

What Do You Love about Loveland?

Activity Results

1st Session

Quality	People	Arts
Parks	Friendly	Centerra
Location	Business-friendly	Parks
Natural Spaces	Service (community service)	Parks
Location	Stewardship	
Location	Family	
Location	Homey	
Foresight	Community	
Art	Community	
Art	Family	
Library		

Safe

Safe

Safety

Participation

Volunteers

People

People

Caring (people)

People

Friendliness

2nd Session

Community

Community

People

Size

Atmosphere

Neighbors & Friends

Volunteers

Potential

Arts

Welcome!

Tonight's Agenda

- Welcome – Chair of Citizen Finance Advisory Commission
- Introductions – What do you love about Loveland Exercise
- Budget Facts – Electronic Device Exercise
- Budget Orientation and Problem Definition Presentation by Budget Officer
- *Break*
- Small Group Break Out – Service Prioritization Exercise (“Got to Have It”, “Nice to Have It”, “Get Out or Pay Up”)
- *Adjourn*

Upcoming Meetings

Session 2: Wednesday, February 9, 2011

6:00 – 8:00 PM

Agenda

- Welcome – Chair of Citizen Finance Advisory Commission
- Service Prioritization for “Nice to Have It”
- Priorities and Opinions Survey Exercise –Electronic Voting Devices
- *Break*
- Small Group Break Out – Budget Balancing Ideas
- *Adjourn*

Upcoming Meetings

Session 3: Wednesday, February 16, 2011

6:00 – 8:00 PM

Agenda

- Welcome – Chair of Citizen Finance Advisory Commission
- Report out Results from Budget Balancing Ideas – Small Group Break Out
- *Break*
- Summary of Prioritization Activities in Session 1 & 2
- Thank You for Service
- *Adjourn*

Financial Sustainability Community Forum

February 2, 2011

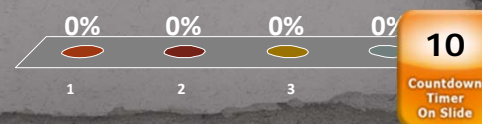
How does this work?

- There will be a series of questions you can answer using your handheld device.
- Questions will be asked then a list of possible choices will display that you can choose from.
- You may change your answer if you choose as long as time has not expired.
- You will have **10 SECONDS** to select your answer.
- Correct answers will be displayed after time allowed to answer has expired.
- Questions? Let's try an example...

Which group of letters completes this word?

B _ D _ E _

- ★ 1. T U G
- 2. O M L
- 3. U F S
- 4. S O B



Which of the following services are provided by the General Fund?

- 0% 1. Art In Public Places
- 0% 2. Public Transit
- 0% 3. Street Sweeping
- 0% 4. Fire Inspections
- 0% 5. 1 and 2 above
- 0% ★ 6. 2 and 4 above
- 0% 7. All of the above

10

Countdown
Timer
On Slide

Which source of General Fund revenue is the largest source.

- 1. Property Taxes
- ★ 2. Sales and Use Taxes
- 3. Revenue sharing from state and federal governments
- 4. Fees for Services

0%

0%

0%

0%

1

2

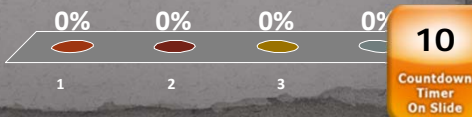
3

10

Countdown
Timer
On Slide

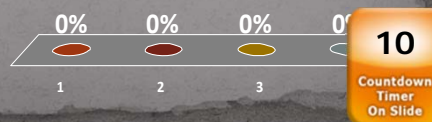
The City targets _____ for unrestricted reserves as a percentage of expenditures.

1. 25%
2. 10%
- ★ 3. 15%
4. There is no target



Property tax revenue in 2012 is projected to:

1. Increase 1.5% from 2011
- ★ 2. Decrease 2.0% from 2011
3. Increase 5.0% from 2011
4. Remain flat to 2011.



Council changed policy to help address the structural deficit by:

- 0% 1. Increasing the sales tax rate 0.5%
- 0% 2. Increasing all City fees by 25%
- 0% 3. Took no action
- 0% ★ 4. Reduced the Council Reserve set-aside

10

Countdown
Timer
On Slide

Which department has the largest General Fund budget.

- 1. Parks & Recreation
- ★ 2. Police
- 3. Fire & Rescue
- 4. Public Works

0%

0%

0%

0%

1

2

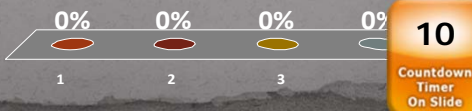
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10

Countdown
Timer
On Slide

Sales tax revenues are projected to increase; however, they are still closest to which past year of collections?

1. 2009
2. 2005
3. 2001
- ★ 4. 2007



Which of the following is **NOT** a service provided by the General Fund?

- 0% 1. Adult Athletic Programs
- 0% 2. Youth Athletic Programs
- 0% ★ 3. Golf Course Operations
- 0% 4. Winona Swimming Pool
- 0% 5. Viestenz-Smith Mountain Park Operations
- 0% 6. None of the above



Fund Balance is the difference between assets and liabilities reported on the balance sheet in a governmental fund. Changes in fund balance each year are primarily related to:

- 0% ★ 1. Total Revenue minus Total Expenditures
- 0% 2. Policy designations by City Council
- 0% 3. Capital purchases
- 0% 4. Cash balance available

10

Countdown
Timer
On Slide

The Street Rehabilitation Program is funded by _____.

- 1. Sales Taxes
- 2. A Transportation Fee
- 3. Highway User Tax Fee
- ★ 4. 2 and 3 above

0%

0%

0%

0%

1

2

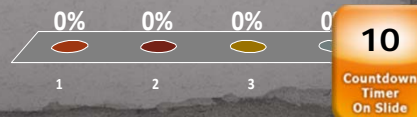
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10

Countdown
Timer
On Slide

Enterprise Funds are funded by

1. Property and Sales taxes
- ★ 2. Rates and fees for use of the Enterprise service
3. A combination of General Fund revenue and Enterprise rates and fees
4. Federal and State Revenue



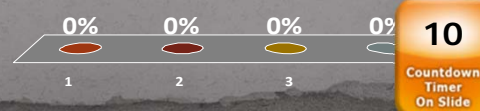
Enterprise Funds revenue is transferred to the General Fund to:

- 0% 1. Keep property tax rates low
- 0% 2. Pay for administrative services
- 0% 3. Cover revenue shortfalls when they occur
- 0% 4. Payment in Lieu of Taxes or Franchise Fees
- 0% 5. 2 and 3 above
- 0% ★ 6. 2 and 4 above
- 0% 7. None of the above



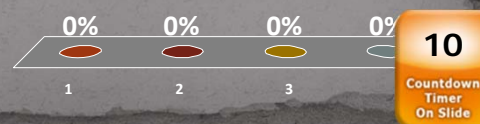
The voters passed a ballot measure to allow the City to keep and spend revenue over the TABOR revenue limit. This measure sunsets in:

1. 2015
2. 2020
- ★ 3. 2012
4. 2018



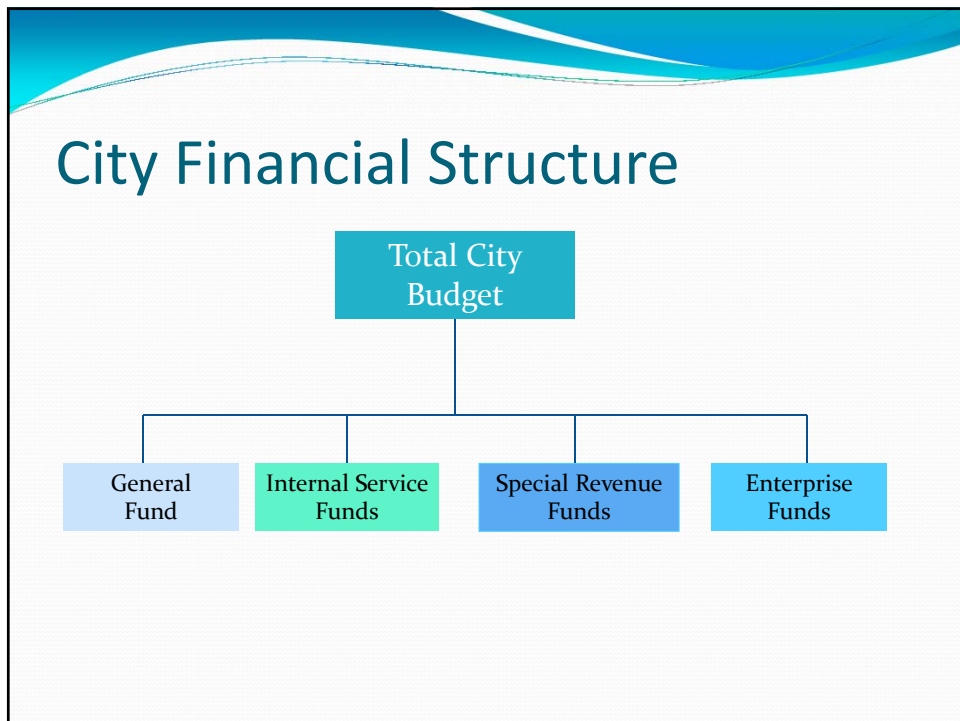
The mill levy for the City of Loveland is:

1. 2.856 mills
2. 10.328 mills
3. 5.794 mills
- ★ 4. 9.564 mills



2012 Budget Gap

Addressing Financial Sustainability



Enterprise Funds

- Provide a single service, i.e. delivery of electricity to homes and businesses; or trash and recycling materials pickup.
- Funded by rates on usage, not tax dollars.
 1. Water Rates
 2. Electric Rates
 3. Golf Fees
- Payments are made to the General Fund.
 1. For administrative and facility services
 2. Payment in Lieu of Taxes (PILT)
- There is a limited ability to transfer funds out of the Enterprise to the General Fund.
- Management and employees are still subject to City-wide policy equity.

Special Revenue Funds

- Expenses generally limited to a specific purpose, i.e. purchase of open space, or capital construction.
- Funded from a dedicated revenue source, not tax dollars.
- Most are capital oriented. Few employees or operating expense.
 1. Recreation Trail
 2. Open Space
 3. Capital Expansion Fee funds
- Management and employees are still subject to City-wide policy equity.
- Most revenues are restricted to a specific purpose by law and cannot be used for General Fund operating purposes.

Internal Service Funds

- Provides Vehicle Maintenance and Insurance Services to City Departments – all funds.
- Funded by charges or allocations based on historical use to user departments.
- Management and employees are still subject to City-wide policy equity.

General Fund

- Provides most City Services, i.e. City Administration, Cultural Activities, Development Review and Regulation, Information Technology; Parks & Recreation, Police, Fire, Street and Facility Maintenance, and Public Transit.
- Funded primarily by sales and use taxes, although fees, fines, and revenue from other governments are significant sources.
- 54% of all General Fund revenue derived from Sales and Use Tax.
- Solutions to a General Fund funding gap may impact other operations.

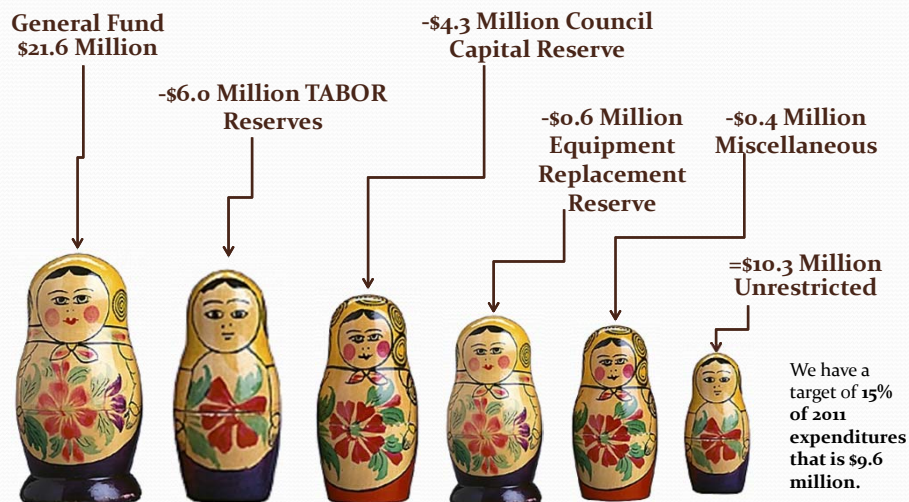
Total City Reserves

Reserve	Amount
Total City Reserves (Projected at the end of 2011)	\$133.9M
Construction & Land	\$87.7M
Insurance Claims	\$5.6M
Equipment Replacement	\$8.9M
Unrestricted Non-Gen. Fund	\$10.2M
Gen. Fund Reserves Balance	\$21.6M

Reserve	Amount
Total City Reserves (Proj at end of 2010 from Dec. Snapshot)	190.7
Construction and Land	113.76
Insurance Claims	11.6
Equipment Replacement	6.2
Unrestricted Non-General Fund	32.34
General Fund Balance	26.8

For the budget, 2011 beginning balances assumed all 2010 budgeted expenses including capital projects would be spent and that 2010 revenues would end at the budgeted amount. Revenues have been slightly higher, there are operational savings, and nearly \$30 Million in uncompleted capital.

General Fund Reserves



The Problem

This is a General Fund problem only, although solutions may impact other funds.

Problem: The City's projected General Fund revenues and expenditures over the next 5-10 years will not allow for the City to continue providing services and programs at the current levels.

The Problem

The goal is to find a permanent durable solution that:

1. Does not use 1-time resources;
2. Does not use gimmicks, such as putting off expenses to a future year;
3. Align expenses with revenues for the foreseeable future.

The Problem

Challenge: Close the \$3.5 million gap between projected revenues available and cost to provide service.

Top Seven Reasons Why We Are In This Position

1. Drastically reduced construction of new residential and commercial property, with low levels expected to continue.
2. Sales tax revenue reduced to 07 levels, and growth in revenue not expected to pick up soon.
3. Projected Base Budget Increases projected at 3.5%.
4. Property tax assessment values projected to fall, reducing property tax revenue.
5. Property Assessment Growth is not projected to match previous years.
6. Revenue sharing from the State Highway Users Trust Fund projected to stay flat or decrease to meet State Budget Balancing efforts.
7. Additional operating cost for new amenities or infrastructure.

Myths – Items That Did Not Contribute To This Concern

- Use of one time reserves:
 1. Purchase of the property on 402.
 2. Loveland High School Swimming Pool.
 3. Downtown Improvements.
- VNET – The incentive was paid from saved revenue and was a one-time use.
- Library and Chilson Expansions – Funding for the expansions were from restricted capital funds and the projects were chosen because there was a minimal operating cost impact.

General Fund

The Details

Background

- Intent of Analysis – to see if on-going revenue can support on-going expense.
- Analysis only looks at revenue and expense.
- Fund Balance is not included as a resource.
- Expenses from fund balance (reserves) are excluded.

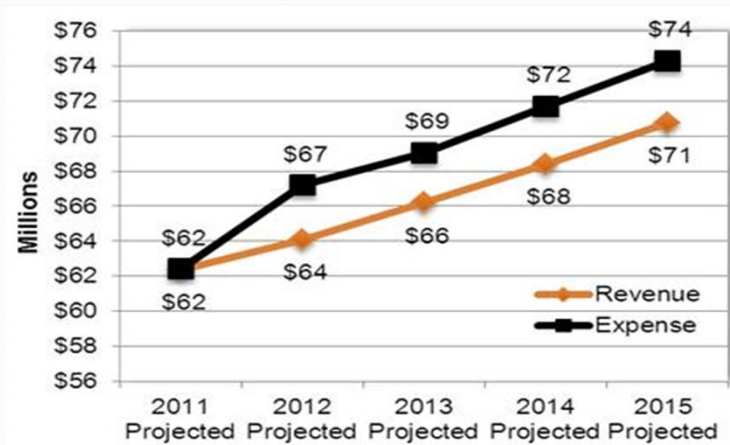
Background

- Revenue assumptions
 1. Sales tax increases 3% in 2012 and 4% in other years through 2015.
 2. Building Use averages a 2% annual increase.
 3. Property tax negative growth in 2012, resumes increases in 2014.
 4. Charges for service increase 3.5% annually.
- Total revenue increase of 2.7% in 2012, around 3.3% in remaining years to 2015.

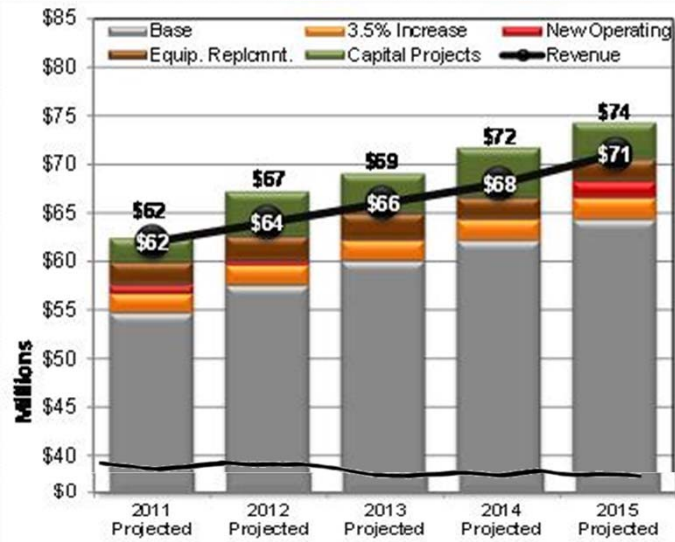
Background

- Expense Assumptions:
 1. Core Budget increases 3.5% annually.
 - a. Compensation
 - b. Health Cost Increases
 - c. Operating Inflation
 2. Capital Program operating impact included.
 3. Equipment Replacement based on the 5-year Equipment Replacement Forms submitted for the 2011 budget.
 4. Capital Costs match Capital Program.

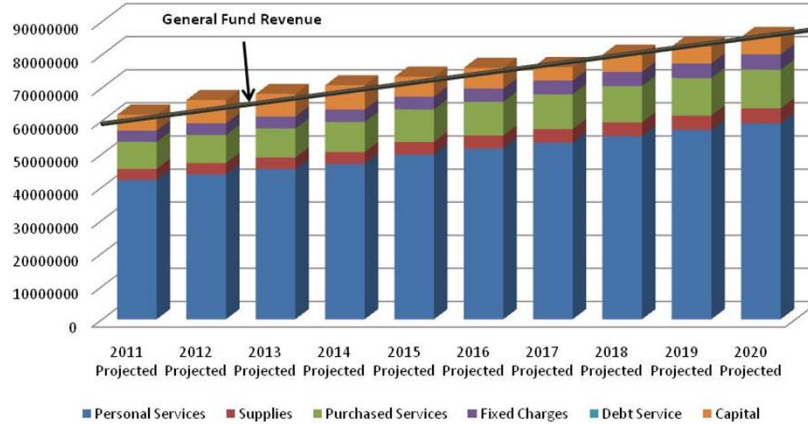
Revenue & Expense Comparison



Projected Budget Gap



General Fund Revenue and Expense Projection



2012 Summary

- Net Revenue Available - **\$64.0 million**
- Net Expense - **\$67.1 million**

Deficit **\$3.1 million**

While annual amount varies this is close to the amount each year in the next 5 years.

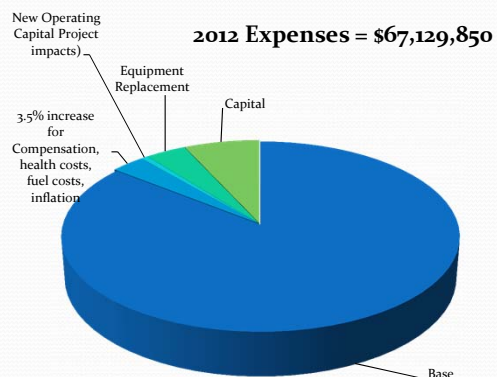
Expense costs do not include those paid from reserves, i.e. the Transportation Program or Council Reserve Projects.

Grows to \$3.5 million by 2015 and is a consistent amount through 2020.

2012 Revenue Available = \$63,993,320

AMOUNT OF CHANGES OTHER THAN BASE AND PERCENT OF TOTAL

3.5% Increase	\$2,094,440	3.1%
New Operating \$	428,720	0.6%
Equip Rplc.	\$2,489,260	3.7%
Capital	\$4,649,300	6.9%



Capital Program Components

- Street Rehabilitation.
- Facility Major Maintenance Projects.
- Fire Apparatus Replacement.
- Equipment Replacement for General Fund agencies –
Ranges from \$2.2 million to \$2.8 million in 2012-2015.

There is not much discretion with the first three without degradation of existing infrastructure.

I Don't Work In The General Fund – Why Should I Care?

- This is a General Fund problem only, but.....
 1. Operational changes are likely to be applied City-Wide.
 2. New revenue solutions could include increase payments between funds, limiting revenue for operation growth in the Enterprises if there are not future rate increases.

We Are One City

- We need to work together.
- We welcome employee participation and ideas.

Financial Sustainability Process

Process: Challenge Statement

- Developing a clear understanding of the problem among management, employees, City Council, and the public.
 - Process has begun with management team and will continue throughout the organization with all employees.
 - City Council study session to focus on ensuring clarity.
 - CFAC and process participants.

Process: Principles and Priorities

- Priorities: establishing the relative importance of services and activities.
 - Council survey tool and discussion.
 - Public engagement process.
- Principles: a set of criteria or standards to use as a “yardstick” for evaluating ideas that are generated.
 - Management team to draft and bring before council for consideration in January.

Process: Public Engagement

- Structured approach to gathering information on service priorities.
 - Survey tool loaded into a voting technology owned by the City (60 devices).
 - Citizen Finance Advisory Commission to serve as public meeting hosts, tabulate results from 2-3 meetings and report back to Council.
 - Participants Proposed:
 - Citizen Finance Advisory Commission (9).
 - Chairperson or their designee from each board and commission (21).
 - 2 invitees from each council member.
 - Any interested public that responds to meeting postings.

Process: Data Gathering

(occurring simultaneously throughout Dec- Feb/Mar)

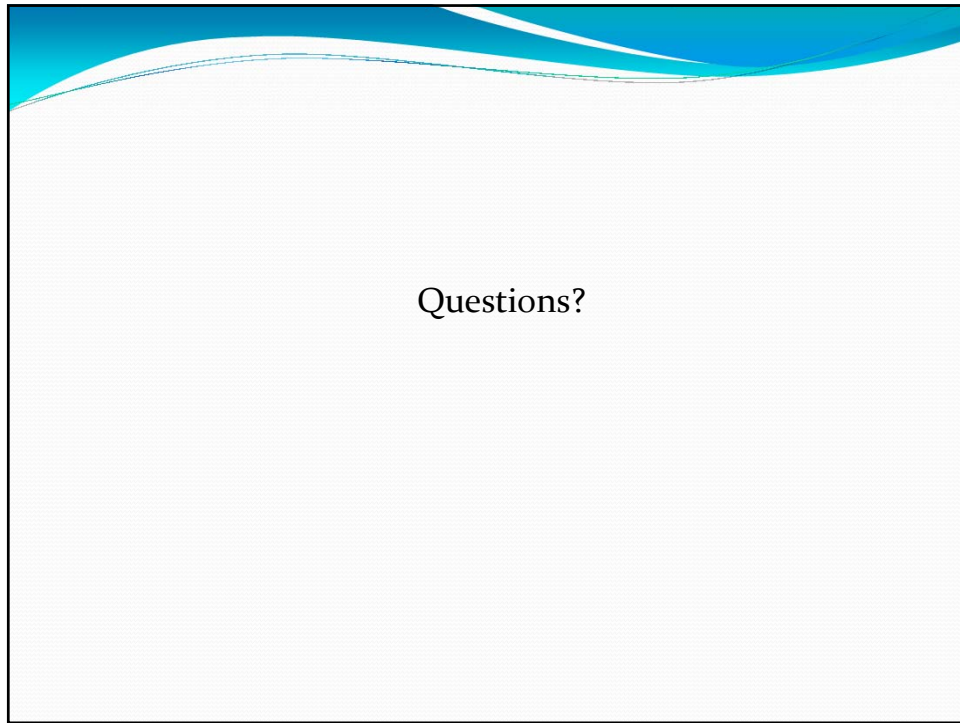
- Management process steering committee (in the works).
- Management team technical working groups (in the works).
- Employee suggestions (in the works).
- Tiered reductions identified for the ballot measure response (developed earlier in the year).
- Services inventory (in the works).
- Council priorities survey and discussion.
- Public engagement process (as described earlier).

Process: Strategy Development

- Bring options to City Council to meet the challenge.
- Target completion date: early May.

Process Overview

	Dec	Jan	Feb	Mar	Apr	May
Process Development	X					
Data Collection	X	X	X	X		
Principles		X				
Priorities		X	X			
Strategy Development				X	X	
Strategy Approval						X



Services	Total	Total	Total	Majority
911 Dispatch For So. Larimer Cty	7	0	2	Green
Accounting & Budgeting	9	0	0	Green
Adaptive & Special Needs Rec Prog.	1	8	0	Yellow
Adult Recreation Programs	1	1	7	Red
Affordable Housing Administration	2	7	0	Yellow
Aquatics Programs & Maintenance	0	3	6	Red
Arson Investigations	8	1	0	Green
Building Review & Inspection	8	0	1	Green
Business Development & Retention	5	3	1	Green
Cable Television (Comcast Ch. 16)	0	6	3	Yellow
Canine Unit	5	4	0	Green
Cemetery Mtn., Repair & Burial Svcs	2	0	7	Red
Children/ Adult Prog. & Classes	0	4	5	Red
Code Enforcement	7	2	0	Green
Community Events	0	5	4	Yellow
Community Master Planning	7	2	0	Green
Community Park Maintenance	9	0	0	Green
Crime Prevention	8	1	0	Green
Development Inspection & Compl.	7	0	2	Green
Development Planning & Review	7	0	2	Green
Development Review	7	0	2	Green
Downtown Renovation	2	6	1	Yellow
Economic Gardening	1	4	4	Yellow/Red
Elections	9	0	0	Green
Emergency Management	9	0	0	Green
Environmental Compliance	8	0	1	Green
Facilities Maintenance	9	0	0	Green
Fire Inspections	7	0	2	Green
Fire Mutual Aid Resp. to Other Agc.	7	1	1	Green

Services	Total	Total	Total	
Fire Response	9	0	0	Green
Fixed Route Bus Service	1	7	1	Yellow
FlexRoute Bus Service	3	4	2	Yellow
Food Sales Tax & Utility Bill Rebate	3	6	0	Yellow
Haz. Mat. & Other Spec. Team Resp.	7	2	0	Green
Historic Preservation	1	5	3	Yellow
Human Services Grants	2	6	1	Yellow
Investigations	9	0	0	Green
Legal Services	9	0	0	Green
Library Children's Programming	0	9	0	Yellow
Library Del. of Homebound Patrons	0	6	3	Yellow
Library Prog./Schools & Cult. Inst.	0	6	3	Yellow
Library Public Computer Availability	0	7	2	Yellow
Library Reference Desk & Collection	6	3	0	Green
Liquor Licensing	6	0	3	Green
Loveland Lake Swim Beach	0	8	1	Yellow
Medical Response	7	2	0	Green
Mosquito Control	3	4	2	Yellow
Museum & Gallery Hist. Exh. & Arch.	0	6	3	Yellow
Museum & Gallery Traveling Exh.	0	4	5	Red
Neighborhood Park Maintenance	4	3	2	Green
North Lake Train	0	3	6	Red
Paratransit Bus Service	3	5	1	Yellow
Partner in No. Colo. Drug Task Force	5	4	0	Green
Police Response to Emergency & Non-Emergency Calls	9	0	0	Green
Police/Evidence Collection & Mgmt.	9	0	0	Green
Police/Records & Report Support	9	0	0	Green
Public Grounds Maintenance	6	3	0	Green

Services	Total	Total	Total	
Public Information	5	4	0	Green
Recreation Center	0	5	4	Yellow
Rialto Theater Productions	0	4	5	Red
Risk Management	8	1	0	Green
Safety Coordination	6	3	0	Green
School Resource Officers	4	4	1	Green/Yel
School Zone Safety	8	0	1	Green
Signal System Coordination	6	3	0	Green
Snow Removal	9	0	0	Green
Street Maintenance & Repair	9	0	0	Green
Traffic Calming Programs	0	5	4	Yellow
Traffic Enforcement	9	0	0	Green
Traffic Signals Mtn. & Repair	9	0	0	Green
Trees & Horticulture Services	2	5	2	Yellow
Vehicle/Fleet Maintenance	9	0	0	Green
Viestenz-Smith Mountain Park	1	5	2	Yellow
Youth Recreation Programs	0	6	3	Yellow