



# 2021 Preliminary Balanced Budget

Nikki Simmons, CPA

County Controller

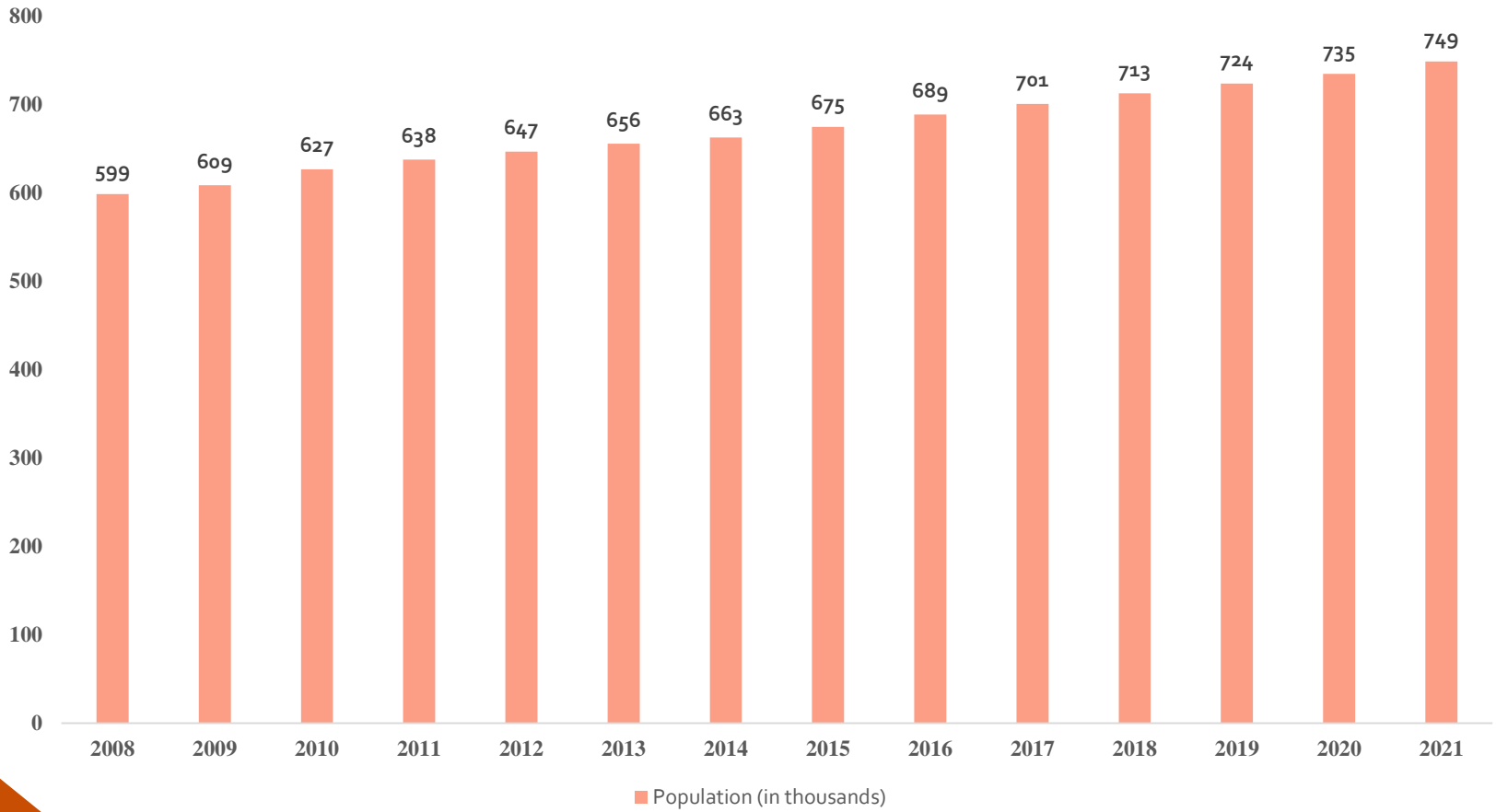
October 6, 2020

# Presentation Overview

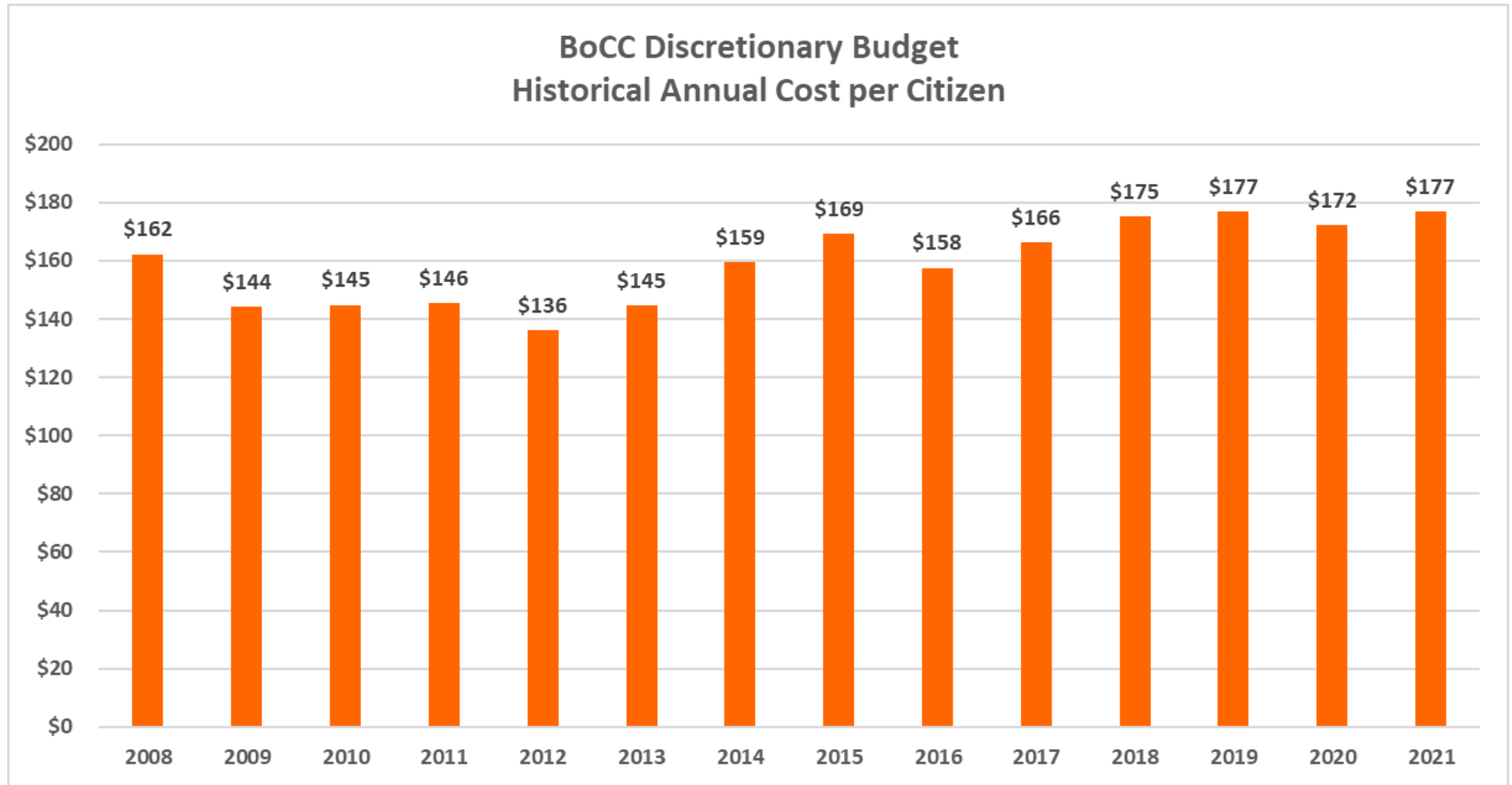
- Budget Process
- 2021 Preliminary Balanced Budget
  - Revenues
    - Property Tax
    - Sales Tax
  - Expenditures
    - Critical Needs
- Preliminary Balanced Budget Document



# BoCC Discretionary Budget 2008-2021 Population Growth



# BoCC Discretionary Budget Historical Annual Cost per Citizen



# Budget Process

## Compiling the 2021 Budget

### Budget Process Policy:

- Section 5.2 starts the annual budget process
  - Restricted Funds, Partially Restricted Funds and Unrestricted Funds
- Section 5.3 – 2021 Budget for Restricted Funds (**Completed**)
  - Road and Bridge Escrow
  - Conservation Trust Fund
  - Household Hazardous Waste Fund
  - Schools Trust Fund
  - Local Improvement Districts



# Budget Process

## Compiling the 2021 Budget

### Budget Process Policy:

- Section 5.4 – 2021 Budget for Partially Restricted Funds (Completed)
  - Community Investment Fund (CIP)
    - Ensured funding for Annual Lease Obligations (COPs and Capital Leases)
  - Self-Insurance Fund
    - Ensured funding for anticipated insurance claims – Health & Risk
    - Minor increase in health insurance premiums passed to employees (5% premium increases)
    - Includes Reserve for required GASB Fund Balance to address the “Incurred But Not Reported” (IBNR) claims - Actuarially Determined
    - Includes Health Plan Trust Board approved changes



# Budget Process

## Compiling the 2021 Budget

### Budget Process Policy:

- Section 5.4 – 2021 Budget for Partially Restricted Funds (Completed)
  - Department of Human Services
    - Ensured funding for statutory county match
    - State Fiscal Year 2020/2021 & estimated 2021/2022 Allocations
    - Increase in County Match of \$300,000
  - Road and Bridge Fund
    - On a multiyear plan to address backlog of road infrastructure
    - Additional funds of \$905,000 (\$750,000 more than planned in last years roadmap)



# Budget Process

## Compiling the 2021 Budget

### Budget Process Policy:

Section 5.5 – 2021 Budget for Unrestricted General Fund (In Process)

### Revenue Estimates – Sales and Use Tax:

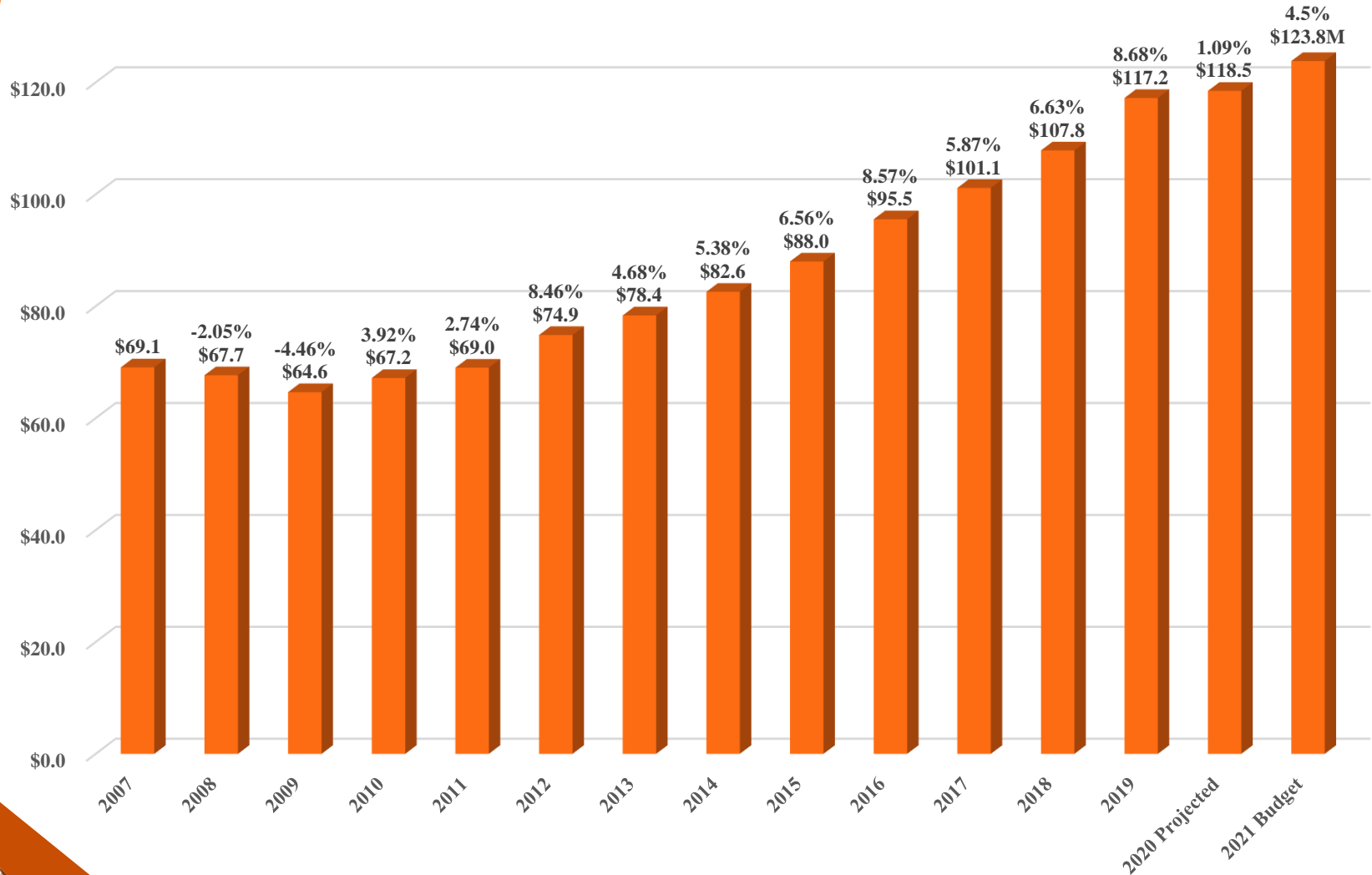
- Up 7.17% through July 2020 over 2019 (4.5% budgeted increase)
  - Up significantly more than projected however we expect it to be close to budget by end of year
  - “Retail” is up 16.3% (53% of budgeted revenue)
  - “Food services” is down 14% (12% of budgeted revenue)
  - “Wholesale trade” is up 29% (5% of budgeted revenue)
  - “Accommodations” is down 47% (4% of budgeted revenue)
- The average increase over the last five years is 7.26%
- 2020 estimated ending increase of 1.09%
- PBB includes staff recommended increase of 4.50% over 2020 estimate
- 2021 Sales and Use Tax preliminary budget is \$123.8M





# 2021 Preliminary Balanced Budget

## Sales & Use Tax (1%) Projections *(in Millions)*



# Budget Process

## Compiling the 2021 Budget

Budget Process Policy: Section 5.5 (Continued)

### Revenue Estimates – *Property Tax*:

- Property Tax revenue increase of 8.52% to \$62.5M
  - Based on Preliminary Certification of Valuation
  - Not a re-assessment year
  - Allowable abatement mill of 0.064 mills
  - Estimated temporary mill levy reduction of 0.176 mills due to TABOR Property Tax Cap
    - Estimated \$3.78 for a \$300,000 house
  - Without temporary reduction, mill levy would be approximately 8.225 mills, with temporary reduction it is estimated at 8.049 mills



# Budget Process

## Compiling the 2021 Budget

Budget Process Policy: Section 5.5 (Continued)

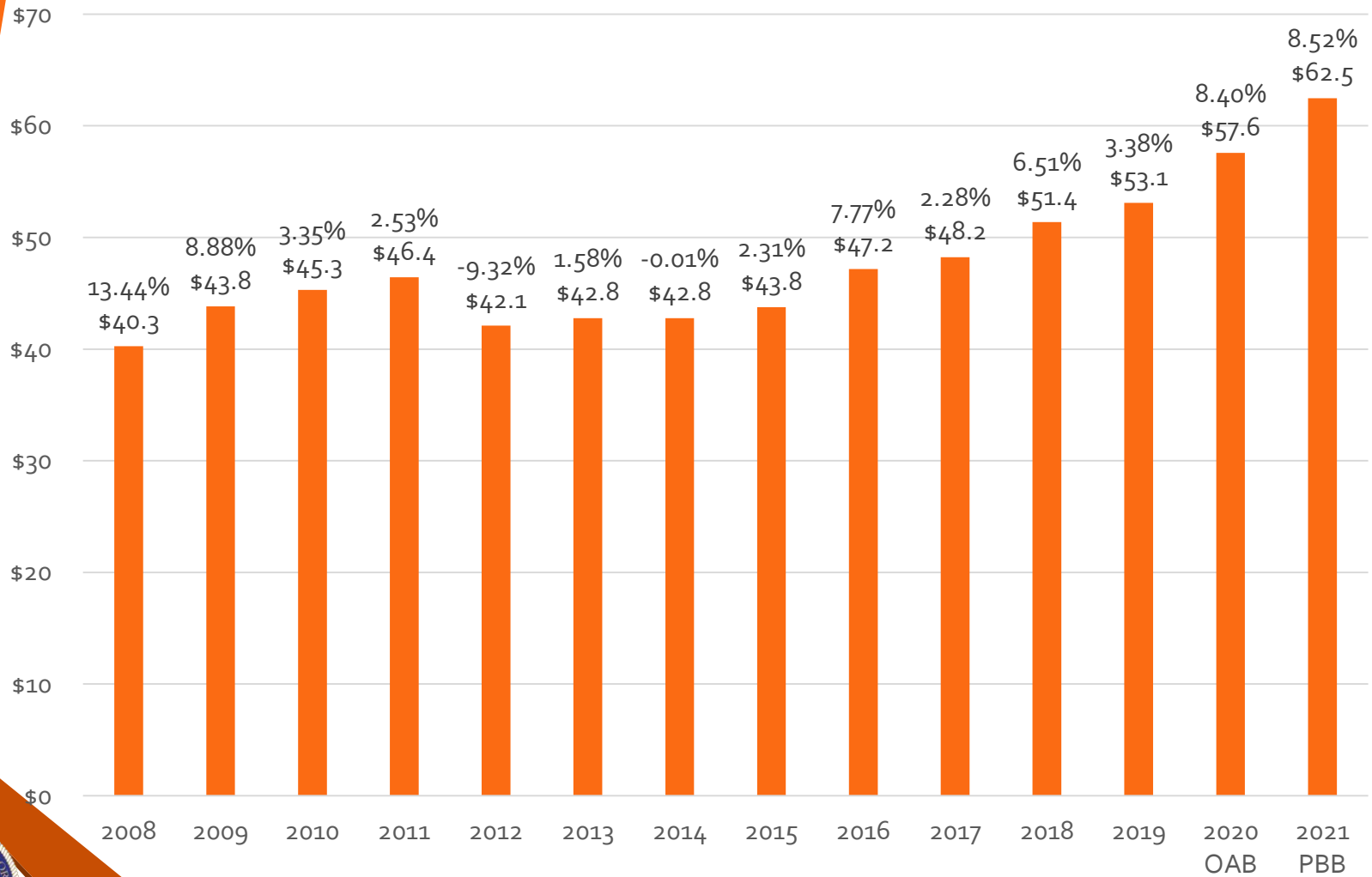
### Revenue Estimates – *Property Tax*:

- Property Tax – TABOR
  - In addition to Property Tax Temporary Mill Levy Reduction, 2021 Property Tax bills will have estimated 0.393 mill property tax credit for 2019 TABOR overage of \$3,113,796
    - Estimated \$8.43 for a \$300,000 house
- Net 2021 Property Tax Revenue after 2019 Refund is \$59.4 Million

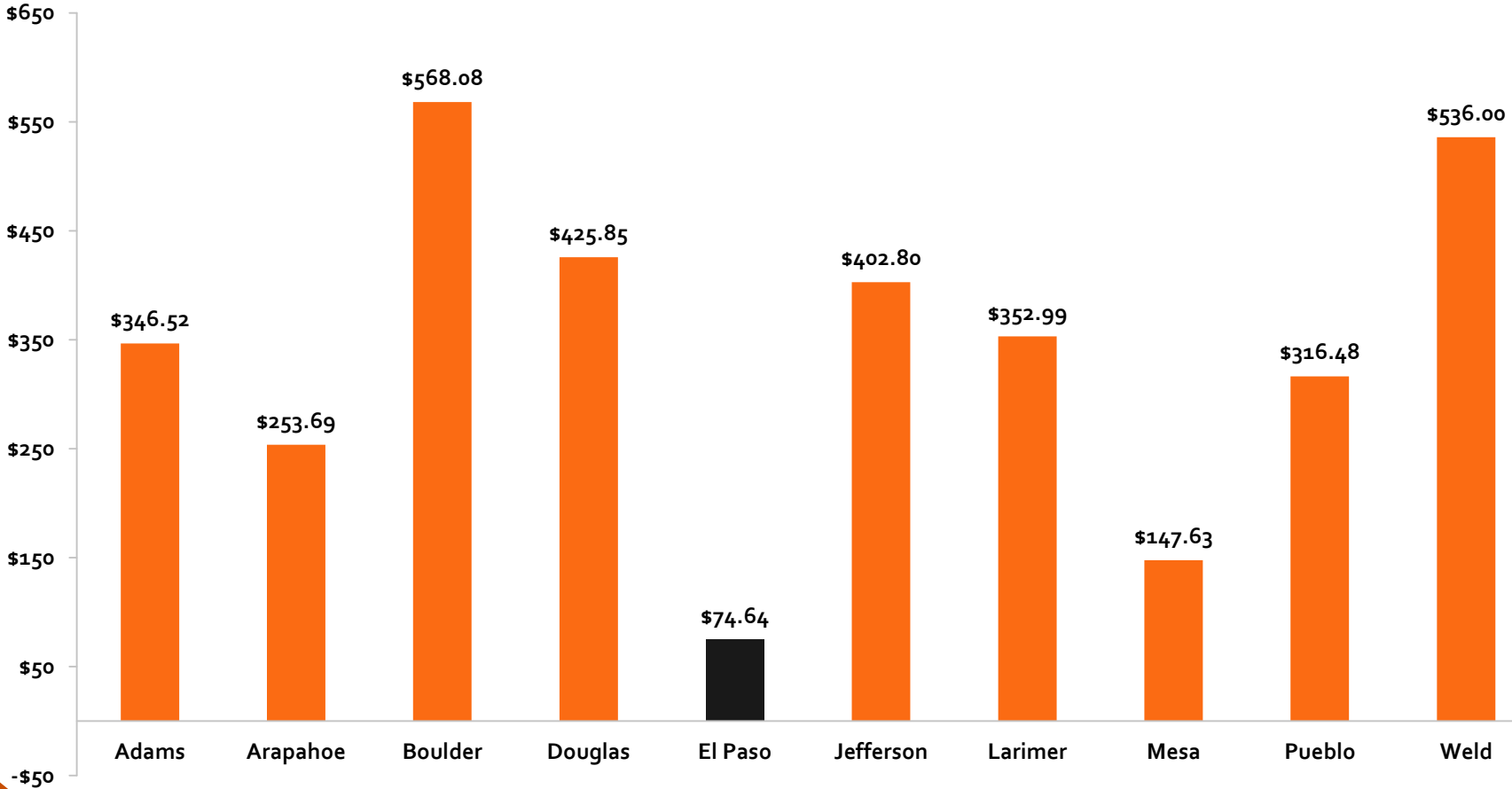


# 2021 Preliminary Balanced Budget

## Property Taxes – All Funds *(in Millions)*



# 2019 Property Tax Per Citizen 10-County Comparison



Source: 10-County Budget Book

El Paso County Financial Services Department



# Budget Process

## Compiling the 2021 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Other Revenue Lines:*

Changes from 2019 budget to 2020 budget:

Clerk & Recorder Fees - \$750k

Sheriff Fees – (\$1.2M)

Interest Earnings – (\$500k)



# Budget Process

## Compiling the 2021 Budget

### Budget Process Policy: Section 5.5 (Continued)

- 2021 Expenditure Budgets
  - Retain 2020 Expenditure Base Budget
  - Incorporate critical needs as outlined in the Financial Roadmap including newly submitted 2021 needs
  - Increase 2021 Beginning Operational Savings of \$14M from departmental underspending and including \$10M of CARES reimbursement for law enforcement substantially dedicated to response of Covid-19
  - With Strategy Phase of the budget (5.5.3.2), meetings held with Countywide Elected Officials and Department Executive Directors



# Budget Process

## Compiling the 2021 Budget

- Re-evaluated critical needs due to increased service demands, population growth, and mandated pressures
  - Additions, deletions, and continuations to the 2020 roadmap were considered
- Investment in Human Capital Management
  - Recommending 2% allocation of personnel budgets for departments and offices for pay increases as determined by elected officials and directors





# Budget Process

## Compiling the 2021 Budget

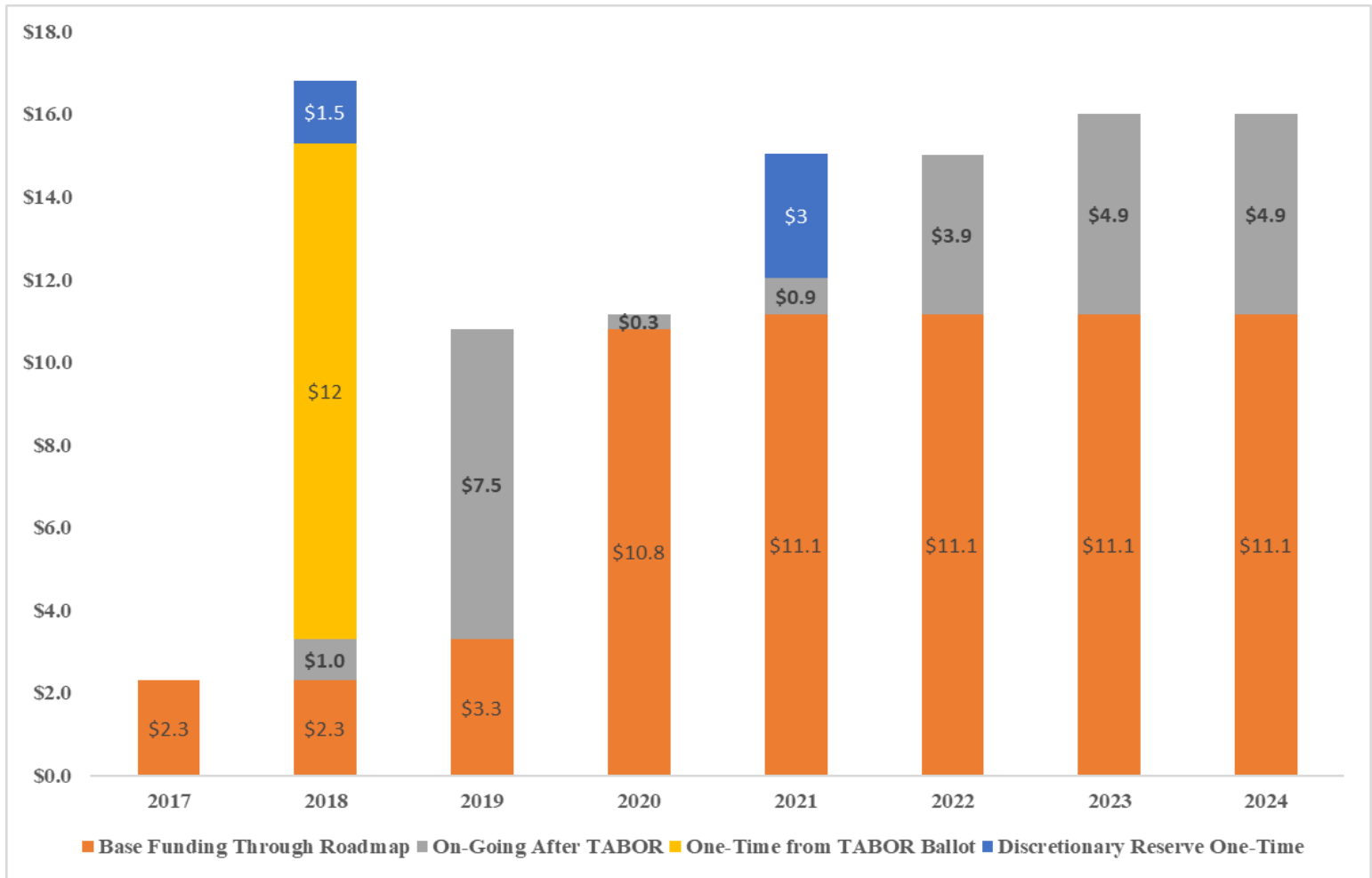
### High Impact Road Safety Projects

- 2021 budget maintains the 2020 funding for roads at an \$12.05 million increase over 2016 levels and a \$3M one-time increase for I-25 Gap project grant match
- Additional increases planned in 2022-2025 roadmap



# Budget Process

## Annual Investment in High Impact Road Safety Projects



# Budget Process

## Compiling the 2021 Budget

### TABOR Calculation Impacts - PRELIMINARY

- Early estimates (through August) show slightly above TABOR Cap
- TABOR calculation **very preliminary** – numerous variables can drastically change before finalized in about 6 months:
  - CPI Increase – June estimates will change several times by Feb/Mar 2021
  - Growth calculation – Using August preliminary – not finalized until December 2020 with final Certification of Valuation
  - Sales Tax and Intergovernmental impacts have been increasing
  - 2020 Roadmap – \$3.0M reserved for TABOR overage
- Staff is closely monitoring TABOR revenues



# Budget Process

## Compiling the 2021 Budget – Emergency Reserve

		<i>Target is \$5,000,000</i>				
<b>RESERVE STRATEGY</b>						
		2021 Budget ( <i>Excess from 2020</i> )	2022 Budget ( <i>Excess from 2021</i> )	2023 Budget ( <i>Excess from 2022</i> )	2024 Budget ( <i>Excess from 2023</i> )	2025 Budget ( <i>Excess from 2024</i> )
	<i>Rolling Balance</i>	3,025,386	3,025,386	4,775,386	5,000,000	5,000,000
	General Fund Underspending	0	1,250,000	1,250,000	1,250,000	1,250,000
	General Fund Unanticipated Revenue	0	500,000	1,000,000	1,000,000	1,000,000
	Use of Emergency Reserve	0				
	Other Sources/Uses	0	0	(2,025,386)	(2,250,000)	(2,250,000)
	<i>Rolling Reserve Balance</i>	3,025,386	4,775,386	5,000,000	5,000,000	5,000,000

- Proposed Target of \$5,000,000 for the Emergency Reserve
  - Total County cost/match of 4 disasters in 2012-2014 was \$5.3 million
- Fully fund remaining \$1.975M with the sale of real estate
- Not our only reserves
  - Minimum fund balance policy
  - 10% of General Fund Sales Tax, 0.5% Property Tax, and 5% all other revenues
  - Minimum Fund Balance of \$13 million for 2020
  - Estimated TABOR 3% Reserve of \$8.2 million



# 2020-2024 Financial Roadmap *(Prior Year)*

OPERATIONAL STRATEGY						
Dept/Office	Critical Needs	2020	2021	2022	2023	2024
Beginning Operational Savings		2,522,979	389	320,380	687,237	2,272,870
Revenues		149,342,251	154,667,612	161,857,499	165,543,329	171,148,066
Expenditures		(147,472,583)	(144,084,466)	(145,132,466)	(145,147,466)	(146,217,650)
Invest in High Impact Road Infrastructure	Additional On-Going (2016-2019 Increase of \$10.8M)	(345,000)	(500,000)	(4,200,000)	(5,200,000)	(5,200,000)
Other Sources/Uses		1,350,000	50,000	200,000	2,046,363	2,250,000
Countywide - Invest in Human Capital	1.5% Allocation of Personnel Budgets*	(1,795,719)	(1,795,719)	(1,795,719)	(1,795,719)	(1,795,719)
Countywide - Invest in Human Capital	Future Impacts of 2020 Personnel Budget Allocation*		(53,872)	(53,872)	(53,872)	(53,872)
Countywide - Invest in Human Capital	Equity Adjustments (1%) - 2021					
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2021		(2,613,806)	(2,613,806)	(2,613,806)	(2,613,806)
Countywide - Invest in Human Capital	Equity Adjustments (1%) - 2022					
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2022			(2,692,220)	(2,692,220)	(2,692,220)
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2023				(2,772,849)	(2,772,849)
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2024					(2,828,306)
Board of County Commissioners	Statutory Pay Increase w/FICA, Retirement		(45,921)	(45,921)	(75,163)	(75,163)
Countywide Elected Officials	Statutory Pay Increase w/FICA, Retirement				(78,013)	(78,013)
Community Services - Parks	Dedicated Forest Management Funds	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Community Services - Parks	Major Maintenance Funds	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Community Services - Parks	Park Maintenance Positions (4)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Community Services - Parks	Parks Capital Improvements		(750,000)	(750,000)	(750,000)	(750,000)
Community Services-Veterans' Services	Office Staff Expansion-Mt Carmel (2) and Ops	(126,519)	(83,889)	(83,889)	(83,889)	(83,889)
Community Services	Criminal Justice Support/Pretrial (2) & Northern Nature Center Staffing	(147,700)	(137,700)	(137,700)	(356,013)	(306,013)
County Attorney	2 Attorneys, 2 Paralegals & \$15,000 start up IT	(74,230)	(213,960)	(345,960)	(345,960)	(345,960)
Countywide Facility Needs	Major Facility Improvements (one-time amounts)	(250,000)	(250,000)	(1,000,000)	(1,000,000)	(1,000,000)
Countywide Facility Needs	ADA Requirements (one-time amounts)	(300,000)				
Countywide Facility Needs	Facility Critical Needs	(838,000)	(1,329,199)			
Countywide	Grant match funds, Next Gen ASR/TRS System/ERP Replacement		(550,000)	(550,000)	(550,000)	(5,550,000)
Countywide	Humane Society Contract Increase	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
District Attorney	Critical Needs Support*	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)
Human Resources & Risk Management	NeoGov Onboard Module		(34,000)	(34,000)	(34,000)	(34,000)
Planning & Community Development	Staffing/address current and proj devpt workload -1PT & 1 FTE	(110,089)	(110,089)	(110,089)	(110,089)	(110,089)
Public Health	Increase for County Support to Public Health		(250,000)	(400,000)	(800,000)	(800,000)
Public Information	Census Marketing	(10,000)				
Public Works - Fleet	Diesel Station/Hydraulic Lift/Light Fleet Replacements	(800,000)	(650,000)	(800,000)	(600,000)	(600,000)
<b>Total Funded Critical Needs</b>		<b>(4,392,257)</b>	<b>(10,263,155)</b>	<b>(16,358,176)</b>	<b>(18,810,230)</b>	<b>(26,384,899)</b>
Ending Operational Savings after previously considered items		389	320,380	687,237	2,272,870	818,387
*1.5% allocation of personnel budget excluding DA's Office. DA provided lump sum for 2020 for all critical needs.						

# 2021-2025 Financial Roadmap *Balanced*

<b>OPERATIONAL STRATEGY</b>						
<b>Dept/Office</b>	<b>Critical Needs</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Beginning Operational Savings		14,000,000	6,809,156	3,744,328	1,598,764	460,364
Revenues		157,139,653	164,669,396	168,963,050	175,227,160	179,850,524
Expenditures		(149,082,585)	(150,483,674)	(150,498,674)	(151,568,858)	(151,613,858)
Invest in High Impact Road Infrastructure	Additional On-Going (2016-2020 Increase of \$11.1M)	(905,000)	(3,855,000)	(4,855,000)	(4,855,000)	(4,855,000)
Other Sources/Uses				2,025,386	2,250,000	2,250,000
Countywide - Invest in Human Capital	2021 Pay Adjustments (2% Budget Allocation)	(2,749,454)	(2,749,454)	(2,749,454)	(2,749,454)	(2,749,454)
Countywide - Invest in Human Capital	2022 Pay Adjustments (2% Budget Allocation)		(2,804,443)	(2,804,443)	(2,804,443)	(2,804,443)
Countywide - Invest in Human Capital	2023 Pay Adjustments (2% Budget Allocation)			(2,860,532)	(2,860,532)	(2,860,532)
Countywide - Invest in Human Capital	2024 Pay Adjustments (2% Budget Allocation)				(2,917,743)	(2,828,306)
Countywide - Invest in Human Capital	2025 Pay Adjustments (2% Budget Allocation)					(2,976,097)
Board of County Commissioners	Statutory Pay Increase w/FICA, Retirement	(43,566)	(43,566)	(73,514)	(73,514)	(116,998)
Countywide Elected Officials	Statutory Pay Increase w/FICA, Retirement			(73,611)	(73,611)	(73,611)
Community Services - Parks	Parks Capital Improvements	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Community Services	Northern Nature Center Staffing			(218,313)	(168,313)	(168,313)
County Attorney	Attorneys & Paralegals (1 Atty in 2022, 1 Atty in 2023)		(152,371)	(304,742)	(304,742)	(304,742)
Countywide Facility Needs	Major Facility Improvements (ongoing starting in 2022)		(750,000)	(750,000)	(750,000)	(750,000)
Countywide Facility Needs	Facility Critical Needs	(1,329,199)				
Countywide	Grant match funds	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Countywide	Next Gen ASR/TRS System/ERP Replacement	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Countywide	ERP Replacement					
Human Resources & Risk Management	NeoGov Onboard Module	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)
Public Health	Increase for County Support to Public Health	(250,000)	(400,000)	(800,000)	(800,000)	(800,000)
Public Works - Fleet	Hydraulic Lift/Light Fleet Replacements	(550,000)	(150,000)	(150,000)	(150,000)	(150,000)
New Critical Needs	See Below	(8,086,693)	(5,011,716)	(5,661,716)	(7,205,350)	(7,855,350)
<b>Total Funded Critical Needs</b>		<b>(15,247,912)</b>	<b>(17,250,550)</b>	<b>(20,609,939)</b>	<b>(24,796,702)</b>	<b>(28,376,846)</b>
Ending Operational Savings		6,809,156	3,744,328	1,598,764	460,364	320,184

# 2021 Newly Submitted Critical Needs

## *Addressed in PBB*

		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Board of County Commissioners	I25 Gap Match	(3,000,000)	(500,000)			
CSD - CSU Extension	Extension Agents - Local Match		(20,460)	(20,460)	(20,460)	(20,460)
Clerk & Recorder	Motor Vehicle Dept (2 FTEs)		(108,875)	(108,875)	(108,875)	(108,875)
DPW - R&B	Colorado 811 Compliance (3 FTEs) and set-up	(392,272)	(252,272)	(252,272)	(252,272)	(252,272)
DPW - Fleet	Fleet Management Information System (FMIS)	(230,000)	(30,000)	(30,000)	(30,000)	(30,000)
DPW - Fleet	DEF/Fuel Island Upgrade - Akers	(505,000)	(5,000)	(5,000)	(5,000)	(5,000)
DPW - R&B	Snow Removal Public ROW/ADA Compliance	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
District Attorney	New Elevators	(1,000,000)				
District Attorney	Office Build Suite 120					
District Attorney	3% Salary/Fica Increase					
District Attorney	Sr. Deputy District Attorney (1 FTE)				(153,046)	(153,046)
District Attorney	Deputy District Attorney - Economic Crime (1 FTE)				(120,690)	(120,690)
District Attorney	Legal Assistant (1 FTE)	(70,214)	(66,958)	(66,958)	(66,958)	(66,958)
District Attorney	Deputy District Attorney - County Court (1 FTE)	(118,741)	(113,213)	(113,213)	(113,213)	(113,213)
District Attorney	Deputy District Attorney - District Court (1 FTE)	(126,218)	(120,690)	(120,690)	(120,690)	(120,690)
District Attorney	Administrative Assistant - Investigations -(1 FTE)				(59,949)	(59,949)
District Attorney	Body worn Camera Clerk- (1 FTE)				(59,949)	(59,949)
Human Resources	HR Coordinator	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
Information Technology	Case Management System for County Attorney	(33,264)	(33,264)	(33,264)	(33,264)	(33,264)
Information Technology	Shared Workspace Reservation System	(35,984)	(35,984)	(35,984)	(35,984)	(35,984)
Information Technology	Virtual Desktop Infrastructure (VDI) based on 450 users	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Retirement	Increase Employer Contribution 2.6% to Retirement Plan	(650,000)	(1,300,000)	(1,950,000)	(2,600,000)	(3,250,000)
Sheriff-Security	Increase Security FTEs (23 FTEs - phased in over 4 years)	(1,500,000)	(2,000,000)	(2,500,000)	(3,000,000)	(3,000,000)
<b>Total 2021 Submitted AFRs</b>		<b>(8,086,693)</b>	<b>(5,011,716)</b>	<b>(5,661,716)</b>	<b>(7,205,350)</b>	<b>(7,855,350)</b>

# Financial Roadmap & The Strategic Plan

The 2021-2025 Financial Roadmap addresses many items in the Strategic Plan:

- **Goal 1:** *Maintain and Promote a Financially Sustainable County Government that is Transparent and Effective*
  - Strategy A – Increase Innovation, Efficiency & Transparency
  - Strategy B – Invest in Human Capital
  - Strategy C – Allocate Funding Streams Designated for Capital Investment and Operational Needs
  - Strategy E – Ensure responsible and Appropriate Use of Local Tax Dollars
- **Goal 2:** *Enhance Understanding of Civic Services*
  - Strategy C – Develop and Implement a Strategic Technology Infrastructure to Engage Citizens





# Financial Roadmap & The Strategic Plan

- **Goal 3:** *Maintain and Improve the County Transportation System, Facilities, Infrastructure and Technology*
  - Strategy A – Provide a Safe, Sustainable, Integrated and Efficient Multi-Modal Transportation Infrastructure System
  - Strategy C – Provide Maintenance and Facilities Improvements
  - Strategy D – Improve and Update the County Park System
- **Goal 5:** *Ensure a Safe and Healthy Community*
  - Strategy A – Support a High Level of Public Safety
  - Strategy B – Support a High Level of Community Safety (OEM, Buildings, Community Partnerships)



# 2021 Budget Process

## Preliminary Balanced Budget

- Department & Elected Official Budget Strategy Sessions – August 19 and September 9, 2020
  - *Overview of County Financial Condition and Discussion of Critical Needs*
- Budget Hearing #1 – October 6, 2020
  - *Presentation of Preliminary Balanced Budget Document (That's today!)*



# 2021 Budget Process

## Original Adopted Budget

- Budget Hearings #2 and #3 – October 20<sup>th</sup> & October 22<sup>nd</sup>
  - *Department/Offices Critical Needs Presentations*
  - *Chief Financial Officer– Updated Revenue Projections & Five-Year Forecast*
  - *Citizen Outreach Group Presentation to BoCC*
- Budget Hearing #4 – November 17<sup>th</sup>
  - *BoCC Direction on the 2021 Original Adopted Budget*
- Budget Hearing #5 – December 8<sup>th</sup>
  - *Resolution #1 – 2021 Original Adopted Budget*
  - *Resolution #2 – Certify County mill levy*
  - *Resolution #3 – Authorize the Treasurer to transfer between funds*



# Presentation of the Preliminary Balanced Budget Document

