AGENDA FOR THE
ENGLEWOOD CITY COUNCIL
STUDY SESSION
MONDAY, MARCH 25, 2013

I. **Executive Sessions**
At 6:00 p.m. in the City Council Conference Room, City Council will discuss a negotiations (Union) matter pursuant to C.R.S. 24-6-402-4 (e) and two real estate matters (Depot and Flood) pursuant to C.R.S. 24-6-402-4(a).

II. **Financial Report**
At 7:00 p.m. in the Community Room, Financial and Administrative Services Director Frank Gryglewicz will discuss the February, 2013, Financial Report.

III. **Board and Commission Reports**
City Council Members will discuss the various boards and commissions on which they serve.

IV. **City Manager's Choice.**
A. Fire IGA Follow-up

V. **City Attorney's Choice.**

VI. **Council Member's Choice.**
A. Internet Sales Tax

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.

City of Englewood

To: Mayor Randy Penn and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: March 20, 2013
Subject: **December 2012** Financial Report

Summary of the December 2012 General Fund Financial Report (Please note the numbers in this Report are not audited and subject to change until the Comprehensive Annual Financial Report is presented to Council)

REVENUES:

- Through December 2012, the City of Englewood collected **$39,889,799 or $1,583,224 or 4.1 percent more** than 2011.
- The City collected $2,874,816 in property and $243,293 in specific ownership tax through December.
- **Year-to-date sales and use tax revenues were $22,363,618 or $626,508 or 2.9 percent more than December 2011**
- Cigarette tax collections were down $1,145 compared to the prior year.
- Franchise fee collections were $299,495 more than 2011.
- Licenses and permit collections were $204,823 more than 2011.
- Intergovernmental revenues were $140,915 more than the prior year.
- Charges for services increased $57,207 from 2011.
- Recreation revenues decreased $19,579 from 2011.
- Fines and forfeitures were $96,695 more than the prior year.
- Investment income was $6,989 less than 2011.
- Miscellaneous revenues were $180,749 more than the prior year.
- Net Rent Revenue from McLellan Reservoir totaled $551,295

OUTSIDE CITY:

- Outside City sales and use tax receipts (cash basis) were down $484,747 or 6.2 percent compared to last year.
- At this time potential refunds total approximately $1,500,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is $1,150,000.

CITY CENTER ENGLEWOOD (CCE):

- Sales and use tax revenue collected through December 2012 were $3,414,514.

EXPENDITURES:

- Expenditures through December were $40,265,587 or $769,319 (1.9 percent) more than the $39,496,268 expended through December 2011. Actual expenditures were $684,206 (1.7 percent) under budget. The City refunded $244,919 in sales and use tax claims in 2012.

REVENUES OVER/UNDER EXPENDITURES:

- Expenditures exceeded revenues by $375,788 this year compared to expenditures exceeding revenues by $1,189,693 in 2011.

TRANSFERS:

- Net transfers of $628,913 were made by the end of December 2012. Due to unforeseen, large workers compensation and property and liability claims in the second half of 2012 a transfer of funds from the General Fund to Risk Management was required to avoid a negative ending funds available balance (please refer to page 16).

FUND BALANCE:

- The unaudited total fund balance is $9,070,810 or 22.7% of unaudited revenue. The 2012 Unassigned Fund Balance is $4,952,923 or 12.42% of unaudited revenue. The Reserved/Committed Fund Balance is $4,117,887 or 10.3 percent of unaudited revenues. The mandatory TABOR reserve has been increased from $1,150,000 to $1,200,000 due to increases in revenue collection.
- The 2012 unaudited Long Term Asset Reserve (LTAR) balance is $2,619,375 (please refer to page 16).

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF collected $2,878,316 in revenue and spent $2,492,196 year-to-date. Estimated year-end fund balance is $540,125.

General Fund Comparative Revenue, Expenditure & Fund Balance Report

as of December 31, 2012

Percentage of Year Completed = 100%

	2012				2011			2010		
Fund Balance January 1	$ 8,753,654	$ 8,817,685		$ 8,817,685	$ 8,494,679	$ 8,494,679		$ 9,234,957	$ 9,234,957	
	Budget	Dec-12	% Budget	YE Estimate	Dec-11	Dec-11	% YTD	Dec-10	Dec-10	% YTD
Revenues										
Property Tax	2,880,000	2,874,816	99.82%	2,880,000	2,994,213	2,994,213	100.00%	3,020,884	3,020,884	100.00%
Specific Ownership Tax	250,000	243,293	97.32%	230,000	246,062	246,062	100.00%	263,434	263,434	100.00%
Sales & Use Taxes	22,115,126	22,363,618	101.12%	22,115,126	21,737,110	21,737,110	100.00%	20,866,515	20,866,515	100.00%
Cigarette Tax	190,000	189,618	99.80%	184,000	190,763	190,763	100.00%	196,320	196,320	100.00%
Franchise Fees	3,056,938	2,930,888	95.88%	2,900,000	2,631,393	2,631,393	100.00%	2,620,191	2,620,191	100.00%
Hotel/Motel Tax	8,713	10,395	119.30%	10,000	9,820	9,820	100.00%	8,806	8,806	100.00%
Licenses & Permits	574,025	983,359	171.31%	940,000	778,536	778,536	100.00%	695,563	695,563	100.00%
Intergovernmental Revenue	1,552,315	1,865,722	120.19%	1,821,012	1,724,807	1,724,807	100.00%	1,465,970	1,465,970	100.00%
Charges for Services	3,399,722	3,441,525	101.23%	3,261,304	3,384,318	3,384,318	100.00%	3,254,830	3,254,830	100.00%
Recreation	2,599,668	2,615,642	100.61%	2,609,701	2,635,221	2,635,221	100.00%	2,489,781	2,489,781	100.00%
Fines & Forfeitures	1,318,450	1,381,453	104.78%	1,368,450	1,284,758	1,284,758	100.00%	1,437,957	1,437,957	100.00%
Interest	100,000	84,045	84.05%	100,000	91,034	91,034	100.00%	100,545	100,545	100.00%
EMRF Rents	663,046	551,295	83.15%	546,112	425,159	425,159	100.00%	105,125	105,125	100.00%
Miscellaneous	411,998	354,130	85.95%	375,000	173,381	173,381	100.00%	293,658	293,658	100.00%
Total Revenues	39,120,001	39,889,799	101.97%	39,340,705	38,306,575	38,306,575	100.00%	36,819,579	36,819,579	100.00%
Expenditures										
Legislation	333,793	316,043	94.68%	337,748	298,731	298,731	100.00%	309,870	309,870	100.00%
City Attorney	746,734	712,036	95.35%	774,254	706,841	706,841	100.00%	702,228	702,228	100.00%
Court	974,417	886,249	90.95%	949,982	848,775	848,775	100.00%	901,469	901,469	100.00%
City Manager	672,072	658,047	97.91%	665,441	639,184	639,184	100.00%	659,882	659,882	100.00%
Human Resources	470,910	469,343	99.67%	461,343	430,792	430,792	100.00%	419,421	419,421	100.00%
Financial Services	1,541,645	1,464,305	94.98%	1,509,333	1,446,313	1,446,313	100.00%	1,445,581	1,445,581	100.00%
Information Technology	1,360,355	1,373,943	101.00%	1,342,364	1,332,766	1,332,766	100.00%	1,280,660	1,280,660	100.00%
Public Works	5,436,637	5,202,903	95.70%	5,327,838	5,259,875	5,259,875	100.00%	5,137,364	5,137,364	100.00%
Fire Department	7,711,732	8,100,554	105.04%	8,021,054	7,666,842	7,666,842	100.00%	7,425,903	7,425,903	100.00%
Police Department	10,921,455	10,788,935	98.79%	11,043,064	10,395,239	10,395,239	100.00%	10,312,633	10,312,633	100.00%
Community Development	1,478,398	1,262,451	85.39%	1,328,798	1,359,264	1,359,264	100.00%	1,301,473	1,301,473	100.00%
Library	1,256,481	1,180,771	93.97%	1,231,346	1,145,613	1,145,613	100.00%	1,284,083	1,284,083	100.00%
Recreation	5,834,425	5,649,246	96.83%	5,704,923	5,717,147	5,717,147	100.00%	5,811,809	5,811,809	100.00%
Debt Service	2,060,739	2,056,951	99.82%	2,060,739	2,096,463	2,096,463	100.00%	1,860,827	1,860,827	100.00%
Contingency	150,000	143,810	95.87%	150,000	152,423	152,423	100.00%	48,139	48,139	100.00%
Total Expenditures	40,949,793	40,265,587	98.33%	40,908,227	39,496,268	39,496,268	100.00%	38,901,342	38,901,342	100.00%
Excess revenues over (under) expenditures	(1,829,792)	(375,788)	20.54%	(1,567,522)	(1,189,693)	(1,189,693)		(2,081,763)	(2,081,763)	
Net transfers in (out)	1,306,739	628,913	48.13%	1,534,243	1,512,699	1,512,699	100.00%	1,341,485	1,341,485	100.00%
Total Fund Balance	$ 8,230,601	$ 9,070,810	110.21%	$ 8,784,406	$ 8,817,685	$ 8,817,685	100.00%	$ 8,494,679	$ 8,494,679	100.00%

Fund Balance Analysis

Total Fund Balance	$ 8,230,601	$ 9,070,810	$ 8,784,406	$ 8,817,685		$ 8,494,679
Restricted Fund Balance						
-Emergencies (TABOR)	1,150,000	1,200,000	1,200,000	1,150,000		1,150,000
Committed Fund Balance						
-LTAR	2,713,467	2,619,375	2,619,375	2,406,649		2,130,520
-COPS Grant	298,512	298,512	298,512	298,512		298,512
Restricted/Committed	$ 4,161,979	$ 4,117,887	$ 4,117,887	$ 3,855,161		$ 3,579,032
Estimated Unassigned Fund Balance	$ 4,068,622	$ 4,952,923	$ 4,666,519	$ 4,962,524		$ 4,915,647
As a percentage of projected revenues	10.34%	12.42%	11.86%	12.95%		13.35%
As a percentage of budgeted revenues	10.40%	12.66%	11.93%			
Target	3,912,000	-	5,868,000			

City of Englewood

To: Mayor Randy Penn and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: March 11, 2013
Subject: **February 2013** Financial Report

Please note any references to 2012 have not been audited and are subject to change until the annual audit and Comprehensive Annual Financial Report is completed.

REVENUES:

- Through February 2013, the City of Englewood collected **$6,435,959 or $266,278 or 4.3 percent more** than last year (See the chart on page 3 and the attached full report for details on changes in revenue in past year.
- The City collected $58,400 in property and $28,212 in specific ownership taxes through February.
- **Year-to-date sales and use tax revenues were $4,453,028 or $226,187 (5.3 percent) more than February 2012**
- Cigarette tax collections were up $2,419 compared to last year.
- Franchise fee collections were $5,796 less than last year.
- Licenses and permit collections were $48,388 more than 2012.
- Intergovernmental revenues were $120,746 less than the prior year.
- Charges for services increased $64,807 from last year.
- Recreation revenues increased $5,181 from 2012.
- Fines and forfeitures were $18,381 less than last year.
- Investment income was $11,367 less than last year.
- Miscellaneous revenues were $21,813 more than last year.
- Net rent revenues from McLellan Reservoir were $144,548.

OUTSIDE CITY:

- Outside City sales and use tax receipts (cash basis) were up $26,831 or 1.6 percent compared to last year.
- At this time potential refunds total approximately $1,500,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is $1,150,000.

CITY CENTER ENGLEWOOD (CCE):

- Sales and use tax revenue collected through February 2013 were $633,308 or $27,969 more than last year during the same period.

EXPENDITURES:

- Expenditures through February were $4,615,483 or $29,575 (.6 percent) less than the $4,645,058 expended through February 2012. The City's refund of sales and use tax claims through February 2013 totaled $4,747.

REVENUES OVER/UNDER EXPENDITURES:

- Revenues exceeded expenditures by $1,820,476 this year compared to revenues exceeding expenditures by $1,524,623 in 2012.

TRANSFERS:

- Net 2013 transfers-in to date of $150,000 were made by the end of February 2013 (please refer to page 16 for the make-up).

FUND BALANCE:

- The estimated total fund balance is $8,150,457 or 20.9 percent of estimated revenue. The estimated unassigned fund balance for 2013 is estimated at $4,032,570 or 10.3 percent of estimated revenue.
- The 2013 estimated Long Term Asset Reserve (LTAR) balance is $2,619,375 (please refer to page 13).

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected $212,204 in revenue and spent $1,135,930 year-to-date. Estimated year-end fund balance is $881,026.

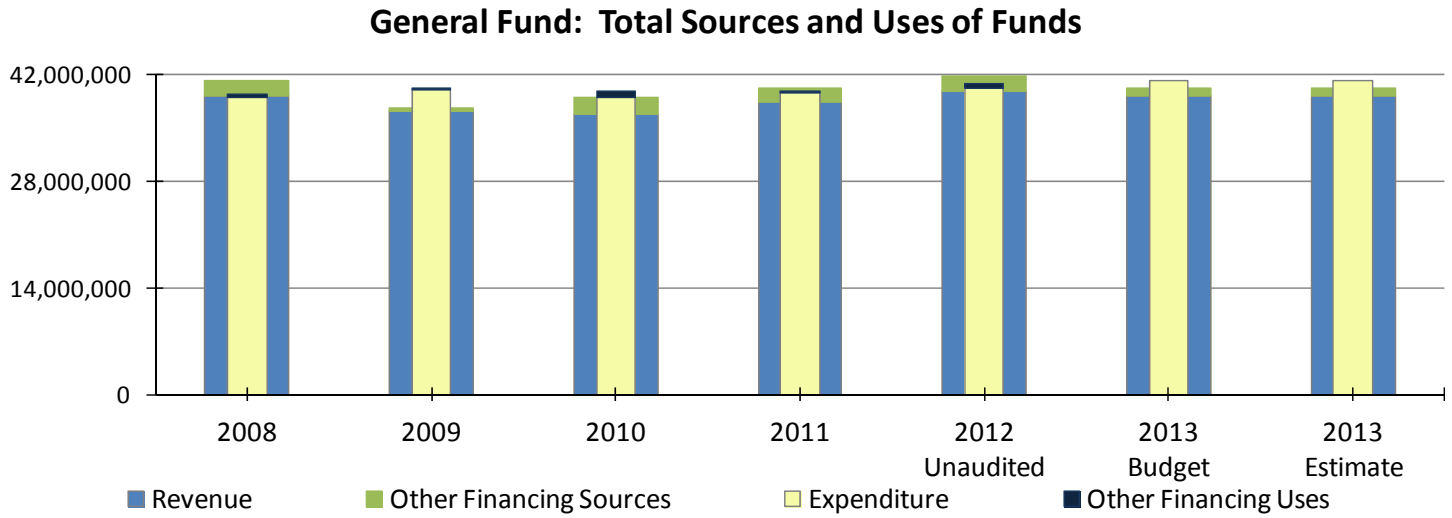
City of Englewood, Colorado
February 2013 Financial Report

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 administrative and oversight services through 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 graph below depicts the history of sources and uses of funds from 2008 to 2013 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.

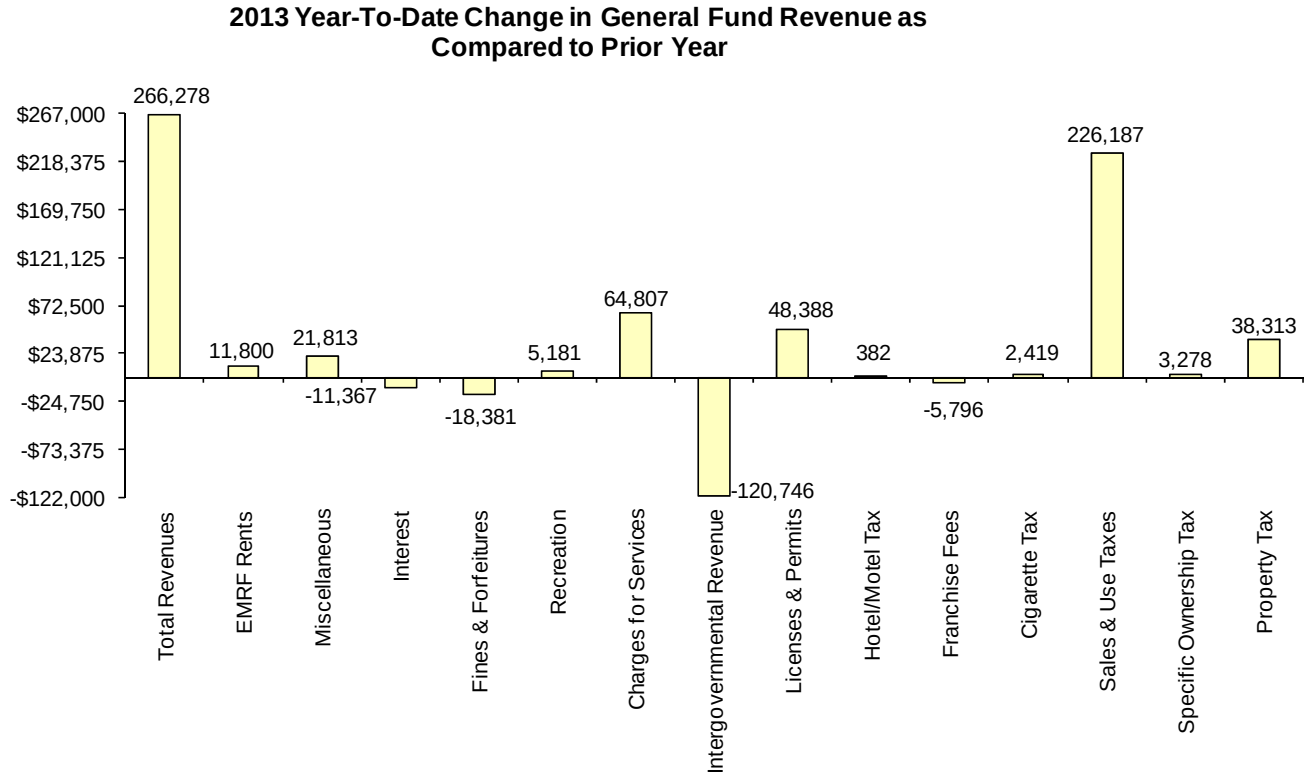


The table below summarizes General Fund Year-To-Date (YTD) Revenue, Expenditure, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended February, 2013. Comparative figures for years 2012 and 2011 are presented as well. The table also highlights the dollar and percentage changes between those periods.

	Feb-13	2013 vs 2012 Increase (Decrease)		Feb-12	2012 vs 2011 Increase (Decrease)		Feb-11
General Fund							
Year-To-Date Revenue	**$ 6,435,959**	$ 266,278	4.32%	**$ 6,169,681**	$ (110,729)	(1.76%)	**$ 6,280,410**
Year-To-Date Expenditure	**4,615,483**	$ (29,575)	(.64%)	**4,645,058**	$ (109,351)	(2.30%)	**4,754,409**
Net Revenue (Expenditure)	**$ 1,820,476**	$ 295,853		**$ 1,524,623**	$ (1,378)		**$ 1,526,001**
Unassigned Fund Balance	**$ 4,032,250**	$ (920,673)	(18.59%)	**$ 4,952,923**	$ (9,601)	(.19%)	**$ 4,962,524**
Sales & Use Tax Revenue YTD	**$ 4,453,028**	$ 226,187	5.35%	**$ 4,226,841**	$ (77,218)	(1.79%)	**$ 4,304,059**
Outside City Sales & Use Tax YTD	**$ 1,683,604**	$ 26,831	1.62%	**$ 1,656,773**	$ (20,200)	(1.20%)	**$ 1,676,973**

General Fund Revenues

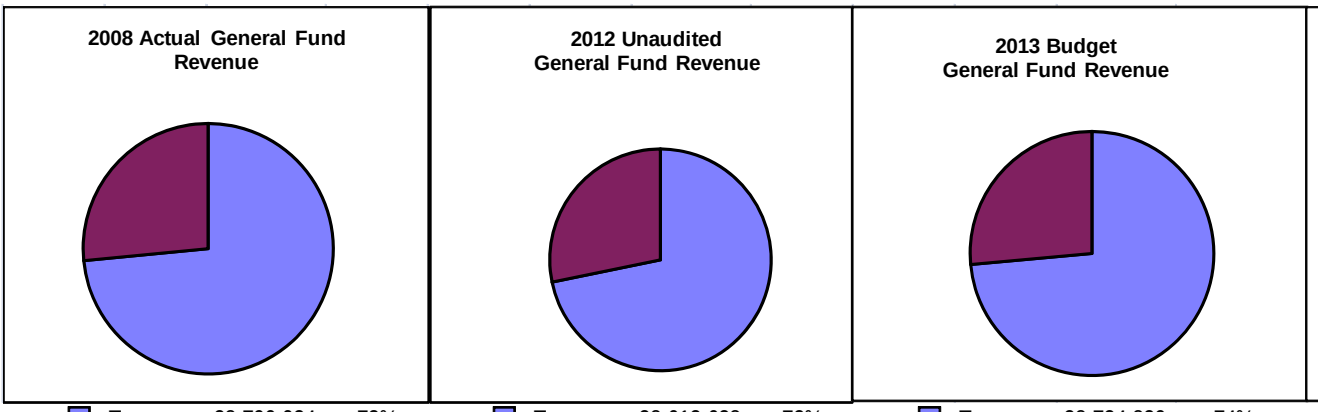
The City of Englewood's total budgeted revenue is $39,050,099. Total revenue collected through February 2013 was $6,435,959 or $266,278 (4.3 percent) more than was collected in 2012. The chart below illustrates changes in General Fund revenues this year as compared to last year.



General Fund - Taxes

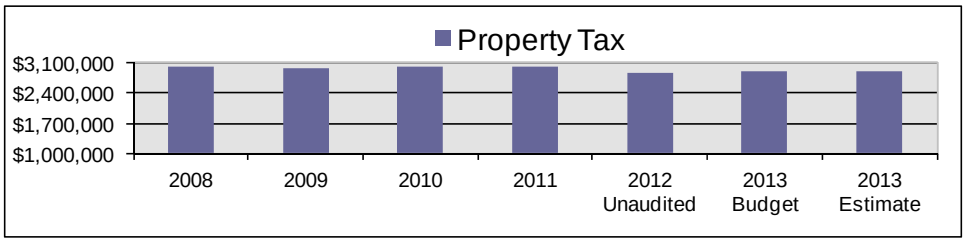
The General Fund obtains most of its revenue from taxes. In 2012 total unaudited revenues were $39,889,799 of which $28,612,628 (72 percent) came from tax collections. Taxes include property, sales and use, specific ownership, cigarette, utilities, franchise fees, and hotel/motel. The following pie charts illustrate the contribution of taxes to total revenue for 2008, 2012 unaudited and 2013 Budget. 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.

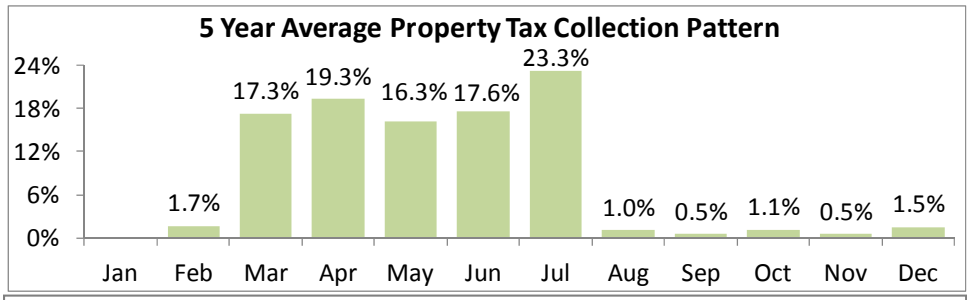
General Fund Revenues
Taxes vs. Other



	2008		2012		2013	
Taxes	28,790,034	73%	28,612,628	72%	28,724,829	74%
Other	10,388,627	27%	11,244,171	28%	10,325,270	26%
Total	39,178,661	100%	39,856,799	100%	39,050,099	100%

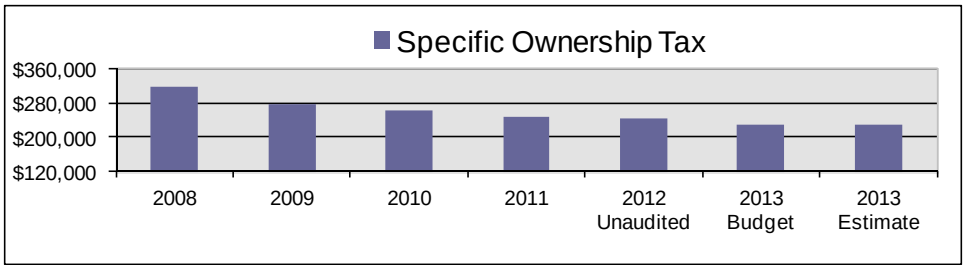
Property taxes: These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property. The City's total 2012 mill levy collected in 2013 is 7.794 mills. The 2012 mill levy for general operations collected in 2013 is 5.880 mills. Voters approved a separate, dedicated mill levy for principal and interest payments on the City's general obligation debt for the construction of parks and recreation projects. The dedicated general obligation debt mill levy is accounted for in the Debt Service Fund. The dedicated general obligation debt mill levy dedicated for the City's general obligation debt collected in 2012 is 1.914 mills. Property tax collections declined from $2,995,990 in 2008 to $2,874,816 in 2012. This was a decrease of $121,174 or four percent. In 2012 the City collected $2,874,816 or 10 percent of 2012 total taxes and 7.2 percent of total revenues from property taxes. The City budgeted $2,898,000 for 2013; and collected $58,400 through February 2013. The estimate for the year is $2,898,000.



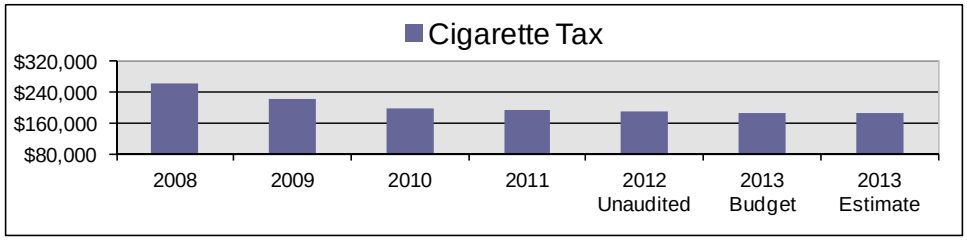


	2008	2009	2010	2011	2012	2013 Budget	2013 Estimate
Property Tax Mill Levy							
General Fund	5.880	5.880	5.880	5.880	5.880	5.880	5.880
Debt Service Fund	2.293	1.947	2.031	2.130	1.741	1.914	1.914
Total Mill Levy	8.173	7.827	7.911	8.010	7.621	7.794	7.794

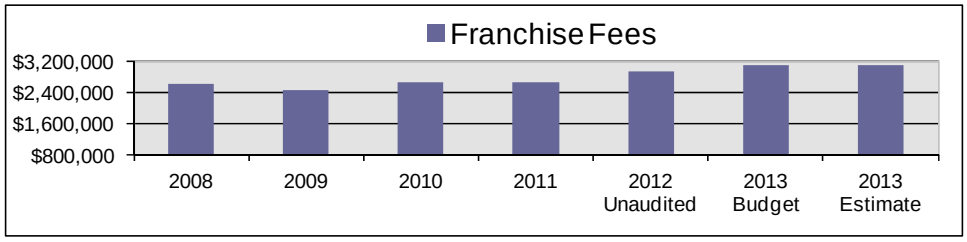
Specific ownership: These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc. These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected $316,242 in 2008 and $243,293 in 2012 which is a decrease of $72,949 or 23.1 percent. The City collected $243,293 in 2012 which is less than one percent of total revenues and total taxes. The City budgeted $230,000 for 2013 and collected $28,212 through February 2013. The estimate for the year is $230,000.



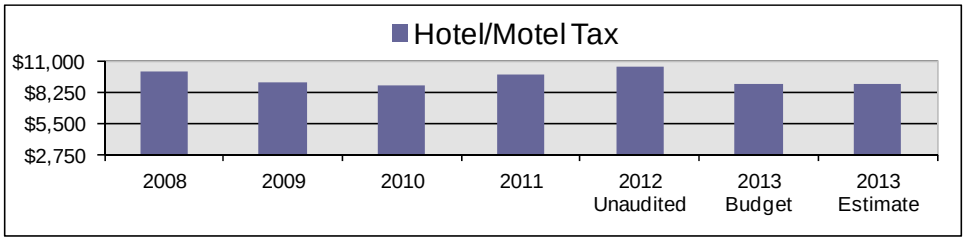
Cigarette Taxes: The State of Colorado levies a $.20 per pack tax on cigarettes. The State distributes 46 percent of the gross tax to cities and towns based on the pro rata share of state sales tax collections in the previous year. These taxes have fallen *significantly* in the past and continue to fall after the 2009 federal tax increase of approximately $.62 per pack went into effect. This federal tax increase will fund the State Children's Health Insurance Program (SCHIP). In 2008 the City collected $261,743, but in 2012 the City collected $189,618, which is a decrease of $72,125 or 27.6 percent. These taxes accounted for less than one percent of total taxes and less than one percent of total revenues in 2012. The City budgeted $184,000 for the year and collected $32,721 through February 2013, which is $2,419 or eight percent more than the $30,302 collected through February 2012. The estimate for the year is $184,000.



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 tax on telephone services. The City collected $2,588,214 in 2008 and $2,930,888 in 2012, an increase of $342,674 or 13.2 percent. These taxes accounted for 10.2 percent of taxes and 7.4 percent of total revenues in 2012. The City budgeted $3,067,552 for the year; collections through February totaled $307,451 compared to $313,247 collected during the same period last year. The estimate for the year is $3,067,552.

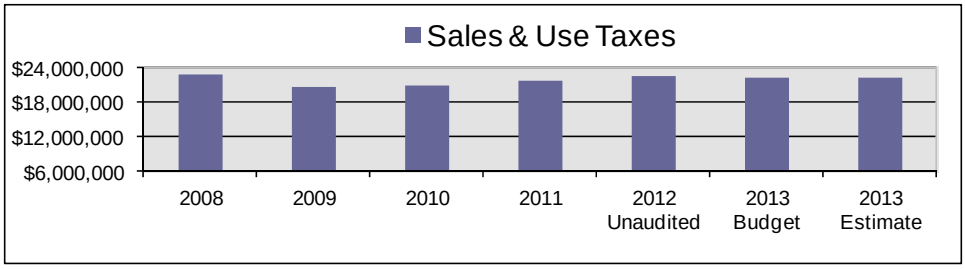


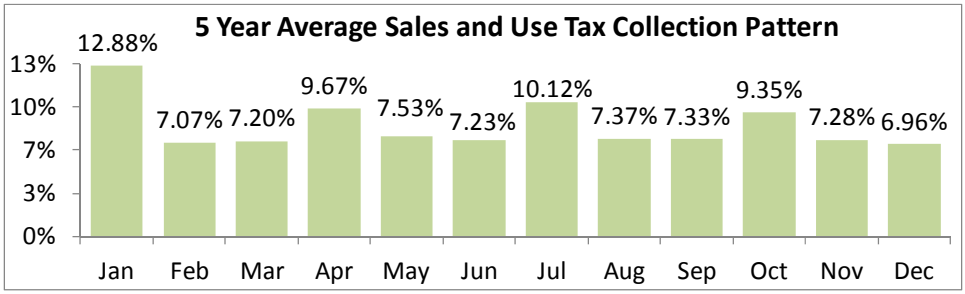
Hotel/Motel Tax: This tax is levied at two percent of the rental fee or price of lodging for under 30 days duration. The City budgeted $9,000 for the year and has collected $2,058 through February 2013. The estimate for the year is $9,000.



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 78.2 percent of all taxes and 56.4 percent of total revenues collected in 2012. In 2008, this tax generated $22,617,767 for the City of Englewood; in 2012 the City collected $22,363,618, a decrease of $254,618 (1.1 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 no longer receive a fee for collecting and remitting their sales/use taxes. Taxes for the current month are due to the City by the twentieth day of the following month. The City budgeted $22,336,277 for 2013. Sales and Use Tax revenue (cash basis) through February 2013 was $4,450,579 while revenue year-to-date for February 2012 was $4,225,228, an increase of $225,291 or 5.3 percent.



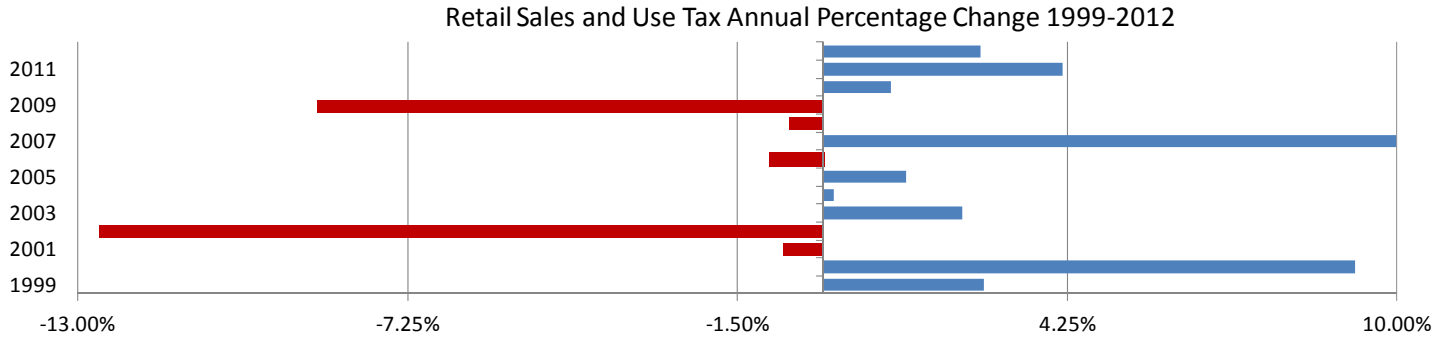


Collections (cash basis) for February 2013 were $1,612,088 while collections for February 2012 and February 2011 were $1,469,750 and $1,633,634 respectively. February 2012 collections were three percent or $142,338 more than February 2012 collections and $21,549 or 1.3 percent less than February 2011 collections.

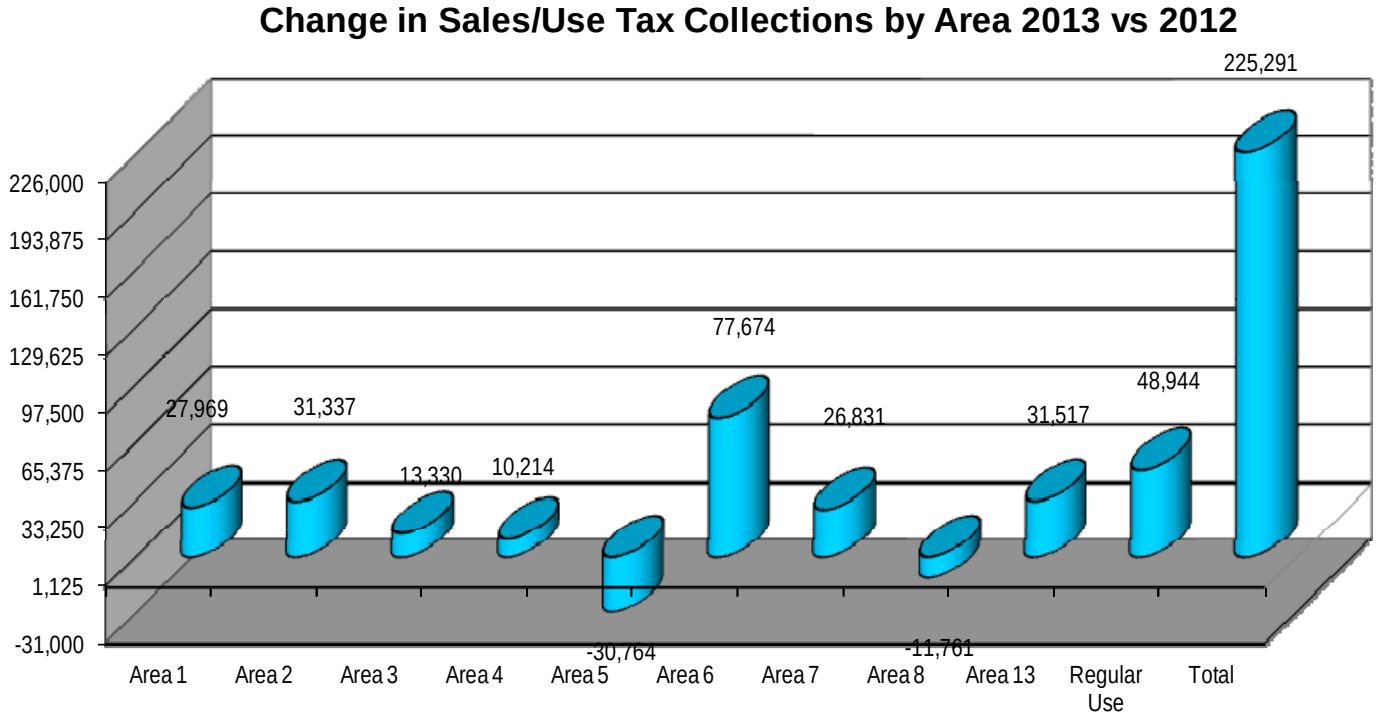
Based on last five years of sales tax collection data, February contributes 19.7 percent of total year's sales tax collections; if this pattern holds this year, 80.3 percent is left to collect over the next ten months. Based on February's collections, the City will collect an additional $18,121,703 over the next ten months for a total of $22,572,281. February's collections were 105.3 percent of last February's collections. If this were applied to the entire year, the total collected would be $23,548,890; the average of the two forecasts is $23,060,585.

Outside City sales and use tax collections through February totaled $1,683,604 equaling an increase of approximately $26,831 from 2012 collections.

This revenue source tends to ebb and flow (often dramatically) with the economy, growing during economic expansions and contracting during downturns. The past three years of sales tax collections have been exceptionally erratic making it extremely difficult 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.



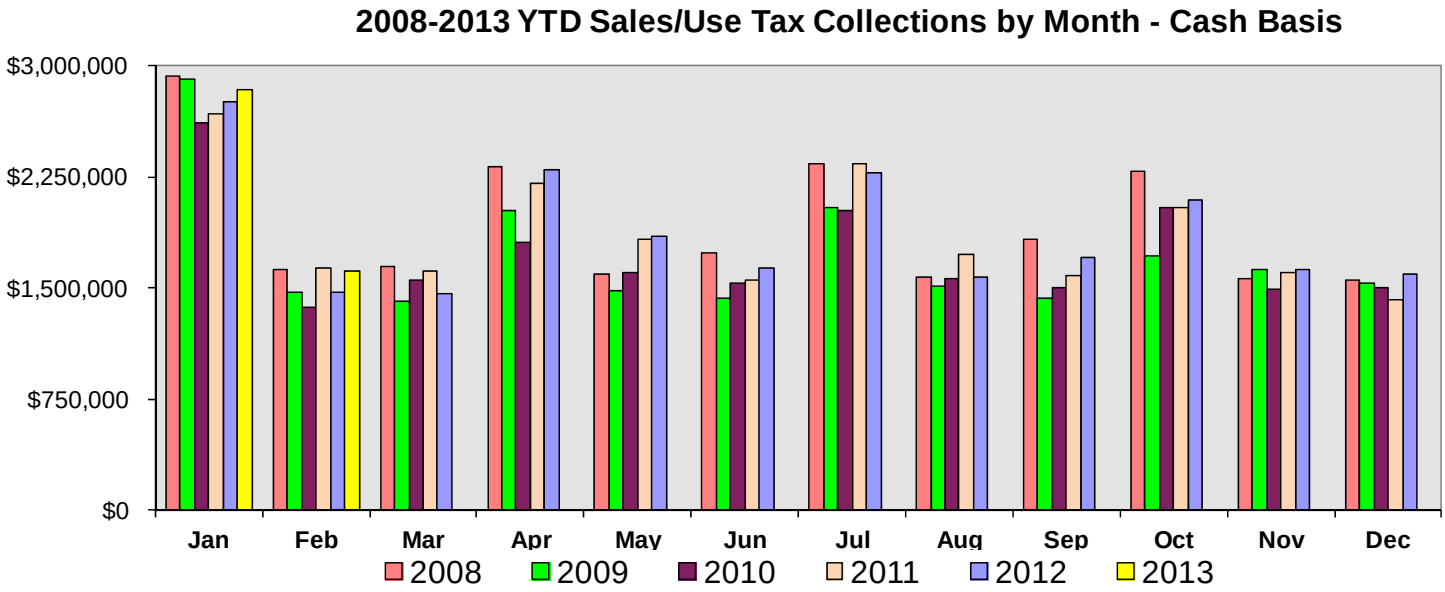
The chart on the next page, "Change in Sales/Use Tax Collections by Area 2012 vs. 2011" indicates that most of the increase in sales tax collections is due to Outside City (Area 7) and Collections from Public Utilities (Area 8). Economic conditions, judged by sales tax collections, appears to be a "mixed bag" with some geographic areas increasing and some decreasing compared to the same period last year.



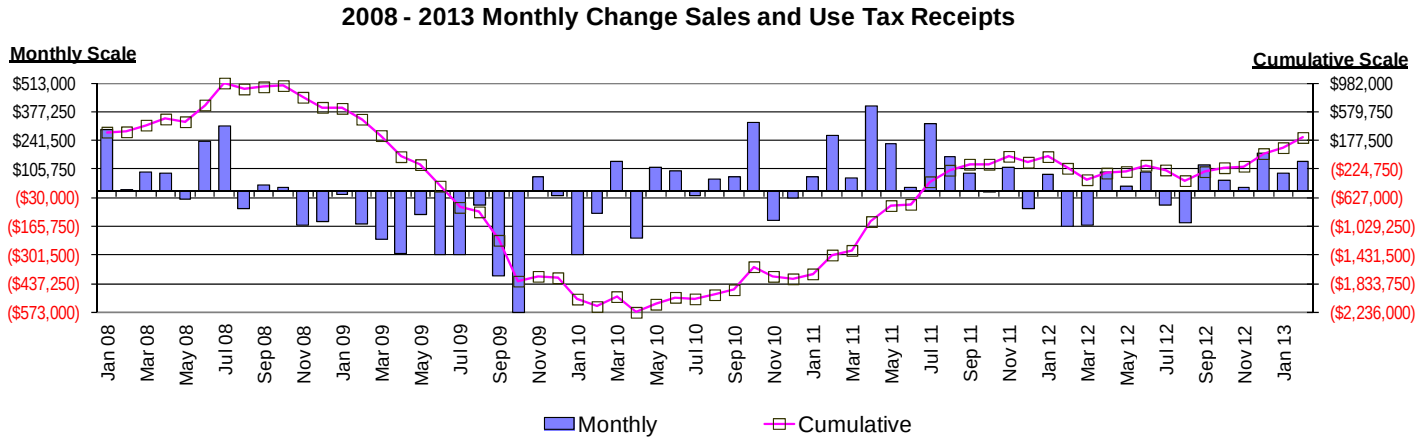
Please note that the geographic map of the sales tax areas was changed as of the February 2012 report, and hopefully makes more sense. Some of the areas will look skewed until more comparable data is available (next year). EURA Areas 9 & 10 and EURA Areas 11 & 12 were incorporated into Areas 1, 2 and 6. Specific changes include:

- Area 1 east boundary will change at Bannock St/Englewood Pkwy east to Acoma St south to Jefferson Ave/Hampden Ave/US 285
- Split the address down the middle of the streets for Area 2 and Area 3: Bannock St and Sherman St
- Split the address down the middle of the streets for Area 3 and Area 4: Belleview Ave, Fox St and Logan St
- The north and south side of the street included in Area 1: Jefferson Avenue
- The north and south side of the street included in Area 2: Jefferson Ave/Hampden Ave/US 285

The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2008 through 2013.

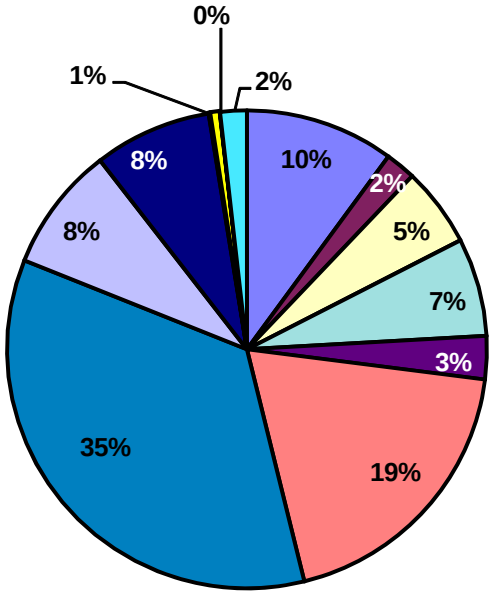


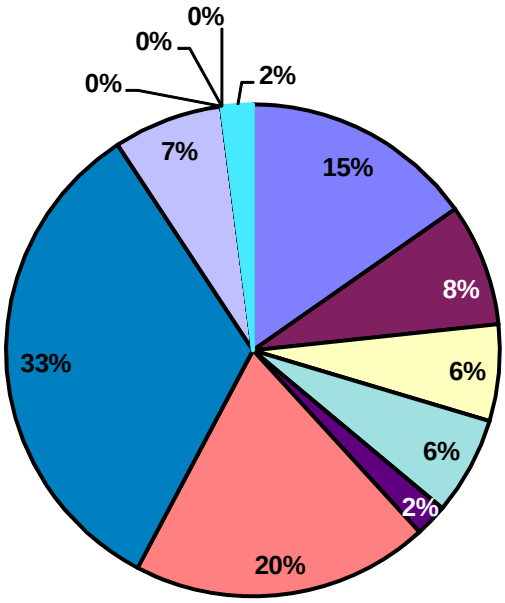
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented. For the period presented, the bar graph depicts the change in collections for a month as compared to the prior year, while the cumulative line graph is based on the beginning period monthly change in sales and use tax collections as adjusted by each consecutive month change.



Sales tax collections are reported by various geographic areas as illustrated in the following pie charts. These illustrate the changing collection patterns for 2008 and 2012 unaudited.

Geographic Sales Tax Collection Areas





2008 Actual Cash Receipts by Area

Area 1	10%	Area 8	8%
Area 2	2%	Area 9 & 10	8%
Area 3	5%	Area 11 & 12	1%
Area 4	7%	Area 13	0%
Area 5	3%	Regular Use	2%
Area 6	19%		
Area 7	35%		

2012 Unaudited Cash Receipts by Area

Area 1	15%	Area 8	7%
Area 2	8%	Area 9 & 10	0%
Area 3	6%	Area 11 & 12	0%
Area 4	6%	Area 13	0%
Area 5	2%	Regular Use	2%
Area 6	20%		
Area 7	33%		

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 $633,308 year-to-date or 4.6 percent more than was collected during the same period last year.

Area 4: This geographic area is up 4.1 percent from last year.

Area 6: This geographic area is up 11.7 percent from last year.

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 1.1 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 2008 for collections through the month of February. 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:

	2009	2010	2011	2012	2013
Total Sales and Use Taxes	4,381,873	3,976,590	4,310,866	4,225,288	4,450,579
Outside City Collections	1,513,273	1,411,923	1,676,973	1,656,773	1,683,604
Percentage of Total	**34.5%**	**35.5%**	**38.9%**	**39.2%**	**37.8%**
Total General Fund Revenues	6,141,509	5,612,080	6,280,410	6,169,981	6,435,959
Outside City Collections	1,513,273	1,411,923	1,676,973	1,656,773	1,683,604
Percentage of Revenues	**24.6%**	**25.2%**	**26.7%**	**26.9%**	**26.2%**

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 $1,150,000 to cover intercity claims. The City paid $4,333 in refunds including intercity sales/use tax claims through February 2013 compared to $42,821 through February 2012. At this time *potential* refunds total approximately $1,500,000 for claims submitted to Englewood but not completed.

Area 8: This geographic area consists of collections from public utilities. Collections through February were down $11,761 or 3.5 percent under 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.

Area 13: This geographic area encompasses the Kent Place Development. Collections through February were $31,517. Since this is the first year the area has collected taxes there are no previous collection history to compare to. If the average monthly collection for the first two months were projected for the year, total collections for the year will be approximately $189,000.

Other Sales Tax Related Information

Finance and Administrative Services Department collected $1,117 in sales and use tax audit revenues and general collections of balances on account through the month of February 2013, this compares to $2,858 collected in 2012 and $98,570 collected in 2011.

Of the 57 sales tax accounts reviewed in the various geographic areas, 38 (66.7 percent) showed improved collections and 19 (33.3 percent) showed reduced collections this year compared to the same period last year.

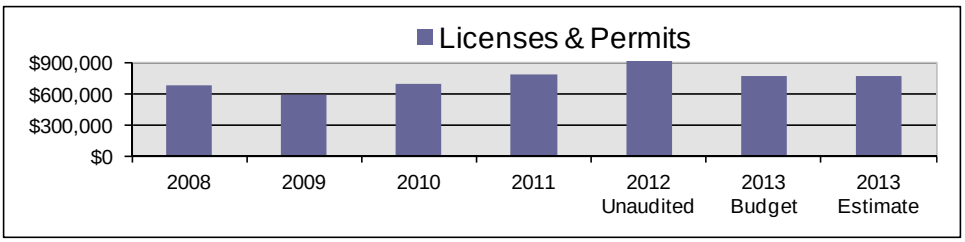
The Department issued 66 new sales tax licenses through February 2013; 72 and 58 were issued through February 2012 and 2011 respectively.

City records indicate that year-to-date six businesses closed (five were outside the physical limits of Englewood) and 66 opened (46 of them were outside the physical limits of Englewood).

General Fund - Other Revenue

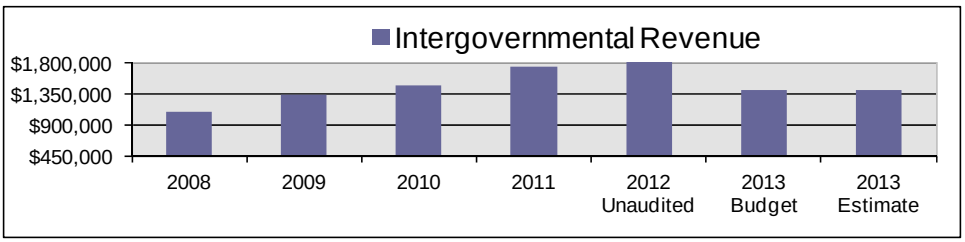
Other revenues (including McLellan rent) accounted for $11,277,171 or 26.9 percent of the total revenues for 2012. The City budgeted $10,325,270 for 2013.

The following provides additional information on the significant revenue sources of the General Fund:

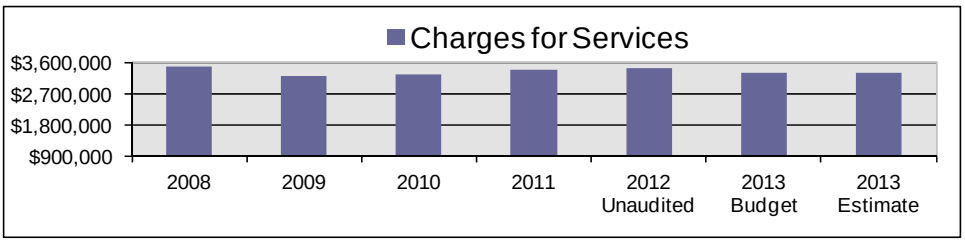


Licenses and Permits: This revenue category includes business and building licenses and permits. This revenue source generated $983,359 during 2012 or 2.5 percent of total revenue and 9.2 percent of total other revenue. This revenue source totaled $671,609 in 2008 and increased to $983,359 in 2012, a 46.4 percent increase. The City budgeted $767,153 for 2013 and year-to-date collected $165,661 or $48,388 (41.2 percent) more than the $117,273 collected through February 2012. The estimate for the year is $767,153.

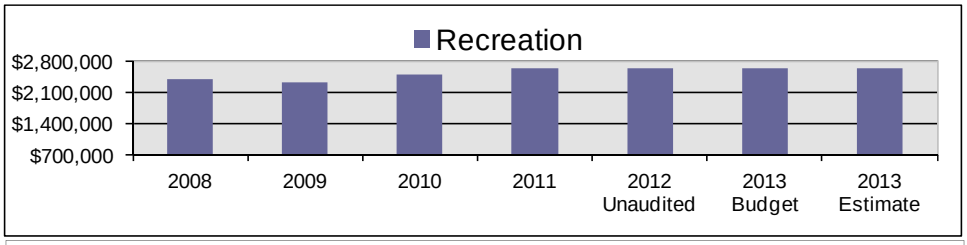
Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at $1,387,598 for 2013. This revenue source totaled $1,079,285 in 2008 and the City collected $1,865,722 in 2012, a 72.8 percent increase. The City collected $110,551 through February 2012 this is $120,746 (52.2 percent) less than the $231,297 collected in the same period in 2012. The estimate for the year is $1,387,598.

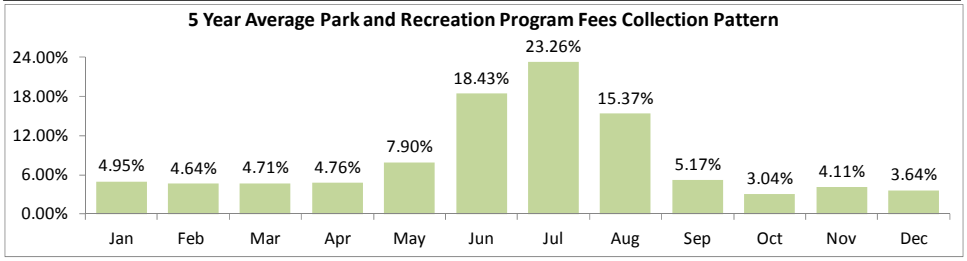


Charges for Services: This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at $3,277,773 for 2013. This revenue source totaled $3,476,583 in 2008 and decreased to $3,476,583 in 2012, a one percent decrease. Total collected year-to-date was $561,036 or $64,807 (13.1 percent) more than the $496,229 collected year-to-date in 2012. The estimate for the year is $3,277,773.

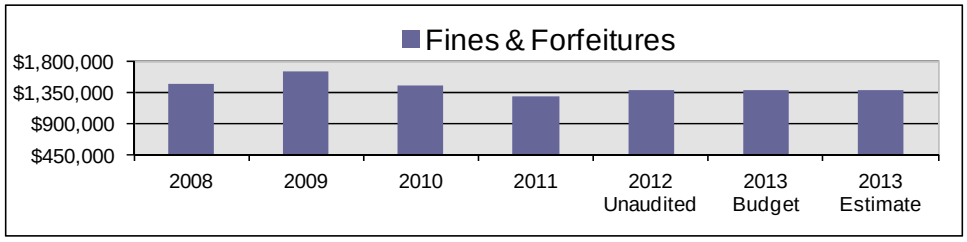


Recreation: This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department. This revenue source is budgeted at $2,629,173 for 2013. This revenue source totaled $2,364,758 in 2008 and increased to $2,615,642 in 2012, a 10.6 percent increase. Total collections through February 2013 were $257,682 compared to $252,501 collected in 2012. The estimate for the year is $2,629,173.

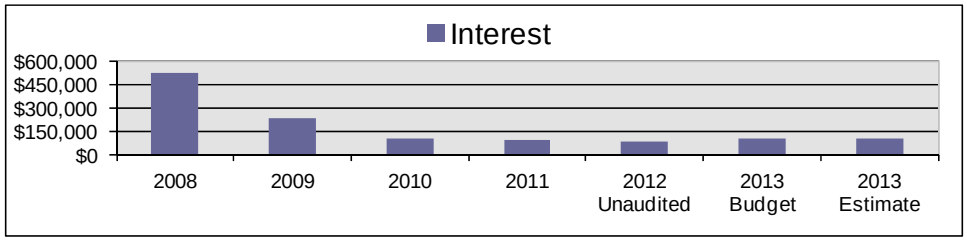




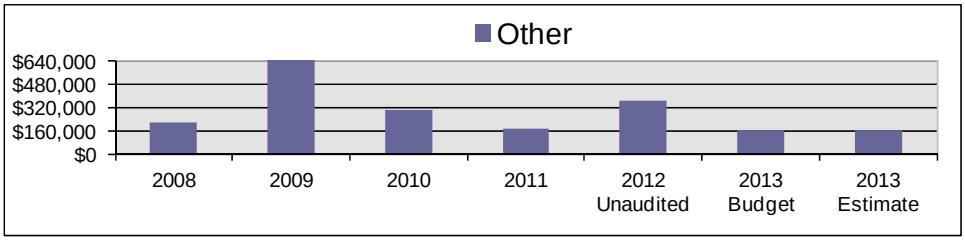
Fines and Forfeitures: This revenue source includes court, library, and other fines. The 2013 budget for this source is $1,368,450. This revenue source totaled $1,461,100 in 2008 and decreased to $1,381,453 in 2012, a 5.4 percent decrease. Total collected year-to-date was $236,342 or $18,381 (7.2 percent) less than the $254,723 collected in the same time period last year. The estimate for the year is $1,368,450.



Interest: This is the amount earned on the City's cash investments. The 2013 budget for this source is $100,000. This revenue source totaled $520,325 in 2008 and decreased to $84,045 in 2012, an 83.8 percent decrease. The City earned $7,713 through February 2013; while the City earned $19,080 through February 2012. The estimate for the year is $100,000.



Other: This source includes all revenues that do not fit in another revenue category. The 2013 budget for this source is $156,294. This revenue source totaled $215,823 in 2008 and increased to $354,130 in 2012, a 67 percent increase. Total collected year-to-date is $70,556 (44.7 percent) more than the $48,743 collected last year during the same period. The estimate for the year is $156,294.



General Fund - Expenditures

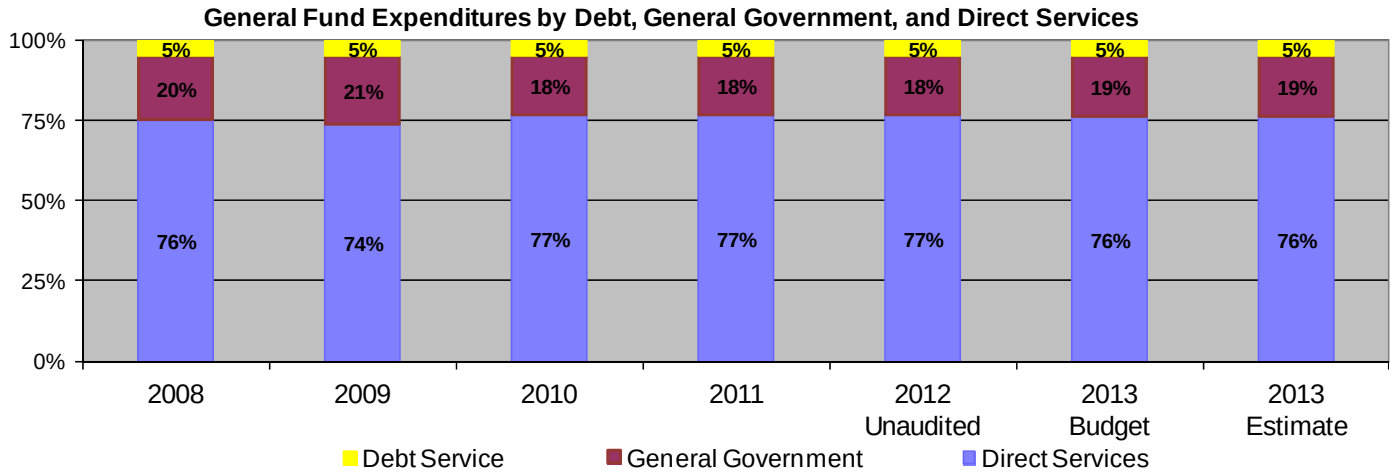
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- 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 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 $41,110,026 for 2013, this compares to $40,265,587 and $39,496,268 expended in 2012 and 2011 respectively. Budgeted expenditures for 2013 general government (City Manager, Human Resources, etc.) totals $7,636,290 or 18.6 percent of the total. Direct government expenditures (Police, Fire, etc.) are budgeted at $31,411,162 or 76.4 percent of the total. Debt service (fixed costs) payments are $2,062,574 or five percent of the total. Total expenditures through February were $4,615,483 compared to $4,645,058 in 2012 and $4,754,409 in 2011.

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



The schedule below provides the expenditure for each of the General Fund departments for the years 2008 through 2013 Estimate.

Expenditure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Unaudited	2013 Budget	2013 Estimate
General Government							
Legislation	350,254	346,044	309,870	298,731	316,043	330,436	330,436
City Manager	674,322	674,170	659,882	639,184	658,047	679,653	679,653
City Attorney	698,563	678,038	702,228	706,841	712,036	783,147	783,147
Muncipal Court	915,303	914,494	901,469	848,775	886,249	962,993	962,993
Human Resources	579,136	456,275	419,422	430,792	469,343	481,392	481,392
Finance & Administrative Services	1,626,571	1,575,923	1,445,581	1,446,313	1,464,305	1,583,684	1,583,684
Information Technology	1,280,156	1,360,237	1,280,660	1,332,766	1,373,943	1,340,211	1,340,211
Community Development	1,464,725	1,366,437	1,301,473	1,359,264	1,262,451	1,324,774	1,324,774
Contingencies	59,759	160,578	48,138	152,423	143,810	150,000	150,000
Contribution to Component Unit(s)	-	800,000	-	-	-	-	-
General Government Subtotal	7,648,789	8,332,196	7,068,723	7,215,089	7,286,227	7,636,290	7,636,290
Direct Services							
Public Works	5,189,173	5,152,891	5,137,364	5,259,875	5,202,903	5,308,257	5,308,257
Police	9,974,925	10,183,890	10,312,633	10,395,239	10,788,935	11,250,771	11,250,771
Fire	7,215,444	7,320,268	7,425,903	7,666,842	8,100,554	7,889,065	7,889,065
Library	1,261,112	1,275,554	1,284,083	1,145,613	1,180,771	1,251,293	1,251,293
Parks and Recreation	5,916,449	5,727,968	5,811,809	5,717,147	5,649,246	5,711,776	5,711,776
Direct Services Subtotal	29,557,103	29,660,571	29,971,792	30,184,716	30,922,409	31,411,162	31,411,162
Debt Service							
Debt Service-Civiccenter	1,575,850	1,571,752	1,570,705	1,658,857	1,570,921	1,573,000	1,573,000
Debt Service-Other	233,456	233,456	290,122	437,606	486,030	489,574	489,574
Debt Service Subtotal	1,809,306	1,805,208	1,860,827	2,096,463	2,056,951	2,062,574	2,062,574
Total Expenditure	39,015,198	39,797,975	38,901,342	39,496,268	40,265,587	41,110,026	41,110,026
% Expenditure Change	2.35%	2.01%	-2.25%	1.53%	1.95%	2.10%	0.00%
Other Financing Uses							
Transfers Out	408,915	177,011	750,000	301,246	1,339,330	0	0
Total Other Financing Uses	408,915	177,011	750,000	301,246	1,339,330	0	0
Total Uses of Funds	39,424,113	39,974,986	39,651,342	39,797,514	41,604,917	41,110,026	41,110,026
% Uses of Funds Change	1.92%	1.40%	-0.81%	0.37%	4.54%	-1.19%	0.00%

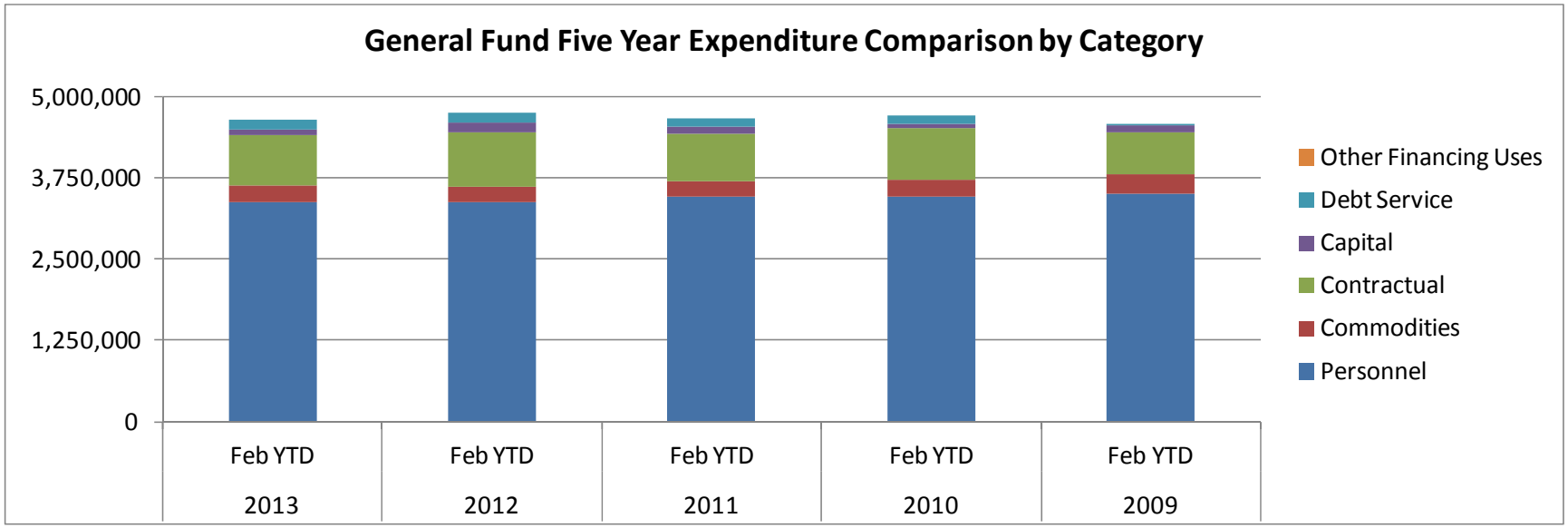
The chart below provides per capita the General Fund expenditure information categorized into direct and general government services and debt service. Also provided is the per capita General Obligation Debt accounted for in the Debt Service Fund.

	2008	2009	2010	2011	2012 Unaudited	2013 Budget	2013 Estimate
Population*	30,943	30,761	30,255	30,720	30,720	30,720	30,720
General Fund							
General Government Services	$ 247	$ 271	$ 234	$ 235	$ 235	$ 252	$ 234
Direct Services	$ 955	$ 964	$ 991	$ 983	$ 983	$ 1,014	$ 999
Public Works	$ 168	$ 168	$ 170	$ 171	$ 171	$ 177	$ 164
Police	$ 322	$ 331	$ 341	$ 338	$ 338	$ 356	$ 350
Fire	$ 233	$ 238	$ 245	$ 250	$ 250	$ 251	$ 263
Library	$ 41	$ 41	$ 42	$ 37	$ 37	$ 41	$ 38
Parks & Recreation	$ 191	$ 186	$ 192	$ 186	$ 186	$ 190	$ 183
Debt Service	$ 58	$ 59	$ 62	$ 68	$ 68	$ 67	$ 67
Total Expenditure Per Capita	$ 1,261	$ 1,294	$ 1,286	$ 1,286	$ 1,286	$ 1,333	$ 1,300
Debt Service Fund							
General Obligation Debt Per Capita	$ 36	$ 36	$ 36	$ 31	$ 31	$ 31	$ 31

City of Englewood, Colorado

General Fund - Five Year Expenditure Comparison by Category

	Feb YTD 2013	YTD % Change	% of Total	Feb YTD 2012	YTD % Change	% of Total	Feb YTD 2011	YTD % Change	% of Total	Feb YTD 2010	YTD % Change	% of Total	Feb YTD 2009	% of Total
Personnel services														
Salaries and wages	2,489,204	-1.620%	6.055%	2,530,253	-3.980%	6.228%	2,635,012	-0.800%	6.621%	2,656,204	-2.700%	6.699%	2,730,026	6.829%
Overtime	85,089	47.560%	0.207%	57,662	5.260%	0.142%	54,782	6.530%	0.138%	51,425	-2.320%	0.130%	52,644	0.132%
Benefits	804,924	1.840%	1.958%	790,362	2.110%	1.945%	774,065	2.960%	1.945%	751,793	3.990%	1.896%	722,961	1.809%
Personnel services total	3,379,217	0.030%	8.220%	3,378,277	-2.470%	8.315%	3,463,860	0.130%	8.704%	3,459,423	-1.320%	8.725%	3,505,631	8.770%
Commodities total	244,461	6.620%	0.595%	229,288	-4.570%	0.564%	240,266	-6.060%	0.604%	255,766	-12.910%	0.645%	293,688	0.735%
Contractual services total	781,541	-7.660%	1.901%	846,388	16.240%	2.083%	728,141	-7.660%	1.830%	788,505	19.360%	1.989%	660,591	1.653%
Capital total	86,392	-42.020%	0.210%	149,014	32.670%	0.367%	112,317	36.960%	0.282%	82,007	-9.020%	0.207%	90,136	0.225%
Total Expenditures	4,491,611	-2.420%	10.926%	4,602,966	1.280%	11.329%	4,544,584	-0.900%	11.419%	4,585,700	0.780%	11.565%	4,550,045	11.382%
Debt service total	153,447	1.320%	0.373%	151,444	25.270%	0.373%	120,893	0.000%	0.304%	120,893	4735.710%	0.305%	2,500	0.006%
Other financing uses total	0	0.000%	0.000%	0	0.000%	0.000%	0	0.000%	0.000%	0	0.000%	0.000%	0	0.000%
Total Uses of Funds	4,645,058	-2.300%	11.299%	4,754,410	1.910%	11.702%	4,665,477	-0.870%	11.723%	4,706,593	3.380%	11.870%	4,552,545	11.388%
Annual Total	41,110,026	1.185%		40,628,519	2.088%		39,797,514	0.369%		39,651,356	-0.810%		39,974,987	
YTD % of Annual Total	11.299%			11.702%			11.723%			11.870%			11.388%	



General Fund - Transfers

The General Fund has provided funds to and has received funds from Special Revenue Funds, Capital Projects Funds, and Internal Service Funds in order to buffer temporary gaps in revenue and expenditure amounts. In 2012 the General Fund is not in the position to provide funding to the Capital Projects Funds but has received the following net transfers:

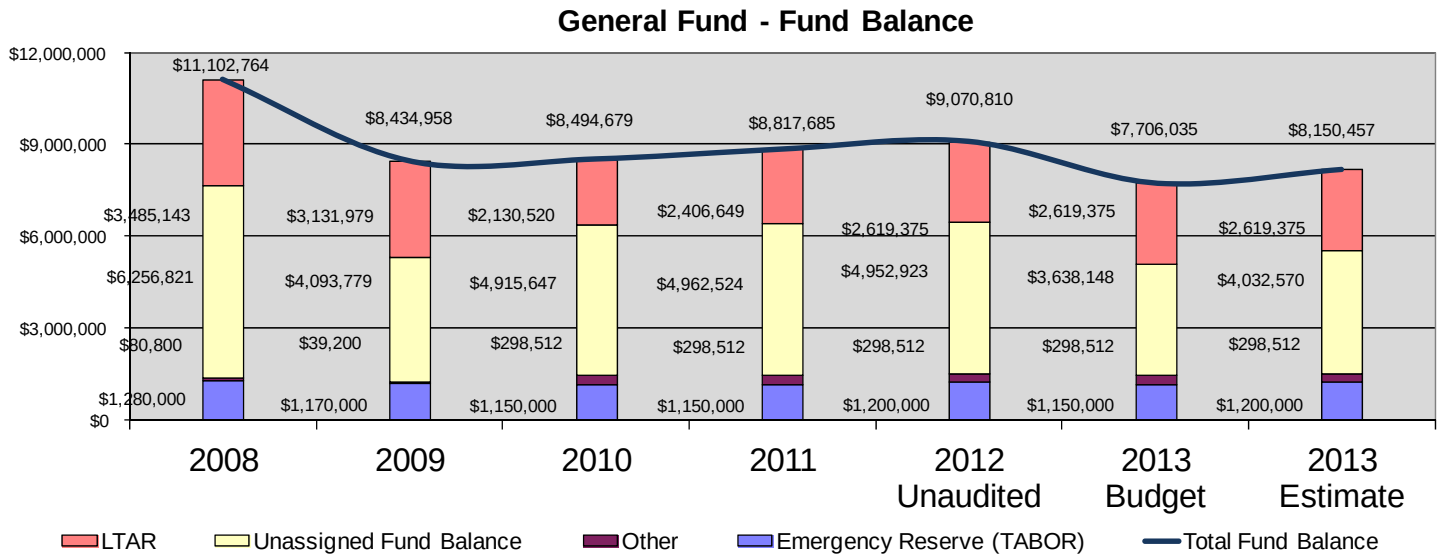
Source of Funds	2013 Budget Amount	2013 YTD Amount	2012 Net Annual Amount
Special Revenue Funds			
Neighborhood Stabilization Program Fund	$ -	$ -	$ 202,396
Capital Project Funds			
Public Improvement Fund (PIF)	989,574	-	201,517
Internal Service Funds			
Central Services Fund	50,000	50,000	-
Servicenter Fund	100,000	100,000	100,000
Risk Management Fund	-	-	205,000
Employee Benefits Fund	-	-	(80,000)
Transfers Total	$ 1,139,574	$ 150,000	628,913

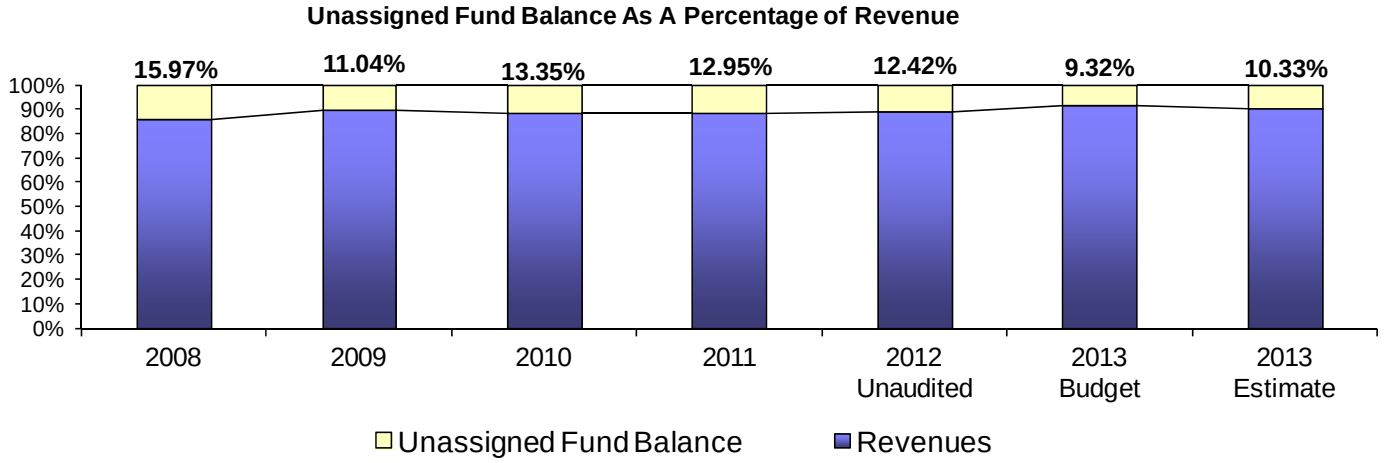
The liability reserve for the Risk Management Fund is calculated using the open claims report from CIRSA. The CIRSA Report provides an outstanding amount for each claim; the majority of the claims are well under $150,000. The City is liable for all claims up to $150,000 and CIRSA is responsible for amounts exceeding $150,000 (deductible). The total estimated claims under $150,000 make up the liability reserve. Because the liability reserve will be paid in the future, funds must be set aside to pay the claims. Accounting is only made aware of claim information and new liabilities when the CIRSA reports are received after the end of the year. It is extremely difficult to predict how many or how much each year's claims will be. The liability reserve is adjusted be from year-to-year as actual claim information is received.

General Fund - Fund Balance

The City designates the fund balance into two categories, restricted and unrestricted. The portion of the fund balance which is restricted is referred to as the "Reserves" while the unrestricted portion is referred to as the unassigned fund balance. The unassigned fund balance represents funds the City sets aside for a "rainy day". Another way to view these unrestricted funds is as a stabilization fund, the intent of which is to smooth over unexpected fluctuations in revenues and expenditures. The fund balance is normally built up when revenues exceed expenditures. In the past, excess funds have been transferred out, usually for capital projects identified in the Multiple Year Capital Plan (MYCP). The estimated unassigned fund 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, 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 are to be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The balance at the end of February 2013 is $2,619,375.





The City's General Fund ended 2012 with total reserves of $9,070,810, and an unassigned fund balance of $4,952,923 or 12.42 percent of revenues or 12.3 percent of expenditures. The budgeted total reserves for 2013 are $7,706,035 with an unassigned fund balance of $4,067,887 or 9.3 percent of budgeted revenues or 8.8 percent of budgeted expenditures. Estimated total reserves for 2013 are $8,150,457 with an unassigned fund balance of $4,032,570 or 10.33 percent of budgeted revenues or 9.8 percent of budgeted expenditures. The $4,032,570 would allow the City to operate for approximately 35.8 days (using average daily budgeted 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 on the next page that illustrates the PIF Year-To-Date (YTD) revenues and expenditures for the years 2011 through 2013. 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.

Public Improvement Fund (PIF)	2013	2013 vs 2012 Increase (Decrease)		2012	2012 vs 2011 Increase (Decrease)		2011
YTD Revenues	$ 212,204	$ 4,636	2.23%	$ 207,568	$ 92,214	79.94%	$ 115,354
YTD Expenditures	1,135,930	$ (184,083)	(13.95%)	1,320,013	$ (1,620,580)	(55.11%)	2,940,593
Net Revenues (Expenditures)	$ (923,726)	$ 188,719		$ (1,112,445)	$ 1,712,794		$ (2,825,239)
Beginning PIF Fund Balance	$ 1,320,371			$ 934,251			$ 2,686,457
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	$ 396,645			$ (178,194)			$ (138,782)
Plus: Remaining Annual Revenue	3,068,635			1,603,596			1,493,217
Less: Remaining Annual Appropriation	(2,584,254)			(1,354,821)			(1,229,567)
Estimated Ending Fund Balance	$ 881,026			$ 70,581			$ 124,868
Unappropriated Fund Balance as of December 31,				$ 540,125			$ 274,179

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

	2013 Estimate	2013 Adopted Budget	2013 YTD Actual	2013 Vs 2012 Amount	%	2012 YTD Actual	2012 Vs 2011 Amount	%	2011 YTD Actual
Vehicle Use Tax	$ 1,000,000	$ 1,000,000	$ 126,959	$ (135)	0%	$ 127,094	$ (9,031)	-7%	$ 136,125
Building Use Tax	$ 550,000	$ 550,000	$ 63,999	$ (1,091)	-2%	$ 65,089	$ 15,431	31%	$ 49,658
Arapahoe County Road and Bridge Tax	$ 184,000	$ 184,000	$ 9,854	$ 275	3%	$ 9,579	$ (27)	0%	$ 9,605

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. These revenue sources are monitored periodically to determine the revision of the 2013 Estimate. ***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%.

2013 Year-To-Date City Funds At-A-Glance

(Please refer to "Funds Glossary" for a Brief Description of Funds and Fund Types)

	Beginning Balance	Revenue	Expenditure	Other Sources (Uses)	Restricted/ Committed Balance	Ending Balance
Governmental Fund Types (Fund Balance)						
General Fund	8,817,685	6,036,934	4,645,058	(2,015,011)	4,161,979	4,032,570
Special Revenue Funds						
Conservation Trust	1,184,882	2,424	2,124	(1,127,230)	-	57,952
Open Space	1,367,255	2,443	8,711	(1,279,376)	-	81,612
Neighborhood Stabilization Program	408,432	390	52,007	(356,815)	-	-
Donors	380,622	5,617	13,327	-	-	372,912
Community Development	-	7,392	28,076	20,684	-	-
Malley Center Trust	279,038	968	(18)	-	-	280,024
Parks & Recreation Trust	451,714	919	1,141	-	-	451,493
Debt Service Fund						
General Obligation Bond	154,267	6,066	58	-	-	160,275
Capital Projects Funds						
PIF	934,251	207,568	55,607	(205,186)	-	881,026
MYCP	827,183	1,342	84,833	(665,410)	-	78,282
Proprietary Fund Types (Funds Available Balance)						
Enterprise Funds						
Water	7,426,594	818,290	1,238,961	-	-	7,005,924
Sewer	5,306,200	2,527,238	1,919,394	-	1,000,000	4,914,044
Stormwater Drainage	990,801	84,776	11,434	-	137,818	926,325
Golf Course	735,144	49,021	106,657	-	293,500	384,009
Concrete Utility	338,297	112,019	42,924	-	-	407,393
Housing Rehabiliation	489,000	23,782	8,612	-	-	504,170
Internal Service Funds						
Central Services	151,323	64,806	45,056	-	-	171,074
ServiCenter	993,875	371,973	266,037	(100,000)	-	999,811
CERF	1,538,025	122,891	338	-	-	1,660,579
Employee Benefits	4,936	740,526	1,224,058	-	11,765	(490,360)
Risk Management	1,101,326	4,033	433,707	(720,000)	-	(48,348)

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 the **art** Shuttle Program which is funded in part by the Regional Transportation District (RTD). **art** provides riders free transportation to 19 stops connecting CityCenter Englewood, businesses in downtown Englewood, and the medical facilities in and near Craig Hospital and Swedish Medical Center.

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.

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.

FUNDS GLOSSARY

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.

Neighborhood Stabilization Program Fund – Accounts for the federal grant awarded to acquire, rehabilitate and resale approximately eleven foreclosed residential properties located in the City.

Open Space 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 from the Arapahoe County Open Space Sales Tax of .25%. The Open Space Tax was created on January 1, 2004 and expires on December 31, 2023.

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.

Special Assessment Funds account for and pay special assessment bond principal and interest and/or inter-fund loan principal and interest:

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 February 28, 2013

Percentage of Year Completed = 17%

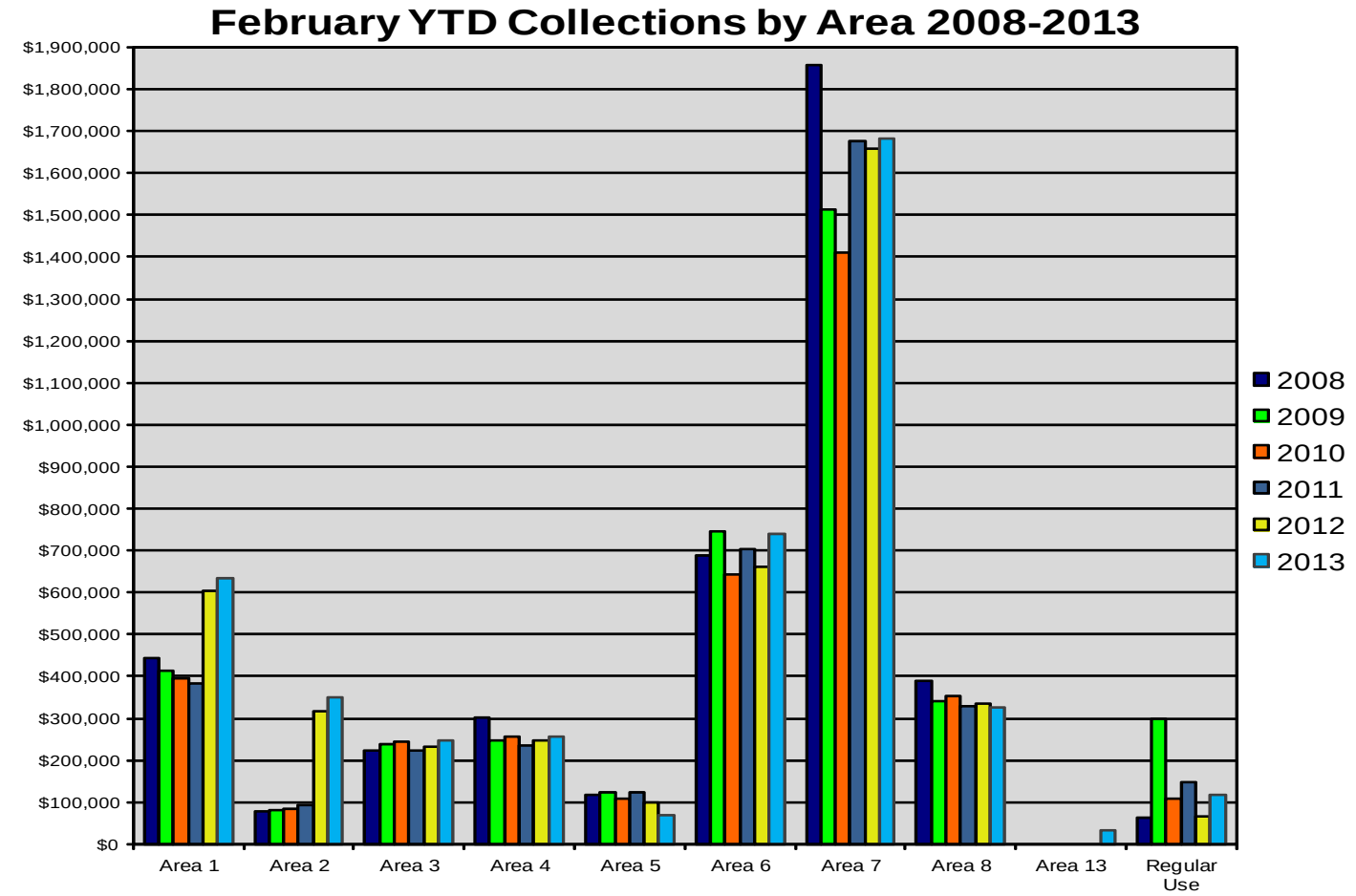
	2013				2012			2011		
Fund Balance January 1	$ 8,626,388	$ 9,070,810		$ 9,070,810	$ 8,817,685	$ 8,817,685		$ 8,494,679	$ 8,494,679	
	Budget	Feb-13	% Budget	YE Estimate	Dec-12	Feb-12	% YTD	Dec-11	Feb-11	% YTD
Revenues										
Property Tax	2,898,000	58,400	2.02%	2,898,000	2,874,816	20,087	0.70%	2,994,213	32,511	1.09%
Specific Ownership Tax	230,000	28,212	12.27%	230,000	243,293	24,934	10.25%	246,062	24,715	10.04%
Sales & Use Taxes	22,336,277	4,453,028	19.94%	22,336,277	22,363,618	4,226,841	18.90%	21,737,110	4,304,059	19.80%
Cigarette Tax	184,000	32,721	17.78%	184,000	189,618	30,302	15.98%	190,763	32,380	16.97%
Franchise Fees	3,067,552	307,451	10.02%	3,067,552	2,930,888	313,247	10.69%	2,631,393	275,192	10.46%
Hotel/Motel Tax	9,000	2,058	22.87%	9,000	10,395	1,676	16.12%	9,820	1,486	15.13%
Licenses & Permits	767,153	165,661	21.59%	767,153	983,359	117,273	11.93%	778,536	96,547	12.40%
Intergovernmental Revenue	1,387,598	110,551	7.97%	1,387,598	1,865,722	231,297	12.40%	1,724,807	445,426	25.82%
Charges for Services	3,277,773	561,036	17.12%	3,277,773	3,441,525	496,229	14.42%	3,384,318	545,772	16.13%
Recreation	2,629,173	257,682	9.80%	2,629,173	2,615,642	252,501	9.65%	2,635,221	240,410	9.12%
Fines & Forfeitures	1,368,450	236,342	17.27%	1,368,450	1,381,453	254,723	18.44%	1,284,758	210,403	16.38%
Interest	100,000	7,713	7.71%	100,000	84,045	19,080	22.70%	91,034	(1,805)	-1.98%
EMRF Rents	638,829	144,548	22.63%	638,829	551,295	132,748	24.08%	425,159	35,750	8.41%
Miscellaneous	156,294	70,556	45.14%	156,294	354,130	48,743	13.76%	173,381	37,564	21.67%
Total Revenues	39,050,099	6,435,959	16.48%	39,050,099	39,889,799	6,169,681	15.47%	38,306,575	6,280,410	16.40%
Expenditures										
Legislation	330,436	30,483	9.23%	330,436	316,043	41,491	13.13%	298,731	40,596	13.59%
City Attorney	783,147	83,592	10.67%	783,147	712,036	90,195	12.67%	706,841	80,666	11.41%
Court	962,993	104,479	10.85%	962,993	886,249	98,946	11.16%	848,775	103,684	12.22%
City Manager	679,653	112,045	16.49%	679,653	658,047	113,693	17.28%	639,184	115,013	17.99%
Human Resources	481,392	45,059	9.36%	481,392	469,343	49,855	10.62%	430,792	43,116	10.01%
Financial Services	1,583,684	169,359	10.69%	1,583,684	1,464,305	167,246	11.42%	1,446,313	167,164	11.56%
Information Technology	1,340,211	190,024	14.18%	1,340,211	1,373,943	165,795	12.07%	1,332,766	188,816	14.17%
Public Works	5,308,257	625,631	11.79%	5,308,257	5,202,903	668,237	12.84%	5,259,875	690,312	13.12%
Fire Department	7,889,065	900,929	11.42%	7,889,065	8,100,554	937,295	11.57%	7,666,842	916,362	11.95%
Police Department	11,250,771	1,420,751	12.63%	11,250,771	10,788,935	1,331,751	12.34%	10,395,239	1,368,882	13.17%
Community Development	1,324,774	123,994	9.36%	1,324,774	1,262,451	127,085	10.07%	1,359,264	129,915	9.56%
Library	1,251,293	161,864	12.94%	1,251,293	1,180,771	157,021	13.30%	1,145,613	184,104	16.07%
Recreation	5,711,776	479,693	8.40%	5,711,776	5,649,246	530,350	9.39%	5,717,147	542,010	9.48%
Debt Service	2,062,574	153,933	7.46%	2,062,574	2,056,951	153,447	7.46%	2,096,463	151,444	7.22%
Contingency	150,000	13,647	9.10%	150,000	143,810	12,651	8.80%	152,423	32,325	21.21%
Total Expenditures	41,110,026	4,615,483	11.23%	41,110,026	40,265,587	4,645,058	11.54%	39,496,268	4,754,409	12.04%
Excess revenues over (under) expenditures	(2,059,927)	1,820,476	-88.38%	(2,059,927)	(375,788)	1,524,623		(1,189,693)	1,526,001	
Net transfers in (out)	1,139,574	150,000	13.16%	1,139,574	628,913	1,306,739	207.78%	1,512,699	1,417,815	93.73%
Total Fund Balance	$ 7,706,035	$ 11,041,286	143.28%	$ 8,150,457	$ 9,070,810	$ 11,649,047	128.42%	$ 8,817,685	$ 11,438,495	129.72%

Fund Balance Analysis

Total Fund Balance	$ 7,706,035	$ 11,041,286	$ 8,150,457	$ 9,070,810	$ 8,817,685
Restricted Fund Balance					
-Emergencies (TABOR)	1,150,000	1,200,000	1,200,000	1,200,000	1,150,000
Committed Fund Balance					
-LTAR	2,619,375	2,619,375	2,619,375	2,619,375	2,406,649
-COPS Grant	298,512	298,512	298,512	298,512	298,512
Restricted/Committed	$ 4,067,887	$ 4,117,887	$ 4,117,887	$ 4,117,887	$ 3,855,161
Estimated Unassigned Fund Balance	$ 3,638,148	$ 6,923,399	$ 4,032,570	$ 4,952,923	$ 4,962,524
As a percentage of projected revenues	9.32%	17.73%	10.33%	12.42%	12.95%
As a percentage of budgeted revenues	9.32%	17.73%	10.33%		
Target	3,905,010	-	5,857,515		

Sales & Use Tax Collections Year-to-Date Comparison
for the month of February 2013
Cash Basis

	2008	% Change	2009	% Change	2010	% Change	2011	% Change	2012	% Change	2013	% Change
Area 1	444,451	-1.78%	414,645	-8.36%	395,502	-11.01%	384,368	-2.82%	605,339	57.49%	633,308	4.62%
Area 2	79,073	-2.67%	81,351	0.14%	84,944	7.43%	94,059	10.73%	318,120	238.21%	349,457	9.85%
Area 3	222,140	3.89%	239,646	12.08%	244,685	10.15%	221,744	-9.38%	233,797	5.44%	247,127	5.70%
Area 4	302,300	-9.32%	246,995	-25.91%	256,622	-15.11%	234,362	-8.67%	246,568	5.21%	256,782	4.14%
Area 5	117,650	9.04%	122,545	13.58%	108,316	-7.93%	122,800	13.37%	99,308	-19.13%	68,545	-30.98%
Area 6	689,255	-7.79%	744,704	-0.37%	644,635	-6.47%	702,046	8.91%	661,505	-5.77%	739,179	11.74%
Area 7	1,858,814	22.66%	1,513,273	-0.14%	1,411,923	-24.04%	1,676,973	18.77%	1,656,773	-1.20%	1,683,604	1.62%
Area 8	390,303	7.98%	342,173	-5.34%	353,992	-9.30%	328,184	-7.29%	336,257	2.46%	324,496	-3.50%
Area 13							0	0.00%	0	0.00%	31,517	0.00%
Regular Use	62,791	-9.03%	298,374	332.28%	108,657	73.05%	148,941	37.08%	67,620	-54.60%	116,564	72.38%
Subtotal	4,166,777	18.61%	4,003,705	13.97%	3,609,276	-13.38%	3,913,477	8.43%	4,225,288	7.97%	4,450,579	5.33%
Area 9 and 10	354,661	2.83%	351,492	-0.89%	342,718	-2.50%	370,346	8.06%	0	-100.00%	0	0.00%
Area 11 and 12	27,377	12.85%	26,676	-2.56%	24,596	-7.80%	27,043	9.95%	0	-100.00%	0	0.00%
Subtotal	382,039	3.49%	378,168	-1.01%	367,314	-2.87%	397,388	8.19%	0	-100.00%	0	0.00%
Total	4,548,816	17.17%	4,381,873	-3.67%	3,976,590	-9.25%	4,310,866	8.41%	4,225,288	-1.99%	4,450,579	5.33%
Refunds	44,336	7.40%	468	-98.94%	74,921	15914.21%	7,976	-89.35%	42,821	436.86%	4,747	-88.91%
Audit & Collections Revenue*	172,401	44.83%	271,936	57.73%	30,558	-88.76%	99,834	226.71%	5,176	-94.82%	13,201	155.07%
*included Above												
Unearned Sales Tax	650,000	0.00%	600,000	-7.69%	600,000	0.00%	1,100,000	83.33%	1,100,000	0.00%	1,100,000	0.00%
Building Use	282,710	-43.48%	24,514	-91.33%	51,565	110.35%	49,658	-3.70%	65,089	31.07%	63,999	-1.68%
Vehicle Use	219,298	-2.94%	175,252	-20.08%	146,625	-16.34%	136,125	-7.16%	235,269	72.83%	249,869	6.21%



Area Descriptions

Area 1 - CityCenter (Formerly Cinderella City)

Area 2 - S of Yale, north & south side of Jefferson Ave/US 285 between Bannock and Sherman

Area 3 - S of Jefferson Ave/US 285 between Bannock & Sherman and north side of Belleview between Logan & Delaware

Area 4 - Broadway and Belleview (Between Fox and Sherman and south side of Belleview and to the Southern City Limits)

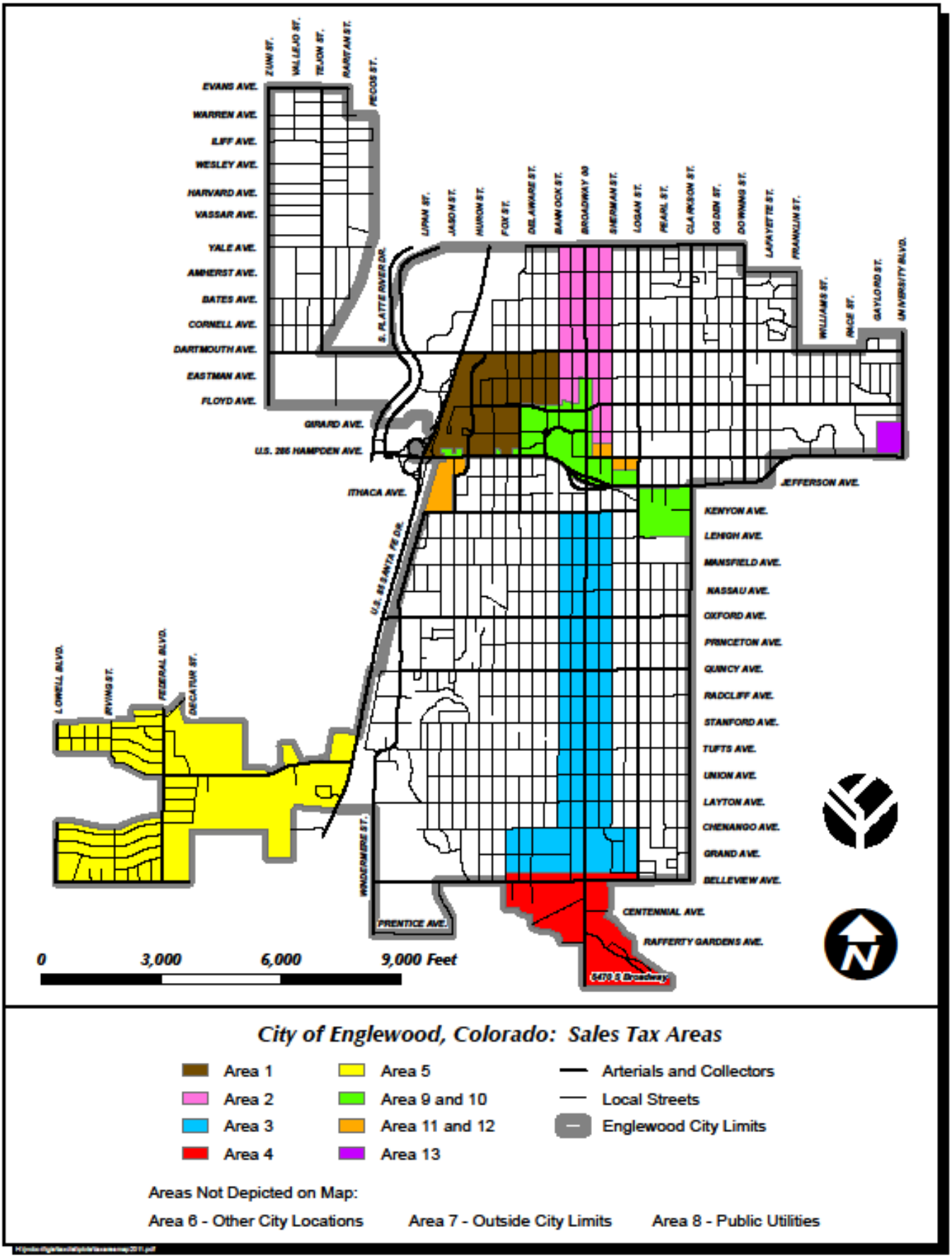
Area 5 - Federal and Belleview W of Santa Fe

Area 6 - All other City locations

Area 7 - Outside City limits

Area 8 - Public Utilities

Area 13 - Hampden Avenue (US 285) and University Boulevard


ZUNI ST.
VALLEJO ST.
TEJON ST.
RARITAN ST.
RECOS ST.
EVANS AVE.
WARREN AVE.
ELIFF AVE.
WESLEY AVE.
HARVARD AVE.
VASSAR AVE.
YALE AVE.
AMHERST AVE.
BATES AVE.
CORNELL AVE.
DARTMOUTH AVE.
EASTMAN AVE.
FLOYD AVE.
S. PLATTE RIVER DR.
LIPAN ST.
JASON ST.
HURON ST.
FOX ST.
DELAWARE ST.
BANNOCK ST.
BROADWAY 88
SHERMAN ST.
LOGAN ST.
PEARL ST.
CLARKSON ST.
OGDEN ST.
DOWNING ST.
LAFAYETTE ST.
FRANKLIN ST.
WILLIAMS ST.
PAGE ST.
GAYLORD ST.
UNIVERSITY BLVD.
GIRARD AVE.
U.S. 285 HAMPDEN AVE.
ITHACA AVE.
JEFFERSON AVE.
KENYON AVE.
LEHIGH AVE.
MANSFIELD AVE.
NASSAU AVE.
OXFORD AVE.
PRINCETON AVE.
QUINCY AVE.
RADCLIFF AVE.
STANFORD AVE.
TUFTS AVE.
UNION AVE.
LAYTON AVE.
CHENANGO AVE.
GRAND AVE.
BELLEVIEW AVE.
CENTENNIAL AVE.
RAFFERTY GARDENS AVE.
5470 S Broadway
U.S. 85 SANTA FE DR.
LOWELL BLVD.
IRVING ST.
FEDERAL BLVD.
DECATUR ST.
WINDERMERE ST.
PRENTICE AVE.
0
3,000
6,000
9,000 Feet
City of Englewood, Colorado: Sales Tax Areas
Area 1
Area 2
Area 3
Area 4
Area 5
Area 9 and 10
Area 11 and 12
Area 13
Arterials and Collectors
Local Streets
Englewood City Limits
Areas Not Depicted on Map:
Area 6 - Other City Locations
Area 7 - Outside City Limits
Area 8 - Public Utilities

Cooperative Effort Feasibility Study: LFR / EFD

Recommended Strategic Initiatives

I.	Consolidation of Emergency Communications & Dispatch, including a common MDC/MDT system with AVL (**HIGH PRIORITY**)
II.	Develop / implement dropped border response including regional Incident Command and Operations supervision (**HIGH PRIORITY**)
III.	Develop Uniform Pre-Incident Plans
IV.	Training, including common standards and a single annual training plan: (**HIGH PRIORITY**) • Contract for services, or • Consolidate programs
V.	Develop Joint Standards for Service Delivery, including aligned operational staffing schedules
VI.	Develop an integrated Deployment Plan and Standards
VII.	Develop shared methodology to provide Medic Unit surge capacity
VIII.	Provide for shared Safety and Medical Officer services
IX.	Consolidate life safety education programs
X.	Consolidate emergency management programs

Littleton Fire Rescue and Englewood Fire Department Colorado

Path to Consolidation: Staged Implementation

March 2013

Emergency Services Consulting International

Cooperative Effort Feasibility Study: LFR / EFD

General Comment

The ESCI Study Report details our analysis of fire and emergency medical services currently described in the City of Englewood, Colorado, and the City of Littleton, Colorado. The work was commissioned by both organizations to assess the feasibility of formally combining the two fire departments and as a foundation for elected officials and others charged with a duty to examine emergency service, analyze opportunities for cooperative service, and to plan the future of the agencies.

The study assessed the personnel and material management of personnel, assets, operations, and service delivery by each agency. We list observations and findings, as well as recommendations for improving the outcomes of the respective fire departments.

In addition to the Study Report, ESCI also created and offered 42 strategies – referred to as Strategic Initiatives (SI) – that provided limited incremental steps to improve service delivery, eliminate duplication, or realize cost avoidance. Each strategy falls along a continuum of collaboration and represents a varying degree of collaborative partnership. Some strategies are dependent upon each other and the departments would be ill advised to act on them independently; others could be implemented separately.

ESCI notes that this evaluation does not extend to a full agency assessment nor does it consider all elements of the more comprehensive Standards of Cover and Deployment Analysis typically performed to address specific performance and response times, goals, and staffing. This report flows from a structured evaluation of current conditions and reasonable forecast, and is the culmination of that evaluation.

ESCI Study Synopsis

Based on our analysis of the EMS and fire agencies for the City of Littleton (LFR) and the City of Englewood (EFD), ESIC notes the following important conclusions:

- Some economies of scale and service improvements could accrue through consolidating fire department operations between the two cities. The cities collectively incur about $25M in annual expenses relative to EMS and fire protection services. This report attempts to provide basic architecture for increased collaboration that may lead to eventual consolidation.
- Littleton Fire Protection District (LFPD) and Highlands Ranch Metro District (HRMD) are integral and essential partners in the delivery of EMS and fire protection services within the study area; they must be active participants in moving any collaborative or consolidation initiatives forward.
- Given the economic and operational challenges experienced by each of the fire departments independently, ESCI believes that fire department collaboration is an essential path forward for both communities participating in the study; and it should

include Littleton's two key partners. At some point, full consolidation should be thoughtfully contemplated.

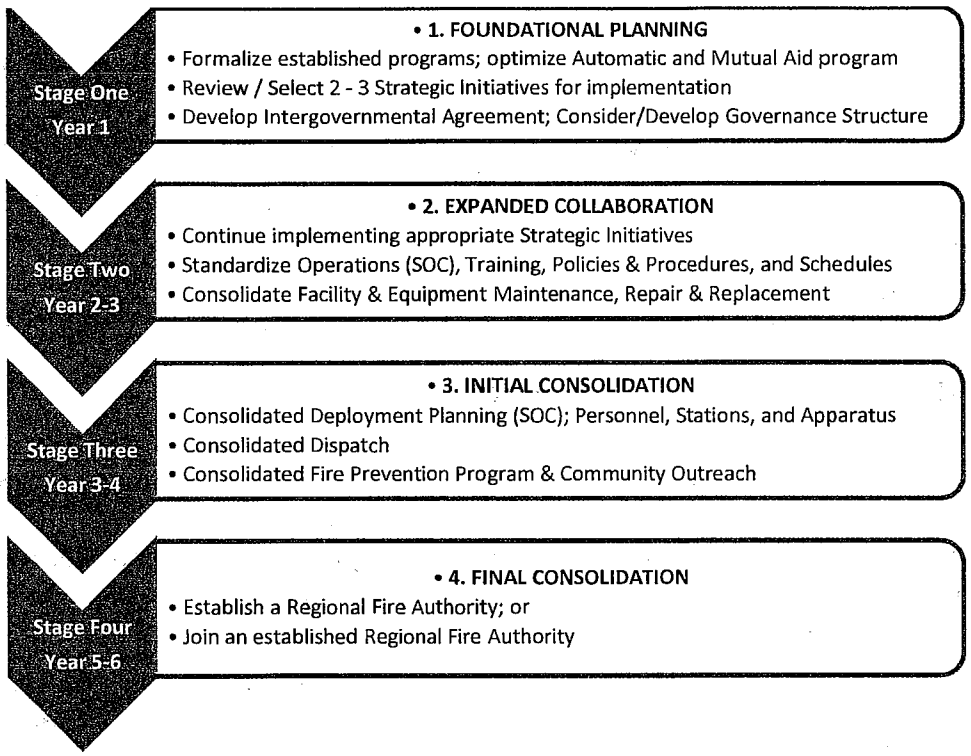
- Both cities recognize the need to work together to bolster services and effect critical economies. Even with that recognition, only limited consensus exists among city leaders for charting a course toward consolidation. Developing a process to shape a shared identity among the cities and within the fire departments is critical to the health of both. The process must ensure local input to identify common priorities and a reasonable control structure to foster success and organizational stability.
- EFD and LFR face a unique opportunity to provide consistent coverage in their service areas, and to stabilize operations and staffing that would benefit citizens and agency staff alike. Leaders must consistently remind stakeholders – including officials, responders and the communities – that planned cooperative service initiatives can improve services, more efficiently allocate resources, and tighten response times.
- Opportunities for Collaboration; ESCI offered six overarching strategies to address organizational structure and governance. The various partnering strategies are described, beginning with a do-nothing approach and ending with complete consolidation of the agencies into a new emergency service provider. We evaluated and our study discussed the following alternatives:
  - Strategy A: Maintain Status Quo
  - Strategy B: Create a Regional Fire Authority (RFA)
  - Strategy C: Link with an existing Regional Fire Authority (RFA)
  - Strategy D: Form a New Fire Protection District
  - Strategy E: Annex EFD, LFR and HRMD to Littleton Fire Protection District
  - Strategy F: Intergovernmental Agreement (IGA) between Littleton and Englewood

  ESCI recommends **Strategy F** and encourages both cities to preclude a status quo approach. Both cities have managed recent revenue challenges primarily through staff reductions and deferred maintenance; the actions have marginalized agency effectiveness and stability. Neither is a viable long-term strategy; continuing this course will seriously jeopardize service quality and significantly increase community risk.
- Due to risks – real or perceived – connected with a full consolidation initiative, ESCI suggests an incremental (staged) approach to build collaboration by the fire departments that minimizes these risks. At the outset, Stages One and Two are designed to promote increased collaboration that will improve services and manage expenses for both agencies. Stages Three and Four are intended to explore and evaluate the merits of formally combining into a single department. The ESCI report explores the general feasibility and cost structure of a combined department for the full study area.

Staged Consolidation Methodology

ESCI recommends a staged methodology toward a possible single entity serving the fire and EMS needs of the residents of both cities, as well as the emergency response areas of LFPD and HRMD. Reaching consensus on the design and structure of collaborative efforts and consolidation requires patience and persistence to implement. We therefore recommend the staged approach that follows:

Staged Consolidation Schematic



The timing indicated above is purely a projection based on ESCI's experience with other agency or jurisdictional consolidations. Several considerations – including political, economic and cultural environments – may alter the schedule. Ultimately, leadership will create a timeframe that suits internal and external stakeholders. Certainly the timeline can be accelerated to achieve full consolidation more quickly; however, while this may promote the interest of some stakeholders, leaders and the duties of good governance must ultimately balance potential efficiencies/savings against associated risks. Additionally, leaders should carefully consider opportunities for adding other jurisdictions into the process, either as participants in this transition or potentially to join with similar established RFA efforts.

This approach is intended to move the agencies toward potential consolidation and includes the considerations that a consolidated governance structure should be prepared to face. We designed the approach to present choices during each stage that will define the area's ultimate emergency service agency.

Recommendation

ESCI recommends the cities consider moving forward with Stage One prior to June 1, 2013 in order to time and synchronize stage development and implementation with typical city budget processes. The inclusion and involvement of LFPD and HRMD from the outset is an essential and critical consideration before moving forward. With LFPD and HRMD involvement, a more comprehensive **Implementation Plan** is the next critical step in moving forward and should be developed to outline the detailed steps and costs associated with Stage One.

The benefits of Stage One are:

- Initiates a formal, ongoing discussion and planning relationship between the cities and the districts.
- Provides a foundation for increased collaboration as a step toward consolidation.
- Begins a focused discussion on governance structure(s) which will serve as a basis for decisions.
- Optimizes existing automatic and mutual aid operations which are fundamental components of collaboration on EMS and fire protection services design and delivery.

Additional Thoughts on Consolidation

The current convulsions of the economy nationally, in the state of Colorado and locally in the Denver metro area created a service delivery crisis. Although the crisis dominates discussions, these circumstances also give rise to a unique opportunity to improve local systems. Concurrently, rapidly emerging technologies offer opportunities to streamline and improve response service operations but will likely require consolidated investments (economies of scale) for successful implementation.

Demands for EMS and fire protection services throughout the region will continue to increase; and, based on reasonable projections, revenue limitations will also continue for the balance of this decade (if not beyond). Therefore, leaders must seriously consider consolidating service agencies to better allocate limited resources and maintain – or even strengthen – services. The fundamental question before city leaders today is whether the cities are better off by joining forces or by maintaining separate agencies subject to the continuing challenges of diminishing municipal and personnel resources.

ESCI's experience recommends that fire service agencies are better off transitioning to a cooperative/consolidated organization as the best available means to protect and enhance current service levels. Demonstrated successes exist in current collaborative efforts between LFR and EFD, as well as elsewhere in the Denver metro area. This initiative is not without challenges and calls for all involved to embrace change, which is a normal but often unwelcome force in our world. Will city leaders choose to manage/influence the changes or simply react to them?

ESCI believes that a staged approach allows leaders to move forward but also have the opportunity at the end of each stage to determine the merit of proceeding to the next stage.

Staged Approach

Stage One: Foundational Planning (Year 1)

The intent of this stage is to establish a foundation for interagency collaboration among the area cities and districts (Participants). This stage will build upon and formalize existing collaboration. Participants can pursue low cost options (SI) toward enhanced collaboration, which may benefit the region as a whole, including but not limited to the following:

- Automatic / Mutual Aid – Immediate dispatch results in fire resources arriving on scene more quickly, producing better outcomes. We suggest developing a comprehensive agreement for "borderless dispatch" thereby ensuring the closest and most appropriate resources always respond.
- Strategic Initiatives – ESCI recommends review, selection and planning to implement two to three of the listed Strategies for Efficiency (SI).
- Foundational Legal Agreement (IGA) – ESCI recommends the Participants develop and execute an initial intergovernmental agreement to solidify expectations and demonstrate a commitment toward consolidation. The agreement should:
  - Identify participants; establish an initial governance mechanism; include representation and scope.
  - Establish a budgetary process.
  - Establish initial cooperative service provisions (e.g., selected Strategic Initiatives).
  - Establish criteria for evaluating joint performance and also a review schedule.
  - Establish a procedure for modifying the initial governance agreement and a termination process.

    This draft agreement is an important first step that is foundational for adding future agreements; it is closely linked with an implementation plan.
- Interagency Governance Group – create an interagency policy leadership team ("Commission;" or other suitable term) with a standardized meeting schedule to plan, administer and recommend changes to the agreement between the Participants. ESCI recommends that this Commission consist of 12 members as follows:
  - Manager (or designee) from each participating jurisdiction (4).
  - The cities and districts will each select one member from their residents or business owners (i.e., one from each city and one from each district) who will serve time limited terms (4).
  - One chief fire officer from each fire agency (2).
  - The Commission members identified above will jointly select two employee representatives (one from each fire agency) to serve two year terms (2).

  Responsibilities of the Commission might include:

  - Set standards for schedules, training, operations, equipment purchase and maintenance, policies/procedures.
  - Recommend Strategic Initiatives for implementation; track performance data and report outcomes.
  - Make recommendations regarding modifications to IGA.
  - Develop budget initiatives and recommendations.
  - Conduct or authorize long range planning.

The Commission will work to institutionalize Stages One and Two of the cooperative effort; it then potentially could transition into an authority board once the IGA is modified to create a separate legal entity or Regional Fire Authority (RFA).

- The implementation plan developed for this project stage should set forth activities for interagency work to achieve additional standardization, economies of scale, etc. in fire department operations so as to maintain and/or improve service levels to the region. The final implementation item in Stage One is a go/no-go decision regarding continuation of the process.
- The projected economic benefit of establishing a platform for consolidation is nominal, but it is a necessary first step toward greater savings.

Stage One addresses many things the fire departments can do to work better together in the near term. The items identified for enhanced collaboration do not require significant economic resources. They likely can be accomplished through additional cooperative efforts between departments such as (1) regular administration meetings and (2) agreement on standardized policies, procedures, and equipment purchasing requirements. This stage of the process does require the time and commitment of separate, existing resources to accomplish each task.

Achieving consensus is vital to the success of Stage One and progress toward Stage Two. Stage One consists of evaluating and implementing the above items, considered either individually or collectively, to increase the level of cooperation within the area, while each city maintains its individual fire department. These measure other improvements in service with limited expense changes to the communities. ESCI believes that, upon completion of this process stage, the cities will be better equipped to make an informed decision about moving forward or not. The final implementation item in Stage One is a determination by each city whether they would like to proceed to Stage Two.

Stage Two: Expanded Collaboration (Years 2 – 3)

ESCI recommends that the Participants next consider building upon the foundation laid in Stage One. This activity would include increased standardization between departments.

Currently each department operates under its own policies and procedures, schedules, equipment specifications, resource maintenance, and training programs. The quality of these programs varies from department to department, so combining forces enables improved and standardized procedures and specifications based upon Participants adopting the optimal concepts from each department. The goal is to increase overall quality and consistency of fire department operations across the study area. Items again targeted for standardization include:

- Standardized operations; personnel schedules; policies and procedures.

  Service levels currently vary between the agencies; an important component of service levels is response time. Acceptable target response times are set out within the National Fire Protection Association's (NFPA) standards. Local jurisdictions hold ultimate authority regarding acceptable response times and should be established pursuant to the development of a formal and uniform Standard of Cover (SOC).

- Standardized/coordinated training program schedule and delivery methods.
- Study / explore issues related to consolidated EMS Medical Direction and program supervision.
- Standardized fire prevention programs, including but not limited to public education, building plans review and inspections, code enforcement, and fire investigation programs.

  Currently, the fire prevention programs are similar but contain inconsistencies and redundancies. The agencies could join forces to establish consistent and improved fire prevention programs and standards, drawing upon proven methodologies from each department to increase overall quality and consistency of fire prevention operations throughout the area.

- Standardized equipment specifications.
- Initiate Consolidated Dispatch efforts. In order to achieve full consolidation, combined fire dispatch is essential. Formal efforts to achieve this outcome should begin at this stage.
- Shared resources for administrative services, including:
  - Legal services
  - Insurance coverage
  - Financial management
  - Human resource practices and procedures
  - Joint purchasing arrangements

    As increased standardization in equipment, operations and training are achieved, the fire departments will be prepared to embark upon consolidated purchasing in order to achieve volume discounts in purchasing. ESCI recommends investigating the Fire Rescue GPO, which is a collaborative bid service

available to all fire departments nationally through the International Association of Fire Chiefs (IAFC). https://www.firerescue-gpo.com.

- The agencies should determine how to achieve an optimal community-wide Insurance Services Office (ISO) rating, which can lead to citizen savings in insurance premium dollars.
- Long-term Governance – at this point, the Participants should consider and move toward consensus regarding consolidation of governance. This should include discussion, deliberation and planning toward:
  - Establishing a Regional Fire Authority (RFA); this is the ESCI recommended approach.
    - The Participants should strongly deliberate this option and possibly even initiate setup of the RFA during this stage.
    - The Participants should formalize a governance structure and model as part of this activity. The key components of an appropriate governance structure should include an RFA Board.
- Public Involvement – Participants should invite a community audience to read the study report and review their proposals before formalizing any decision based upon its findings / recommendations.
  - Participants should host "listening sessions" during the evening and a "community cafe" during the day to informally discuss reasons for or reservations about acting on Stage One.
  - Participants should report back to their community the points heard in the discussions and listening sessions, and tell how the public input influenced each separate entity's view of collaboration and consolidation.
  - Participants' decisions must be published at each step in the process.
- The projected economic benefit of planning for and expanding collaboration is nominal, but it is a necessary first step toward achieving greater savings. Most importantly, such expansion sets the stage for future opportunities.

Stage Three: Intermediate Consolidation (Years 3 – 4)

This stage represents a formal step toward actual consolidation of the fire departments and represents the bridge between extensive cooperative services and formal consolidation. A decision for full consolidation should not be reached until the results of intermediate collaboration are known and recorded.

Fire Authority

ESCI considered several options in its analysis (Overarching Strategies B – F) and concluded that the pursuit of a Regional Fire Authority was the best scenario for the Participants to consider. During this stage, the Participants and Commission should:

- Finalize discussions and come to consensus on governance structure.
- Present proposed structure to the communities.
  - Seek feedback.
  - Tell how feedback influenced the shape of the proposed governance structure.
- Consider option of joining an existing FA.
- Formalize consolidated deployment planning; including stations, staffing, apparatus and equipment.
  - Should include a consolidated maintenance, repair and replacement program.
- Finalize Consolidated Dispatch.
- Finalize EMS Medical Control.
- Finalize Consolidated Fire Prevention Program.

Related Interagency Considerations –

- If full consolidation – in whatever form – proves unlikely, Participants may want to consider a Joint Administration approach and/or increased administrative collaboration.

  In pursuing increased cooperative services across the study area, ESCI recommends increased frequency and quality of communications across the region. This can minimally be established through a standing meeting structure and potentially on a maximum basis through an agreement or contract for joint fire administrative functions. The Participants – as an alternative – could explore these concepts further to identify the benefits across the region for such action.

  - Shared administrative resources between agencies to reduce the overall administrative cost.
  - Benefits include the following:
    - Increased standardization across the region.
    - Ability to implement changes within the fire service on a area-wide basis.
    - Full-time administrative coverage for the agencies.
    - Potential to achieve fire department cost reductions through further standardization of equipment and operations.

Stage 4: Final Consolidation; Fire Authority (Years 5 – 6)

At this point and, if successful with prior initiatives, ESCI recommends moving forward with final consolidation between all involved fire jurisdictions in the region into a regional fire authority. This could be accomplished by forming a new RFA or by joining an existing RFA.

- Finalize legal agreement.
- Continue public involvement
  - Remind public of problems with status quo.
  - Describe the process including alternatives considered.
  - Describe the timeline for changes.
  - Ask for community support.

ESCI created a scenario for full consolidation as part of the financial feasibility (refer to Overarching Strategy B).

Strategy B

The following list represents the assumptions regarding full consolidation, which were used to develop the financial feasibility:

- Combine departments and provide twenty-four hour coverage at all designated fire stations.
- Maintain designed service levels (SOC) through appropriate staffing and producing intended outcomes as measured by verifiable data.
- Deploy existing equipment; no additional apparatus required.
- Consolidated Dispatch Center provides all dispatch services.
- Consolidated administrative services manages expense for Human Resources, Information Technology, and Finance.
- Consolidated Fire Prevention Program ensures timely fire inspections and code enforcement on all regulated buildings in the study area.
- Strengthen fire protection coverage by mobilizing multiple resources immediately to help limit fire loss; it also offers greater depth of resources (bench strength).
- The economic benefit of consolidating EMS and fire protection operations across the area is the stabilization and management of expenses.
- Consider alternatives such as non-standard staffing schedules and contracting for services.

Benefits of Consolidated Agencies

Potential benefits experienced through this interagency consolidation process include:

- Improved effective force response times – the ability to routinely respond to emergency calls – both EMS and fire incidents – outside of current municipal boundary limits. Ensures that the closest resource(s) respond to each emergency call, decreasing response time and saving lives and property.
- Decreased fire loss due to:
  - Decreased effective force response times
  - More robust and consistent public education initiatives
  - Regular building inspections and code enforcement.
- Decreased liability – as agencies work together to meet industry best practices and citizen expectations, improved performance decreases liability and enhances operations in the following areas:
  - Health and safety of the public and firefighters
  - Incident management
  - Training and technology
  - Communications
  - Pre-incident planning and post-incident analysis
- Stronger workforce - increased department size makes the department a more attractive employer in this area and helps to maintain the appropriate number of qualified fire and emergency medical personnel.
  - Reduces agency competition for resources in a limited pool; able to select best of the best
  - Better professional development opportunities; continuous learning
  - Increased advancement opportunities; decrease turnover to large agencies
- Stronger administrative support – increased knowledge, experience and depth of administrative resources to implement best practices.
- Improved ISO ratings – potential decrease in local fire insurance premiums.
- Improved performance – increased ability to employ best practices and guidelines for addressing internal strategic issues involving:
  - Organization
  - Operations
  - Deployment
- Economies of scale – larger department can achieve economies of scale in equipment and operating expenditures; can anticipate expense reductions when acting as single agency rather than individually.
- Sustainability –consolidation provides the opportunity to sustain quality services and a long-term strategy to contain expenses so as to survive and improve during difficult economic times.

TO: The Mayor

FROM: Tom Cochran, CEO and Executive Director

Contact Your Senators Today and Urge Them to Support the Marketplace Fairness Act of 2013 (S. 336) as an Amendment to the Senate Budget Resolution

Senator Richard Durbin is planning to offer the Marketplace Fairness Act (MFA) of 2013 as amendment to the Senate Budget Resolution, which is expected to be considered on the Senate floor starting Wednesday, March 20. We have been told it is unlikely MFA will be considered as a stand-alone bill. To win approval of the bill, Senator Durbin will have to find a vehicle to attach it to. AND WE NEED 60 VOTES TO SHOW WE HAVE THE SUPPORT NECESSARY TO OVERCOME A PROCEDURAL ROAD BLOCK. There are currently 23 co-sponsors of the Senate bill. A list of co-sponsors is attached. All Mayors are urged to contact their Senators if they are not on the cosponsors list and urge them to co-sponsor the bill. If they're unwilling to co-sponsor, get them to commit to voting for the Marketplace Fairness Act of 2013 as an amendment to the Senate Budget Resolution when it is considered on the Senate floor. Please report any feedback on support to Larry Jones of the Conference staff at or 202-861-6709

Background:

The Marketplace Fairness Act of 2013 was introduced on February 14 by Senators Richard Durbin (IL), Michael Enzi (WY) and Lamar Alexander (TN) in the Senate and by Representatives Steve Womack (AR) and Jackie Speier (CA) in the House. Under current law (the Supreme Court's 1992 decision in Quill Corp. v. North Dakota), merchants on Main Street are required to collect state and local sales taxes while out-of-state merchants like Internet and mail-order sales companies are not required to collect such taxes. The Marketplace Fairness Act of 2013 enjoys strong bipartisan support in both houses. Once enacted, it will level the playing field by authorizing states and localities to require out-of-state merchants to collect their sales taxes. A University of Tennessee study estimates that state and local governments lose an estimated $23 billion annually due to taxes that go uncollected on remote sales.

attachment

To remove this e-mail address from this list, please go to and change your city's contact information accordingly.

Marketplace Fairness Act of 2013 (S. 336) Cosponsors List

United States Senators

1. Michael Enzi (R-WY)
2. Richard Durbin (D-IL)
3. Lamar Alexander (R-TN)
4. Tim Johnson (D-RI)
5. John Boozman (AR)
6. John Reed (D-RI)
7. Roy Blunt (R-MO)
8. Sheldon Whitehouse (D-RI)
9. Bob Corker (R-TN)
10. Mark Pryor (R-AR)
11. John Rockefeller (D-WV)
12. Heidi Heitkamp (D-ND)
13. Benjamin Cardin (D-MD)
14. Dianne Feinstein (D-CA)
15. Alan Franken (D-MN)
16. Amy Klobuchar (D-MN)
17. Mary Landrieu (D-LA)
18. Joe Manchin (D-WV)
19. Carl Levin (D-MI)
20. Thomas Harkin (D-IA)
21. Angus King (D-ME)
22. Elizabeth Warren (DMA)
23. William Cowan (D-MA)

URGE YOUR SENATORS: To support the Marketplace Fairness Act
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NATIONAL LEAGUE of CITIES | FEDERAL RELATIONS

ACTION ALERT: SUPPORT MARKETPLACE FAIRNESS AMENDMENT

Later this week (possibly over the weekend), the U.S. Senate may be considering an amendment to the FY2014 Budget Resolution.

Senators Enzi (R-WY), Durbin (D-IL), Alexander (R-TN), and Heitkamp (D-ND) are planning to offer a floor amendment to the Budget Resolution that would put the Senate on record as supporting the Marketplace Fairness Act. This would be a test vote since the Budget Resolution is a non-binding document - meaning the floor amendment is a good method to show that the Senate has 60+ votes needed to pass the actual legislation later this year.

We need to reach out to Senators now to encourage them to support the Marketplace Fairness amendment. If we don't secure 60+ votes, it becomes harder and potentially impossible to move the legislation later.

URGE YOUR SENATORS: To support the Marketplace Fairness Act amendment to the Budget Resolution.

While the Internet creates exciting new marketplaces, it has also put traditional retail outlets at an unfair disadvantage because of outdated and inequitable tax and regulatory environments. The Supreme Court's decision in Quill Corp. v. North Dakota, 504 U.S. 298 (1992), left state and local governments unable to adequately enforce their existing sales tax laws on sales by out-of-state catalog and online sellers. The Court, however, explicitly stated that Congress had the constitutional authority to enact legislation overruling its decision. Thus, if Congress acts upon its authority to regulate interstate commerce, state and local governments could collect taxes owed on Internet and mail order sales amounting to $23 billion annually.

For information regarding state and local sales tax losses, click here.

National League of Cities

1301 Pennsylvania Avenue NW
Suite 550
Washington, DC 20004
1-877-827-2385
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Will the Marketplace Fairness Act Succeed in 2013?

BY: Ryan Holeywell | March 20, 2013

Not much gets done in Washington these days, especially when the topic is tax and revenue. Yet a rare piece of tax-reform legislation is receiving bipartisan support in both chambers. And for the first time in years, it has a shot at becoming a law.

That legislation is the Marketplace Fairness Act (MFA). It gives states the authority to compel online and catalog retailers, no matter where they are located, to collect sales tax at the time of a transaction -- much like brick-and-mortar stores already do. State and local leaders have been clamoring for such legislation since at least 1992, when the Supreme Court ruled that retailers didn't have to collect sales tax when shipping to other states. "It's one [area] where we're really encouraged," says Salt Lake City Mayor Ralph Becker, who met with Republican Sen. Mike Enzi of Wyoming, one of the legislation's lead sponsors, in Washington, D.C. this March.

What makes 2013 so promising is that both the House and Senate versions of the legislation, introduced earlier this year, are identical. "It's pretty incredible," says Lars Etzkorn, program director for federal relations at the National League of Cities (NLC). "There's really no other piece of legislation where there's so much commonality coming out of the starting gate."

In the Senate, the legislation has 23 co-sponsors, and in the House, Republican Rep. Steve Womack of Arkansas, a three-term mayor, is joined by 47 others in support of it. There's growing speculation that the legislation could be included on the Senate budget resolution as a way of gauging legislative support for the proposal. It could also be folded into a larger piece of legislation dealing with varying aspects of tax reform. While some have suggested tax reform will be a big topic in 2013, it's unclear whether lawmakers will actually make a major push to take it up. Advocates have mixed feelings about seeing the act rolled into the broader tax-reform debate in the first place since "it's still not sure thing," says Neal Osten, director of the National Conference of State Legislatures' Washington, D.C., office.

MFA supporters have been especially focused on pitching the bill to Republicans skeptical of new taxes, framing the debate through a conservative lens: Broadening the tax base would ostensibly keep cities and states from having to raise their tax rates, they argue, and the bill could help states and localities without bailing them out with federal funds.

A key factor in growing support for the legislation has been an effort to shift the message around it. In the past, the bill was touted as a much needed way to help cash-strapped localities who were struggling to balance their budgets. That's still true. But today the bill is marketed as a state's rights issue: Who's Washington to tell a governor or a mayor what taxes to collect?

Osten says brick-and-mortar retailers and the associations representing them are also more engaged in the issue than they have been in the past. They've played a significant role in portraying the legislation as something that would help Main Street businesses compete on a more level playing field against Internet giants who offer lower prices in part because they don't have to collect sales taxes. The cause also has a new partner: Amazon.com.

The bill did receive bipartisan support last year as well, but was held up in committee as lawmakers focused instead on sequestration, the fiscal cliff and avoiding default.

NLC's Etzkorn says for MFA to be a success this year, it needs momentum. Right now, there aren't any scheduled hearings on the bill. Many believe that its best chance at becoming law will be hitching a ride on another piece of legislation moving through the legislative process. "They've always said all the options are on the table," says Enzi spokesman Daniel Head. "They really want to just get this done."

This article was printed from: **http://www.governing.com/blogs/fedwatch/gov-will-marketplace-fairness-act-succeed-2013.html**