

Lessons Learned – Five Year Budget Summary Review

A preliminary review of the Executive Summaries (“Budget Message from the City Manager”) for the budget years 2008 – 2012 highlighted an exceptionally difficult 4-year financial period (the budgeting for 2008 was essentially “business as usual”) for the City of Loveland, but not nearly as difficult as that of its peers throughout Colorado and the nation. The strength of a basic, conservative fiscal policy; and the advantage of a 10-year, rolling strategic plan served to help the City navigate these difficult times.

Several things were apparent:

- The city was quick to react to changing economic conditions;
- The city is very capable at understanding the economic accelerators that most primarily drive the city’s finances;
- Forward-thinking analysis and long-range financial planning proved crucial in identifying pending difficulties, and in avoiding untimely financial commitments;
- Prior efforts (i.e., work done in one budget cycle) are neither forgotten nor discarded when similar motivating factors are encountered (e.g., the work done in 2011 on planning for the passage of Proposition 101, and Amendments 60 & 61 were utilized in the work needed in 2012 to address the fiscal sustainability issue);
- and the growth of future spending has been preemptively addressed with the implementation of General Fund subsidy levels to be considered by departments in preparation of their annual budgets.

Respectfully Submitted,

Jim Atkins, CFAC Member
April 11, 2012

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Item	2008	2009	2010	2011	2012
Author	Williams	Williams	Williams	Williams	Cahill
Economic Assumptions	Stable	Uncertain	Recession continuing, slow recovery	Recovery stubbornly slow	Cautiously Optimistic
CPI	≤ 2.8%	3.2% - 3.6%	Not Discussed	Not Discussed	Not Discussed
Unemployment	3.3% - 3.5%	3.5% - 4.0%, > 5.0%	Not Discussed	Loveland, 514 jobs less than 2010	Better than national avg., and improving
Resdntl. Const.	Slowing	Significant Slowdown	Flat	Severely constrained	Slight growth
Comml. Const.	Increasing	Flat	Decreasing	Severely constrained	Very slight growth
Sales Tax/Capita	Increasing	Increasing (Centerra)	Flat to declining	Declining	Improving
Approach	Conservative	Conservative	Conservative	Conservative	Conservative
Budget Structure	Maintenance	Maintenance	Decrease	Maintenance	Maintenance
Operations Budget	\$133,726,240	\$139,611,080	\$128,230,310	\$137,889,800	\$142,175,000
Δ from prior year	+ 3.0%	+ 3.7%	- 5.2%	+ 7.5%	+ 3.3%
Captl. Improvements	\$ 39,525,520	\$ 41,159,680	\$ 41,174,520	\$ 40,699,430	\$ 36,758,000
Δ from prior year	+ 13.5%	+ 4.1%	- 7.9%	- 1.2%	- 9.7%
Total Budget	\$173,251,760	\$180,770,760	\$169,404,830	\$178,589,230	\$ 179,947,000
Δ from prior year adopted Budget	+ 5.3%	+ 3.8%	- 5.9%	+ 5.4%	+ 0.4%
C/C Direction & Priorities	Economic Development, Transportation, Open & Accessible Govt., Effective/Efficient Government	Economic Development, Transportation, Open & Accessible Govt., Effective/Efficient Government	Economic Development, Transportation, Open & Accessible Govt., Effective/Efficient Government	Economic Development, Transportation, Open & Accessible Govt., Effective/Efficient Government	Not Detailed
Reviewer's Comments	Risks acknowledged, emphasis on long-range planning	Identification of possible fiscal sustainability issue by years 4 & 5 of long-range plan	Aggressive plan, RIF of 34 FTEs, deferral of capital projects, \$11M Budget reduction	Fiscal sustainability issue confirmed, contingency plans anticipating of 60, 61 and 101	Sustainability issue corrected, citizen input and previous 60, 61 and 101 efforts significant