

2024 Preliminary Balanced Budget

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Presentation Overview

- Budget Process
- 2024 Preliminary Balanced Budget
 - Revenues
 - Property Tax
 - Sales Tax
 - Expenditures
 - Critical Needs
- Preliminary Balanced Budget Document



Budget Process

Compiling The 2024 Budget

Budget Priorities:

- Recession Resistant Budget
 - Not planning to dip into reserves for ongoing expenditures
 - Conservative sales tax forecasts
 - Low FTE additions
- Strategic Planning
 - Every budget item directly ties to the County's Strategic Plan Objectives
 - Infrastructure
 - Service Quality
 - Community Trust
 - Health & Safety



Budget Process

Compiling The 2024 Budget

Budget Process Policy:

- Section 5.2 starts the annual budget process
Restricted Funds, Partially Restricted Funds and Unrestricted Funds
- Section 5.3 – 2024 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 2024 Budget

Budget Process Policy:

- Section 5.4 – 2024 Budget for Partially Restricted Funds (Completed)
 - Community Investment Fund (CIP)
 - Ensured funding for Annual Lease Obligations (COPs and Capital Leases)
 - Total debt service of \$11,681,550
 - Criminal Justice Center - \$3,046,150
 - Judicial Complex - \$5,617,850
 - Citizens Service Center - \$3,017,550
 - Regional Building Center final payment in December 2023



Budget Process

Compiling The 2024 Budget

Budget Process Policy:

- Section 5.4 – 2024 Budget for Partially Restricted Funds (Completed)
 - Self-Insurance Fund
 - Ensured funding for anticipated insurance claims – Health & Risk
 - Minor increase in health insurance premiums – covered by employer contribution, not passed to employees
 - 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
 - Estimated health cost increase of 10%
 - Total Self Insurance Fund Budget of \$63.8 million
 - Risk, Workers Comp & Liability - \$10.5 million
 - Health Benefits \$52.3 million



Budget Process

Compiling The 2024 Budget

Budget Process Policy:

- Section 5.4 – 2024 Budget for Partially Restricted Funds (Completed)
 - Department of Human Services
 - Ensured funding for statutory county match
 - State Fiscal Year 2023/2024 & estimated 2024/2025 Allocations
 - County Match estimated at \$23.8 million
 - Road and Bridge Fund
 - On a multi-year plan to address backlog of road infrastructure
 - Additional proposed funds of \$10,000,000 (one-time)



Budget Process

Compiling The 2024 Budget

2024 Discretionary Budget:

2024 Preliminary Balanced Budget Revenue Sources	
Sales & Use Tax	\$165,628,416
Sales & Use Tax- Voter Restricted for Public Safety	\$38,457,896
Property Tax	\$83,419,105
Specific Ownership Tax	\$8,001,464
Interest Revenue	\$6,500,000
Elected Office Revenue (Fees)	\$23,468,800
Parking & Parks and Recreation Fees	\$520,000
General and Road & Bridge Fees	\$2,814,750
Unrestricted Intergovernmental	\$4,202,900
Other Taxes/Other Revenue/Misc	\$662,000
Refund of Tabor Overage (2022)	(\$31,551,234)
<i>Other Restricted Revenue Sources</i>	<i>\$136,925,473</i>
	2024 Revenue Sources
	\$439,049,570
	Less: Voter Restricted Public Safety Sales & Use Tax
	(\$38,457,896)
	Less: Road & Bridge Escrow Property Tax Pass-thru to Cities/Towns
	(\$1,682,150)
	Less: Other Restricted Revenue Sources
	(\$136,925,473)
	2024 Discretionary Revenue Sources
	\$261,984,051



Budget Process

Compiling The 2024 Budget

Budget Process Policy:

- Section 5.5 – 2024 Budget for Unrestricted General Fund (In Process)

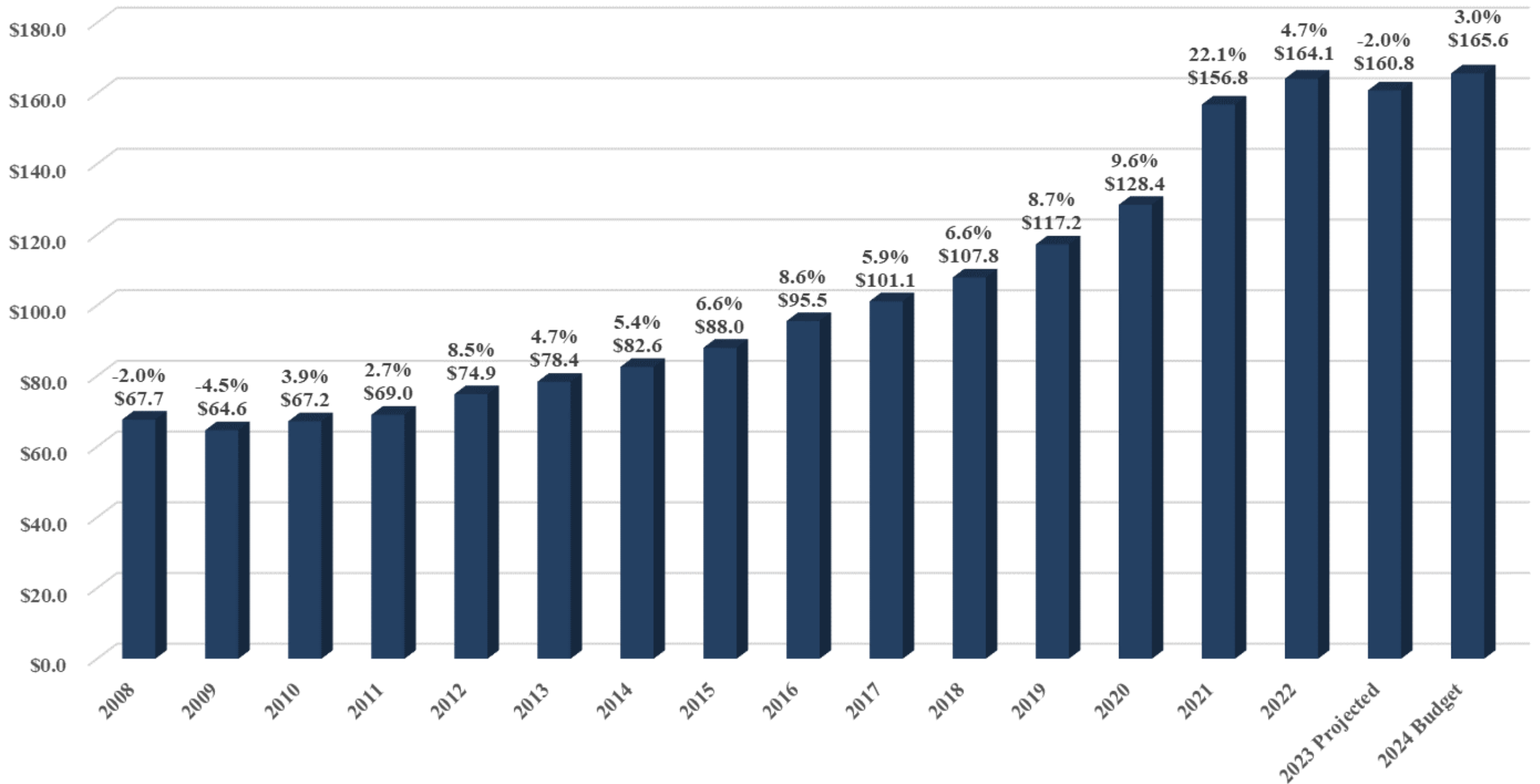
Revenue Estimates – Sales and Use Tax:

- Down 1.76% through July 2023 over 2022 (4% budgeted increase)
 - “Retail” is down 2.49% (53.93% of budgeted revenue)
 - “Food services” is up 7.51% (10.63% of budgeted revenue)
 - “Wholesale trade” is down 6.99% (5.58% of budgeted revenue)
 - “Accommodations” is up 2.01% (3.49% of budgeted revenue)
- The average increase over the last five years is 7.93%
- 2023 estimated ending decrease of **2%** under 2022
- 2024 PBB includes staff recommended increase of 3.0% over 2023 estimate
- 2024 1% Sales and Use Tax preliminary budget is \$165.6M
- Estimated 0.23% Public Safety Sales & Use Tax for 2024 is \$38.1 million



2024 Preliminary Balanced Budget

Sales & Use Tax (1%) - Projection (*in Millions*)



Budget Process

Compiling The 2024 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Property Tax*:

- Property Tax revenue increase of 9.79% to \$81.7M
 - Based on Preliminary Certification of Valuation
 - Allowable abatement mill of 0.14 mills
 - Estimated temporary mill levy reduction of 1.661 mills due to TABOR Property Tax Cap
 - Without temporary reduction, mill levy would be approximately 8.431 mills, with temporary reduction it is estimated at 6.77 mills
 - Represents a 19.7% reduction in EPC's mill levy



Budget Process

Compiling The 2024 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Property Tax*:

- Growth in Property Tax is constrained by 5.5% mill levy law and TABOR.
- Allows for property valuation growth to be higher than growth in property tax.



Budget Process

Compiling The 2024 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Property Tax*:

- Proposition HH
 - Ballot initiative, on November Ballot
 - If passed, will reduce assessment rates for most property types (in lieu of State TABOR refunds)
 - Will not reduce property taxes payable in 2024 for EPC, as we are issuing a mill levy reduction
 - No state backfill is expected due to EPC's assessment values
 - Changes the CPI year (2022 vs 2023) required to be used for mill levy certification (8.011% vs. 4.7% estimate)
 - Will push back certification of mill levy and budget to January 5 due to time constraints on the Assessor



Budget Process

Compiling The 2024 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Property Tax*:

- Property Tax – TABOR
 - Tabor Refund of 2022 Overage (\$31.5m) will be a flat payment on residential property tax bills of approximately \$138/property
 - Equitable to citizens as the overage was primarily created by increases in Sales Tax Revenue



2024 Property Taxes

Market Value of the home as valued by the El Paso County Assessor's Office. In 2022, tax relief package passed of \$15,000 reduction to value of each property.

Assessment Rate as determined by the State of Colorado in accordance with Colorado Revised Statute 39-1-104.2 C.R.S. (currently 6.765% of market).

Mill Levy is a tax rate of 1/10 of a cent. A tax rate of 1 mill per thousand means \$1.00 of tax per \$1,000 of assessed value.

$$\begin{aligned} &\text{Market Value} \times \text{Assessment Rate} = \text{Assessment Value} \\ &\text{Assessment Value} \times \text{Mill Levy} = \text{Property Taxes} \\ &(\$500,000 - \$15,000 = \$485,000) \times .06765 = \$32,810.25 \times 59.211 \text{ Mills } (.059211) = \$1,942.73 \end{aligned}$$

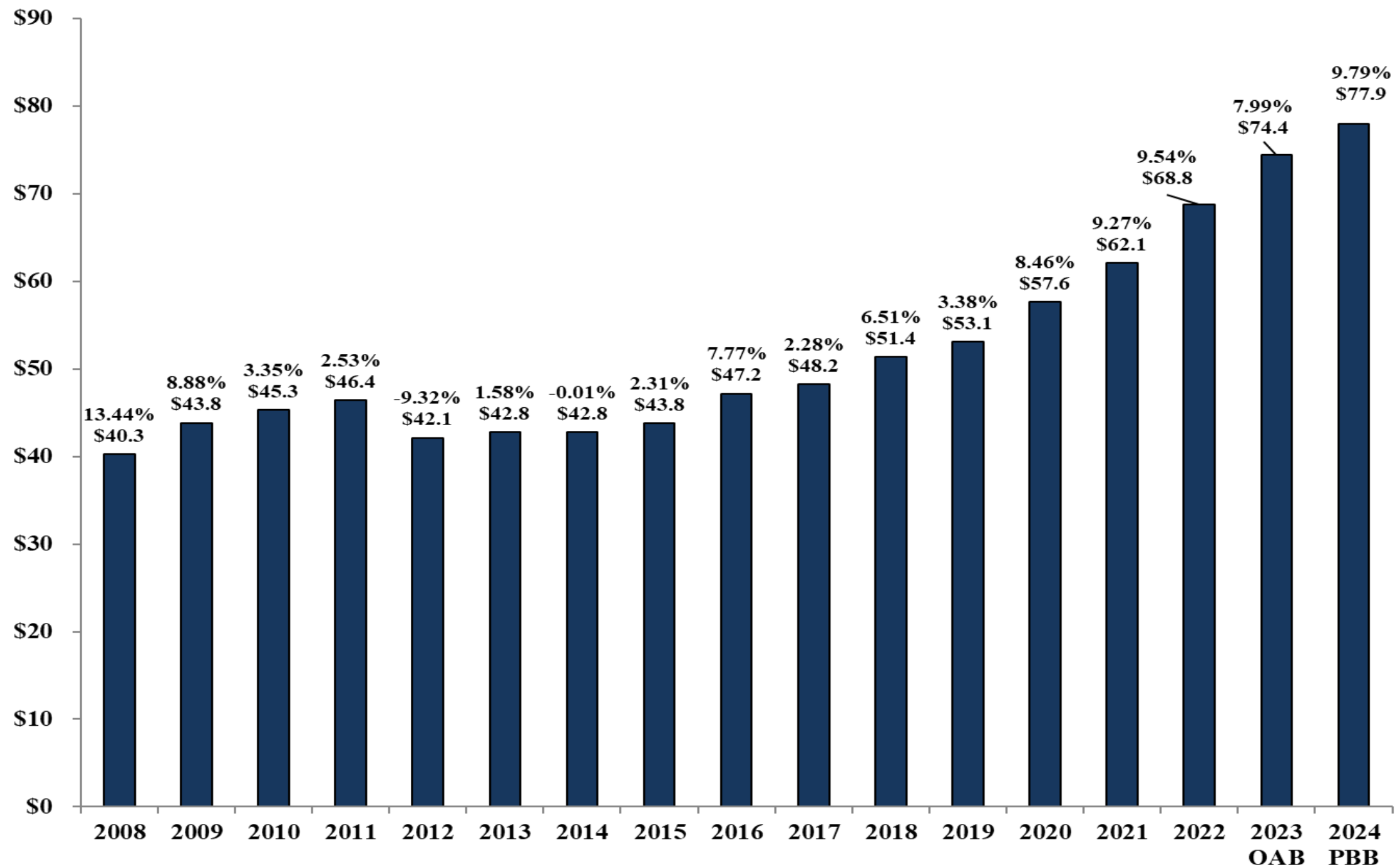


Based on the calculation above, this particular household would pay \$1,942.73 in total property taxes, of which El Paso County would receive \$259.10 or 13.34% of the total property tax collected.



2024 Preliminary Balanced Budget

Property Taxes- All Funds *(in Millions)*



Budget Process

Compiling The 2024 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Other Revenue Lines*:

- Changes from 2023 budget to 2024 budget:

↑ Sheriff Fees & Intergovernmental - \$987K

↑ Treasurer Fees - \$350K

↓ Planning & Community Development Fees - \$165K



Budget Process

Compiling The 2024 Budget

Budget Process Policy: Section 5.5 (Continued)

- 2024 Expenditure Budgets
 - Retain 2023 Expenditure Base Budget
- 2024 Beginning Operational Savings of \$14.7M (essentially the “spendable” fund balance)
- Strategy Phase of the budget (5.5.3.2), meetings held with Countywide Elected Officials and Department Executive Directors



Budget Process

Compiling The 2024 Budget

- Re-evaluated critical needs due to increased service demands, population growth, and mandated pressures
- Investment in Human Capital Management
 - Recommending 4.5% total compensation average adjustment
 - 2.5% increase for COLA and 2% allocation of personnel budgets pay for performance
 - CPI is currently projected to be approximately 4.7% for 2023



Budget Process

Compiling The 2024 Budget

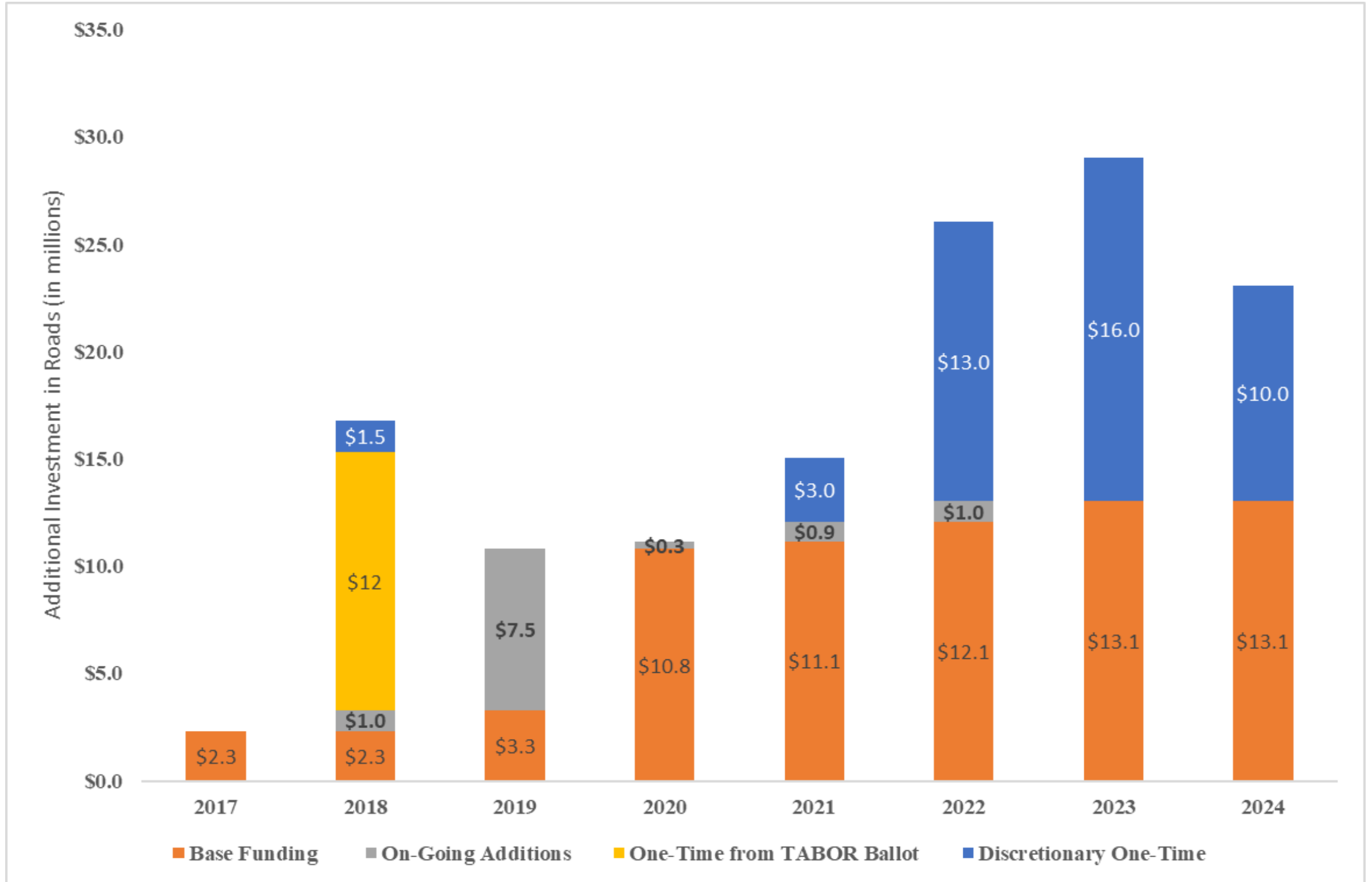
County Road Projects

- Significant priority in the County's Budget and Strategic Planning Process
- 2024 budget increases funding for road projects at \$10 million (one-time)
- Allows Department of Public Works to strategically address highest priority road projects
- 2023 Road & Bridge Fund PBB - \$38,717,385
- 2014 Road & Bridge Fund OAB - \$13,985,787



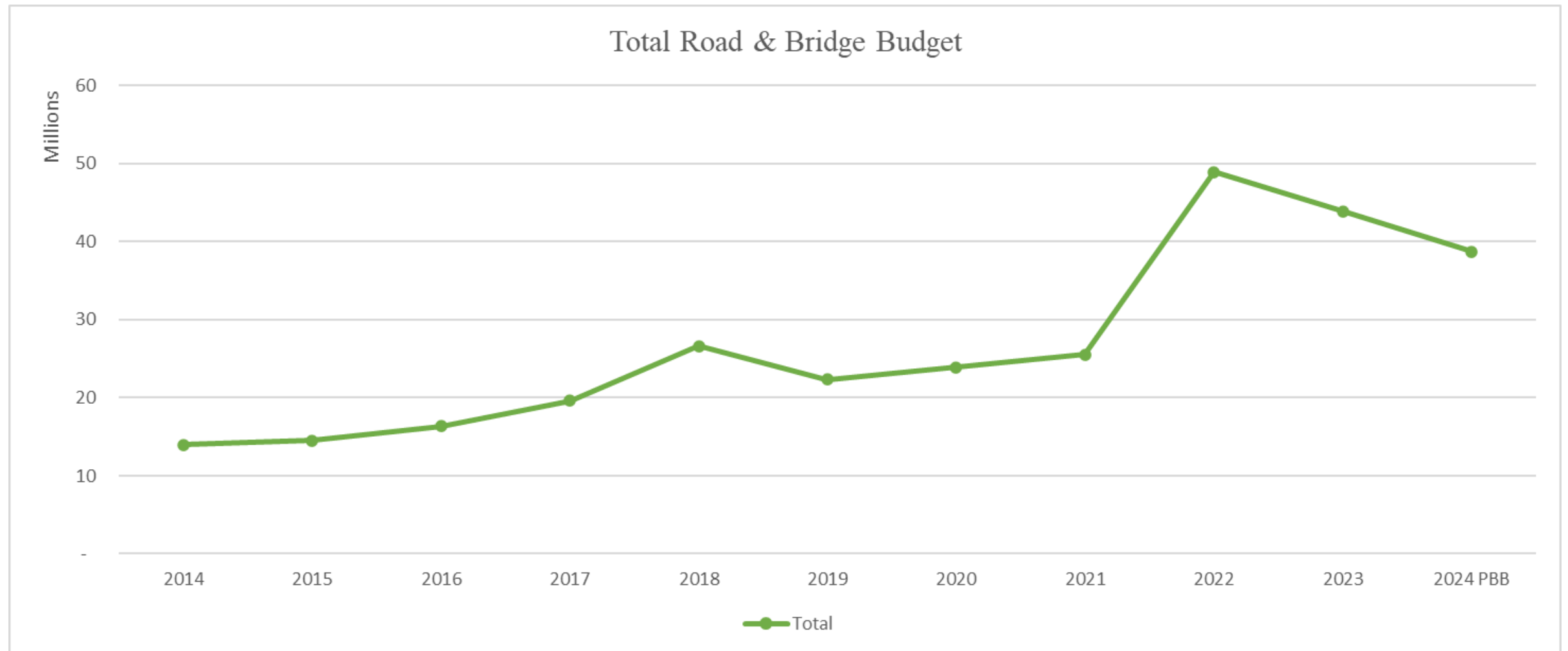
Budget Process

Annual Additional Investment in Roads



Budget Process

Total Road & Bridge Budget



Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 PBB
Road & Bridge Regular Budget	13,985,787	14,537,043	16,379,237	19,617,695	20,606,606	22,327,003	23,884,623	24,558,850	25,931,676	27,889,678	28,717,385
TABOR retention - Local Roads					6,000,000						
One-time general funds								1,000,000	3,000,000	6,000,000	
ARPA funds (Revenue loss category)									10,000,000		
Use of Restricted grant funds									10,000,000	10,000,000	10,000,000
Total	13,985,787	14,537,043	16,379,237	19,617,695	26,606,606	22,327,003	23,884,623	25,558,850	48,931,676	43,889,678	38,717,385



Budget Process

Compiling The 2024 Budget

TABOR Calculation Impacts - PRELIMINARY

- Early estimates (through August) project 2023 revenues above TABOR Cap
- Current estimate is \$6.2 million
- 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 2024
 - Growth calculation – Using August preliminary – not finalized until December 2023 with final Certification of Valuation
 - Sales Tax and Intergovernmental impacts have been decreasing
- Staff is closely monitoring TABOR revenues & Reserves



Budget Process

Compiling The 2024 Budget-Emergency Reserve

- 2024 Budget assumes being under the County's TABOR revenue cap
- \$9,230,000 Emergency Reserve – will need to appropriate from this fund balance for recent flooding projects
- Additional reserves
 - Minimum fund balance policy
 - 10% of General Fund Sales Tax, 0.5% Property Tax, and 5% all other revenues
 - Minimum Fund Balance of \$14.9 million for 2024
 - Estimated TABOR 3% Reserve of \$10 million
- Actual Unrestricted Reserves are currently 22.1% of budgeted revenues



PBB & The Strategic Plan

2023-2024 Strategic Plan Objectives

Infrastructure

Assess the Condition of Roadway, Stormwater, Facility, Fleet, and Park Assets and Implement Strategies to Sustainably Fund, Manage, and Improve Public-Owned Infrastructure

Service Quality

Improve the Quality of County Services With a Qualified and Engaged Workforce Dedicated to Continuous Improvement

Community Trust

Increase Community Trust Through Improved Communications and Transparency

Health & Safety

Develop Partnerships to Support Community Efforts to Improve the Health and Safety of Residents



Critical Needs Addressed in the 2024 PBB

<u>Department</u>	<u>Critical Need</u>	<u>Amount</u>
BoCC	Fountain Creek Watershed District Increase	\$32,850
BOCC	Humane Society Support Increase	\$71,000
Countywide	Upgraded ERP System	\$2,000,000
Countywide	2024 Pay Adjustments (4.5%)	\$9,012,698
Assessor	Commercial Appraiser (1 FTE)	\$119,299
Assessor	Postage Increased Costs	\$25,000
Clerk & Recorder	CAM Increase for Union Town Center MV Office	\$23,000
County Attorney	Land Use/Transactional Attorney (1 FTE)	\$205,041
Coroner	Medical Examiner (1/2 year - 1 FTE)	\$169,021
Coroner	Medico-legal Death Investigator (1 FTE)	\$103,760
Coroner	Lodox X-ray Scanner	\$450,000
CSD-Parks	Contracting for Parks Operations	\$100,000
District Attorney	Discovery Clerks (4 FTEs)	\$268,073
District Attorney	Postage Increased Costs	\$25,000
District Attorney	Restitution Clerks (2 FTEs)	\$143,888
District Attorney	DAO/HR Generalist (1 FTE)	\$130,299



Critical Needs Addressed in the 2024 PBB

<u>Department</u>	<u>Critical Need</u>	<u>Amount</u>
DPW	Akers Facility Run-off Control Improvements	\$2,000,000
DPW	Dix Circle Trash Capture Project	\$750,000
DPW	High Priority Stormwater Projects	\$500,000
DPW	Stormwater Illicit Discharge Abatement Program	\$100,000
DPW	Roads/Resurfacing-Construction	\$10,000,000
FSIM	Elevator Major Maintenance	\$650,000
FSIM	Parks Building Maintenance	\$50,000
HRM	Live Class Instructors for Training	\$33,240
HRM	Additional Recruiter Seats for Talent Acquisition Positions	\$29,700
HRM	Training Video Library Expansion	\$30,000
JSD	Associate Veterans Officer Positions (3 FTEs)	\$281,932
SHR	Increase for Medical Contract	\$2,500,000
SHR	Increase for Extradition Costs	\$500,000
TRS	Postage Increased Costs	\$37,000



Critical Needs Addressed in the 2024 PBB

- Intentionally keeping FTE authorizations low
 - 14 proposed FTE additions (0.47% increase)

Department	FTE Additions
Assessor	1
Coroner	2
District Attorney	7
County Attorney	1
Veterans Services	3
Total	14



Future Items

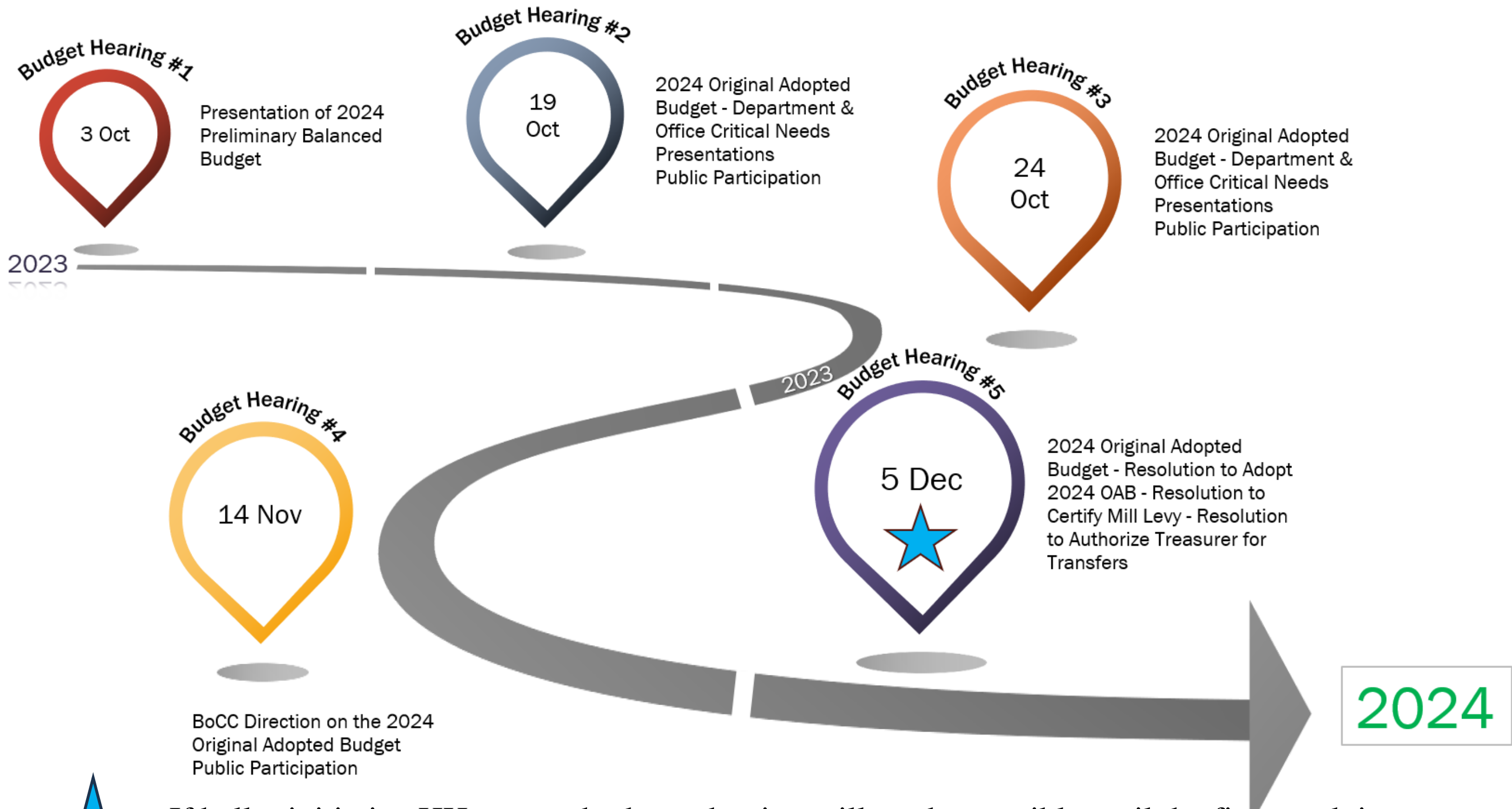
- Ballot Initiative HH
 - If passes, will significantly increase workload for Assessor
 - Owner occupied vs. non-owner occupied properties assessed differently
 - Necessary to add 2.5 FTEs to Assessor's Office
 - Approximate annual cost of \$230,000 annually
- Courthouse Space
 - Currently undergoing a Courthouse Optimization Study
- Infrastructure
 - Roads & Bridges, Facilities, Parks, Stormwater needs
 - Currently being assessed as part of the County's strategic plan



2024 Preliminary Balanced Budget Document



2024 Budget – Key Dates



If ballot initiative HH passes, budget adoption will not be possible until the first week in January 2024. The final certification from Assessor will not be complete until December 29, 2023. Statutory deadline to pass budget and certify mill levy moved to January 5, 2024.





Questions?