



2017 Preliminary Balanced Budget
Financial Road Map 2017-2021
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Presentation Overview

- Where We've Been
- 2017 Preliminary Balanced Budget
- Where We're Going
 - Financial Road Map 2017-2021



Where We've Been



Historical Budget Information

Historical Annual Cost per Citizen

Discretionary Funds

(Decreased 25% and is still 10% below 2007 levels)



Historical Budget Information

Challenges:

- Significant Reductions to Property Tax Revenue
 - Mill Levy/Business Personal Property Tax \$368.2M
 - TABOR Restrictions \$75.5M
- 2002-2005 Budget Reductions to Address Unfunded Mandates (Courthouse and Jail)
- 2006-2009 Budgets Reduced 27% or \$45.2M
 - Reduced workforce by 12%
- 2012-2016 Great Recession Property Tax Impacts \$14.0M
- 2012-2015 Unanticipated Disasters \$8.9M
- Voter Directed TABOR funds of \$2.0M for Parks



2017 Preliminary Balanced Budget

2016 Property Tax Per Person – 10 County Comparison



Historical Budget Information

Operational Highlights:

- Voter Approved Public Safety Tax prevented budget crisis
- Urgent and critical capital needs were addressed through the Strategic Moves Initiative
 - A smart plan with good timing made this a huge success
- Through the Financial Roadmap process, the BoCC was able to address disaster funding and begin reinvestment in operations and critical needs
 - 38% of budget reductions during downturn remain permanent because they were addressed through innovation, efficiencies, operational improvements and dedicated creative staff



2017 Preliminary Balanced Budget



2017 Preliminary Balanced Budget

Compiling the 2017 Budget

New Budget Process Policy:

- Section 5.2 Starts the Annual Budget Process
 - Restricted Funds, Partially Restricted Funds and Unrestricted Funds
- Section 5.3 – 2017 Budget for Restricted Funds (completed)
 - Road and Bridge Escrow
 - Conservation Trust Fund
 - Household Hazardous Waste Fund
 - Schools Trust Fund
 - Local Improvement Districts



2017 Preliminary Balanced Budget

Compiling the 2017 Budget

New Budget Process Policy:

- Section 5.3 – 2017 Budget for Partially Restricted Funds (completed)
 - Community Investment Fund (CIP)
 - Ensured Funding for Annual Lease Obligations
 - Self-Insurance Fund
 - Ensured Funding for Anticipated Insurance Claims – Health & Risk
 - Department of Human Services
 - Ensured Funding for Statutory County Match
 - Road and Bridge Fund
 - Updated Restricted Revenue to Address Critical Needs



2017 Preliminary Balanced Budget

Compiling the 2017 Budget

(Section 5.5.1 of Budget Process Policy)

New Budget Process Policy:

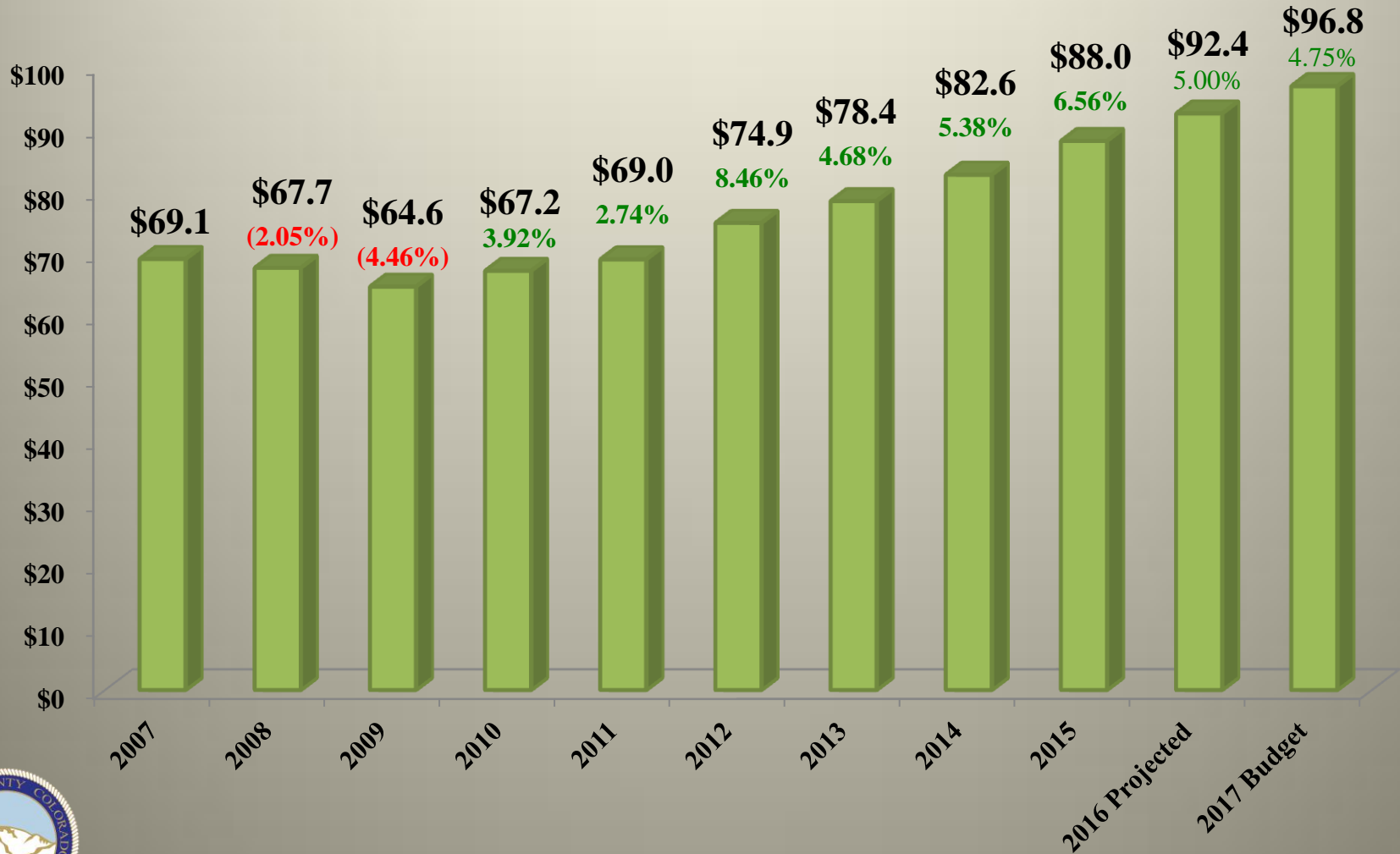
- Section 5.5 – 2017 Budget for Unrestricted General Fund
(In Process)

Revenue Estimates – *Sales and Use Tax:*

- As of July 31, 2016 is up 4.52% over 2015:
 - “Food Services” is up 7.75%
 - “Accommodations” is up 12.26%
 - “Retail” is up 4.85%
- The average increase over the last seven years is 5.25%
- For 2017, staff recommends an increase of 4.75%
- 2017 Sales and Use Tax Budget (1%) is \$96.8M



2017 Preliminary Balanced Budget Sales & Use Tax Projections *(in millions)*



2017 Preliminary Balanced Budget

Compiling the 2017 Budget

(Section 5.5.1 of Budget Process Policy)

Revenue Estimates – *Property Tax*:

- Property Tax Revenue Increase of 1.56%
 - Based on Preliminary Certification of Assessment
 - Non-Assessment Year
 - Allowable Abatement Mill of 0.050 mills
 - 2017 Projected Mill Levy of 7.919
 - 2016 Property Tax Budget \$49.3M



2017 Preliminary Balanced Budget Property Tax *(in millions)*



2017 Preliminary Balanced Budget

Compiling the 2017 Budget

(Section 5.5.1 of Budget Process Policy)

Revenue Estimates – *Other Revenue Lines:*

- Increase in Specific Ownership Tax by \$485K
- Increase in Interest Earnings by \$200K
- Increase in Clerk & Recorder Fees by \$272K
- Increase in Coroner Fees by \$26K
- Reduction in Public Trustee Fees by \$100K
- Reduction in Sheriff's Office Fees by \$100K
- Increase in Treasurer Fees by \$50K



Where We're Going



Financial Road Map 2017-2021

Financial Roadmap Objectives:

- Establish a Clear Financial Direction for the County
- Identify Multi-Year Strategy to Address Critical Needs
- Intentional Reinvestment in Operational Deficiencies and Capital Backlogs
- Optimize available resources and innovative solutions
- Collaborate with Departments and Elected Offices to ensure a unified direction
- Preserve Citizen Services within our Financial Means



Financial Roadmap 2017 -2021

(Section 5.5.3 of Budget Process Policy)

Strong Internal Collaborative Effort:

- County Administrator and Chief Financial and Administrative Officer met with all Directors and County Wide Elected Officials individually
 - Reviewed current operational and personnel budgets
 - Reviewed known changes that will potentially impact operations
 - Updated critical needs
- Additionally held four Budget Strategy sessions
 - Reviewed revenue estimates and critical needs
 - Continued the Financial Roadmap 2017-2021 (5.6.6)



Financial Roadmap 2017-2021

(Section 5.5.4 of Budget Process Policy)

Initial Compilation:

1. Establish Sufficient Cashflow (complete):

- Reviewed and Established adequate Cashflow Reserves for the timing of transactions
- Established Cashflow Reserves for Restricted Cost Centers
- Ensured Compliance with Fund Balance Policy
 - GASB 54 more restrictive



Financial Roadmap 2017-2021

(Section 5.5.4 of Budget Process Policy)

Initial Compilation:

2. Ensure Adequate Reserves to Address Potential Emergencies

- While Financial Roadmap does not illustrate the “Building of a Reserve”, it also:
 - Does not Capture Anticipated Underspensing
 - Five Year Average \$1.3M
 - Does not consider Unanticipated Revenue
 - Low of \$0.5M – High of \$6.9M
 - Five Year Average of \$3.5M
- The objective is still to utilize one-time funds for reserves



Financial Roadmap 2017-2021

(Section 5.5.4 of Budget Process Policy)

Initial Compilation:

3. Ensure Appropriate Reserve is Established to Address a Projected TABOR refund (complete)

- Extensive TABOR Analysis and Projections are complete
- 2016 Revenue is projected to **exceed TABOR by \$2.4M**
 - Will require a refund or a request to retain for critical needs
 - Accounted for in the Financial Roadmap
- 2018 Revenue is projected to be within \$1M of the TABOR cap
 - Continue to monitor closely



Financial Roadmap 2017-2021

(Section 5.5.4 of Budget Process Policy)

Initial Compilation (complete) :

4. Cover anticipated Utility Costs

- Ensured adequate budget for 2017 Utilities Cost

5. Retirement Plan- ensure cashflow is whole

- Ensured the 2017 projected outflows do not exceed inflows
- Accomplished through a reimbursement of Retirement Plan administrative costs



Financial Roadmap 2017-2021

(Section 5.6 of Budget Process Policy)

Strategy Phase:

Five Year Revenue Projections:

- Sales & Use Tax 4.75% increase in 2017 and 4.50% thereafter
- Property Tax 1.56% increase in 2017 and 8% increase in 2018 and consistent bi-annual increases years thereafter
- Minor adjustments to Other Revenue 2017-2021
- Anticipated Impacts of TABOR
 - Overspent in 2016 (2018 Budget)



Financial Roadmap 2017-2021

(Section 5.6 of Budget Process Policy)

Strategy Phase:

Five Year Expenditures Projections:

- Retain Prior Direction on 2016 Budget
- Implement 2017 Critical Needs as Identified in the Financial Roadmap for 2016-2020
- Implement Additional Mandates and Critical Needs as Identified through Strategy Phase
- Account for 27 pay cycles in 2020



Financial Roadmap 2017-2021

(Section 5.6.1 of Budget Process Policy)

Strategy Phase (Personnel Adjustments):

- Comprehensive Compensation Study
 - Completed in 2015
 - Reviewed Individual Positions in County
 - Identified County-Wide Salaries were below Minimum by 4.32%
 - Addressed in the 2016 Budget
 - On-going Amount of \$3.5M
 - BoCC also approved a 2% Pay-for-Performance



Financial Roadmap 2017-2021

(Section 5.6.1 of Budget Process Policy)

Strategy Phase (Personnel Adjustments):

- Comprehensive Compensation Study (cont'd)
 - To get El Paso County Employees from a Minimum Comparative Salary to a Midpoint Range
 - Requires a multi-year adjustment of 16.25%
 - Financial Roadmap Adjusts to Midpoint over the next five years
 - **Does not Anticipate Cost of Living Increases, only inequities defined by the Compensation Study**



Financial Road Map 2017 – 2021

(Section 5.6.1 of Budget Process Policy)

Strategy Phase (County positions):

- Retained from the 2016-2020 Roadmap

Clerk & Recorder – Motor Vehicle Techs (6)

- 3 FTE s in 2016, additional 3 in 2017

Coroner - Investigators (2)

- 1 FTE in 2016, additional 1 in 2017

District Attorney (5)

- *2 FTEs in 2016, additional 2 in 2017
- Senior Deputy District Attorney (1)

Financial Roadmap continues to address these critically needed positions

**Restoration*



Financial Road Map 2017 – 2021

(Section 5.6.1 of Budget Process Policy)

Strategy Phase (County positions):

- Retained from the 2016-2020 Roadmap
 - *Parks Maintenance – (4)
 - Filled Over 3 years
 - *Public Works - Crack Seal Crew Part-time (6)
 - Filled Over 2 Years
 - *Public Works –Highway Division (15)
 - 3 FTE s each year for the next five years
 - *Public Works -Fleet (2)
 - 1 FTE in 2016, additional 1 in 2017

Financial Roadmap continues to address these critically needed positions

**Restoration*



Financial Road Map 2017 – 2021

(Section 5.6.3 & 5.6.4 of Budget Process Policy)

Strategy Phase (County operations):

- Retained from the 2016-2020 Roadmap

District Attorney- Discovery Deficit

*Parks Dedicated Forest Managements Funds

*Parks Major Maintenance

*Public Works- Facilities Major Maintenance

Public Works- Security Video Systems and Lock Systems

Pikes Peak Regional Communications Network

Financial Roadmap continues to address these critically needed positions

**Restoration*



Financial Road Map 2017 – 2021

(Section 5.6 of Budget Process Policy)

Strategy Phase:

- Changes from the 2016-2020 Roadmap
 - Public Safety Tax Support
 - 2017 Salary Support Reduced from \$1.5M to \$1.0M
 - Retirement Plan
 - Removed from Roadmap - addressed through Section 5.5.4.5 of Budget Process Policy
 - Public Works (Road and Bridge and Fleet)
 - Removed from Financial Roadmap, but Critical Needs still addressed with alternate revenues in the Road and Bridge funds and utilization of fund balance
 - *With exception of Paving Needs*



Financial Road Map 2017 – 2021

(Section 5.6 of Budget Process Policy)

Strategy Phase:

- New Critical Needs Identified
 - Statutory Salary Increases
 - County Commissioners and Other Elected Officials
 - Pikes Peak Regional Communication Network
 - Network Maintenance Increase (Regional Agreement)
 - District Attorney- additional personnel (1)
 - Public Works- Facilities Maintenance Techs (3)
 - Public Works- Security Officers (4)
 - Community Services – Parks Capital Improvements one-time backlog and on-going



Strategic Plan Alignment

The goals accomplished with this budget include:

- *Goal 1: Maintain and promote a financially sustainable County government that is transparent and effective.*
 - Strategy B: Continue to evaluate programs and services, supporting those contributing to the vision, mission and goals.
 - Strategy C: Recruit and retain employees with competitive compensation and non-monetary incentives and promote expanded volunteer opportunities.
 - Strategy D: Define and allocate ongoing funding streams designated for capital investment and operational needs.
 - Strategy F: Ensure responsible and appropriate use of federal, state and local tax dollars and other governmental revenue while advocating for the reduction of mandates.



Strategic Plan Alignment

- Goal 3: Maintain and improve the County transportation system, facilities, infrastructure and technology.
 - Strategy B: Provide current information technology hardware, software, integrated television, internet and communication tools.
 - Strategy C: Provide buildings, facilities and equipment to meet the current and future County requirements.
 - Strategy D: Continue to improve and update the County park system including parks, trails, open space, nature centers, fairgrounds and services.
- Goal 5: Strive to ensure a safe, secure and healthy community.
 - Strategy D: Protect environmental quality including air, land and water.
 - Strategy G: Ensure safe buildings and protect neighborhoods and property rights through the code enforcement process.



Financial Road Map 2017 - 2021

Dept/Office	Critical Needs	2017	2018	2019	2020	2021
Beginning Operational Savings		0	9,476	153,172	286,375	454,997
Net Change		2,068,075	6,573,529	8,981,784	13,898,294	18,290,959
TABOR REFUND			(2,400,000)			
County Wide	Public Safety Tax (Sheriff Equity)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
County Wide	Public Safety Tax (Sheriff Equity)		500,000	500,000	500,000	500,000
County Wide	Public Safety Tax (Sheriff Equity)			500,000	500,000	500,000
County Wide	Adjustment to Midpoint - 1 of 5 (2.00%)	(1,621,249)	(1,621,249)	(1,621,249)	(1,621,249)	(1,621,249)
County Wide	Adjustment to Midpoint - 2 of 5 (2.00%)		(1,621,249)	(1,621,249)	(1,621,249)	(1,621,249)
County Wide	Adjustment to Midpoint - 3 of 5 (4.50%)			(3,647,810)	(3,647,810)	(3,647,810)
County Wide	Adjustment to Midpoint - 4 of 5 (5.75%)				(4,661,091)	(4,661,091)
County Wide	Adjustment to Midpoint - 5 of 5 (2.00%)					(1,621,249)
Clerk & Recorder	Additional FTEs (6) Motor Vehicle	(147,696)	(147,696)	(147,696)	(147,696)	(147,696)
District Attorney	Discovery Deficit	(325,000)	(325,000)	(325,000)	(325,000)	(325,000)
District Attorney	Additional Personnel (4)	(135,549)	(135,549)	(135,549)	(135,549)	(135,549)
Community Services - Parks	Dedicated Forest Management Funds	(25,000)	(50,000)	(125,000)	(175,000)	(175,000)
Community Services - Parks	Invest Major Maintenance Funds	(25,000)	(50,000)	(125,000)	(175,000)	(175,000)
Community Services - Parks	Invest Park Maintenance Positions (4)	(25,000)	(50,000)	(125,000)	(175,000)	(175,000)
Coroner	Full-Time Investigators (2)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Information Technology	Software/Hardware			(350,000)	(350,000)	(350,000)
Public Services - Facilities	Facilities Major Maintenance Plan	(50,000)	(800,000)	(800,000)	(870,000)	(870,000)
Public Services - Facilities	Video System Upgrades	(294,653)	(294,653)	(424,653)	(424,653)	0
Board of County Commissioners	Statutory Pay Increase	(84,581)	(84,581)	(140,968)	(140,968)	(140,968)
County-Wide Elected Officials	Statutory Pay Increase			(114,551)	(114,551)	(114,551)
Pikes Peak Regional Communications	Network Maintenance Increase	(157,279)	(44,079)	(44,079)	(44,079)	(44,079)
District Attorney	Additional Personnel (1)	(64,408)	(64,408)	(64,408)	(64,408)	(64,408)
Public Works - Facilities	Maintenance Techs (3)	0	(90,000)	(135,000)	(135,000)	(135,000)
Public Works - Security	New Security Officers (4)	(48,184)	(96,368)	(96,368)	(96,368)	(96,368)
Community Services - Parks	Parks Capital Improvements	0	0	(750,000)	(750,000)	(750,000)
Ending Operational Savings		9,476	153,172	286,375	454,997	3,819,689



In Summary

- El Paso County’s previous budget challenges greatly impacted operations and employees, but we used innovation and fortitude to “weather the storm”
- Now we are coming through the storm and trying to get back to a manageable level of operations
- Implementation of the Financial Roadmap process allows for a successful reinvestment of budgets while relying on continued innovation, creativity and resourcefulness of employees and Elected Leaders
- Begins to invest in the operational strength after more than a decade of enduring significant financial challenges



2016 Budget Process

Budget Hearing #2 & #3 (Original Adopted Budget)– October 18th and November 3rd:

- *Department and Elected Office Budget Presentations*

Budget Hearing #4 (Original Adopted Budget)– November 17th:

- *BoCC Direction on the 2017 Original Adopted Budget*

Budget Hearing #5 (Original Adopted Budget)– December 13th:

- *Resolution to Adopt the 2017 Original Adopted Budget*
- *Resolution to Certify County Mill Levy*
- *Resolution to Authorize the Treasurer to Transfer between funds*



Questions?

