

# Budget Message

December 14, 2009

Dear Mayor DiTullio and Council Members:

I present to the Mayor and City Council the 2010 Adopted Budget. This budget provides the framework for providing services and programs to the citizens of Wheat Ridge for the year 2010. This budget document includes the General Fund, Capital Investment Program (CIP) Fund and all Special Revenue Funds.

Wheat Ridge's total proposed General Fund operating budget for 2010 is \$24,891,701 which includes a \$1.0 million transfer to the CIP Fund. The City's total 2010 operating budget, represents a 9% decrease compared to the adjusted 2009 Budget. The projected 2010 General Fund ending fund balance is \$5,487,575 or 22% of expenditures. The total City budget for 2010, which includes the General Fund, CIP and Special Revenue Funds is \$30,054,040 excluding transfers.

## **WHEAT RIDGE GOALS 2014**

The Mayor, City Council and staff have worked together over the last several years to develop and update a strategic plan including a vision, plan and action agenda to define that "desired destination for Wheat Ridge" and to draw the "map to Wheat Ridge's destination."

### City Services

Develop and implement fiscal sustainability to support core services that proactively ensure the health, safety and welfare of our citizens; attract, develop and retain a fully engaged workforce; and fund internal infrastructure needs.

### Sustainable Growth

Encourage and enhance lifestyle choices through mixed use, traditional neighborhoods and commercial development. Promote the integration of multi-modal transportation systems and improve public infrastructure. Support sustainable growth as a community value and develop the concept of the City as a steward of public resources by pursuing activities that support environmental equity and health for all citizens.

### Economic Vitality

Through collaboration and partnership with the community, public and private entities, support economic development efforts that attract, retain, and create quality jobs to ensure a diverse local economy, a resilient and growing City tax base, and thriving neighborhoods and commercial centers.

### Quality of Life

We are a visionary community repositioning ourselves to preserve our environmental resources, enhance our small-town values, provide a safe environment for our residents, provide diverse cultural and recreational amenities, provide unique and diverse commercial and residential choices, and promote opportunities for our citizens to engage in a healthy and active lifestyle.

### Civic Engagement

Engage citizens, businesses and other public and private entities to develop a shared vision and sense of community.

### **ECONOMICS**

Staff used these goals as a guide to develop strategies and priority projects for the 2010 Budget. Unfortunately, because of decreasing revenues, increasing expenses and uncertainty in the economy the budget being presented this year is a “bare bones” budget which provides resources for a base level of services and programs.

Sales tax, the City’s largest revenue source, is projected to decrease in 2009 by 7% compared to 2008 actual revenue and 12% compared to 2009 projected revenue. Total General Fund revenues for 2009 are projected to decrease by 14% compared to 2008 actual revenue and 9% compared to 2009 projected revenue. Sales tax is expected to remain flat in 2010 and total General Fund revenues will experience about a 2% decrease.

The 2009 Budget will provide for an ending fund balance of \$6.5 million or 27% of operating expenditures. Staff made significant cuts to the 2009 Budget throughout the year which has increased the ending fund balance beyond what was originally expected. The 2010 Budget ending fund balance is projected to decrease to \$5.5 million or 22% of operating expenditures.

As we continue to “ride out this wave” of uncertainty and economic turmoil, I’m proud to say that your City’s employees have done a tremendous job of maintaining a base level of services and programs while cutting back in all areas of expenditures. As the international financial meltdown began many months ago, your staff began to make the adjustments necessary to maintain a balanced budget. Early in 2009, I directed all departments to hold all discretionary spending until a more complete revenue trend for 2009 could be determined. As revenues continued to trend negatively through the first half of 2009, the decision was made to bring forward to City Council over \$2.5 million in permanent budget reductions to the 2009 Budget:

#### Administrative Services - \$253,144

- Employee PTO Buy Back Program
- Employee Wellness Assessment Program
- Various information technology software and equipment
- Elimination of “Year in Review” WRTV8 production
- Conferences, meetings and training

#### Community Development - \$57,825

- Salary savings due to vacant Inspector/Plan Review position
- Various operating supplies and expenses
- Conferences, meetings and training

#### Municipal Court - \$20,609

- Salary savings due to staff resignations and leaving positions vacant and/or filling positions with temporary employees

Parks and Recreation - \$198,692

- Salary savings due to vacant Forestry Assistant and Parks Maintenance I positions
- Savings in utility expenses
- Various operating supplies and expenses
- Building improvements to Senior/Community Center
- Open space improvements
- Conferences, meetings and training

Police - \$346,294

- Overtime for problem-oriented policing projects, Recreation Center security, summer greenbelt patrol, scanning records
- Conferences, meetings and training
- Salary savings due to freezing Police Investigative Technician vacancy
- Various equipment for police operations
- Various operating supplies and expenses
- Deferral of equipment maintenance

Public Works - \$369,700

- Engineering and design services for the Cabela's project
- Savings in fuel expenses
- Reduction in fleet – tandem dump truck and snow plow
- Salary savings due to freezing Maintenance II vacancy and temporarily filling with an engineering position
- Conferences, meetings and training

Budget Transfers - \$1,235,000

- 2009 transfer from General Fund budget to Capital Investment Program (CIP) budget was eliminated because of a larger than expected carryover balance from the 2008 budget.

Although a significant amount of expenditures were cut from the 2009 Budget, the belt tightening continued with the drafting of the 2010 Proposed Budget. I directed staff to submit a "bare bones" 2010 Budget which included only those expenditure requests that are tied directly to providing a base level of services and programs. Unfortunately, the City's budget has been relatively limited to these types of appropriations; therefore, any additional cuts will primarily be deferrals of critical equipment replacement and preventative maintenance.

A summary of the proposed impacts to the 2010 Budget include:

- The 2010 Proposed CIP Budget is limited to street overlay, concrete rehabilitation, minor pavement repair and pavement crack filling and contingency funding for unanticipated public improvement projects.
- All scheduled vehicle replacements will be deferred. The 2010 Budget includes a small increase in vehicle maintenance expenditures to maintain older vehicles with more miles.

- The 2010 Budget includes an increase of approximately 8% in medical insurance premiums, which was accomplished by creating a three tiered City/employee contribution option which will require employees to pay a larger percentage of the premium for a richer level of benefits.
- 2009 mid-year market adjustments to employee compensation plans were suspended and the 2010 Budget does not include employee salary step increases.
- Four employee furlough days spread out over the 2010 fiscal year.
- Training, conference and meeting expenses have been significantly reduced or eliminated unless specifically required for the job.
- Elimination of the annual contribution to WR2020. Future funding to WR2020 will be distributed in response to grant requests from WR2020.

### **REVENUES AND EXPENDITURES**

The total 2010 Budget is \$30,054,040. The budget is based on projected revenues of \$28,684,989. In addition, the beginning fund balance for 2010 is projected at \$12,784,623 which brings the total available funds to \$41,469,612. This will provide for a projected ending fund balance of \$11,415,572 which is a 29% increase compared to the 2009 Budget. Detailed revenue and expenditure tables are presented in the Revenue and Expenditure Summary section of this Budget.

#### **General Fund**

General Fund revenue is projected at \$23,891,701 which is a 2% decrease compared to 2009 estimated revenues. In addition, the beginning fund balance for 2009 is projected at \$6,487,575 which brings the total available funds for the General Fund to \$30,379,276.

General fund expenditures total \$24,891,701, which includes a \$1.0 million transfer to the CIP Fund. General Fund expenditures represent a 9% decrease compared to the adjusted 2009 Budget and a 1% decrease compared to the estimated 2009 Budget. This will provide for a projected ending fund balance of \$5,487,575 or 22% of expenditures which is a 3% decrease compared to the 2009 Budget.

#### **Capital Investment Program Fund**

CIP Fund revenue is projected at \$1,300,000 which is a 249% increase compared to the 2009 estimated revenue of \$372,000. In addition, the beginning fund balance for 2010 is projected at \$3,290,356 which brings the total available funds for the CIP Fund to \$4,590,356.

The 2010 CIP Budget is limited due to a projected decrease in available funds. The only capital projects for 2010 are limited to street overlay, concrete rehabilitation, minor pavement repair and pavement crack filling. In addition \$100,000 is proposed for contingency funding for unanticipated street public improvement projects. CIP expenditures total \$1,350,000 which is a 77% decrease compared to the adjusted 2009 Budget and a 44% decrease compared to the estimated 2009 Budget. This will provide for a projected ending fund balance of \$3,240,356. It will be prudent to maintain this fund balance as the City's share of the 32nd and Youngfield interchange improvements are projected to cost at least \$3.3 million.

### **Open Space Fund**

Open Space revenue is projected at \$1,651,500 which is a 7% increase compared to the 2009 estimated revenue of \$1,543,505. In addition, the beginning fund balance for 2010 is projected at \$212,901 which brings the total available funds for the Open Space Fund to \$1,864,401.

Open Space projects for 2010 include open space improvements, park maintenance projects, open space sign fabrication, Public Works and Parks Operation Facility improvements and Phase I and II of the 38th Avenue and Kipling Street park. Open Space expenditures total \$1,485,287 which is a 18% decrease compared to the adjusted 2009 Budget and a 16% decrease compared to the estimated 2009 Budget. This will provide for a projected ending fund balance of \$379,114.

### **Conservation Trust Fund**

Conservation Trust revenue is projected at \$391,970, which is a 15% decrease compared to the 2009 estimated revenue of \$459,066. In addition, the beginning fund balance for 2010 is projected at \$191,018 which brings the total available funds for the Conservation Trust Fund to \$582,988.

Conservation Trust projects for 2010 include Phase I and II of the 38th Avenue and Kipling Street park, Panorama Park playground and improvements and Randall Park playground. Conservation Trust expenditures total \$505,000 which is a 30% decrease compared to the adjusted 2009 Budget and a 12% decrease compared to the estimated 2009 Budget. This will provide for a projected ending fund balance of \$77,988.

### **Recreation Center Operations Fund**

Recreation Center Operations revenue for 2010 is projected at \$2,093,818, which is a 1% increase compared to the 2009 estimated revenue of \$2,064,50. In addition, the beginning fund balance for 2010 is projected at \$2,057,393 which brings the total available funds for the Recreation Center Operations Fund to \$4,151,211.

Recreation center expenditures total \$2,360,597, which is a 8% decrease compared to the adjusted 2009 Budget and a 3% decrease compared to the estimated 2009 Budget. This will provide for a projected ending fund balance of \$1,790,614.

### **Miscellaneous Special Revenue Funds**

Several other miscellaneous Special Revenue Funds are also included in this budget to track revenues and expenditures that are legally restricted for specific purposes or to simplify the budgeting process. Those funds include Police Investigation, Municipal Court, Richards Hart Estate, Equipment Replacement, and Crime Prevention. Detailed revenue and expenditure information for these funds can be found in the Special Revenue Funds and the Line Item Accounts sections of the Budget.

### **STAFFING**

Personnel-related expenses account for the largest portion of the City's budget; therefore, maintaining this investment is a high priority. Through a periodic compensation review process, a survey of the 2009 pay scales for the City's positions was conducted for the purpose of determining what wages are generally prevailing in similar cities within the Denver metropolitan area.

As approved by City Council, the City strives to remain at the 70th percentile of the market for law enforcement (sworn) positions and 55th percentile for all civilian positions. The market study for 2009 indicated that to maintain these percentiles and to remain competitive our compensation plans required upward adjustments of on average 2.38% for civilian positions and 3.82% for sworn positions. Due to severe budget constraints, I recommended to the City Council that we forgo the 2009 mid-year market adjustments. This action saved the City approximately \$320,000 in 2009 and 2010.

Employees are eligible to receive a step increase on their anniversary date if they receive at least a satisfactory performance evaluation. However, in 2010 I have not included any step increases in the budget for a savings of approximately \$200,000. To remain competitive and retain and attract the best employees, it will be crucial to reinstate both the market and merit adjustments as finances allow.

The 2010 Compensation Pay Plan is designed to maintain competitive relationships with the market and provide an unbiased relationship in pay between positions and departments. You may find the complete Compensation Plan in the "Staffing" section of the Budget.

There are no staffing increases in the 2010 Budget; therefore, the 2010 staffing level will remain at 223.880 FTE's in all funds. Staffing levels continue to remain well below the 233.755 FTE's authorized in 2002 before the budget reduction program and elimination of positions in 2003 and 2004 due to budget constraints.

The 2010 Budget is presented in greater detail in each department section and in the Line Item Accounts section of this document. Please refer to those pages for additional information.

I would like to thank the Mayor, City Council and City Staff for their leadership, direction and patience during this budget process. I would like to especially thank the Directors and all of the Department budget contacts who participated in this budget process.

Respectfully submitted,



G. Randy Young  
City Manager