| DISPOSAL SERVICE | | $ 10,978,824 | $ 12,017,131 | $ 13,284,241 | $ 13,537,441 | $ 13,837,441 | $ 13,837,441 | $ 14,390,939 | $ 14,966,576 | $ 15,565,239 | $ 15,565,239 |
| RATE INCREASE | | | | | - | - | 553,498 | 575,638 | 598,663 | - | - |
| SUB TOTAL | | 10,978,824 | 12,017,131 | 13,284,241 | 13,537,441 | 13,837,441 | 14,390,939 | 14,966,576 | 15,565,239 | 15,565,239 | 15,565,239 |
| RENTAL | | | | | - | - | - | - | - | - | - |
| MISCELLANEOUS | | 73,147 | 83,188 | 103,099 | 112,914 | 96,100 | 96,100 | 95,000 | 95,000 | 95,000 | 95,000 |
| S.ENGLEWOOD MAINT. | | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 | 39,600 |
| **TOTAL REVENUE** | | 11,091,571 | 12,139,919 | 13,426,940 | 13,689,955 | 13,973,141 | 14,526,639 | 15,101,176 | 15,699,839 | 15,699,839 | 15,699,839 |
| O&M (NO DEPR) | | (1,640,980) | (1,621,129) | (1,577,271) | (1,485,968) | (1,842,864) | (1,870,006) | (1,907,406) | (1,945,554) | (1,984,465) | (2,024,155) |
| TREATMENT CHARGE | | (6,694,990) | (6,819,979) | (6,642,649) | (6,568,679) | (6,900,000) | (7,038,000) | (7,178,760) | (7,322,335) | (7,468,782) | (7,618,158) |
| ADMIN FEE | | (1,308,142) | (1,184,974) | (1,196,869) | (1,208,506) | (1,230,000) | (1,230,000) | (1,230,000) | (1,230,000) | (1,230,000) | (1,230,000) |
| FRANCHISE TAX | | (316,587) | (369,410) | (403,736) | (388,265) | (415,123) | (431,728) | (448,997) | (466,957) | (466,957) | (466,957) |
| **NET OPERATING REVENUE** | | 1,130,872 | 2,144,427 | 3,606,415 | 4,038,537 | 3,585,154 | 3,956,904 | 4,336,013 | 4,734,993 | 4,549,635 | 4,360,570 |
| **DEBT SERVICE (current):** | | | | | | | | | | | |
| PRINCIPAL | | (886,755) | (949,177) | (3,231,045) | (3,387,676) | (3,270,884) | (2,535,351) | (2,660,351) | (2,795,351) | (2,930,351) | (3,037,571) |
| INTEREST | | (1,690,089) | (2,092,743) | (2,028,006) | (1,879,676) | (1,680,818) | (1,734,308) | (1,605,087) | (1,469,407) | (1,326,972) | (1,191,014) |
| L/E CONSTRUCTION | | | | | | | | | | | |
| PRINCIPAL | | | | | | | | | | | |
| INTEREST | | | | | | | | | | | |
| FUTURE DEBT SERVICE | | | | | - | - | - | **(152,800)** | **(152,800)** | **(152,800)** | **(152,800)** |
| **ROUTINE CAPITAL REPLACE** | | - | | | - | (20,000) | (35,000) | (36,400) | (37,856) | (39,370) | (40,945) |
| **AVAILABLE REVENUE** | | (1,445,972) | (897,493) | (1,652,636) | (1,228,815) | (1,386,548) | (347,755) | (118,625) | 279,579 | 100,142 | (61,760) |
| **INTEREST INCOME** | | 857,779 | 468,618 | 313,978 | 215,974 | 163,957 | 157,256 | 159,267 | 151,201 | 133,029 | 43,025 |
| **BALANCE FORWARD** | | **18,537,762** | **15,041,683** | **14,752,352** | **12,924,238** | 12,003,583 | 10,021,369 | 11,103,371 | 10,291,513 | 10,019,792 | 7,850,463 |
| TRANSFER TO BOND FUND | | | | | - | - | - | - | - | - | - |
| LOAN - GENERAL FUND | | | | | - | - | - | - | - | - | - |
| NEW DEBT PROCEEDS | | | | | - | - | **2,000,000** | - | - | - | - |
| **AVAILABLE FUNDS** | | 17,949,569 | 14,612,808 | 13,413,694 | 11,911,397 | 10,780,992 | 11,830,871 | 11,144,013 | 10,722,292 | 10,252,963 | 7,831,728 |
| CAPITAL PROJECTS | | - | | | - | (58,000) | - | | | | |
| COLL. SYST. | | (54,000) | | | - | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) |
| L/E MAJOR CONSTRUCTION | | (4,599,202) | | | - | - | - | - | (25,000) | (1,750,000) | (9,250,000) |
| L/E ROUTINE CONSTRUCTION | | | (220,674) | (689,820) | (139,734) | (825,000) | (850,000) | (975,000) | (800,000) | (775,000) | (775,000) |
| INSURANCE REIMBURSEMENT | | | | | | | | | | | |
| CAPITAL GRANT - STAG | | - | | | | | | | | | |
| SURCHARGE | | - | | | - | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| INSIDE CONNECTIONS | | - | | | - | 8,377 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| OUTSIDE CONNECTIONS | | 1,282,569 | 360,218 | 200,364 | 231,920 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| ENDING BALANCE | | **$ 14,578,936** | $ 14,752,352 | $ 12,924,238 | $ 12,003,583 | $ 10,021,369 | $ 11,103,371 | $ 10,291,513 | $ 10,019,792 | $ 7,850,463 | $ (2,070,772) |
| DEBT SERVICE RESERVE FUND | | | | | | | | $ - | $ - | $ - | $ - |
| RESTRICTED CASH | | 1,813,308 | | 3,754,506 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 | $ 6,250,000 |
| UNRESTRICTED CASH | | $ 12,765,628 | 14,752,352 | 9,169,732 | $ 5,753,583 | $ 3,771,369 | $ 4,853,371 | $ 4,041,513 | $ 3,769,792 | $ 1,600,463 | $ (8,320,772) |
| DEBT SERVICE RESERVE FUND | | | | | | | | | | | |
| ***Reconciliation Adjustments from Accrual Basis to Cash Basis:*** | | | | | | | | | | | |
| A/REC + Assessment/REC | | 312,004 | | | | | | | | | |
| Other Current Liabilities - San Dist and ( | | 55,890 | | | | | | | | | |
| Due to San Districts Contra Labor/Equipment on In-House Capital Projects | | 94853 | | | | | | | | | |
| A/P + LEWWTP A/P | | 15,041,683 | | | | | | | | | |
| Ending Cash Balance | | 15,041,683 | $ 14,752,352 | $ 12,924,238 | 12003583 | | | | | | |
| Ending Cash Balance Per CAFR | | - | **14,752,352** | **12,924,238** | 12,003,583 | | | | | | |
| Difference | | | | | | | | | | | |
| TOTAL REVENUE | | | | | 14,137,849 | 14,360,475 | 14,906,395 | 15,482,943 | 16,073,540 | 16,055,368 | 15,965,364 |
| TOTAL EXPENDITURES | | | - | | (15,058,504) | (16,342,689) | (15,824,393) | (16,294,801) | (16,345,261) | (18,224,698) | (25,886,599) |
| DEBT COVERAGE RATIO | | 1.27 | | | 0.85 | 0.80 | 1.02 | 1.07 | 1.16 | 1.11 | 1.06 |
| | | | | | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |

| | |
|---|---|
| 13,231,919 | 12,968,755 |
| (9,960,699) | (9,995,492) |
| 3,271,220 | 2,973,263 |
| (2,576,844) | (3,041,920) |
| (2,834,528) | (3,346,112) |
| 436,692 | (372,849) |
| 1,813,308 | 2,622,849 |
| -3496079 | #REF! |
| -3496079 | (68,657) |
| #REF! | |
| 11,450,751 | |

| Year | Rate Increase Annual | Cumul. |
|---|---|---|
| 2007 | 14.00% | 14.00% |
| 2008 | 14.00% | 29.96% |
| 2009 | 8.00% | 40.36% |
| 2010 | 8.00% | 51.59% |
| 2011 | 8.00% | 63.71% |
| 2012 | 0.00% | 63.71% |
| 2013 | 4.00% | 70.26% |
| 2014 | 4.00% | |
| 2015 | 4.00% | |
| 2016 | 0.00% | |
| 2017 | 0.00% | |