



2016 Budget
Financial Road Map 2016-2020
November 5, 2015

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County Budget Officer



Presentation Overview

- Where We've Been
- 2016 Original Adopted Budget
- Where We're Going
 - Financial Road Map 2016-2020



Where We've Been



Historical Budget Information

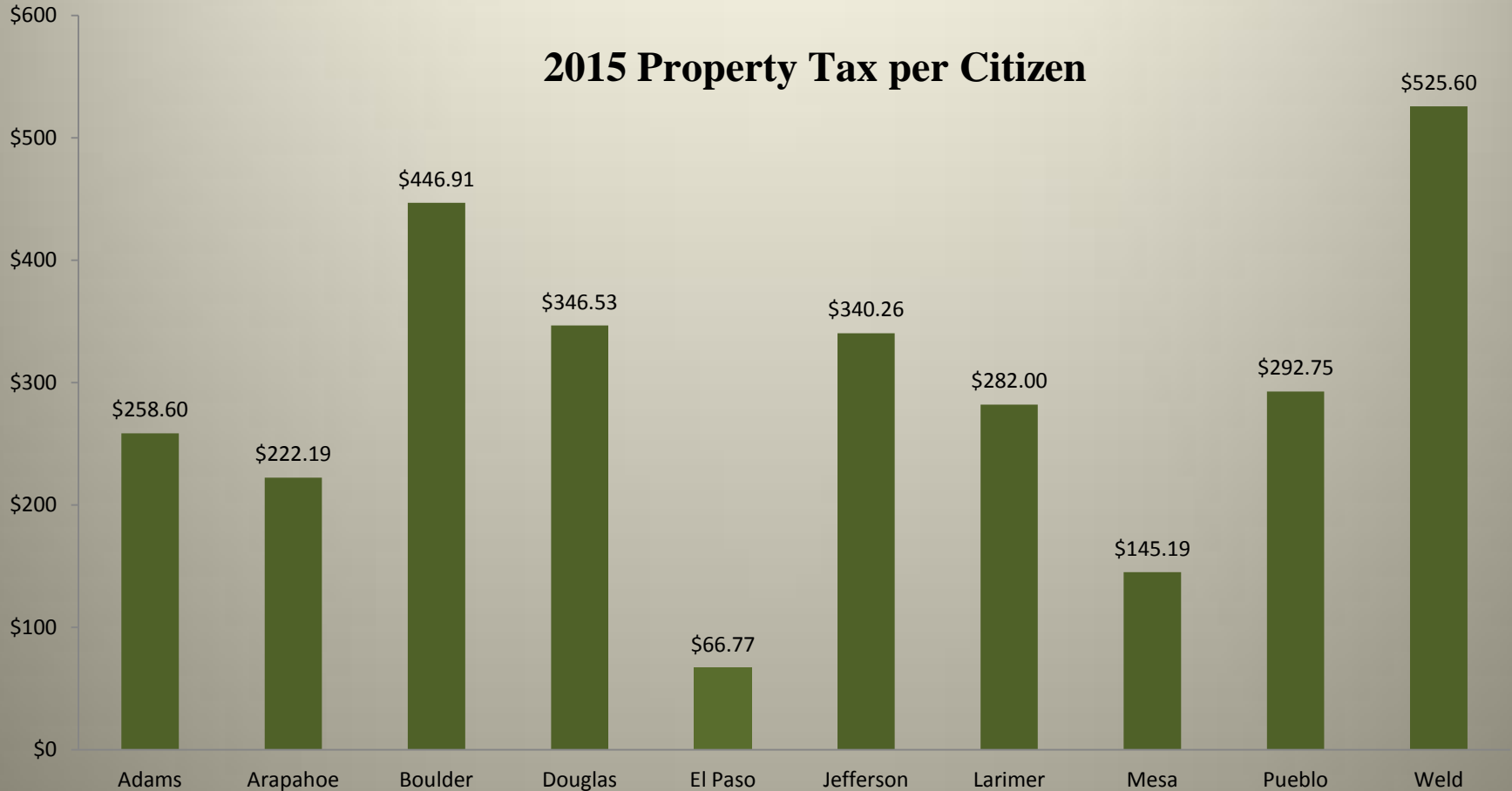
Reductions to Property Tax Revenue:

1996 – Reduction of Mill Levy	\$212.0M
2001- Elimination of Business Personal Property Tax	\$ 57.6M
<u>TABOR Impacts to Property Tax</u>	<u>\$ 19.2M</u>
TOTAL	\$288.8M



2016 Original Adopted Budget

2015 Property Tax Per Person – 10 County Comparison



2016 Original Adopted Budget Historical Budget Reductions

<u>Year</u>	<u>Amount</u>
2006	\$ 6.8M
2007	\$ 8.9M
2008	\$20.0M
2009	<u>\$ 9.5M</u>
TOTAL	\$45.2M

**None of these reductions have been re-instated, bringing the County General Fund Unrestricted budgets down to operating levels from 1996.*



2016 Original Adopted Budget

10-County 2015 Local Tax Cost Per Citizen



2016 Original Adopted Budget Current Financial Status - Operations

Operating Budgets:

- Since 1996:
 - No “Across the Board” Operational Budget increases
 - **Operational Budgets have been decreased 1.5%**

“Across the Board”

- While Consumer Price Index has increased 44.5%
- While Population has increased 41.1%



2016 Original Adopted Budget

Current Financial Status - Operations

Operational Summary:

- BoCC has only had the ability to start scratching the surface in addressing critical needs
 - Restoration of department and office budgets has not yet occurred
- Many critical capital needs were addressed through the Strategic Moves Initiative
 - But many others were not addressed and can no longer be ignored



2016 Original Adopted Budget Current Financial Status - Personnel

- Our Compensation Study identifies significant inequities and solidifies our concerns that many years of carrying larger workloads and additional responsibilities are resulting in
 - Employee Burnout
 - Mistakes and things “falling through the cracks”
 - Longer completion time for basic work products
 - As Economy recovers, turnover increases



2016 Original Adopted Budget



2016 Original Adopted Budget

Compiling the 2016 Budget

– Revenue Estimates

- Sales and Use Tax
- Property Tax
- Fee Revenue

– Retain Prior Direction on 2016 Budget without new Critical Needs

- Included the On-Going Increase to establish a line for the bi-annual election process
- Continue On-Going Restoration of Fleet Replacement Program



2016 Original Adopted Budget

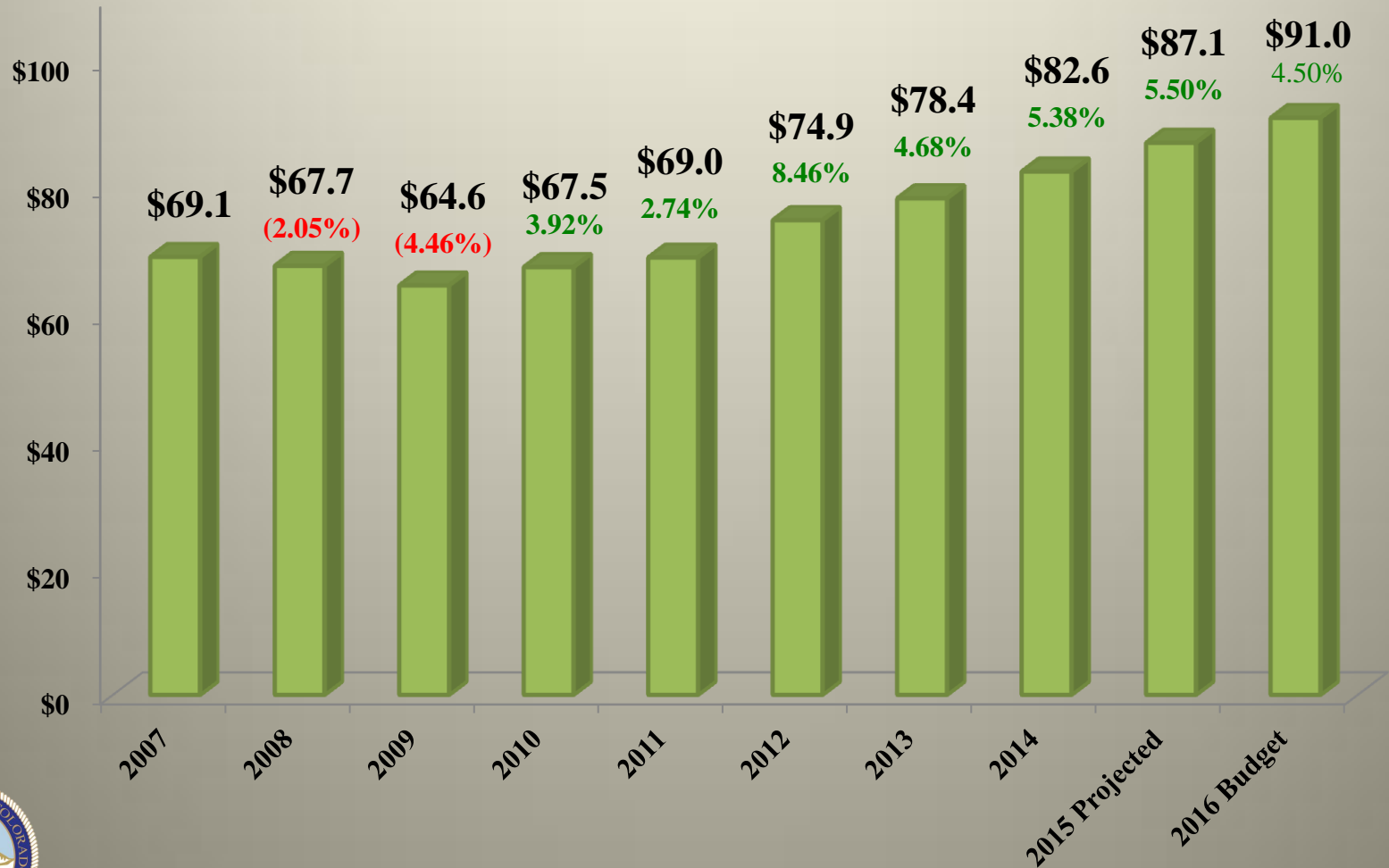
Compiling the 2016 Budget

Revenue Estimates:

- Sales & Use Tax Revenue is up 6.28%
 - As of August 31, 2015 over 2014
 - “Food Services” is up 8.14%
 - “Retail” is up 8.16%
 - The average increase over the last six years is 5.31%
 - For 2016, staff recommends a conservative increase of 4.50%
 - 2016 Sales and Use Tax Budget of \$91M
 - Represents an increase of \$5.3M



2016 Original Adopted Budget Sales & Use Tax Projections



2016 Original Adopted Budget

Compiling the 2016 Budget

Revenue Estimates:

- Property Tax Revenue Increase of 8.1%
 - Based on Preliminary Certification of Assessment
 - Allowable Abatement Mill of 0.078 mills
 - 2016 Projected Mill Levy of 7.869
 - 2016 Property Tax Budget \$48.6M
 - Represents an increase of \$3.6M



2016 Original Adopted Budget Property Tax



2016 Original Adopted Budget

Compiling the 2016 Budget

Revenue Estimates:

- Elected/Appointed Office Fees
 - Increase in Clerk & Recorder Fees by \$327K
 - Reduction in Coroner Fees by \$155K
 - Reduction in Public Trustee Fees by \$444K
 - Reduction in Sheriff's Office Fees by \$359K
 - Increase in Treasurer Fees by \$200K



Where We Are Going

Financial Road Map 2016 - 2020



Financial Road Map 2016-2020

Objective:

- Establish a Clear Multi-Year Strategy to Address Critical Needs
- Intentionally Restore Operational Shortfalls and Capital Backlogs
- Utilize all available resources and innovative solutions
- Collaborate with all Departments and Elected Offices to identify a unified direction
- Collaborate on a regional level
- Take Care of County Business within our Financial Means with no requested tax increases



Financial Road Map 2016 - 2020

Revenue Projections:

- Sales & Use Tax 4.5% increase on-going
- Property Tax Conservative Increases based on the Bi-Annual Assessment Cycle
- Retained the Fee Revenue at 2016 Projections
 - Historic Fluctuations offset each other
- Projected Increases in Revenue:
 - Five Year TABOR Forecast
 - Projected to be \$3M Under TABOR Cap



Financial Road Map 2016 - 2020

Cashflow:

- Reviewed and built in adequate reserve for the timing of transactions
- Established Cashflow Reserves for Restricted Cost Centers
- Five Year Projection does not establish an Operational Reserve
 - Historically we have built an Operational Reserve in anticipation of spending into it in difficult years
 - Does not Capture Full Anticipated Underspending
 - Five Year Average \$1.3M
 - Does not consider Unanticipated Revenue
 - Low of \$0.5M – High of \$6.9M
 - Five Year Average of \$3.5M
 - Projecting \$1.2M in 2015



Financial Road Map 2016 - 2020

Strategy 1:

How to Address Fire and Flood Recovery and Mitigation

- Since Underspending and Unanticipated Revenue are not included in the Five Year Forecast

One-Time Funds from 2015

2015 Projected Underspending	\$ 750,000
2015 Unanticipated Revenue	<u>\$1,200,000</u>
Total for 2015	\$1,950,000

- Take those One-Time Funds -Establish Emergency Reserve
 - Fire/Flood Recovery Mitigation
 - Averaged \$1.5M per year over the last four years (four disasters)
 - Build it over the next few years to cap at \$5,000,000
 - Reserve Could Also be used for:
 - Emergency Facility Failures
 - Address any One-Time Economic Impacts (Revenue Reductions)
 - Require BoCC Approval



Financial Road Map 2016 - 2020

Strategy 2:

How to Address Significant Compensation inequities

- Compensation Study
 - County-Wide to get El Paso County Employees to Minimum Salary
 - \$3.3M On-Going
 - County-Wide to get El Paso County Employees from Minimum to Midpoint
 - Additional \$13.2M On-Going
 - Pay for Performance
 - Also need to address High-performers /producers
 - **Does not Anticipate Cost of Living Increases, only inequities defined by the Compensation Study and Performance Recognition**
- *With Support from the Public Safety Tax for Public Safety Employees*
 - *Inequities are addressed over the next five years*



Financial Road Map 2016 - 2020

Strategy 3:

How to Address Smaller Critical Needs of Elected Offices and Departments

- Reorganizational Efforts from new County Administration
 - Utilize re-appropriation process, restricted revenue sources, operational savings
- 1. Re-appropriation Process
 - 1. Assessor \$30,000 (biannual)
- 2. Utilize Restricted Revenue
 - 1. Procurement \$55,650 (on-going)
 - 2. Clerk & Recorder \$77,300 (one-time)
- 3. On-Going Savings from Reorganizational Efforts
 - 1. County Attorney \$20,000 (on-going)
 - 2. Veterans Service Office \$48,400 (on-going)
 - 3. Human Resources \$50,000 (on-going)



Financial Road Map 2016 - 2020

Strategy 4:

How to Address Public Services- Security Cameras, Locks, and Pikes Peak Center Sound System

- Reorganizational Efforts within Public Services – General Fund Savings
- Reduced a Five Year \$2.4M Critical Need to \$1.1M

Security Cameras	\$1,700,000
Security Locks	\$ 338,608
Pikes Peak Center Sound System	<u>\$ 390,000</u>
Total	\$2,428,608
Less: Public Services Savings	<u>(1,250,000)</u>
Remaining Needed	\$1,178,608



Financial Road Map 2016 - 2020

Strategy 5:

How to Address Critically Needed New Positions

- Five Year Forecast will illustrate how to address new positions over two – five years timeframe instead of all in the first year

Clerk & Recorder – Motor Vehicle Techs (6)

- 3 FTE s in 2016, 3 more in 2017

Coroner - Investigators (2)

- 1 FTE in 2016, 1 more in 2017

*District Attorney (4)

- 2 FTEs in 2016, 2 more in 2017

*Parks Maintenance – 4 Positions

- Filled Over 3 years

*R&B Crack Seal Crew Part-time (6)

- Filled Over 2 Years

*R&B–Highway Division (15)

- 3 FTE s each year for the next five years

*R&B-Fleet (2)

- 1 FTE in 2016, 1 more in 2017

**Restoration*



Financial Road Map 2016 - 2020

Strategy 6:

How to Address Office and Department Information Technology requests:

- Information Technology Reorganization
 - Assessment and Analysis in process
 - Current year available funds to address:
 - One-time IT needs presented to CBOC and BoCC by Departments and Offices
 - On-Going IT Needs will be determined through a later budget year after Assessment and Analysis is complete
 - Critical Phones Addressed in 2015:
 - Clerk and Recorder East & North
 - Criminal Justice Center
 - District Attorney's Office



Financial Road Map 2016 - 2020

Strategy 7:

How to Address Major Capital and Maintenance Backlogs

- Road Maintenance
 - Allowable General Fund Dollars to reallocate to the Road and Bridge Fund to Address this on-going need is \$4.5M
 - Five Year Forecast addresses this need in annual increments until we reach the \$4.5M target in Year Five
- Facilities Major Maintenance
 - Five Year Forecast addresses this Countywide need in annual increments until we reach the restored annual amount of \$1.2M
- Pikes Peak Regional Communication Network
 - Five Year Forecast addresses this Countywide need in annual installments until we reach the total cost of \$5.8M



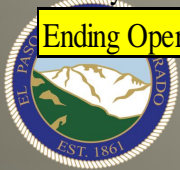
Financial Road Map 2016 – 2020 Summary

- 2006-2009 Budget Reductions were \$45.2M
- Only Requesting to restore \$26.7M or 59% of what was reduced
- Difference was addressed through innovation, efficiencies and operational improvements and dedicated creative staff
- Financial Road Map relies 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



Financial Road Map 2016 - 2020

Dept/Office	Critical Needs	2016	2017	2018	2019	2020
Beginning Operational Savings		1,600,000	2,361	11,185	51,417	998,696
Net Change(Annual Revenue over Expenditures)		4,279,041	8,819,268	13,330,656	18,842,703	23,315,714
County Wide	Personnel Equity- to Minimum	(2,649,554)	(3,272,920)	(3,272,920)	(3,272,920)	(3,272,920)
County Wide	Pay for Performance (2%) (PFP)	(1,866,380)	(1,866,380)	(1,866,380)	(1,866,380)	(1,866,380)
County Wide	Personnel Equity- to Midpoint /PFP		(2,000,000)	(4,000,000)	(8,000,000)	(13,152,622)
County Wide	Amount from Public Safety Tax (Sheriff Equity Incr.)	1,500,000	3,000,000	3,500,000	4,000,000	4,000,000
County Wide	Retirement Plan Increase - 0.5% Employee/Employer	0	0	(844,980)	(844,980)	(844,980)
Clerk & Recorder	Additional FTEs (6) Motor Vehicle	(147,696)	(295,392)	(295,392)	(295,392)	(295,392)
District Attorney	Discovery Deficit	(65,000)	(390,000)	(390,000)	(390,000)	(390,000)
District Attorney	Additional Personnel (4)	(135,550)	(271,099)	(271,099)	(271,099)	(271,099)
Community Services - Parks	Dedicated Forest Management Funds	(50,000)	(75,000)	(100,000)	(150,000)	(200,000)
Community Services - Parks	Restore Major Maintenance Funds	(50,000)	(75,000)	(100,000)	(150,000)	(200,000)
Community Services - Parks	Restore Park Maintenance Positions (4)	(50,000)	(75,000)	(100,000)	(150,000)	(200,000)
Coroner	Full-Time Investigators (2)	(75,000)	(130,000)	(130,000)	(130,000)	(130,000)
Information Technology	Software/Hardware				(350,000)	(350,000)
Public Services - R&B	Crack Seal Crew (6 Seasonal)	(65,000)	(130,000)	(130,000)	(130,000)	(130,000)
Public Services - R&B	Restore 15 Positions for Highway Division	(160,000)	(320,000)	(480,000)	(640,000)	(800,000)
Public Services - R&B	Road Maintenance	(250,000)	(700,000)	(1,850,000)	(2,750,000)	(4,500,000)
Public Services - Fleet	Two Additional Fleet Technicians	(52,500)	(105,000)	(105,000)	(105,000)	(105,000)
Public Services - Facilities	Facilities Major Maintenance Plan	(200,000)	(250,000)	(1,000,000)	(1,000,000)	(1,200,000)
Public Services - Security	Video (Security Camera) Upgrades	0	(294,653)	(294,653)	(294,653)	(294,653)
County-Wide	PPRCN	(1,560,000)	(1,560,000)	(1,560,000)	(1,105,000)	
Ending Operational Savings		0	2,361	11,185	51,417	111,365



In Summary

- El Paso County’s budget reductions greatly impacted operations and employees
- While we have been faced with significant challenges, we used innovation and fortitude to “weather the storm”
- We are only now just starting into a recovery mode, where we must begin to pick up the pieces, assess the damages and try to get back to a manageable level of operations



2016 Budget Process

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

- *BoCC Direction on the 2016 Original Adopted Budget*

Budget Hearing #5 (Original Adopted Budget)– December 8th:

- *Resolution to Adopt the 2016 Original Adopted Budget*
- *Resolution to Certify County Mill Levy*
- *Resolution to Authorize the Treasurer to Transfer between funds*

December 22, 2015:

- *BOCC to levy taxes and certify mill levies to the State and Assessor*

January 31, 2016:

- *Certified copy of 2016 Original Adopted Budget filed with DOLA*



Questions?

