

**CITY OF LOVELAND**

BUDGET OFFICE

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AGENDA ITEM: 1
MEETING DATE: 4/23/2013
TO: City Council
FROM: Brent Worthington, Finance Department
PRESENTER: John Hartman, Budget Officer

TITLE:

Discussion of the 2014 Budget Assumptions and Council Guidance for Development of the 2014 Budget.

DESCRIPTION:

Staff will provide basic assumptions for discussion on the development of the 2014 budget.

SUMMARY:

Staff will provide information on:

1. Key assumptions that will be used in the budget development;
2. Technical changes for the 2014 budget, primarily in the cost allocations to the departments;
3. The 2013-2022 Forecast Scenario; and
4. A presentation from the Center for Priority Based Budgeting.

The Forecast Scenario document is an overlay to the Financial Master Plan that shows potential increases in staffing required to maintain all current City services due to projected population growth through 2022.

REVIEWED BY CITY MANAGER:**LIST OF ATTACHMENTS:**

2013-2022 Forecast Scenario
Presentation

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2013-2022 Forecast Scenario

City of Loveland

Executive Summary

Introduction: The purpose of the Ten-Year Forecast is to show the likely financial and organizational future of the City of Loveland, in order to provide a solid foundation for decision-making.

The Ten-year Forecast integrates all aspects of the City organization, and includes the effects of population growth and other external forces. The Forecast stops short of being a Strategic Plan: it does not include the deliberate policy development choices of such a plan.

The Ten-Year Forecast takes the City's Ten Year Financial Plan as a baseline, and then adds to it established plans which change service levels, staffing, or capital projects; growth in existing programs driven by Loveland's expected population growth; and reasonably anticipated capital projects which are not yet adopted into the Capital Program.

Method: The Departments developed potential staffing needs based on the population growth estimates, growth in lane miles from development and additional housing units to continue existing services with the larger customer base. No new programs or expansion of programs are contemplated. The Financial Master Plan and the assumptions included in it are used as the base, with the cost of the new positions added in, using the existing pay plan. Other potential costs, such as building additions to house the new positions is estimated, but not included in the forecast budget amount shown.

Key Results: The growth of the City is expressed in two ways in the Forecast: by number of employees (expressed as Full-time Equivalents, or FTEs), and in dollars of expense. The revenue estimates used in this Forecast are the same as used in the City's existing adopted Ten Year Financial Master Plan.

Over the next ten years, the population of Loveland is expected to grow by 13,597 to 83,306, averaging 2% growth in population annually.

In that same time, the City's total employee count is forecast to grow by 11.8% due to the forecast and by 18% including new positions added in the Financial Master Plan due to capital project operating impacts, to total 830.7 regular benefited FTEs in 2022.

Expenditures will rise from the 2013 gross budget level of \$223.77 million to a 2022 level of \$289.74 million or 29.5%.

Conclusions:

Financially, the City is healthy at status quo service levels. The existing adopted Ten Year Master Plan demonstrates this. The City's financial resources can also support some additional growth beyond the status quo, but not at the levels in the Forecast. For the General Fund, the Forecast as presented, places the fund in an unsustainable position for many years in forecast period. There is the possibility of using reserves to cover increased operational expenses in the short term, but other solutions will need to be found. The economy will play a significant role as we move forward through time. A strong economy may change the current revenue assumptions, resulting in additional resources to fund the growth. However, weaknesses in the national economy are still apparent, and if they begin to have an effect on the local economy, resources will be less than currently projected. Policy issues that will need to be considered include:

- Changing the scope of the capital program;
- Reducing some current services in order to fund the projected growth necessary in other areas;
- Rate increases in the Enterprise Funds above those presented to fund capital programs; and
- Presenting a ballot issue to the citizens to increase taxes to fund the additional operating expense.

A fuller discussion of the policy issues is included later in the document.

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Introduction and Background

Purpose: The purpose of the Ten-Year Forecast is to show the likely financial and organizational future of the City of Loveland, in order to provide a solid foundation for decision-making.

The City already has two excellent financial tools in place for projecting the next decade: the Capital Improvement Program, and the Ten-Year Financial Master Plan (which covers the General Fund only). In addition, individual departments and programs have their own forecasts and plans. But the City has not had a comprehensive picture integrating these plans, and the current Ten-Year Financial Master Plan does not integrate “ordinary growth” of the community and the organization.

The Ten-Year Forecast integrates all aspects of the City organization, and includes the effects of population growth and other external forces.

Limitations: The Ten-Year Forecast stops short of being a Strategic Plan: it does not include the deliberate policy development choices of such a plan. Neither is it a simple forecast of status-quo programs and policies; that is already provided in the City's Ten Year Financial Plan.

Approach: The Ten-Year Forecast takes the City's Ten Year Financial Plan as a baseline, and then adds to it:

1. Known or established plans which change service levels, staffing, or capital projects.
2. Growth in existing programs driven by Loveland's expected population growth and service needs.
3. Reasonably anticipated capital projects which are not yet adopted into the Capital Program.

“Reasonably anticipated” means known projects which have been discussed or included in various City documents, or which will arise in the 10-year period as a result of business need or regulatory change.

The City’s Financial Master Plan was designed to project the impact of current policy into the future, to see if the current status of the General Fund departments could be sustained over time. In effect it is a “status quo” plan, since no service additions are included other than those created by approved capital projects within the ten-year period the revenue component of the Financial Plan takes into account normal population growth and building growth over time.

The last component added to the Financial Master Plan, driven by the Great Recession, was an analysis of any structural imbalance in the Plan. This removes the use of fund balance as a

funding source for operations, instead showing whether current expenditures are covered by current revenues.

This Forecast shows likely position increases and forecast costs over the next ten year period for all City functions, in addition to those that have already been identified related to operating capital improvements. Because City funds are segregated and restricted, in some cases to specific uses, the document is organized by fund type: General Fund, Enterprise Funds, Special Revenue Funds and Internal Service Funds. At the end of each section the number of FTEs, above those included in the Adopted Plans, is shown and the years they are projected to be added.

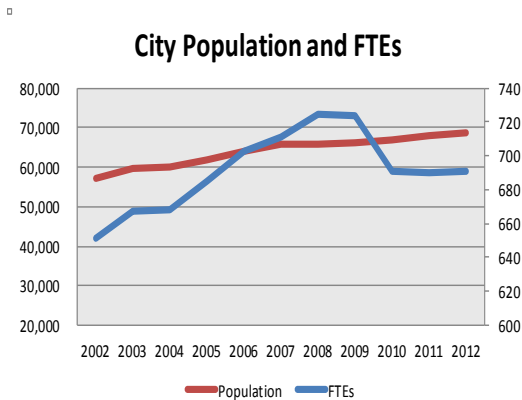
It is important to note that this is not a budgeting exercise for year-to-year allocations. Staff recognizes that business and economic cycles will continue to occur. No effort is made to predict the timing of the cycles. During this time frame there will be FTE adjustments made, both up and down, depending on the available resources and funding decisions in the individual years.

Trends Affecting the Growth of the City Organization

The most fundamental trend affecting City organizational growth is the continued population growth of the community. Loveland has grown more rapidly than State and national averages, and northern Colorado is expected to be the most rapidly growing part of the State over the next several decades.

Population growth is discussed in more detail below, but it’s also important to note that there are several other trends affecting the City overall. Among the most important of these are:

- ▶ Population change (aging and diversity)
- ▶ Increased regulation
- ▶ Technological changes
- ▶ Continuing economic cycles



From 2002 to 2012, total City FTEs increased by 41. The growth was due to development and included facilities like the addition of fire stations, new parks, additional lane miles and increased miles of pipe to transport water and wastewater. Staffing for workload was also added in several other departments. Figure 1 on the left shows how the FTE growth compared to the population growth during this period. Population growth is charted on the left axis and FTE growth is charted on the right axis.

Figure 1

While the population continued a steady upward curve, FTEs followed a different pattern with initial steep growth reflecting the growth of the community, followed by a significant drop as a result of the Great Recession.

Another important measure is the number of FTEs per 1000 population. This comparison (Figure 2) shows that the number of FTEs relative to the City’s population showed continual decline over the ten years.

This decline in the number of City employees compared to the size of the community is not unique to Loveland. It reflects scarce resources, but also changes in employee productivity due to technological changes and management improvements.

Figure 2

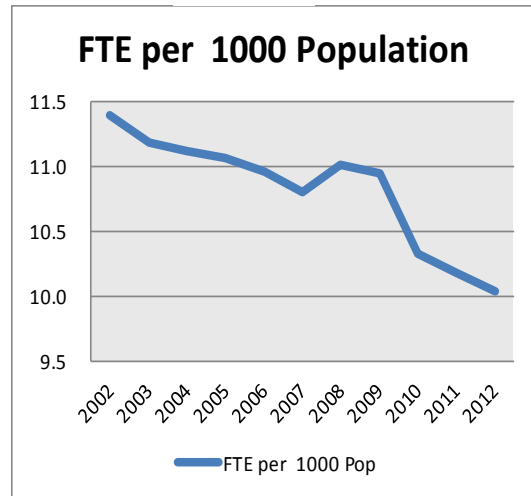
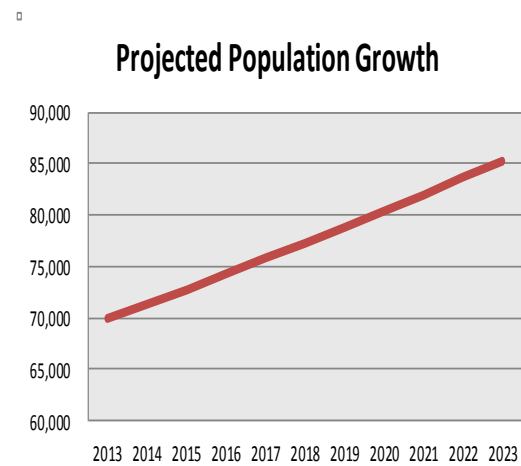
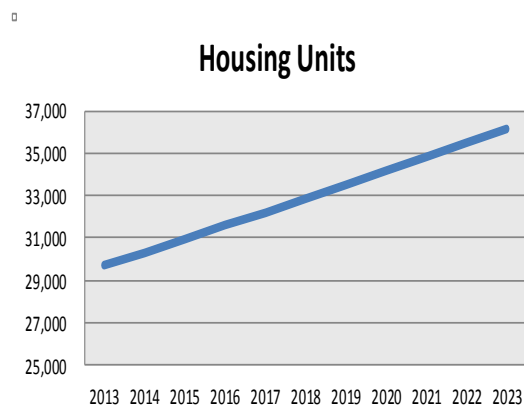


Figure 3



The current Data and Assumptions Report, prepared by the Community and Strategic Planning Division, projects the population to grow on average by 2.0%, reaching 83,606 by 2022 (Figure 3). Housing unit growth will increase by a similar percentage, based on an estimated average of 2.3 persons per household (Figure 4). While the housing mix may change over time, the forecast assumes the historical building pattern will be maintained, with predominantly single family detached units.

Figure 4



While there will be a portion of this growth that will be infill or redevelopment, the majority will be built on the edges of the current City boundaries, expanding the service area for the City, including an increase in the acreage and lane miles of streets. The impact of this growth will expand the coverage area for all the “line operations” of the City. This will drive increased administrative staffing to support these operations.

Growth Forecast - 2013 to 2022

Employment Growth

Total projected growth due to the forecast for the City (all funds) over the next ten years is an estimated 83.2 positions. The staffing study within the Police Department has not been concluded, so the increased FTE within this Department are preliminary.

Figure 5

Department	Current FTE	Adopted Master Plan Additions	Forecast Additional FTE	Projected FTE in 2022	Net Increase 2013-2022
Executive & Legal	18.30	-	4.70	23.00	4.70
Cultural Services	13.00	6.35	1.50	20.85	7.85
Development Services	24.38	-	3.50	27.88	3.50
Economic Development	5.63	-	1.00	6.63	1.00
Finance	44.88	-	1.00	45.88	1.00
Fire & Rescue	73.00	27.00	-	100.00	27.00
Human Resources	13.00	-	4.00	17.00	4.00
Information Technology	20.50	-	4.00	24.50	4.00
Library	30.76	-	-	30.76	-
Parks & Recreation	78.25	2.24	3.50	83.99	5.74
Police*	135.75	-	25.00	160.75	25.00
Public Works	134.00	6.00	20.00	160.00	26.00
Water & Power	114.50	-	15.00	129.50	15.00
TOTAL	705.95	41.59	83.2	830.74	124.79

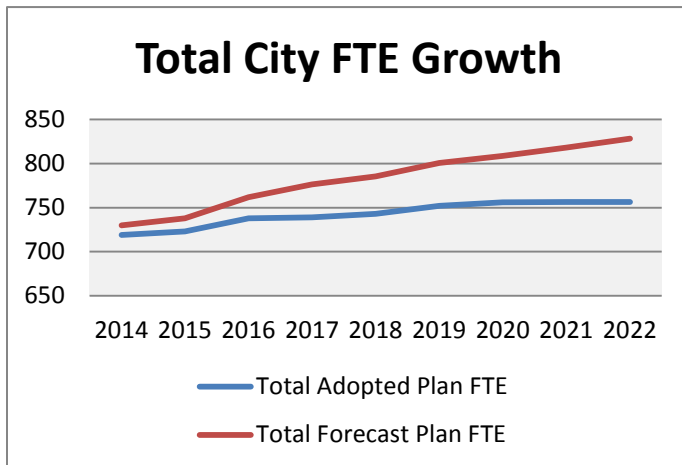


Figure 5 above shows the position increases by department for the ten-year period. This chart totals positions for all funds. Many of the departments operate within different funds, some of which have restricted funding sources. The graph at right (Figure 6) shows the difference between FTEs added in the 2013 adopted Financial Master Plan and the Forecast Plan.

Total City Budget Impacts

The total gross City Budget will increase from an estimated \$224.06 million in 2014 to \$289.74 million in 2022. The increase is due to increased operating costs associated with the increase in

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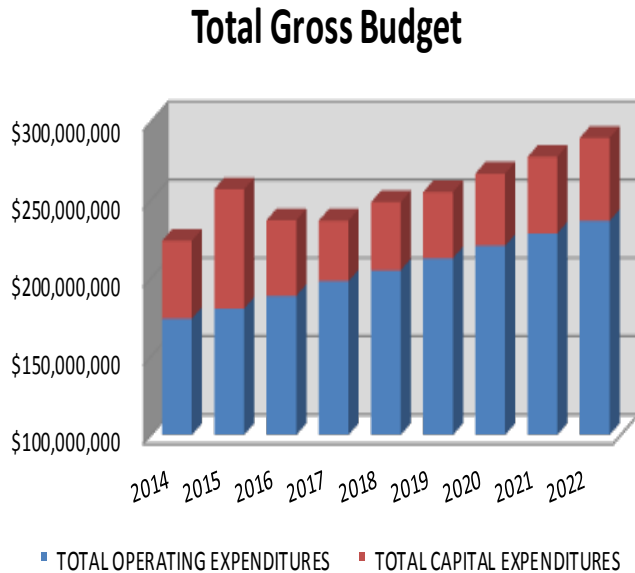


Figure 7

positions. Capital spending remains relatively constant over the time period. Expenditure estimates are based on the FTE growth including salary and benefit costs. Salary costs are based on the mid-point for positions in the current pay plan. Reserves over time period will drop by \$41.6 million, from \$147.6 to \$105.3 million. Near term the decrease in available reserves is even greater. Reserve balances drop nearly \$50 million between 2014 and 2018 from \$147.6 million to \$98.2 million, and then gradually recover to the 2022 balance of \$109.5 million.

Much of the reduction in reserves is due to the spend-down of impact fees and water revenues saved for capital projects. In the case of Water funds, the new reservoir planned to firm the Windy Gap water is the major expense.

The significant drop in total reserves in 2015 is due almost entirely to the Windy Gap Firming Project, with the planned construction of a new reservoir. The actual timing for the project to be permitted and for construction to begin may change the curve of graph, moving the drop further out in time.

However, the \$6.7 million in annual operating increases due to the additional positions reduce unassigned balances to the point where the 15% fund policy is not met on a city-wide basis from 2015-2022, with the largest deficit in 2022 at \$23.5 million (see chart on Total City

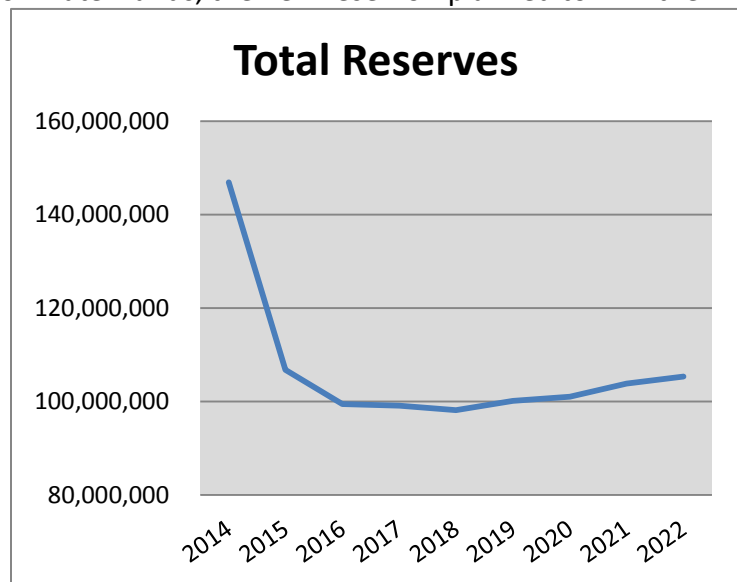


Figure 8

Reserves in the Appendix, page 40-41. The impact is across all funds, with the General Fund not meeting reserve requirements in 2015-2021. A portion of the deficit is driven by the Enterprise funds, where rate increases will be required to the fund the increases and remain within the reserve policy.

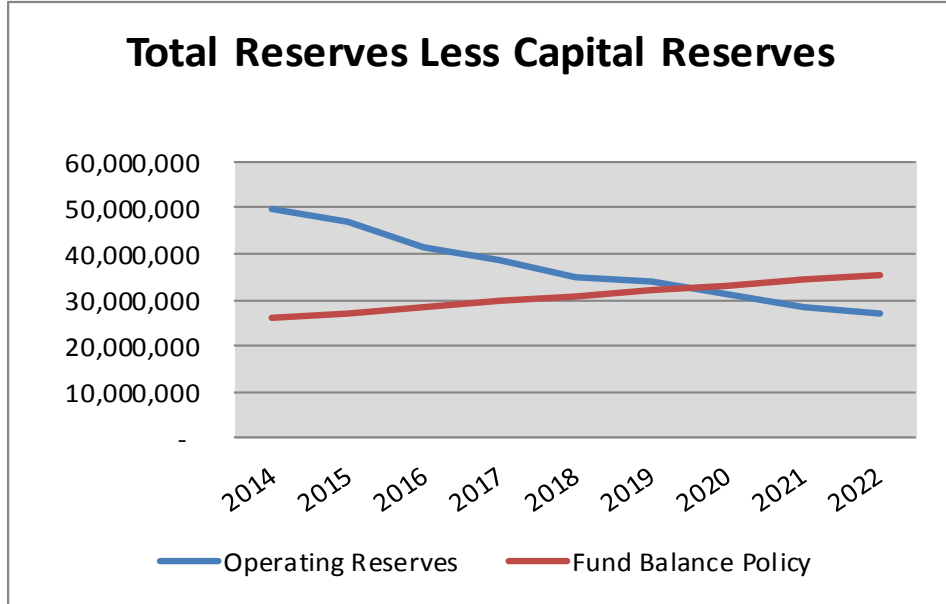
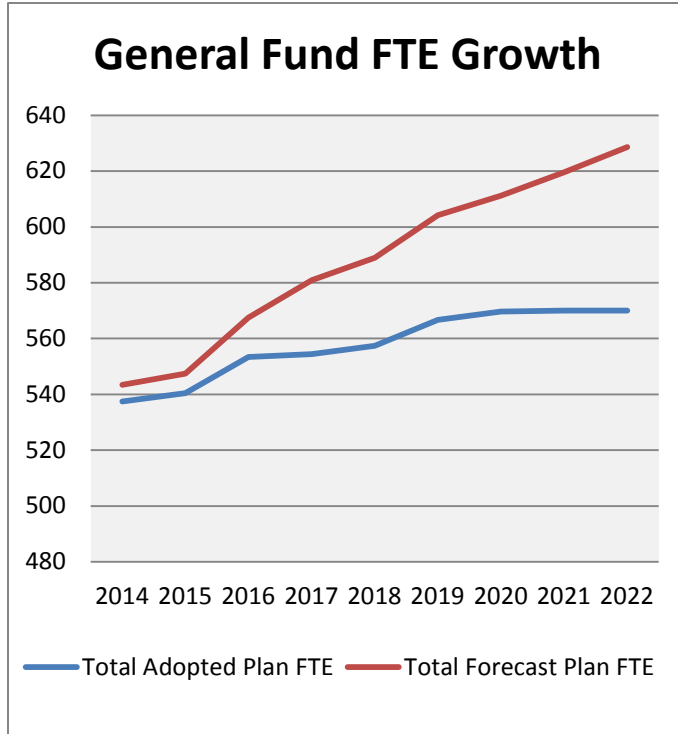


Figure 9

General Fund Budget Impacts

It is always particularly important to identify impact to the General Fund. The existing Financial



Master Plan is concerned with the General Fund only and provides a basis for comparison to this forecast.

The Financial Master Plan for the General Fund included in the Adopted Budget is shown in the Appendix. As discussed earlier, this is a status quo plan. The expenditure projections are based on maintaining current staffing and service levels through the forecast period.

For the Ten-Year Forecast Plan, there is no difference in the revenue projections. The expenditure portion of the Forecast contains the additions discussed in this document in addition to basic assumptions in the Adopted Plan.

Figure 10

Financial Sustainability

The Financial Master plan includes the Sustainability Model, developed to model any structural imbalance in the Financial Plan. A structural imbalance occurs when the revenue available for appropriation (total revenue less reserve contributions required by State Law or Council Ordinance) is less than annual expense. To continue with an imbalance for any time period requires the drawdown of reserves to fund ongoing functions.

Due to the recovery of sales tax revenue faster than originally projected and the steps taken to reduce operational costs in the 2012 Sustainability Plan, the Sustainability Model for the 2013 Adopted Budget currently shows that operations will be within available revenue in all but one year (2016) of the plan.

Sustainability Model Projection from Adopted 2013 Budget

Calculation of Annual Amount of Structural Imbalance in the Plan				
	2011 Actual	2012 Adopted Budget	2012 Projected Budget	2013 Adopted
Revenue				
Total General Fund Revenue	\$66,580,362	\$59,725,120	\$62,418,380	\$69,869,080
Council Capital Reserve Contribution	(\$1,073,410)	(\$1,082,420)	(\$1,082,420)	(\$1,033,350)
Tabor 3% Contribution	(\$20,820)	\$6,600	(\$101,740)	(\$74,020)
Net General Fund Revenue	\$ 65,486,132	\$ 58,649,300	\$61,234,220	\$68,761,710
Expenses				
Operating Expense	\$56,735,584	\$55,220,190	\$59,962,310	\$62,543,910
Total Capital	\$6,319,399	\$7,171,680	\$6,995,660	\$5,932,710
Less Capital Funded by TABOR Reserves	(\$1,578,562)	(\$788,720)	(\$1,244,800)	(\$430,360)
Less Capital Funded by Council Capital Reserves	(\$1,130,200)	(\$1,197,000)	(\$1,870,910)	(\$1,957,150)
Less Capital Funded by Other reserves			(\$716,920)	(\$1,000,000)
Less Fund balance used to fund previously approved expenses in the Rollover Ordinance	(\$3,390,990)		(\$3,228,630)	
Net General Fund Expense	\$ 56,955,231	\$ 60,406,150	\$59,896,710	\$65,089,110
Net Revenue less Net Expense	\$ 8,530,901	\$ (1,756,850)	\$ 1,337,510	\$ 3,672,600

In the context of the total General Fund budget, the 2016 deficit is small and may be reversed in future years if the local economy continues the growth currently being experienced, particularly in the housing market and home prices.

2014 Projected	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
\$72,661,550	\$75,487,880	\$78,909,300	\$82,447,010	\$86,324,560	\$90,442,250	\$94,849,240	\$99,471,300	\$104,244,320
(\$1,157,920)	(\$1,259,190)	(\$1,322,880)	(\$1,389,820)	(\$1,460,170)	(\$1,534,100)	(\$1,611,810)	(\$1,693,470)	(\$1,779,290)
(\$75,270)	(\$103,570)	(\$119,490)	(\$31,610)	(\$102,590)	(\$91,730)	(\$78,150)	(\$87,090)	(\$89,720)
\$ 71,428,360	\$74,125,120	\$77,466,930	\$ 81,025,580	\$84,761,800	\$88,816,420	\$93,159,280	\$97,690,740	\$102,375,310
\$65,025,050	\$68,454,220	\$70,960,570	\$73,443,330	\$76,002,510	\$79,675,960	\$82,447,550	\$85,346,130	\$88,316,210
\$7,630,900	\$7,502,930	\$9,716,880	\$5,350,410	\$5,944,640	\$5,014,270	\$5,470,580	\$5,710,170	\$5,196,430
(\$394,100)	(\$359,000)	(\$389,000)	(\$363,000)	(\$351,000)	(\$389,000)	(\$373,000)	(\$412,800)	(\$475,500)
(\$1,999,610)	(\$2,033,950)	(\$2,052,070)	(\$679,850)	\$0	\$0	\$0	\$0	\$0
\$ 70,262,240	\$73,564,200	\$78,236,380	\$ 77,750,890	\$81,596,150	\$84,301,230	\$87,545,130	\$90,643,500	\$ 93,037,140
\$ 1,166,120	\$ 560,920	\$ (769,450)	\$ 3,274,690	\$ 3,165,650	\$ 4,515,190	\$ 5,614,150	\$ 7,047,240	\$ 9,338,170

Changes to Sustainability due to Forecast Growth

The 10-Year Forecast, which takes into account factors not considered in the Adopted Financial Projection, shows net shortfalls in the near term of the ten-year period and reduced amounts of available revenue compared to expense through the remainder of the Plan.

The graph at right shows the difference between current revenues and current expenses for each year. It does not show reserves. The graph is intended to show whether the budget is “balanced” year to year.

According to the Forecast, the General Fund will be out of balance by over \$2 million in 2016. If the economy declines, bringing only small changes to the revenue assumptions, the Forecast may be negative for several more years.

Methods of addressing the shortfall are discussed later in the “Policy Options Moving Forward” section.

**Sustainability Net Bottom Line
General Fund**

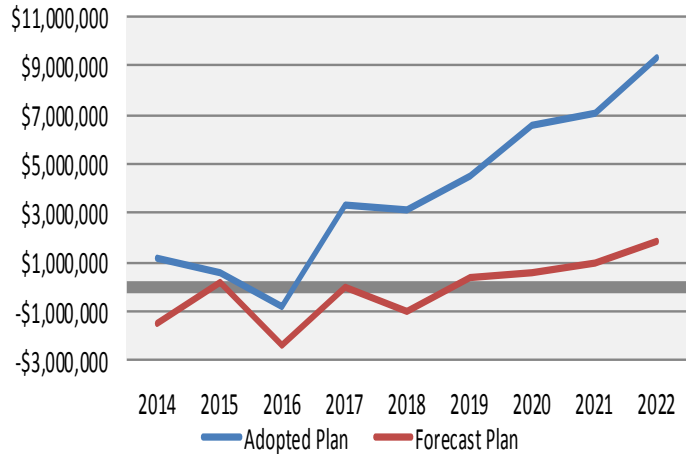


Figure 11

Conclusions from the Forecast

Financial Impact and Gaps

Financially, the City is healthy at status quo service levels. The existing adopted Ten Year Master Plan demonstrates this. The City's financial resources can also support some additional growth beyond the status quo.

Existing revenues will support expense growth of about \$3.7 million annually, or a growth rate of about 10% on average. However, the resources to support this type of growth will not be available until 2017, under the current revenue projections.

Within the context of this forecast, it does not appear there is revenue available for new policy initiatives, or additions to the current Capital Program for projects that would require additional operating costs.

To fund the operations, a drawdown of reserves will be required to meet the expenses for the next four years. This scenario can be changed by moving the timing of staff additions due to growth to later in the Forecast period or possibly by implementing new technology that will take the place of staff.

Capital reserves in some areas may face constraints, to provide office space for the growth in FTEs.

Space Impacts

This forecast is not a detailed space plan. However, the projected employment growth raises implications for some of the City facilities.

Not all City facilities will be affected by employment growth. The primary impacts are on the Civic Center, the Fire and Administration Building, the Police and Courts building, and to a lesser extent the existing Service Center Administration Building.

The Civic Center, consisting of the Washington School Building and the South Annex was originally designed to house one hundred fifteen (115) persons, and it currently houses one hundred forty (140) persons. This has been accomplished by repurposing a significant amount of conference room and storage space to office space. Over the next ten years another 17 people will need to be housed in the complex or in other space.

With the completion of the current Service Center Expansion Phase 3, Public Works will vacate part of the Fire and Administration Building (FAB), freeing up space. Depending on the extent of

the Service Center Phase 3 project, somewhere between eleven (11) and thirty (30) spaces will be available in the FAB.

Projected Facility Needs

Campus	Positions	Sq. Ft	Cost
Civic Center	23.2	8,120	\$1,827,000
Service Center	13	4,550	\$1,023,750
Police & Courts	10	3,500	\$787,500
Maintenance Operations Center (MOC)	3	1,050	\$236,250
Total Gross	49.2	17,220	\$3,874,500
<i>Fire & Administration (FAB)</i>	<i>-11</i>	<i>-3,850</i>	<i>(\$866,250)</i>
<i>if Service Center Moves PW Administration</i>			
Total Net Projected Need	38.2	13,370	\$3,008,250

Current Total Square Footage	685,000.00	
Approximate Value*	\$154,125,000	* does not include land
Net Square Footage/Person	350.00	value or land
Cost per New Square Foot	\$225	replacement

The Service Center Administration Building currently houses the Water & Power Department and the Risk Management Division. The north side of the building is at capacity and south side is near capacity, with space for 2-3 additional work stations. From the forecasts thirteen (13) spaces will need to be made available.

The Police portion of the Police and Courts building is near capacity, with room for no more than additional ten (10) positions. Projected growth exceeds that.

The result of this analysis indicates that during the forecast time period, employee assignments may need to be shifted between buildings (particularly flexing between the Municipal Complex and the FAB), or additional space may need to be developed. These would be new capital projects not currently in the adopted Capital Improvement Plan.

Policy Options Moving Forward

To bring the Sustainability Model back into balance, Council and staff can change the scenario presented in this plan by both technical and policy changes to increase revenues or decrease expenses:

Technical changes include:

- Change the timing of FTE additions, moving additions further out in the Plan;
- Additional or increased fees to increase cost recovery of operations; and/or,
- Reducing internal transfers between funds for services provided.

Policy changes include:

- Removing the requirement to reserve a portion of revenue (currently 2.5% of tax revenue below the TABOR revenue limitation), increasing the amount of revenue available for on-going operations;
- Increasing the spacing between new capital projects to reduce operating costs over the short term;
- A reduction of current programs and services, which may include reducing the staffing to keep up with growth presented in the Forecast;
- Reducing the scope of the Capital Program; and /or
- Referring a ballot issue for new or increased taxes to the voters.

Ten-Year Forecast Sustainability Model

Calculation of Structural Imbalance in the Plan (Current Revenue minus Expenses)

Ten Year Forecast	2014 Projected	2015 Projected	2016 Projected	2017 Projected
Revenue				
Total General Fund Revenue	\$72,661,550	\$75,470,460	\$78,876,230	\$82,359,110
Council Capital Reserve Contribution	(\$1,157,920)	(\$1,259,190)	(\$1,322,880)	(\$1,389,820)
Tabor 3% Contribution	(\$100,610)	(\$90,350)	(\$153,590)	(\$81,540)
Tabor Revenue Reserve Contribution	(\$1,790,291)	\$0	\$0	\$0
Net General Fund Revenue	\$ 69,612,729	\$74,120,920	\$77,399,760	\$ 80,887,750
Expenses				
Operating Expense	\$65,869,650	\$68,858,220	\$72,501,380	\$76,648,330
Total Capital	\$7,656,900	\$7,533,930	\$9,749,880	\$6,387,410
Less Capital Funded by TABOR Revenue Reserves	(\$394,100)	(\$359,000)	(\$389,000)	(\$363,000)
Less Capital Funded by Council Capital Reserves	(\$2,025,610)	(\$2,064,950)	(\$2,085,070)	(\$1,716,850)
Less Capital Funded by Other reserves	\$0	\$0	\$0	\$0
Net General Fund Expense	\$ 71,106,840	\$73,968,200	\$79,777,190	\$ 80,955,890
Net Revenue less Net Expense	\$ (1,494,111)	\$ 152,720	\$ (2,377,430)	\$ (68,140)

2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
\$86,070,470	\$89,985,600	\$94,148,360	\$98,481,720	\$102,308,170
(\$1,460,170)	(\$1,534,100)	(\$1,611,810)	(\$1,693,470)	(\$1,762,930)
(\$123,510)	(\$85,720)	(\$97,300)	(\$109,670)	(\$104,780)
\$0	\$0	\$0	\$0	\$0
\$84,486,790	\$88,365,780	\$92,439,250	\$96,678,580	\$100,440,460
\$79,904,890	\$83,378,030	\$86,787,740	\$90,439,260	\$93,919,060
\$5,944,640	\$5,014,270	\$5,470,580	\$5,710,170	\$5,188,430
(\$351,000)	(\$389,000)	(\$373,000)	(\$412,800)	(\$475,500)
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$85,498,530	\$88,003,300	\$91,885,320	\$95,736,630	\$ 98,631,990
\$ (1,011,740)	\$ 362,480	\$ 553,930	\$ 941,950	\$ 1,808,470

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Departmental Summaries

The following Sections will provide a summary, by fund type and department, on the projected increase in positions and workload that is due to this growth. The department summaries are separated into four sections one for the General Fund agencies, one for the Enterprise Funds, one for Special Revenue Funds, and one for Internal Service Funds. This will allow the reader to distinguish between tax supported positions and those funded from utility rates or other dedicated resources.

General Fund Departments

The General Fund is for services provided by the City that are primarily funded by tax revenues. Most City services fall within this fund and as a result, will be the primary focus of this forecast.

Executive and Legal Department- City Manager's Office

The City Manager's Office is the central administrative office of the City, responsible for integrating the departments' efforts with a common vision that enables the City to deliver service based on City Council policy direction. In 2013, the Office has 3.8 full time equivalent (FTE) regular staff, including the Public Information Office of the City. The primary factors influencing the growth and size of the City Manager's Office are the size and complexity of the overall City organization, and any new policy directives from City Council. It is expected that the size of the City organization as a whole may correlate roughly with the size of the community. Since Loveland will grow about 21%, similar growth may be expected in the organization and the City Manager's Office, although this will be constrained by finances and by actual need. The most likely staff addition, if any, would be a new Assistant to the City Manager position.

New General Fund FTEs - 0.5
Year added 2017

Executive and Legal Department-City Attorney's Office

The City Attorney's Office (CAO) serves as the City's primary legal counsel and is responsible for advising and representing the City Council and all City officials and departments concerning the various legal matters and issues that affect the City. The CAO currently has 6.8 FTE regular staff.

The primary factors influencing the growth and size of the CAO are the same as those described for the City Manager's Office.

New General Fund FTEs - 2
Years added 2016 and 2018

Executive and Legal Department-Municipal Court

The mission of the Municipal Court, created by the City Charter, is to provide due process and justice in an impartial, fair, and efficient manner to its residents, visitors, and employees. The Municipal Court's authority and responsibility is established by the Home Rule Charter and State law. It functions to adjudicate and process Municipal Code and Charter violations. Currently there is 1 FTE (the Municipal Judge). Three (3) support staff is under the direction of the City Clerk.

The court processes 10,000 to 12,000 cases per year. The number of cases has been consistently in this range for several years. The court has determined that three (3) support staff is needed to maintain this caseload. If the number of cases grows, based on experience, additional staff is needed when the caseload gets to about 15,000. The Police Department's activity and referrals to the court is the primary driver for the caseload. The Humane Society, the Loveland Fire Rescue Authority, and Loveland's Code Enforcement are other case generating departments. The court will begin using new software for court and case management in the near future. Experience with this new software will reveal what time and labor savings may become available. Changes in technology may redirect court efforts, and may include accepting payments online or by phone, or the possibility of the Police Department moving to "electronic tickets" or "E tickets" instead of, or in addition to, traditional paper tickets.

New General Fund FTEs - 0

Executive and Legal Department-City Clerk

The City Clerk's Office serves in four major capacities for the City of Loveland: Records, Liquor Licenses, Municipal Court Administration, and City Council service, including Elections, Agenda/Meeting Management and Email correspondence. Each of these functions contains both internal and external components. The Municipal Court function has three support staff now provided and directed by the City Clerk. In 2013 the City Clerk's Office has 6.8 FTE regular staff.

Primary factors that could affect the growth of the City Clerk's Office in the next 10 years are an increase in liquor license establishments, an increase in registered voters within the City of Loveland; as well as an increase in other licenses issued by the CCO. Records retention, production and management would be affected in a positive and negative manner: more devices would be used by individual city employees, but more modern technologies could create an easier method for managing city records. It is anticipated that the City Clerk's Office would increase to 7 FTE in the next two to three years and to 8 FTE by 2023.

New General Fund FTEs- 2.2
Years added 2015, and 2017

Cultural Services Department

The Department consists of three divisions: the Loveland Museum/Gallery, Rialto Theater Center, and Art in Public Places Program with a 2013 Adopted Budget of \$2.11 million and 13.0 FTEs.

The most significant issues facing the Museum are additional space for the historic collection, demand for gallery space with the current schedule, and classroom space.

The Rialto Theater Center consists of a restored historic theater, and a new addition completed in March 2012. As the population of Loveland increases, demand for rental of the theater and event center is also expected to increase. However, theater capacity and demand is limited by the calendar so there is a point where the theater “maxes out”. An increase of 1.5 FTE over the 2013 staffing level is anticipated. In addition, digital film distribution and improved audio technology will necessitate equipment upgrades over the next 10 years.

New General Fund FTEs – 1.5
Year added 2018

Development Services Department

The Development Services Department consists of five divisions with a budget of \$3.2 million, with 24.4 FTEs. The department provides a well-planned, sustainable and safe built community environment through community development planning, building inspection and code enforcement.

The rate of development is the major driver behind the Department’s workload. Technology and process improvement have been used to reduce turn-around times, and a significant portion of the work has been contracted out. In addition, regulatory impacts in the form of required planning documents from the State will begin if Loveland crosses the 100,000 population threshold in the next ten years.

Federal funding for the Community Development Block Grant (CDBG) has been decreasing and this trend may continue, reducing the grant management workload. This may be offset by a regional effort to fund homeless shelters and low income housing.

New General Fund FTEs- 3.5
Year added – 2014, 2017, and 2020

Economic Development Department

The mission of the Economic Development Department is to grow employment and business opportunities to sustain the economic health of Loveland and the Northern Colorado region. The department has a staff of 4.13 FTEs and an operating budget of \$1,060,110.

One program, the Creative Sector Division, was formed to be self-sufficient within 36 months. If this does not occur, increased efforts in primary employment projects may merit the repurposing of the position as a primary employer retention specialist.

New General Fund FTEs – 0

Finance Department

The Finance Department provides financial operations and reporting, purchasing, sales tax licensing, revenue collection, and financial planning and budgeting. The department has 44.8 FTEs and a budget of \$4.3 million.

The Department does not anticipate significant impacts due to City growth over the next ten years, unless there are significant changes to other operations within the City. The greatest impact will be felt by the Revenue Division, driven by growth in residential, commercial, and industrial construction. There will be more transactions as city-wide operations expand; the Payroll Division will also see an expansion in workload due to staffing increases in other departments. The complexity of Accounting and Financial Reporting will continue to increase, with projected accounting regulation changes. The Budget process will increase in complexity and required analysis, due to an increased emphasis on Capital Programing and expected movement to a budget model that fully allocates overhead costs across the departments. Absent technology enhancements, the departments could require as many as 10 new positions. However, the use of new technology should allow the staffing to remain relatively constant. With many of the Departments either in the process or beginning revisions to their Master Plans, Capital Program and Capital Planning will require increased focus. A new position within the Budget Division will be needed to manage this program and the number of associated grants that are likely to be involved.

New General Fund FTEs – 1

Year Added – 2014

Loveland Fire Rescue Authority

Loveland Fire Rescue Authority (Authority) is a partnership organization between the City of Loveland and the Loveland Rural Fire Protection District, formed in January of 2012. The Authority covers 194 square miles of area, protects approximately 90,000 residents and responds to about 6,500 emergency calls annually. The Authority's *2012 Strategic Plan* identifies and plans for future large capital expenditures and operation and maintenance needs. The Authority has a budget of \$9.88 million and 73.0 FTEs.

The two issues identified are connected to reductions in available government funds (grants) and community growth beyond expectations. First, federal and state resources for covering costs of major emergencies and wildland fires are expected to shrink. Fewer federal funds will be available for capital projects. Second, the Highway 402 corridor in southeast Loveland may see significant growth, for which there is no funding expansion currently identified. Normal population increases have been factored into the Authority's strategic plan; The "Model 1" plan, with associated expansions has been included in the City's Adopted Financial Plan, and includes 20 positions for 2014-2022. Growth levels beyond normalcy could negatively impact the Authority's ability to provide needed fire-rescue services.

New FTEs – 0

Human Resources Department

The Human Resources Division provides several services for the City, employees and volunteers, including, but not limited to management of employee compensation and benefits, compliance with local, State and Federal employment laws; employee relations (managers and employees), recruitment selection, orientation, policy development; training and employee development, employee recognition and volunteer program management. The Department has a budget of \$1.0 million and 9 FTEs.

The primary factors influencing Human Resources is the growth and complexity of other Departments at the City and new or revised local, State and Federal legislation. HR expects to sustain the estimated 100 to 1 ratio of employees to HR support staff to adequately serve our organization and City. Regulatory compliance, particularly in the health care arena, recruitment and retention, and strategic workforce and succession planning will be the key issues faced by the Department in coming decade. New technology may mitigate the need for additional staff.

New FTEs – 2

Years added – 2018

Information Technology Department

Information Technology, along with its internal and external partners, is responsible for the successful use of technology to support the City of Loveland's strategic goals. In addition, IT provides the software applications, hardware infrastructure, and tools needed to deliver cost effective solutions and services to the City workforce and its residents. IT reports to the Assistant City Manager and has a total staff of 20.5 FTEs and a budget of \$3.5 million. Primary factors influencing I.T. are global technical evolutions as well as the number of employees in the City organization. Significant change in the I.T. business model may be driven by the Strategic Plan to be done in 2013, as well as opportunities for technology outsourcing. Increasing the size of the Department by the 21% population growth factor seems reasonable, although that growth may be constrained by funding availability and changed by actual need. Likely staff additions would be in the areas of computer support, help-desk, GIS, and project management.

New FTEs – 4

Years Added – 2015, 2017, 2019, and 2021

Library Department

The Library completed a major renovation and expansion in 2012 that provides modern services in a 57,000 sq. ft. building. The library staff consists of 40 benefitted staff (30.75 FTE) and nine Library Pages who usually work 15 hours/week, with a budget of \$2.8 million. Over 40,000 cardholders have actively used the library in the past three years.

Libraries will face major changes in the next ten years. The Loveland Public Library is positioned to have the flexible facilities that will be needed. As the population continues to age, a mobile outreach service expansion or plans for a secondary location will be considered; but future services may not be dependent on another physical location. Lifelong literacy, especially early learning for preschoolers, will continue to be a library focus. Lifelong learning will be delivered in numerous ways including books, digital media and community lectures, classes and events.

The library will investigate additional funding options including forming a library district or joining an existing district but these options are dependent on successful local elections. The State Library is promoting state funding for libraries again; the mechanism is in place but has not been funded for many years.

New FTEs – 0

Parks & Recreation Department

The Parks and Recreation Department is responsible for public park and recreation areas integrating park, recreation, golf and open space services, facilities and activities to meet City Council goals and community desires. In 2013, the department's General Fund has 60.83 FTE's and a budget of \$9.4 million, partially funded by user fees and charges for service totaling \$3.2 million.

Changes in the Department will be influenced primarily by growth in the size and population of the City, influencing the number of activities and events provided in the recreation area. No facility expansion/growth is expected in the Chilson Recreation Center as a major expansion occurred in 2011; however visitation and recreational activity levels may increase with additional population growth. Additional neighborhood parks may be added in the northwest sector should development rebound, as well as the second phase of development at the Loveland Sports Park and Fairgrounds Parks requiring increased maintenance and operation funding, and 2-4 additional FTE's. A renovation of Cemetery maintenance facilities may be needed. However, no expansion of the burial acreage is forecasted as the trend is toward cremations and private burial arrangements will continue.

External factors impacting operations and facilities include: weather and water availability for irrigation; implementation and development of public outdoor areas requiring maintenance in the downtown initiative and plans; and State and Federal regulatory mandates. These will require additional funding sources in both capital and operation areas. Trends seem to point towards regionalism and closer to home recreational opportunities which could also alter local expansion of facilities, with potential increased costs due to collaboration with local agencies and or private/public partnerships to expand athletic fields and areas for self-directed groups and organizations requesting the space.

New FTEs – 4

Years Added – 2016 and 2019

Police Department

The Loveland Police Department is a full service police agency with a current authorized staffing level of 135.75 FTEs. Of the total FTEs, 93 are sworn officers and 42.75 are civilian support staff. The 2013 operating budget for the Department is \$17.0 million. In 1992, the Loveland Police Department was accredited through the Commission for Accreditation of Law Enforcement Agencies and in 2012 was re-accredited for the 7th consecutive time since 1992.

Factors that will affect the department are an aging workforce; future city growth, technology changes for police related use, an increase in web-based crimes including identity theft and sex crimes, unfunded and unexpected state and federal mandates, increased use of the Northern Colorado Crime Lab, and the legalization of marijuana for recreational use by people over the age of 21.

To meet these challenges the Police Department must amplify its focus on succession planning and quality recruitment for sworn and civilian employees; complete and implement its comprehensive long range staffing and resources strategies; Police facilities for office space, training needs, and storage will need to be evaluated and when appropriate, included in the capital improvement plan; and increased IT support specifically related to police technology will need to be applied.

New FTEs added – To be determined in the Phase IV report, anticipated at around 25.
Years added – to be determined

Public Works Department

The General Fund portion of the Public Works Department funds includes administration, facilities management and transportation development review. The General Fund budget is \$4.8 million with 27.95 FTEs. Facilities Management handles 700,000 square feet of space.

Major impacts over the next decade will likely be spurred by additional improvements in sustainable building practices, adoption of new building codes, or any change in City policy driving core efforts. The City currently is investing in flex space to drive greater future adaptability and has invested in LEED building efforts but not mandated them in City projects.

Issues that could drive change or cost implications include greater needs for energy efficiency, and expansion of services requiring new space. As new City spaces come online, funding will be required for additional staff, custodial services, after hours event support, and utilities to maintain these areas. Utility rate increases are a significant concern if the US energy standard or resource availability changes. Investment in staff training will be required as new and evolving technologies move into the market place and staff retirements also occur. The rate of development is the major driver behind the workload for transportation development review.

New FTEs added – 3
Years added – 2017, 2018

Enterprise Fund Summaries

Enterprise funds account for City operations that act similar to private businesses. No tax revenue is used to fund the operations or capital needs, with one exception in the Water Enterprise. Funding is derived by rates and fees to the users of the services. Growth in the number of customers may provide sufficient revenue for the projected growth in positions. However, inflationary costs may require rate increases, above those previously discussed with Council in relation to the capital programs in the different enterprises, to accommodate these position increases.

Golf Enterprise

The Golf Enterprise is managed by the Parks & Recreation Department and has a budget of \$3.5 million and 12.75 FTE's to manage two 18-hole courses; The Olde Course at Loveland and the Marianne Butte Golf Course, and one par 3, 9-hole course and the new mini-course at Cattail Creek, within the City. The new mini-course utilizes different equipment known as SNAG (Starting New At Golf), and will help draw new players expanding the Enterprise's customer base. The enterprise is totally funded by user fees. All costs for operations and ongoing capital funding are recovered through the fees. With the recently completed SNAG course, no additional golf courses are anticipated, and service levels are expected to remain the same.

New FTEs added - 0

Solid Waste Enterprise

The Solid Waste Enterprise is managed by the Public Works Department. The Enterprise has a budget of \$9.1 million with 27.62 FTEs. Funding for the Enterprise is entirely from user fees. Currently the city provides solid waste and recycling services with a diversion rate of 60%.

In order to continue to successfully manage future waste, issues to be considered are additional diversion opportunities for food organics, technology changes that will make more products recyclable, alternative fuel options and truck hybrids will likely be considered to manage fuel costs. Regulatory initiatives will be a concern including alternative fuel options, higher fuel efficiency standards, or reduced emissions requirements, and additional requirements on electronic waste handling. Growth in the City will be a major factor, requiring additional staffing in order to maintain service levels. In the Adopted Financial plan for the Enterprise, four FTEs were included in 2014, 2016 and 2018 due to the projected increased residential accounts. There are no additional FTEs added as a part of this forecast.

The next decade will also likely bring expanded discussions on the future of the Larimer Country landfill and Loveland's participation in future expansion plans.

New FTEs added – 0

Storm Water Enterprise

The Storm Water Enterprise is managed by the Public Works Department. The Enterprise has a budget of \$4.3 million and 14.6 FTEs. The Enterprise is funded through utility fees and impact fees.

Challenges will revolve around funding and a rate structure to meet current and future needs, including overhauling existing outdated and undersized infrastructure in the core of the city. The major unknown challenge facing the Enterprise is the potential for new water quality regulations at the state and federal levels. The City model currently meets all standards and should not be greatly impacted by mandates projected to occur in the next decade. In the Adopted Financial plan for the Enterprise, three FTEs are included in 2014, 2015 and 2020 for projected growth in curb miles for street sweeping and additional collections maintenance. No additional FTEs are added as a part of this forecast. Growth in the City will be a major factor, requiring additional staffing to maintain service levels.

New FTEs added - 0

Water Enterprise

The Water Enterprise, managed by the Water and Power Department, is responsible for the City's acquisition and storage of raw water, water treatment and distribution of treated water, and return flow obligations. In 2013, the Water Enterprise will have 41.70 FTE regular staff and a budget of \$17.6 million. The Enterprise is funded by utility fees, except for a contribution to the water capital program from the General Fund.

The primary drivers likely to impact this utility within ten years are the growing need for on-going investment in aging and failing infrastructure, including capital investments, new programs such as leak detections, cross connection control, enhanced water right tracking and additional staff and resources. Growth of Loveland's population and industry will be a major factor requiring additional Water Utility assets to meet rising demands with the corresponding increases in resources for their operations and maintenance. Regulatory standards impacting the Water Utility are expected to increase independent of growth. Changes in climate may also have an impact on the water utility. Climate changes may trigger the need for additional budgeting requirements within the next 10 years to account for a possible increase in water acquisition, water storage, and water treatment in subsequent planning periods. The deployment of smart technologies over the next ten-year period may have additional budgetary impacts.

New FTEs added – 4.2

Years Added – 2014, 2015, 2016, and 2018

Wastewater Enterprise

The Wastewater Enterprise, managed by the Water and Power Department, is responsible for the City's wastewater collection system and wastewater treatment. In 2013, the Enterprise will have 29.3 FTE regular staff and a budget of \$11.6 million.

Primary drivers likely to impact this utility within ten years are regulatory standards, which are expected to increase independent of growth; a growing need for on-going investment due to aging and failing infrastructure; and growth in Loveland's population and industry.

New FTEs added – 2.4

Year Added - 2021

Power Enterprise

The Power Enterprise, managed by the Water and Power Department, is responsible for the distribution and delivery of electricity within the City. In 2013, the Enterprise will have 42.9 FTE regular staff and a budget of \$56.4 million.

Issues facing the Enterprise in the next ten years include the Renewable Energy Standard that requires municipal utilities serving 40,000 or more customers to generate or purchase enough renewable energy to supply 10% of their retail electric sales by 2020, increasing the cost of the energy produced. Additional power assets will be required in order to meet the growth in Loveland. Demand side management can reduce peak load, but there are challenges in identifying effective programs and customer education. Technological advancements will continue to require more innovative rates, investments in communication systems and software upgrades. The Enterprise continues to use portions of the Smart Grid Technology for its operations. A change in City policy to deploy smart technologies may have budgetary impacts. An aging workforce creates a need for ongoing succession planning. Increasing North American Electric Reliability Corporation (NERC) standards will continue to require additions in labor resources, capital investments and other resources.

New FTEs added – 8.4

Years added – 2014, 2015, 2018, 2020, and 2022

Special Revenue Funds Summaries

Special revenue funds are established for areas or services that have dedicated revenue sources and most do not receive general tax revenue. Most of the funds are capital in nature and do not have an operating component. However, there are certain funds with operating costs that receive a General Fund subsidy. The Special Revenue funds with an operating component or that receive a portion of the funding from general fund revenue are shown below.

Conservation Trust Fund

The Conservation Trust Fund, managed by the Parks and Recreation Department, is funded by State-controlled Lottery funds distribution. State law requires the funding to be used for Park or Recreation Capital and maintenance needs. The City has dedicated the funding to the maintenance and construction of the Recreation Trail System. In 2013 the fund has a budget of \$436,000 and 0.92 FTE regular staff.

In the next ten years additional recreational trails will be completed for linkage to the current Recreational Trail “loop” Plan. Completion will require acquisition, development and maintenance funds and staffing. Some of the staff additions may be achieved by reallocating General Fund Resources, reducing General Fund costs.

The Plan does not include trail linkages for regional trails or connections to adjoining cities, which may be requested in the future. The distribution of lottery proceeds is controlled by the State and decreased or elimination of funding would cause operational decisions for service levels and un-funded plans to be addressed. The FTE addition reflects a shift of existing Parks staff to this function, more accurately reflecting their actual duties.

FTEs added – 1.5
Year Added - 2015

Open Space Fund

The Open Space Fund, managed by the Parks and Recreation Department, is funded by a County distribution of the County open space sales tax. The funding is for the maintenance and acquisition of open space. In 2013 the fund has a budget of \$2.5 million and 3.75 FTE regular staff.

The County Open Space tax will sunset in 2018. Continuation of the Open Space tax will determine continued acquisition, and development past 2018. However, sufficient reserves will allow for continued operation and maintenance of sites throughout the 10 year plan period. Additional sites developed and opened for public use will require additional operating needs, some of which may include the use of volunteers and contractual services.

FTEs Added – 1
Year Added - 2015

Lodging Tax Fund

The Lodging Tax Fund, managed by the Economic Development Department, is funded through the lodging tax approved by voters in 2009 and is restricted to use for expenditures related to tourism promotion, marketing the city, and promoting community events. In 2013 the fund has a budget of \$610,000 and 1.5 FTEs.

Additional funding through the lodging tax dollars to support the Visitor Center, whose operation was recently taken over by the City, is necessary to ensure an effective operation and for the Destination Loveland Program.

FTEs added – 1

Year added – 2014

Transit

The Transit Fund, managed by the Public Works Department, provides limited fixed route and Paratransit transit services for the public in Loveland. In 2013, the fund has an operating budget of \$1.88 million with 11 FTE regular staff. About 50% of the funding is from Federal operating grants and fare revenue. The remaining 50% is from a General Fund Subsidy.

Demand is expected to grow due to the aging of the City population and as the general population becomes more diverse. There is also an expectation that Federal operating grant money will continue to decline, which will make funding for adequate service (estimated at two additional routes within the City) a challenge. Initiatives may include more partnerships, notably with non-profits and the faith-based community to provide senior services and regionalization of transit service provision through an authority or other mechanism to gain efficiencies.

FTEs added – 10

Years added – 2017, 2022

Transportation

The Transportation Fund, managed by the Public Works Department, provides for the maintenance and construction of the City street and signal system, and development inspection of new streets added to the City system. In 2013, the fund has a budget of \$11.6 million, of which \$5.6 million is operating expense with 37.68 FTE regular staff. The funding sources are State revenue sharing from the Highways Users Trust Fund (HUTF) and vehicle fees, the Transportation Utility Fee, impact fees, and General Fund revenue. The operating component receives a General Fund subsidy of \$4.1 million, and an additional \$530,000 of General Fund reserves is combined with impact fees for construction of new streets and bridge repair.

The cost of construction and materials has outpaced the general consumer price index and this trend is likely to continue creating a challenge in funding the program. Technology will continue to play a greater role than even today. Currently only one third of the city's traffic signals can communicate with the Traffic Operations Center. A growth in technology investment will likely be needed over the next decade to catch-up and keep-up with growth.

Trends driving change in the next decade will include projected reductions in state and federal transportation dollars to local agencies; livability standards will require more "non-lane mile" investments in transit, bike and pedestrian facilities, and congestion mitigation as opposed to roadway expansion as the primary solution; and community resiliency and sustainability will require greater integration into all project efforts requiring investment in solutions that will withstand larger scale weather and natural events.

FTEs added - 6

Years Added – 2015, 2019, and 2021

Internal Service Funds

The Internal Service Funds are established for costs to serve City departments. The costs are allocated out to the General Fund and the Enterprise funds, so increases in the Internal Service Funds become increases to the General and Enterprise Funds.

Risk and Insurance Fund

This fund, managed by the Human Resources Department, administers the areas of workers compensation, safety and environmental program management and training, ensures compliance with state and federal regulations as it relates to safety and environmental impacts, and manages all property and liability claims, including those impacting citizens. In 2013 the fund has a budget of \$3.0 million and 4 FTEs.

Legislation for additional workers' compensation presumptions may drive increased worker's compensation claim costs. In addition, federal regulatory requirements from the Occupational Safety and Health Administration (OSHA) and the American with Disabilities Act (ADA) will drive the addition of staff to coordinate compliance issues. Environmental compliance issues will also require additional staffing to meet the regulatory guidelines.

FTEs added – 2

Years Added – 2019 and 2022

Fleet Management

The Fleet Management Fund, managed by the Public Works Department, maintains over 700 vehicles and pieces of equipment. In 2013 the fund has a budget of \$3.78 million and 15.15 FTEs.

Factors for sustainable growth over the next ten years include moving the fleet to higher fuel efficiency standards, greater vehicle technology, expanding the Shared Motor Pool, adding a wider variety of fuel management systems, and emission regulatory changes. As there is growth in the other City departments, additional space and staffing will be required to maintain the associated increase in the size of the fleet.

FTEs added – 0

Other Areas

Airport

The Fort Collins/Loveland Airport is jointly operated by the two cities under an Intergovernmental Agreement. The Airport has a 2013 Adopted Budget of \$2.2 million with five FTEs. Airport revenues cover operating and capital costs. With the loss of commercial service late in 2012, revenues will be significantly reduced.

Growth factors over the next ten years will be dependent primarily on bringing a new commercial carrier to the Airport, and on funding provided by the federal government for capital expansion projects. General aviation air operations will increase to a small degree with the increase in population.

FTEs added – 0

Total City Financial Forecast	2014 Projected	2015 Projected	2016 Projected	2017 Projected
Beginning Fund Balance	\$162,845,353	\$146,944,520	\$106,987,080	\$99,978,290
REVENUES				
Taxes	51,549,120	53,927,280	56,597,350	59,401,600
Intergovernmental	7,295,360	7,504,590	7,721,270	7,945,670
Impact Fees	7,710,020	8,176,310	8,487,560	8,726,890
Charges For Service	36,307,090	38,573,287	40,705,649	43,934,244
Interest	3,345,050	3,563,610	2,945,920	3,121,010
Others	4,112,290	3,955,040	4,093,470	4,236,000
Utility Charges	78,351,200	81,210,880	85,093,400	88,468,360
Utility Other	2,642,140	2,749,850	6,865,780	2,958,990
PILT	5,464,370	5,593,070	5,731,560	5,879,920
Transfers	11,387,310	11,809,910	11,984,710	12,310,420
TOTAL REVENUES	\$ 208,163,950	\$ 217,063,827	\$ 230,226,669	\$ 236,983,104
TOTAL REVENUES & SOURCES	\$ 371,009,303	\$ 364,008,347	\$ 337,213,749	\$ 336,961,394
OPERATING EXPENDITURES				
General Fund Operating	65,869,650	68,858,220	72,501,380	76,648,330
Enterprise Funds Operating	80,737,650	82,624,880	85,570,860	89,063,680
Internal Service Funds Operating	18,025,470	19,172,410	20,403,720	21,726,590
Special Revenue Funds Operating	9,741,480	10,070,980	10,411,980	10,764,900
TOTAL OPERATING EXPENDITURES	\$ 174,374,250	\$ 180,726,490	\$ 188,887,940	\$ 198,203,500
NET OPERATING REVENUES (LOSS)	\$ 33,789,700	\$ 36,337,337	\$ 41,338,729	\$ 38,779,604
CAPITAL EXPENDITURES				
General Fund	7,656,900	7,533,930	9,749,880	6,387,410
Enterprise Funds	29,307,230	48,661,910	23,202,830	21,921,500
Special Revenue Funds (excluding CEF)	7,352,860	10,820,110	11,000,080	8,210,380
Internal Service Funds	1,351,500	1,122,000	868,500	1,320,000
CEF Funds	4,022,040	8,156,830	3,526,230	899,400
TOTAL CAPITAL EXPENDITURES	\$ 49,690,530	\$ 76,294,780	\$ 48,347,520	\$ 38,738,690
NET CHANGE IN FUND BALANCE	\$ (15,900,830)	\$ (39,957,443)	\$ (7,008,791)	\$ 40,914
Ending Fund Balance	146,944,523	106,987,077	99,978,289	100,019,204
Reserve Policy Requirement (15% of Oper. Expense)	\$ 26,156,140	\$ 27,108,970	\$ 28,333,190	\$ 29,730,530
Amount Above (Under) Policy	\$ 120,788,383	\$ 79,878,107	\$ 71,645,099	\$ 70,288,674
15% of operating reserve	26,156,140	27,108,970	28,333,190	29,730,530

2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
\$100,019,200	\$99,532,240	\$102,052,620	\$103,562,830	107,093,550
62,346,830	65,440,220	68,689,300	72,101,990	75,032,020
8,178,120	6,466,890	6,618,790	6,774,840	6,935,170
7,914,430	8,243,510	8,576,790	8,811,530	9,169,380
45,939,740	48,921,620	52,312,660	54,498,180	56,668,770
3,756,130	4,119,830	4,576,930	5,160,620	5,763,282
4,386,410	4,538,270	4,697,100	4,861,130	5,030,940
93,914,360	97,425,300	101,007,020	104,757,260	108,751,810
3,046,970	3,155,410	3,264,920	3,379,610	3,486,030
6,038,690	6,207,000	6,385,830	6,574,840	6,772,080
12,712,100	13,177,230	12,321,080	14,230,790	14,498,850
\$ 248,233,780	\$ 257,695,280	\$ 268,450,420	\$ 281,150,790	\$ 292,108,332
\$ 348,252,980	\$ 357,227,520	\$ 370,503,040	\$ 384,713,620	\$ 399,201,882
79,904,890	83,378,030	86,787,740	90,439,260	93,919,060
90,942,550	93,349,420	95,802,920	98,066,170	100,121,030
23,148,900	24,679,280	26,327,200	28,103,050	30,018,240
11,130,170	11,508,180	11,899,370	12,113,570	12,627,320
\$ 205,126,510	\$ 212,914,910	\$ 220,817,230	\$ 228,722,050	\$ 236,685,650
\$ 43,107,270	\$ 44,780,370	\$ 47,633,190	\$ 52,428,740	\$ 55,422,682
5,944,640	5,014,270	5,470,580	5,710,170	5,188,430
23,748,750	27,684,500	29,613,250	28,160,000	34,493,870
6,315,590	6,562,720	5,379,630	7,032,150	7,049,540
2,012,250	997,500	3,491,000	3,669,500	2,586,000
5,573,000	2,001,000	2,168,520	4,326,200	3,741,500
\$ 43,594,230	\$ 42,259,990	\$ 46,122,980	\$ 48,898,020	\$ 53,059,340
\$ (486,960)	\$ 2,520,380	\$ 1,510,210	\$ 3,530,720	\$ 2,363,342
99,532,240	102,052,620	103,562,830	107,093,550	109,456,892
\$ 30,768,980	\$ 31,937,240	\$ 33,122,580	\$ 34,308,310	\$ 35,502,850
\$ 68,763,260	\$ 70,115,380	\$ 70,440,250	\$ 72,785,240	\$ 73,954,042
30,768,980	31,937,240	33,122,580	34,308,310	35,502,850

Total City Reserves

	2014	2015	2016	2017
Restricted Reserves	61,698,180	51,082,620	45,197,910	48,418,590
Committed Reserves	35,487,540	9,063,620	13,191,950	12,740,250
Assigned Reserves	22,449,260	21,031,030	19,824,170	18,847,200
Unassigned - Fund Balance Policy	26,156,140	25,809,807	21,764,259	20,013,164
Remaining Unassigned	1,153,403	-	-	-
Total Reserves	146,944,523	106,987,077	99,978,289	100,019,204
Fund Balance Policy Requirement	26,156,140	27,108,970	28,333,190	29,730,530
Amount above or below Requirement	1,153,403	(1,299,163)	(6,568,931)	(9,717,366)

Restricted reserves are the portion of fund balance that must be reserved by the State constitution or law.

Committed reserves are the portion of fund balance set aside by a Council Ordinance.

Assigned Reserves are the portion of fund balance set aside by management for specific purposes.

The Unassigned Fund Balance Policy is the amount of fund balance reserved against economic uncertainty, based on a calculation of 15% of operating expenses.

The Remaining Unassigned is the amount of fund balance that has no designations.

2018	2019	2020	2021	2022
48,048,940	47,441,310	47,456,020	45,575,580	45,194,420
16,409,290	20,595,890	24,801,720	33,033,430	37,343,570
18,118,410	18,787,730	17,643,400	15,985,830	14,665,770
16,955,600	15,227,690	13,661,690	12,498,710	12,253,132
-	-	-	-	-
99,532,240	102,052,620	103,562,830	107,093,550	109,456,892
30,768,980	31,937,240	33,122,580	34,308,310	35,502,850
(13,813,380)	(16,709,550)	(19,460,890)	(21,809,600)	(23,249,718)

Adopted Financial Projection Assumptions

The forecast of the Consumer Price Index (CPI) and Local Growth Factor used for the TABOR limit are based on the historical average the City has experienced. Actual amounts are not known until the month of March following the end of an individual fiscal year. The forecasted growth rate for the CPI is 3.0% for all years in the plan. The Local Growth Factor is forecasted to be 2.0% in 2013, 3.2% in 2014, and 4.1% in the remaining years, representing the City's historical average.

Revenue Assumptions

- By State law, the Property Assessor is required to reassess all property values every two years to meet the requirements of the Gallagher Amendment to the State Constitution. Historically, the City has experienced growth in assessments of 5.8% in non-reassessment years and 13.6% in reassessment (Gallagher) years. The recession has resulted in lower than average changes in property values. For 2013, values are expected to remain at 2012 amounts. The property tax revenues assume the millage rate (property tax rate) will remain the same throughout the Plan and revenues will increase by the same amount as the property assessments. These are currently forecasted at 0.0% in 2013, 4.0% in 2014 and 2015, and 5.8% for the remaining years in the plan.
- The City's sales tax base for 2013 is projected to increase by 4.0% and by 5.0% in the remaining years of the Plan.
- Use taxes increase 2.0% in 2013 and grow to 4.0% by 2016.
- Revenue from all other taxes increases 3.0% in 2013-2016.
- Intergovernmental revenue increases at a rate of 2.5% annually.
- Charges for service increase by 3.5% each year of the Plan.
- PILT revenues increase in 2013, in part due to projected rate and service charge increases in the enterprise funds. Based on the forecasts in the ten-year plans for the enterprises, this revenue increases 2.3%-2.5% through 2016.
- Interest is calculated at 1.2% of the expected beginning balance in 2013 and grows to 3.5% by 2017.
- The TABOR excess projections are preliminary and will vary depending on the CPI and local growth percentage for each year and actual revenues.

Expense Assumptions

- The 2013 Budget is the City Manager's Recommended Budget for the departments and serves as the basis for projecting all the future years' expenditures.
- Department base budgets in each of the following years are increased 3.5% from the previous year's amount.
- The street construction General Fund portion is funded at the amount necessary to match the Capital Expansion Fee contribution. The source of the General Fund contribution is excess TABOR revenues the voters have allowed the City to retain.
- The operations impact of capital projects included in the Capital Program are introduced in the year when the impact is expected to begin and then escalated annually at the same percentage as the other departmental expenditures.

Required Reserve Assumptions

- The required balance includes the TABOR 3.0% Emergency Operating Reserve; a Council Contingency Reserve of \$100,000; an unfunded liability reserve of \$200,000; a Library Reserve of \$125,030; a reserve to provide matching funds for potential Fire Authority grants of \$103,900;

projected revenues which are above the TABOR cap and not currently designated toward specific projects; and the amount of Council Capital Reserve not currently designated for specific projects. The ability to keep and spend TABOR excess revenue and use this revenue for police, fire, street construction and maintenance, and parks construction and maintenance was approved by the voters in the November 2011 election. This approval expires at the end of the 2024 budget year.

- The TABOR 3.0% Emergency Operating Reserve is a requirement of Article X, Section 20 of the State Constitution, which mandates government reserve 3.0% of the current year operating costs, excluding bonded debt, to be used for declared emergencies only.
- The Contingency Reserve is established to provide a funding source for small one-time projects, which could not have been anticipated during the development of the annual budget.
- The unfunded liability reserve provides resources in the event payouts for accrued leave or other unfunded liabilities exceed budgeted resources in any one year.
- The Library Reserve is for donations or endowments given to the Library that have not yet been appropriated.
- The Council Capital Reserve was established by ordinance in 2001. The ordinance requires setting aside 2.50% of all tax revenue under the TABOR revenue cap for capital projects.
- The City went under the TABOR limit beginning in 2010 and is expected to remain so in all but two years of the Plan. However, the projections are only under the limitation by a maximum of 3.0% in any one year. Changes in the economy or a small return to the building growth experienced in prior years will result in the City being over the limitation.

2013 Adopted Financial Plan

Finance Master Plan	2011 Actual	2012 Adopted	2012 Revised	2013 Adopted
Beginning Fund Balance	27,758,408	23,949,940	31,283,790	\$26,744,200
REVENUES				
Property Tax	7,787,891	7,428,900	7,428,900	7,439,950
Current Sales Tax Base	32,082,792	32,868,020	32,868,020	35,219,650
Use Tax	3,065,521	3,000,000	3,000,000	3,300,000
Other Taxes	3,254,792	2,484,600	2,484,600	2,628,000
Intergovernmental	5,751,622	356,320	835,510	524,080
Licenses & Permits	1,655,825	1,057,880	967,460	1,491,180
User Fees	3,436,764	3,409,100	3,703,320	3,885,840
Fines & Forfeits	936,370	1,005,280	1,005,280	1,068,280
Interest	788,913	405,050	405,050	340,160
Others	1,430,356	606,480	594,370	397,000
Internal Service Transfers General Fund				3,284,550
Internal Service Transfers Non- General Fund	2,127,571	2,062,020	4,084,400	4,721,780
PILT	4,253,945	5,041,470	5,041,470	5,639,810
Transfer from Power for Econ Development				78,800
Transfer from Lodging Tax	3,000	-	-	30,000
TOTAL REVENUES	\$ 66,580,362	\$ 59,725,120	\$ 62,418,380	\$ 69,869,080
TOTAL REVENUES & SOURCES	\$ 94,338,770	\$ 83,675,060	\$ 93,702,170	\$ 96,613,280
EXPENDITURES				
Legislative	101,076	126,200	126,200	137,710
Executive & Legal	2,262,316	2,371,480	2,393,890	2,560,740
Cultural Services	1,206,836	1,151,810	1,319,160	1,694,190
Development Services	3,112,191	2,637,310	2,857,050	2,994,520
Economic Development	564,005	715,720	1,511,960	810,110
Finance	3,607,144	3,929,070	3,948,570	4,303,450
Fire & Rescue	7,871,256	-	674,470	-
Human Resources	717,480	926,550	926,550	1,048,160
Information Technology	2,553,379	2,596,880	2,683,520	2,788,480
Library	2,306,449	2,330,860	2,366,490	2,832,310
Parks & Recreation	7,023,011	7,361,390	7,359,740	8,452,510
Police	16,190,558	15,665,020	15,813,600	16,782,040
Public Works	4,382,977	4,648,130	4,435,390	4,825,790
Non-Departmental	733,651	740,240	786,650	1,237,900
Transfers	266,446	199,850	1,702,280	65,000
Business Incentive Program	404,117	5,510	858,520	250,000
City Contribution to Fire Authority		6,108,900	6,435,470	6,763,340
Transit Operating Subsidy	598,055	455,900	489,550	913,800
Transportation Operating Subsidy	2,834,637	3,249,770	3,233,270	4,083,860
Supplemental Funds Available Inflated Out		-	-	-
Supplemental Funds Available		-	-	-
TOTAL EXPENDITURES	\$ 56,735,584	\$ 55,220,190	\$ 59,962,310	\$ 62,543,910
NET OPERATING REVENUES (LOSS)	\$ 9,844,778	\$ 4,504,930	\$ 2,456,070	\$ 7,325,170
CAPITAL				
Net Capital Expense	2,748,483	4,226,650	3,594,550	1,600,000
Street Construction Projects	1,578,562	788,720	1,244,800	430,360
Olsen Annexation	-	-	-	-
Internal Loan Repayment (Recreation an Fire CEF)	97,485	97,000	97,000	957,150
Early Repay of Fire CEF Internal loan				1,000,000
Equipment Replacement	1,894,869	2,059,310	2,059,310	1,945,200
Executive & Legal	-	-	-	-
Finance	-	-	-	-
Development Services	-	-	-	-
Police	306,347	350,040	350,040	251,150
Fire & Rescue	85,818	-	-	-
Information Technology	635,265	624,990	624,990	747,550
Library	12,042	6,600	6,600	13,000
Parks & Recreation	766,027	1,057,680	1,057,680	931,500
Cultural Services	17,280	20,000	20,000	2,000
Public Works	72,090	-	-	-
Non-Departmental	-	-	-	-
TOTAL CAPITAL EXPENDITURES	\$ 6,319,399	\$ 7,171,680	\$ 6,995,660	\$ 5,932,710
NET CHANGE IN FUND BALANCE	\$ 3,525,379	\$ (2,666,750)	\$ (4,539,590)	\$ 1,392,460
Ending Fund Balance	31,283,787	21,283,190	26,744,200	28,136,660
Required Balance	11,475,545	9,891,625	9,203,995	12,581,392
NET SURPLUS (DEFICIT)	\$ 19,808,242	\$ 11,391,565	\$ 17,540,205	\$ 15,555,268
Reserve Policy Requirement (15% of Oper. Expense)	\$ 9,458,250	\$ 9,358,780	\$ 10,043,700	\$ 10,271,490
Amount Above (Under) Policy	\$ 10,349,992	\$ 2,032,785	\$ 7,496,505	\$ 5,283,778

2014 Projected	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
\$28,136,660	\$28,142,260	\$27,672,990	\$25,904,840	\$29,558,110	\$33,935,520	\$39,687,540	\$46,618,650	\$55,033,650
7,737,550	8,047,050	8,513,780	9,007,580	9,530,020	10,082,760	10,667,560	11,286,280	11,940,880
36,980,630	38,829,660	40,771,140	42,809,700	44,950,190	47,197,700	49,557,590	52,035,470	54,637,240
3,389,100	3,490,770	3,630,400	3,775,620	3,926,640	4,083,710	4,247,060	4,416,940	4,593,620
2,706,840	2,788,050	2,871,690	2,957,840	3,046,580	3,137,980	3,232,120	3,329,080	3,428,950
332,180	340,480	348,990	357,710	366,650	375,820	385,220	394,850	404,720
1,535,920	1,582,000	1,629,460	1,678,340	1,728,690	1,780,550	1,833,970	1,888,990	1,945,660
4,021,840	4,162,600	4,308,290	4,459,080	4,615,150	4,776,680	4,943,860	5,116,900	5,295,990
1,073,620	1,078,990	1,084,380	1,089,800	1,095,250	1,100,730	1,106,230	1,111,760	1,117,320
422,050	562,850	691,820	777,150	1,034,530	1,357,420	1,785,940	2,237,700	2,641,620
710,900	435,780	451,030	466,820	483,160	500,070	517,570	535,680	554,430
3,399,510	3,518,490	3,641,640	3,769,100	3,901,020	4,037,560	4,178,870	4,325,130	4,476,510
4,887,040	5,058,090	5,235,120	5,418,350	5,607,990	5,804,270	6,007,420	6,217,680	6,435,300
5,464,370	5,593,070	5,731,560	5,879,920	6,038,690	6,207,000	6,385,830	6,574,840	6,772,080
-	-	-	-	-	-	-	-	-
\$ 72,661,550	\$ 75,487,880	\$ 78,909,300	\$ 82,447,010	\$ 86,324,560	\$ 90,442,250	\$ 94,849,240	\$ 99,471,300	\$ 104,244,320
\$ 100,798,210	\$ 103,630,140	\$ 106,582,290	\$ 108,351,850	\$ 115,882,670	\$ 124,377,770	\$ 134,536,780	\$ 146,089,950	\$ 159,277,970
137,710	137,710	137,710	137,710	137,710	137,710	137,710	137,710	137,710
2,650,370	2,743,130	2,839,140	2,938,510	3,041,360	3,147,810	3,257,980	3,372,010	3,490,030
1,753,490	2,245,860	2,324,470	2,405,830	2,490,030	2,577,180	2,667,380	2,760,740	2,857,370
3,099,330	3,207,810	3,320,080	3,436,280	3,556,550	3,681,030	3,809,870	3,943,220	4,081,230
706,610	731,340	756,940	783,430	810,850	839,230	868,600	899,000	930,470
4,454,070	4,609,960	4,771,310	4,938,310	5,111,150	5,290,040	5,475,190	5,666,820	5,865,160
-	-	-	-	-	-	-	-	-
1,084,850	1,122,820	1,162,120	1,202,790	1,244,890	1,288,460	1,333,560	1,380,230	1,428,540
2,886,080	2,987,090	3,091,640	3,199,850	3,311,840	3,427,750	3,547,720	3,671,890	3,800,410
2,931,440	3,034,040	3,140,230	3,250,140	3,363,890	3,481,630	3,603,490	3,729,610	3,860,150
8,854,700	9,164,610	9,612,870	9,965,520	10,320,060	10,731,260	11,106,850	11,525,590	11,928,990
17,369,410	17,977,340	18,606,550	19,257,780	19,931,800	20,629,410	21,351,440	22,098,740	22,872,200
5,225,840	5,408,740	5,598,050	5,793,980	5,996,770	6,206,660	6,423,890	6,648,730	6,881,440
1,281,230	1,326,070	1,372,480	1,420,520	1,470,240	1,521,700	1,574,960	1,630,080	1,687,130
67,280	69,630	72,070	74,590	77,200	79,900	82,700	85,590	88,590
350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
7,000,060	7,984,450	8,263,910	8,553,150	8,852,510	10,142,780	10,497,780	10,865,200	11,245,480
945,780	978,880	1,013,140	1,048,600	1,085,300	1,123,290	1,162,610	1,203,300	1,245,420
4,226,800	4,374,740	4,527,860	4,686,340	4,850,360	5,020,120	5,195,820	5,377,670	5,565,890
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 65,025,050	\$ 68,454,220	\$ 70,960,570	\$ 73,443,330	\$ 76,002,510	\$ 79,675,960	\$ 82,447,550	\$ 85,346,130	\$ 88,316,210
\$ 7,636,500	\$ 7,033,660	\$ 7,948,730	\$ 9,003,680	\$ 10,322,050	\$ 10,766,290	\$ 12,401,690	\$ 14,125,170	\$ 15,928,110
4,264,250	4,113,770	4,361,040	2,863,940	2,689,640	2,336,870	2,975,640	3,171,150	2,574,000
394,100	359,000	389,000	363,000	351,000	389,000	373,000	412,800	475,500
-	-	442,000	-	-	-	-	-	-
999,610	1,033,950	1,052,070	79,850	-	-	-	-	-
1,972,940	1,996,210	3,472,770	2,043,620	2,904,000	2,288,400	2,121,940	2,126,220	2,146,930
5,000	5,000	5,180	5,360	5,550	5,740	5,940	6,150	6,370
-	35,000	13,000	5,000	13,000	5,000	13,000	5,000	13,000
-	-	-	-	-	-	-	-	-
289,010	382,350	345,490	326,320	321,860	333,130	344,790	356,860	369,350
-	-	-	-	-	-	-	-	-
598,810	626,750	804,220	696,900	696,900	696,900	696,900	696,900	696,900
24,000	34,400	549,510	64,600	6,600	6,600	6,600	6,600	6,600
1,044,120	904,710	1,755,370	945,440	1,860,090	1,241,030	1,054,710	1,054,710	1,054,710
12,000	8,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 7,630,900	\$ 7,502,930	\$ 9,716,880	\$ 5,350,410	\$ 5,944,640	\$ 5,014,270	\$ 5,470,580	\$ 5,710,170	\$ 5,196,430
\$ 5,600	\$ (469,270)	\$ (1,768,150)	\$ 3,653,270	\$ 4,377,410	\$ 5,752,020	\$ 6,931,110	\$ 8,415,000	\$ 10,731,680
28,142,260	27,672,990	25,904,840	29,558,110	33,935,520	39,687,540	46,618,650	55,033,650	65,765,330
13,107,264	12,077,074	11,078,374	11,456,954	12,668,714	13,905,544	15,222,504	16,590,264	17,983,774
\$ 15,034,996	\$ 15,595,916	\$ 14,826,466	\$ 18,101,156	\$ 21,266,806	\$ 25,781,996	\$ 31,396,146	\$ 38,443,386	\$ 47,781,556
\$ 10,898,390	\$ 11,393,570	\$ 12,101,620	\$ 11,819,060	\$ 12,292,070	\$ 12,703,530	\$ 13,187,720	\$ 13,658,450	\$ 14,026,900
\$ 4,136,606	\$ 4,202,346	\$ 2,724,846	\$ 6,282,096	\$ 8,974,736	\$ 13,078,466	\$ 18,208,426	\$ 24,784,936	\$ 33,754,656

Finance Master Plan

	2011 Actual	2012 Adopted	2012 Revised	2013 Adopted
CALCULATION OF REQUIRED BALANCE				6,906,021
TABOR Excess Reserves Beginning Balance 2003-2012	5,534,006	3,955,444	3,955,444	2,710,644
Projected Tabor Annual Excess	-	-	-	-
Street Construction	(1,578,562)	(788,720)	(1,244,800)	(430,360)
TABOR Excess Reserve Ending Balance 2003-2012	\$ 3,955,444	\$ 3,166,724	\$ 2,710,644	\$ 2,280,284
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TABOR Excess Reserves Beginning Balance 2013				-
Projected Tabor Annual Excess				4,625,737
Street Construction				-
TABOR Excess Reserve 2013	\$ -	\$ -	\$ -	\$ 4,625,737
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TABOR 3% Emergency	1,758,910	1,752,310	1,860,650	1,934,670
Council Contingency	100,000	100,000	100,000	100,000
Unfunded Liability	200,000	200,000	200,000	200,000
Equipment Replacement	-	70,000	70,000	250,000
Fire Reserve for Third Year of SAFER Grant	46,100	92,200	138,300	
Fire Grant Match Reserve	-	434,690	113,800	103,900
Library Reserve	125,031	125,031	125,031	125,031
Police Communication Console Replacement	616,000	-	-	-
Required Reserves	\$ 2,846,041	\$ 2,774,231	\$ 2,607,781	\$ 2,713,601
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Council Reserve Beginning Balance	4,730,850	4,065,250	4,674,060	3,885,570
Annual Council Set-Aside (5% Tax Revenue)	1,073,410	1,082,420	1,082,420	1,033,350
Downtown Infrastructure Improvements	(915,360)	(1,100,000)	(1,100,000)	(1,000,000)
3rd Street Project (Leslie Demolition & Remediation)			(187,000)	
Milner/Schwartz House Renovation	(42,700)	-	-	-
Juniper Place Fee Waivers	(59,790)	-	-	-
Putlack Fee Waivers	(14,860)	-	-	-
Art Space Pre-Construction	-	-	(475,000)	-
IHN Fee Waiver	-	-	(11,910)	-
Intra-Fund Loan Repayment on Land Purchase	(97,490)	(97,000)	(97,000)	(957,150)
Council Reserve Ending Balance	\$ 4,674,060	\$ 3,950,670	\$ 3,885,570	\$ 2,961,770
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REQUIRED BALANCE	\$ 11,475,545	\$ 9,891,625	\$ 9,203,995	\$ 12,581,392

2014 Projected	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
2,280,284	1,886,184	1,527,184	1,138,184	775,184	424,184	35,184	-	-
-	-	-	-	-	-	-	-	-
(394,100)	(359,000)	(389,000)	(363,000)	(351,000)	(389,000)	(35,184)	-	-
\$ 1,886,184	\$ 1,527,184	\$ 1,138,184	\$ 775,184	\$ 424,184	\$ 35,184	\$ -	\$ -	\$ -
4,625,737	6,416,029	6,416,029	6,416,029	6,416,029	6,416,029	6,416,029	6,078,213	5,665,413
1,790,291	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(337,816)	(412,800)	(475,500)
\$ 6,416,029	\$ 6,416,029	\$ 6,416,029	\$ 6,416,029	\$ 6,416,029	\$ 6,416,029	\$ 6,078,213	\$ 5,665,413	\$ 5,189,913
2,009,940	2,113,510	2,233,000	2,264,610	2,367,200	2,458,930	2,537,080	2,624,170	2,713,890
100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031
-	-	-	-	-	-	-	-	-
\$ 2,684,971	\$ 2,788,541	\$ 2,908,031	\$ 2,939,641	\$ 3,042,231	\$ 3,133,961	\$ 3,212,111	\$ 3,299,201	\$ 3,388,921
2,961,770	2,120,080	1,345,320	616,130	1,326,100	2,786,270	4,320,370	5,932,180	7,625,650
1,157,920	1,259,190	1,322,880	1,389,820	1,460,170	1,534,100	1,611,810	1,693,470	1,779,290
(1,000,000)	(1,000,000)	(1,000,000)	(600,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(999,610)	(1,033,950)	(1,052,070)	(79,850)	-	-	-	-	-
\$ 2,120,080	\$ 1,345,320	\$ 616,130	\$ 1,326,100	\$ 2,786,270	\$ 4,320,370	\$ 5,932,180	\$ 7,625,650	\$ 9,404,940
\$ 13,107,264	\$ 12,077,074	\$ 11,078,374	\$ 11,456,954	\$ 12,668,714	\$ 13,905,544	\$ 15,222,504	\$ 16,590,264	\$ 17,983,774

**Ten Year Forecast Position Costs - General Fund and Internal Service Fund
Agencies**

	2014	2015	2016	2017
Legislative				
Executive & Legal		12,000	122,580	118,100
Cultural Services				
Development Services	78,530			72,170
Economic Development	72,180			
Finance	78,530			
Fire & Rescue				
Human Resources				
Information Technology		78,530		66,460
Library				
Parks & Recreation	20,070		141,130	
Police	229,340	160,550	160,550	229,340
Public Works GF				85,590
Public Works Transit				306,550
Public Works Transportation		85,590		35,090
Totals	478,650	336,670	424,260	913,300

All positions at mid-point

Department	Year	Classification used
City Manager	2017	Assistant to City Manager
City Attorney	2016	Assistant City Attorney II
City Attorney	2020	Administrative Technician
City Clerk	2018	Administrative Specialist
Cultural Services	2018	Museum Curator
Development Services	2014 & 2020	City Planner I
Development Services	2017	Building Inspector
Economic Development	2014	Visitor Service Coordinator
Finance	2014	Capital Program Manager
Human Resources	2018	HR Analyst
Human Resources	2018	HR Generalist
Human Resources	2020	Environmental Technician
Human Resources	2022	Administrative Technician
Information Technology	2015	Computer Support Technician
Information Technology	2017	Help Desk Technician
Information Technology	2019	Network & Systems Administrator
Information Technology	2021	Project Manager/Leader
Parks	2016 & 2019	Recreation Coordinator (2)
Parks	2016 & 2019	Parks Worker (2)
Public Works - Trans. Dev. Review	2017	Associate Engineer
Public Works - Traffic	2019	Traffic Signal Technician II
Public Works - Traffic	2015 & 2021	Staff Engineer (2)
Public Works Project Engineering	2017	Public Works Inspector
Public Works - Transit	2017 & 2022	Bus driver 2 new routes, 10 positions
Public Works - Streets	2021	Equipment Operator (3)
Public Works - Facilities	2018	Building Attendant (2)

2018	2019	2020	2021	2022	Total
59,310		54,680			366,670
115,300					115,300
		108,940			259,640
					72,180
					78,530
					-
163,610		78,530		59,310	301,450
	93,430		102,150		340,570
					-
	157,210				318,410
229,340	229,340	229,340	229,340	229,340	1,926,480
113,360					198,950
				306,550	613,100
	72,180		269,520		462,380
680,920	552,160	471,490	601,010	595,200	5,053,660

Enterprise Ten Year Forecast Position Costs

	2014	2015	2016	2017	2018
Solid Waste					
Water	154,610	66,030	68,100		
Wastewater	44,190	35,940	41,740		
Power	183,330	233,680			83,590
Storm Water				35,090	
Totals	382,130	335,650	109,840	35,090	83,590

Department	Year	Classification used
W&P/Power	2014	Electrical Engineer
W&P/Power	2015	Field Engineer
W&P/Power	2018	Journey Lineworker
W&P/Power	2020	Journey Lineworker
W&P/Power	2022	Journey Lineworker
W&P/Water	2014	Technical Specialist
W&P/Water	2014	Water Treatment Plant Worker
W&P/Water	2014	Locator
W&P/Water	2015	Water Resources Accounting Technician
W&P/Water	2016	Special Project Manager
W&P/Water	2019	Public Works Inspector
W&P/Customer Relations	2014	Customer Relations Coordinator
W&P/Customer Relations	2015	Customer Relations Business Specialist
W&P/Customer Relations	2015	Customer Relations Specialist

2019	2020	2021	2022	Total
				-
23,160		28,070		339,970
18,950		42,110		182,930
28,070	83,590		83,590	695,850
				35,090
70,180	83,590	70,180	83,590	1,253,840



April 23, 2013

Budget Guidance Study Session

Agenda

1. Basic Assumptions for developing the 2014 Budget
2. Changes in the Budget Approach for 2014
3. Ten-Year Forecast Scenario
4. Priority Based Budgeting

2014 Budget Development

Revenue Assumptions

1. Small Property Tax growth (3% or less)
2. Sales Tax growth at 6%
3. Building Use Tax and Building Permits will see small increases as the construction industry continues the slow recovery.

2014 Budget Development

Expense Assumptions

1. Personnel: pool for merit increases and range movements amount set at 4.5%
2. No change in City contribution to health premiums
3. No inflation added to core budgets – Will adjust specific items such as fuel based on current information
4. Departments will be given General Fund subsidy targets that expenses must be within or revenue must be identified to cover expenses over the subsidy target.

Budget Approach

Continue with cost allocation methods developed last year.

1. New Departments to be allocated:
 - a. Information Technology
 - b. City Attorney

2. Previous allocations will be refined based on 2013 Budget amounts

Why Cost Allocation?

- Shows the real costs of services
 - Gives accurate data to the public
 - Provides valuable management information
- In long term, will affect choices and decisions

2013 – 2022 Forecast

Purpose

- To show the likely financial and organizational future based on projected population growth and effects from other external forces.
- Provides a foundation for sound financial decisions

Limitations

- This is not a Strategic Plan
 - a. No deliberate policy choices;
 - b. No new programs;
 - c. Projected FTE growth to continue services levels with a larger customer base.
- Not a budget document: Annual budget decisions will depend on available resources and priorities in any particular year.

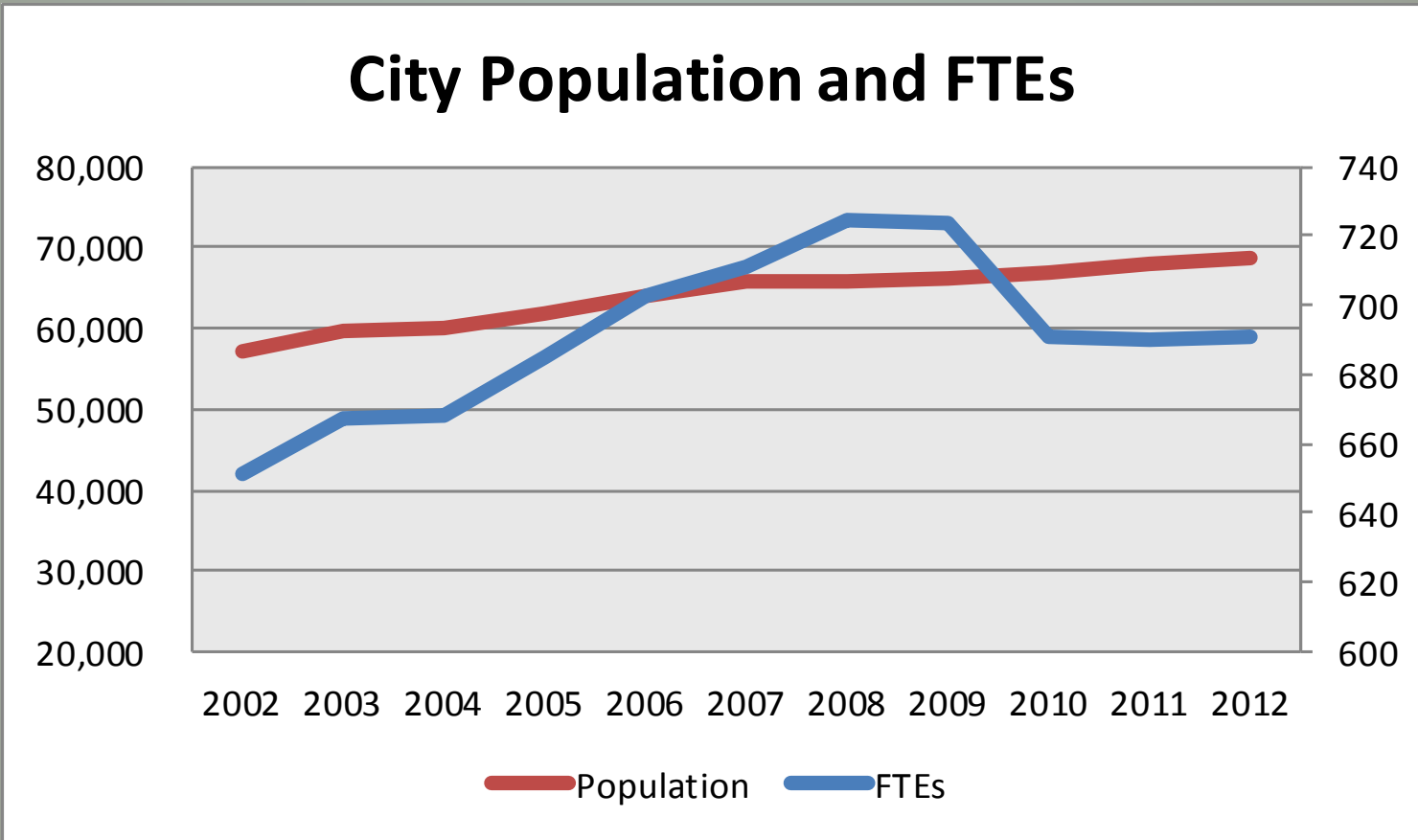
Approach

- Adopted Financial Plan is used as the baseline;
- Revenue projections from the Financial Plan are not changed.

Trends Affecting the Organization

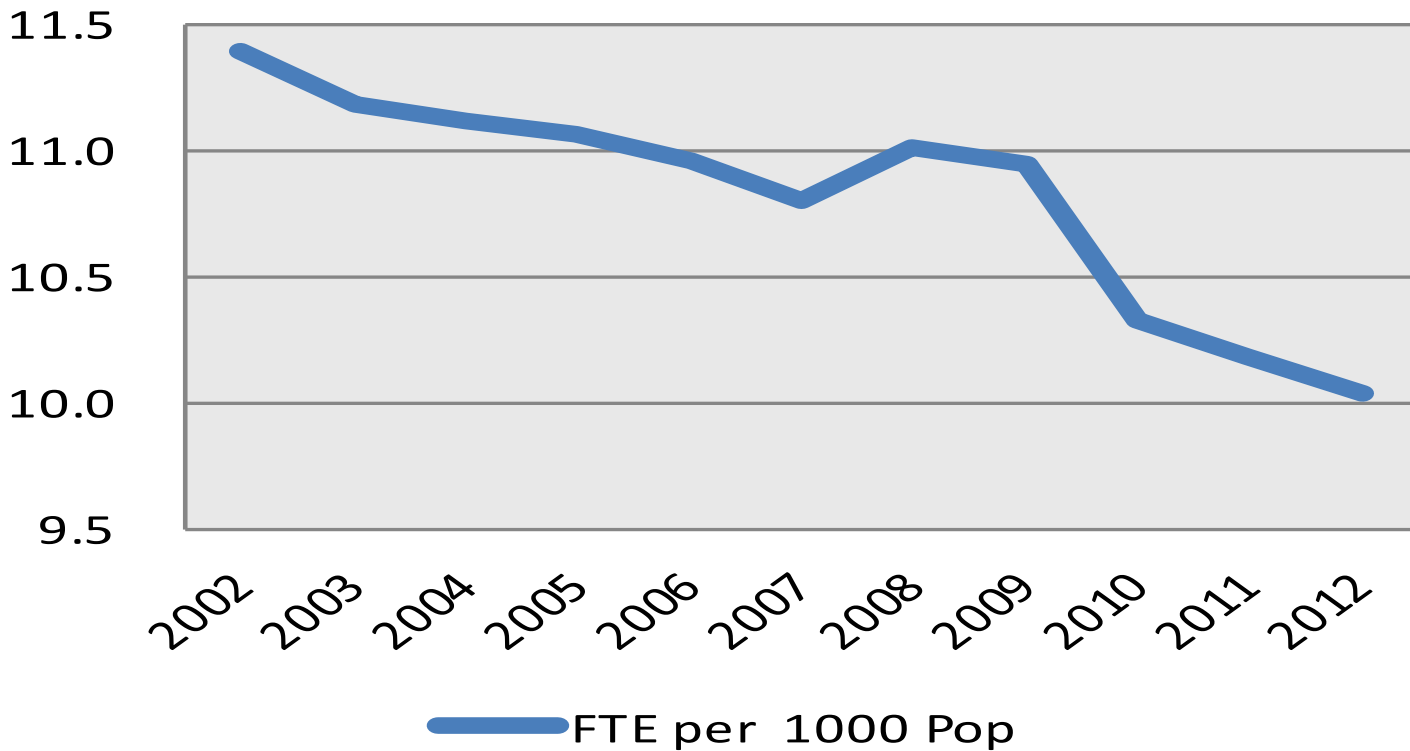
- Population change (aging and diversity)
- Increased regulation
- Technological changes
- Continuing economic cycles

Trends Affecting the Organization – Past Trends



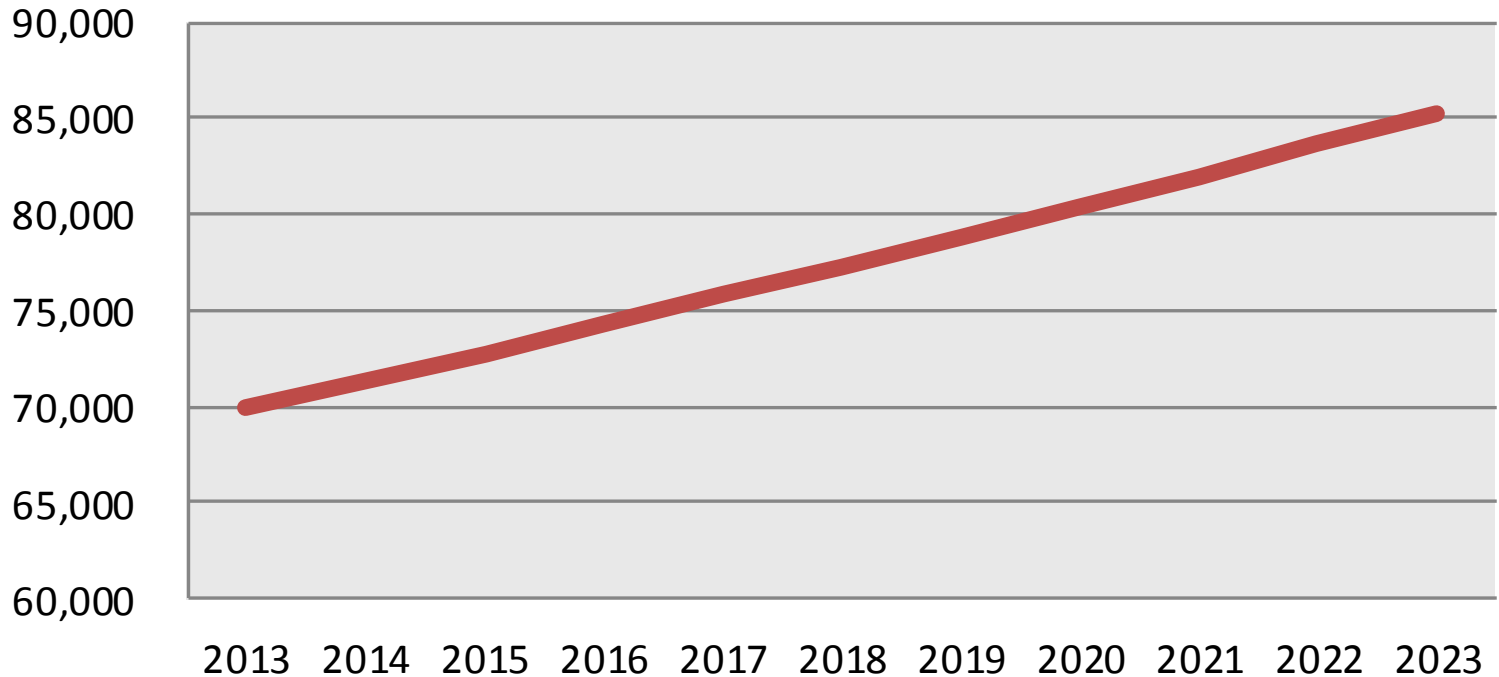
Trends Affecting the Organization – Past Trends

FTE per 1000 Population



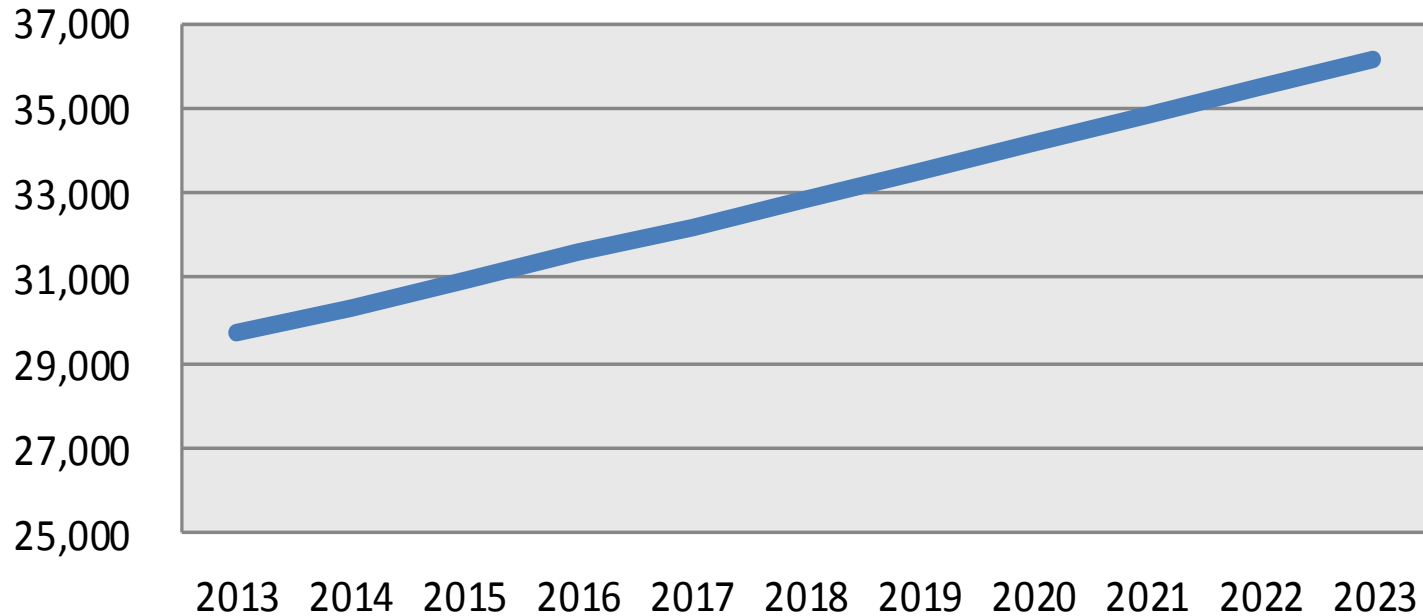
Trends Affecting the Organization

Projected Population Growth



Trends Affecting the Organization

Housing Units

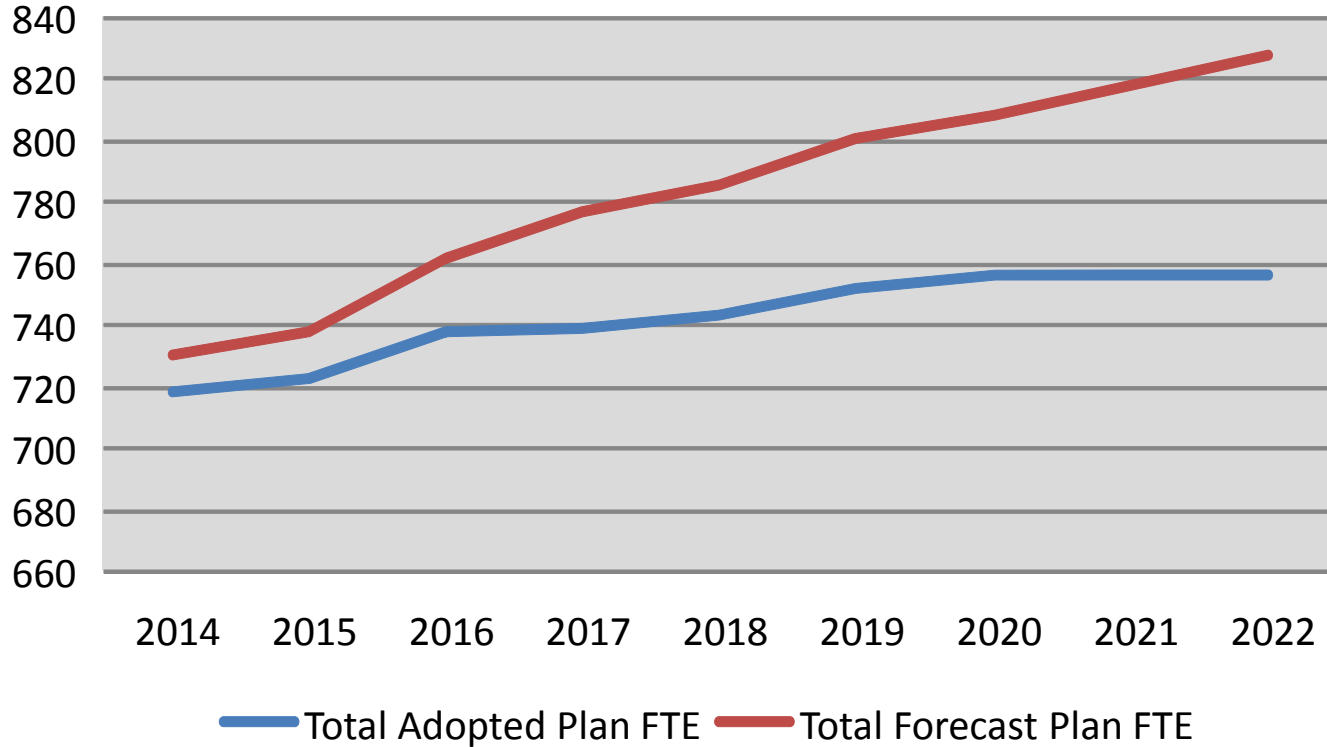


FTE Comparison

Department	Current FTE	Adopted Master Plan Additions	Forecast Additional FTE	Projected FTE in 2022	Net Increase 2013-2022
Executive & Legal	18.30	-	4.70	23.00	4.70
Cultural Services	13.00	6.35	1.50	20.85	7.85
Development Services	24.38	-	3.50	27.88	3.50
Economic Development	5.63	-	1.00	6.63	1.00
Finance	44.88	-	1.00	45.88	1.00
Fire & Rescue	73.00	27.00	-	100.00	27.00
Human Resources	13.00	-	4.00	17.00	4.00
Information Technology	20.50	-	4.00	24.50	4.00
Library	30.76	-	-	30.76	-
Parks & Recreation	78.25	2.24	3.50	83.99	5.74
Police*	135.75	-	25.00	160.75	25.00
Public Works	134.00	6.00	20.00	160.00	26.00
Water & Power	114.50	-	15.00	129.50	15.00
TOTAL	705.95	41.59	83.2	830.74	124.79

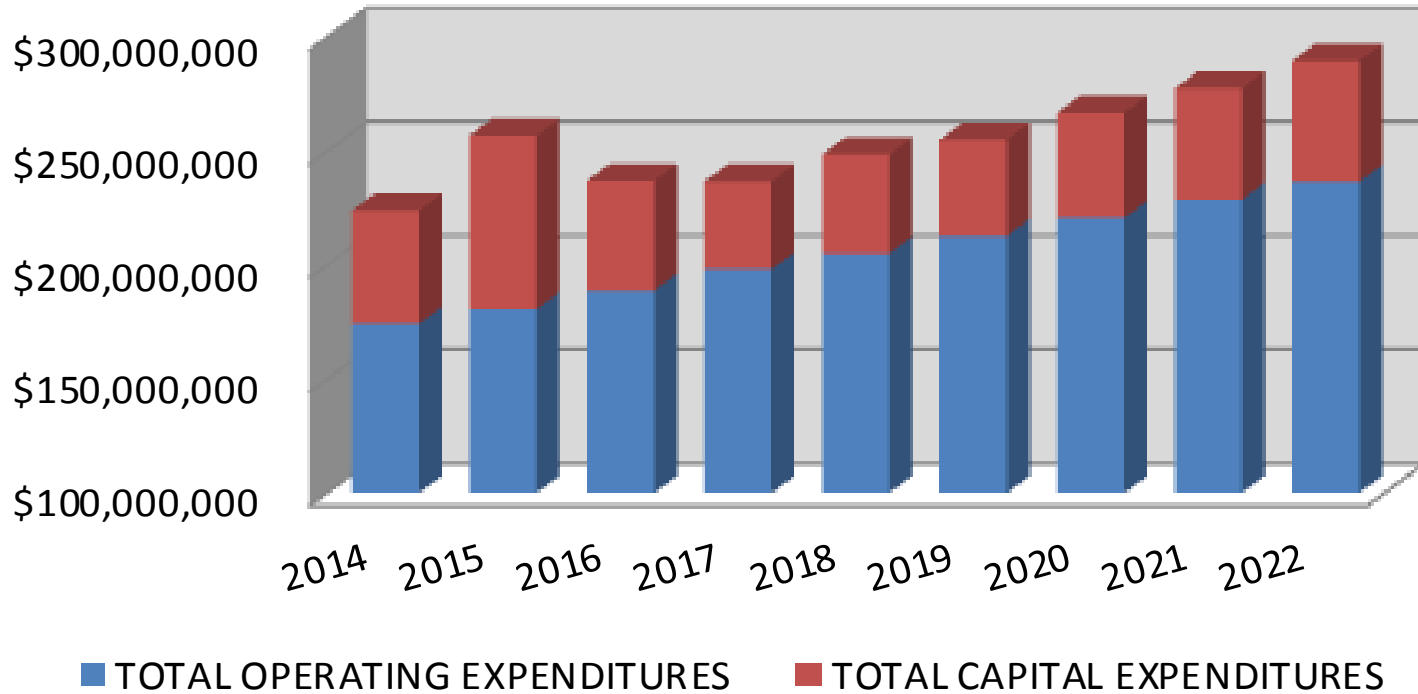
FTE Comparison

Total City FTE Growth

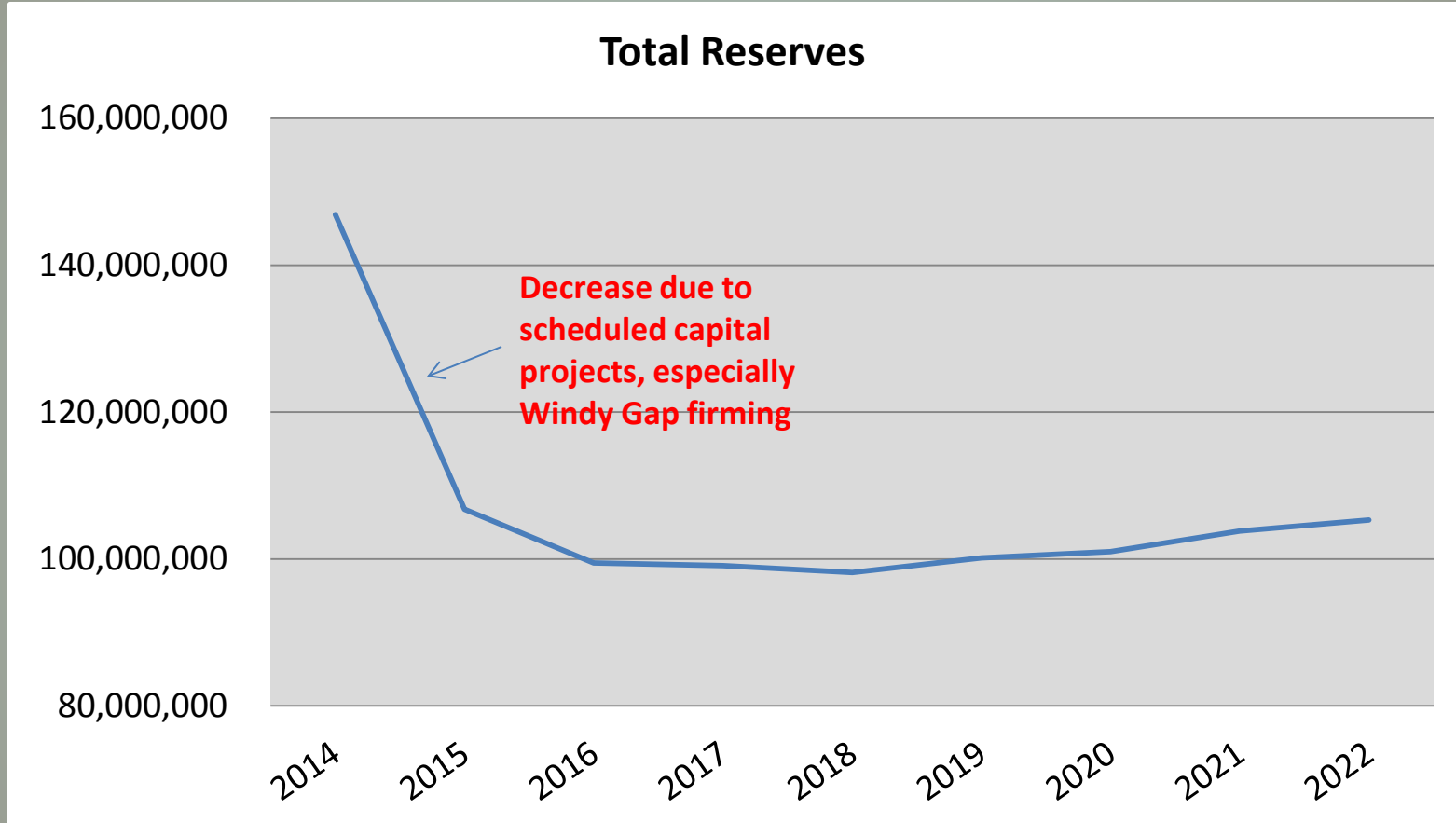


Total City Budget Growth

Total Gross Budget

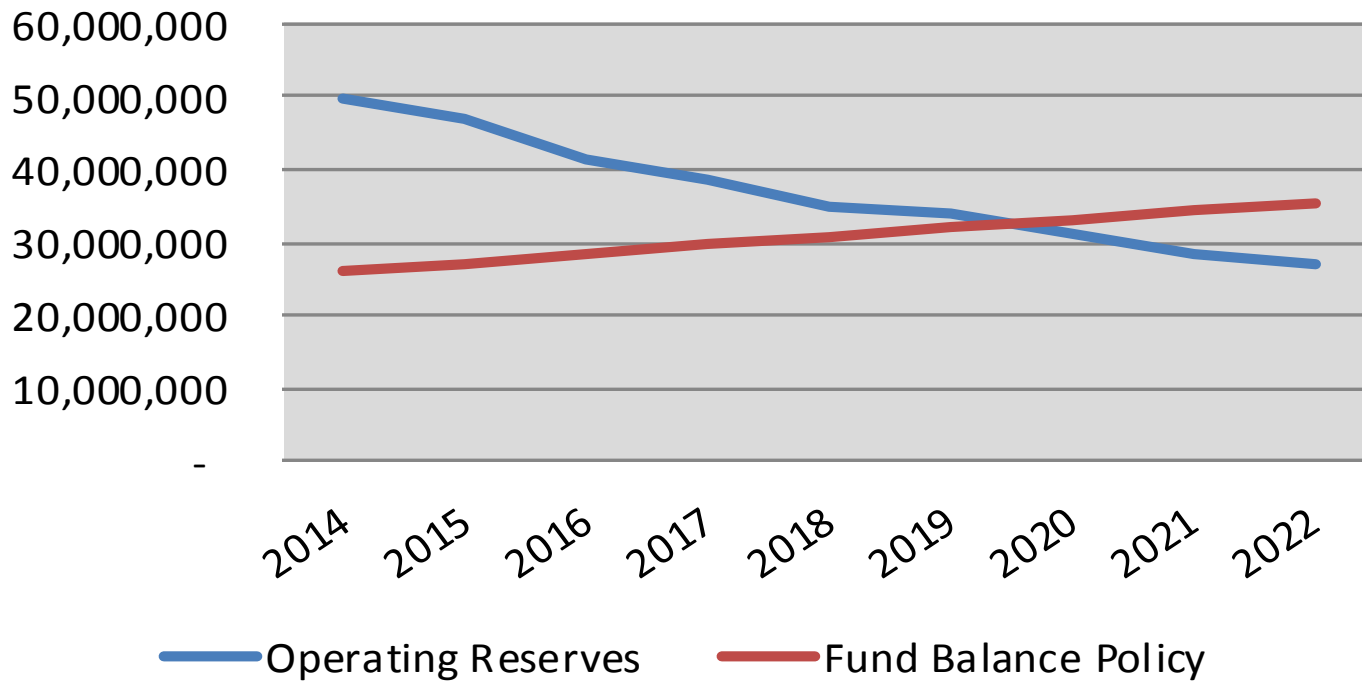


Total City Reserves

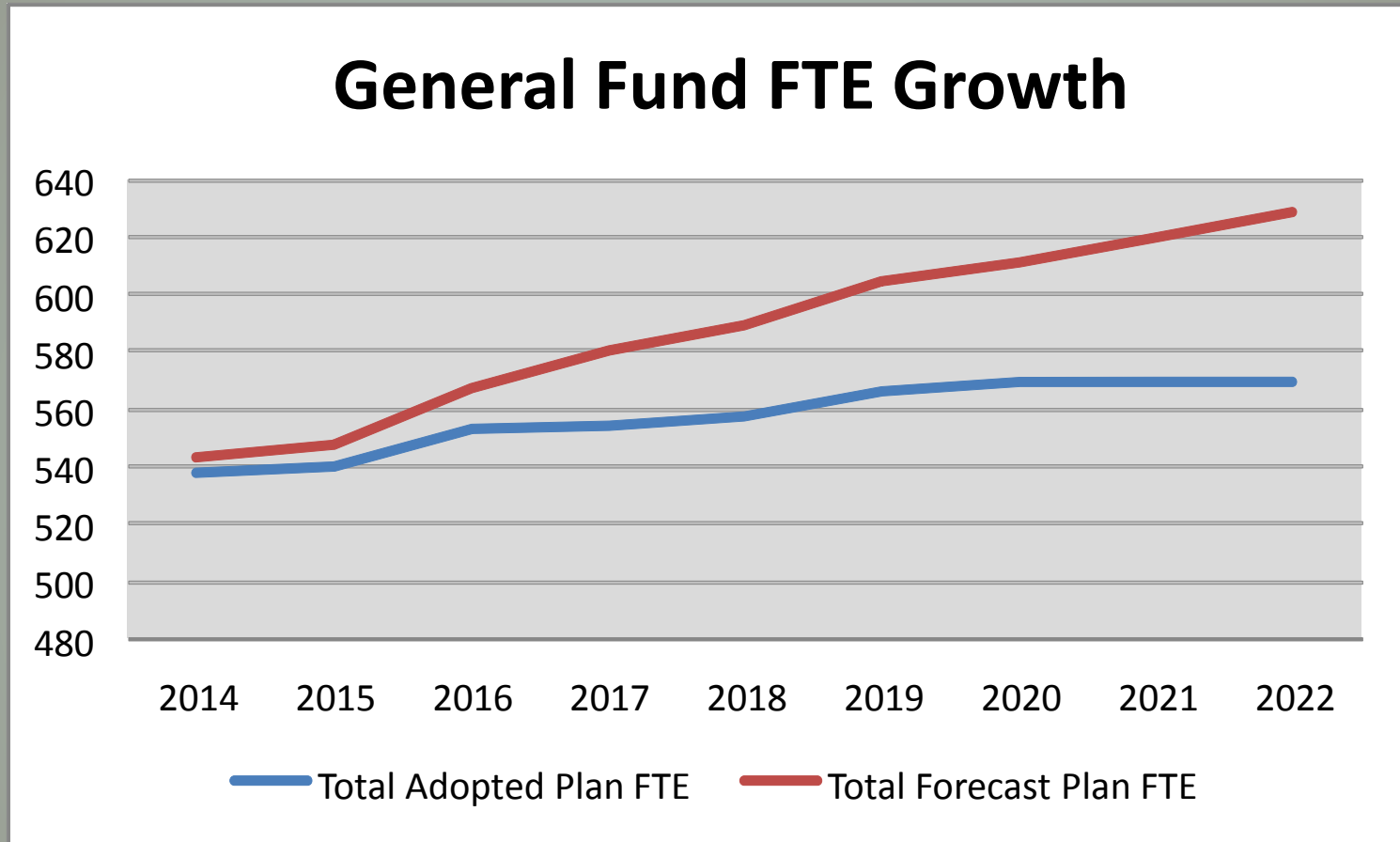


Total City Non-Capital Reserves

Total Reserves Less Capital Reserves

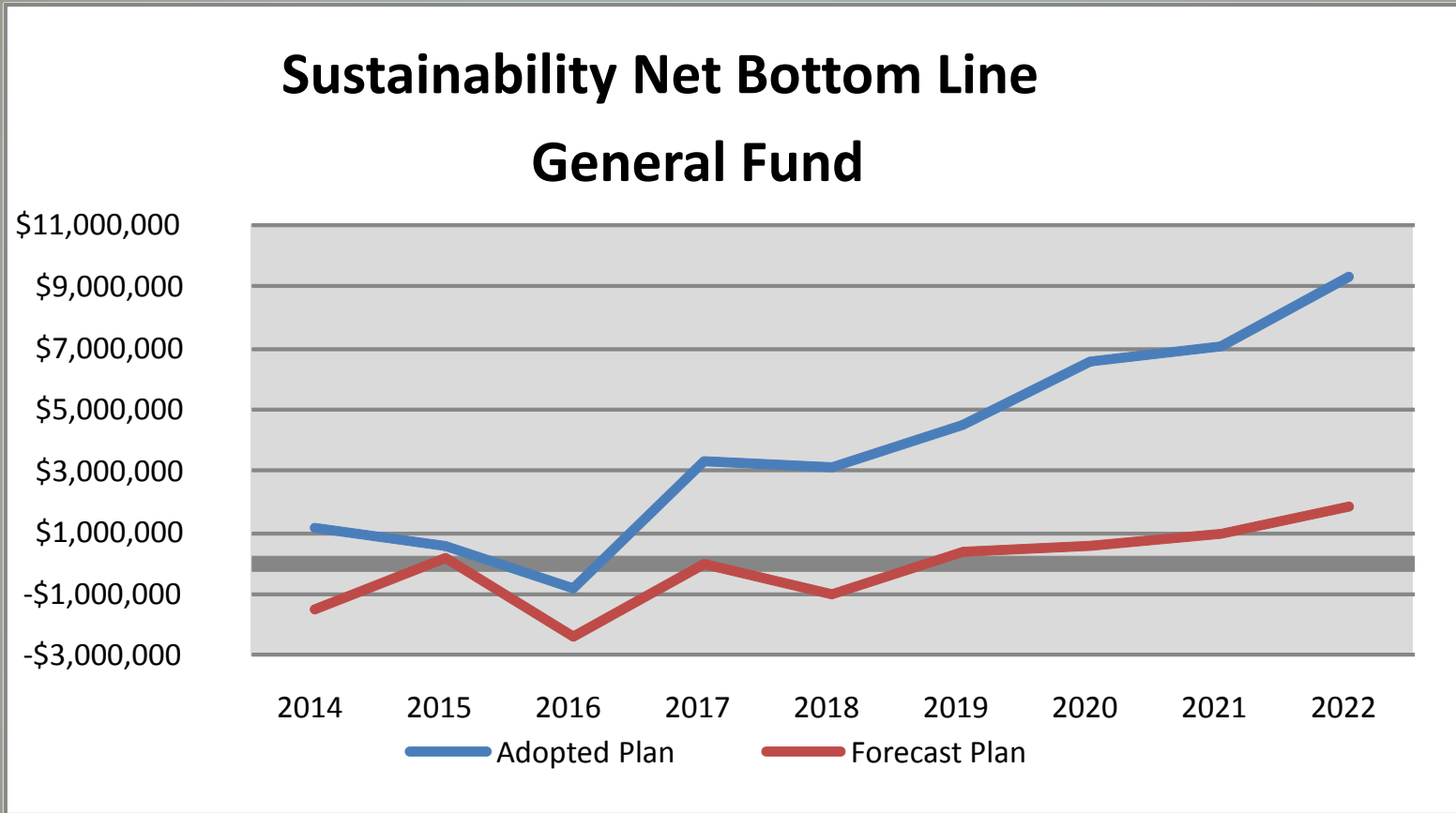


General Fund FTE Growth



Includes Police estimate of 25 positions

General Fund Sustainability



Includes estimated Police cost spread evenly through the years



Space Impacts

Projected Facility Needs

Campus	Positions	Sq. Ft	Cost
Civic Center	23.2	8,120	\$1,827,000
Service Center	13	4,550	\$1,023,750
Police & Courts	10	3,500	\$787,500
Maintenance Operations Center (MOC)	3	1,050	\$236,250
Total Gross	49.2	17,220	\$3,874,500
<i>Fire & Administration (FAB)</i>	<i>-11</i>	<i>-3,850</i>	<i>(\$866,250)</i>
<i>if Service Center Moves PW Administration</i>			
Total Net Projected Need	38.2	13,370	\$3,008,250

Current Total Square Footage

685,000.00

Approximate Value*

\$154,125,000

Net Square Footage/Person

350.00

Cost per New Square Foot

\$225

* does not include land value or land replacement

Conclusions

- City is financially healthy at status quo levels
- Existing revenues will support some new growth, but near term flexibility is limited
- Reserves will be drawn down for capital projects and some operations

Options Moving Forward

Possible technical and management changes:

- Delay some FTE additions, moving additions further out in the Plan
- Reduce internal transfers between funds for services provided
- Add or increase fees to increase cost recovery of operations

Other Options

Possible policy changes:

- Reduce the Council Reserve (currently 2.5% of tax revenue below the TABOR revenue limitation)
- Delay some capital projects to reduce operating costs over the short term
- Reduce current programs and services
- Reduce the scope of the Capital Program
- Increasing revenue through enterprise rate increases
- Increase revenue by referring a ballot issue for new or increased taxes to the voters

Budget Guidance Study Session



Questions