

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 |
| Comm'l. Const. | Increasing | Flat | Decreasing | Severely constrained | Very slight growth |
| Sales Tax/Capita Approach | Increasing | Increasing (Centerra) | Flat to declining | Declining | Improving |
| 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 | <i>Not Detailed</i> |
| 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 | <i>Sustainability issue corrected, citizen input and previous 60, 61 and 101 efforts significant</i> |