
Budget Message

January 1, 2014

Dear Mayor Jay and Council Members:

I present to the Mayor and City Council the 2014 Adopted Budget. This Budget provides the framework for providing services and programs to the citizens of Wheat Ridge for the year 2014 based on the delivery of core services and priorities identified in the City Council Strategic Plan. This Budget document includes the General Fund, Capital Investment Program (CIP) Fund and all Special Revenue Funds.

OVERALL SUMMARY

Wheat Ridge's total adopted General Fund operating budget for 2014 is \$27,760,611 excluding transfers. The City's total 2014 operating budget represents a 1.0% decrease compared to the adjusted 2013 Budget. The projected 2014 General Fund ending fund balance is \$7,956,002. Of this amount, \$4,722,445, or 17% of expenditures, is considered the unrestricted fund balance. The City's financial policies require that the City maintain a minimum unrestricted fund balance of at least two months or approximately 17%, as recommended by the Government Finance Officers Association, of its General Fund operating expenditures.

The total adopted City Budget for 2014, which includes the General Fund, CIP and Special Revenue Funds is \$36,869,326. The CIP Budget is at \$4,186,000 and the eight Special Revenue Funds' adopted budgets total \$4,922,715.

Sales tax, the City's largest revenue source, is projected to increase in 2013 by 2.3% compared to 2012 actual revenue, and decrease by 1.6% compared to 2013 projected revenue. Total General Fund revenues for 2013 are projected to increase by 3.5% compared to 2012 actual revenue, and decrease by 1.4% compared to 2013 projected revenue. Sales tax is expected to increase by 2.0% in 2014 and total General Fund revenues should experience about a 1.7% increase.

The estimated 2013 Budget ending fund balance is \$9,756,002, of which \$6,470,276, or 24.5% of operating expenditures, is considered the unrestricted fund balance. The adopted 2014 Budget ending unrestricted fund balance is projected to decrease to \$4,722,445, or 17% of operating expenditures, to allow for a \$1,763,000 transfer to the CIP Budget and a \$100,000 transfer to the Capital Equipment Replacement Fund. The fund balance will not be used to balance the General Fund operating budget in 2014.

WHEAT RIDGE FIVE-YEAR GOALS

The Mayor, City Council and staff work together annually to develop and update a strategic plan including a vision, goals and action agenda. Staff used these goals as a guide to develop strategies and priority projects for the 2014 Budget.

The Mayor and Council identified four key strategic prioritized goals for the next five years:

1. Economically Viable Commercial Areas
2. Financially Sound City Providing Quality Service
3. Choice of Desirable Neighborhoods
4. More Attractive Wheat Ridge

In addition, at the May 2013 retreat, the Mayor and City Council agreed to the following 2013/2014 Action Agenda:

High Priorities

- Revenue Enhancement
- Ten-Year Infrastructure Plan
- Clear Creek Crossing Development Agreement
- Community / Neighborhood Building
- 38th Avenue Corridor Implementation

Medium Priorities

- Multi-modal Transportation Plan
- Applewood Shopping Center Revitalization
- Targeted commercial/housing incentive policies
- Aging Population Needs Assessment and Plan
- 38th and Wadsworth Redevelopment
- Diverse Housing Plan

The adopted 2014 Budget includes the following expenditures to address the Five-Year Goals and the 2013/2014 Action Agenda:

Goal 1: Economically Viable Commercial Areas

- 38th Avenue public events \$70,000 (105)
- 38th Avenue street improvements \$25,000 (CIP)
- 38th Avenue Corridor marketing map and directory \$7,000 (105)
- 38th Avenue Corridor marketing materials/website \$35,000 (105 to WR2020)
- 38th Avenue Corridor banners and lighting program \$25,000 (105 to WR2020)
- 38th Avenue District Feasibility Study \$10,000 (105 to WR2020)
- 44th Avenue Corridor marketing efforts \$10,000 (105)
- Citywide public relations and marketing efforts \$20,000 (105)
- Citywide marketing and positioning tours \$15,000 (105 to WR2020)
- Enhanced Sales Tax Incentive Program (ESTIP) \$103,000 (105)
- Brownfields EPA Grant \$289,920 (123) - grant funded
- Live Local Events \$35,000 (105 to WR2020)
- Wheat Ridge Business District (WRBD) loan program \$45,000 (105 to WRBD)
- Building up Business Loan Program (BUBL) \$25,000 (105 to WR2020)

- Urban renewal funding for Renewal Wheat Ridge (RWR) projects \$425,000 (105 to RWR)

Goal 2: Financially Sound City Providing Quality Service

- Employee Compensation – 3% projected Pay-for-Performance \$450,000 (610)
- Priority Based Budgeting (Year 3) \$17,000 (111)
- Paid Time Off (PTO) Cash-Out \$50,000 (112)
- Fleet Acquisition and Replacement \$377,500 (303)
- Preventative street maintenance \$1,200,000 (CIP Fund)
- Lakewood Crime Lab services \$69,200 (212)
- Regional Crime Lab \$23,460 (212)
- Public Works/Parks Maintenance Facility \$250,000 (OS Fund)
- Transfer to Equipment Replacement Fund for future equipment replacement \$100,000 (610)
- Employee safety and wellness programs \$26,300 (112)
- Swimming pool covers to conserve energy and reduce utility expenses \$22,000 (623)
- Police Department E-Citations software \$53,105 (117)

Goal 3: Choice of Desirable Neighborhoods

- Aging Needs Plan implementation \$13,000 (111)
- East Wheat Ridge Block Improvement Program \$15,000 (105 to WR2020)
- East Wheat Ridge Neighborhood Project \$8,172 (202) – grant funded PD overtime
- Home Investment Loan Program (HIP) \$25,000 (105 to WR2020)
- Completion of District 2 neighborhood park \$175,000 (CTF and OS Funds) - partially grant funded
- Greenbelt trail expansion and repair \$450,000 (OS Fund)
- Greenbelt Trail Master Plan \$50,000
- Police Department community oriented neighborhood programs \$17,655 (211)
- Police Department greenbelt patrol \$17,280 (211)
- Pierce Street Bicycle Improvements \$63,000 (CIP)

Goal 4: More Attractive Wheat Ridge

- Bus shelter and bench maintenance and cleaning \$36,000 (303)
- 38th Avenue annual plantings \$5,000 (604)
- Kipling Street multi-use path and lighting \$2,835,000 (CIP Fund) - partially grant funded
- Parks maintenance projects \$255,000 (CTF and OS Funds)
- Large-item pickup program \$5,000 (303)
- 1.0 FTE Parks Maintenance Worker II \$34,441 (603)
- Lead Seasonal Maintenance Workers \$20,336 (603)

Additionally, the following budget expenditures, that are not directly related to any one of the City Council goals but are worthy of noting, are also included in the adopted 2014 Budget:

- Zoppe Family Circus \$105,376 (102)
- Outside Agency Requests \$10,000 (102)

- Feed the Future Backpack Program \$10,000 (102)
- Biennial Citizen Survey \$30,000 (111)
- Jeffco Public Schools Outdoor Lab \$10,000 (102)
- Senior Resource Center (SRC) Circulator Bus \$30,000 (102)
- Victim Outreach \$75,000 - \$35,000 increase over 2013 (201)
- Carnation Festival cash contribution \$22,500 and in-kind assistance \$28,000 (102)
- ADA compliance improvements to picnic shelters \$10,000 (605)
- Courtroom security improvements \$63,000 (CIP Fund)
- Management contingency fund \$100,000 (106) – consolidation of citywide contingency funds enabled staff to cut approximately \$70,000 from the budget

PRIORITY BASED BUDGETING

In 2013, the City embarked on year two of the Priority Based Budgeting process. The City engaged the Center for Priority Based Budgeting in 2012 to facilitate the transition from a more traditional incremental budgeting process to a priority-driven budgeting process. The Center’s mission is to “lead communities to fiscal health and wellness.” Priority Based Budgeting is another tool that will allow department staff and the City’s management team to improve the programs and services provided by aligning resource allocation with the results the City is working to achieve.

The primary area that we continue to integrate into the budget process is the focus on budget variances. Budget variances generally occur because certain line-items must be budgeted based on projected use such as staffing, fuel, and utilities. However, circumstances such as employee turnover, the weather or the economy dictate what those true expenditures will be on an annual basis. For the 2014 budget, we made approximately \$179,000 in reductions to those line-items where budget variances generally occur. However, if we experience an unusually bad winter or fuel prices skyrocket, for example, mid-year supplemental budget appropriations may be required.

In addition to continuing the variance exercise for development of the 2014 budget, staff added a contingency reduction exercise. Included in the City Manager’s budget is a management contingency fund in the amount of \$100,000. This is the result of a consolidation of City-wide contingency funds which enabled staff to cut approximately \$70,000 from the proposed budget. In the past contingency funds have been budgeted for carrying out policy direction by City Council that may not necessarily be planned for at the time of budget development. An example of this would be engineering or design work required for a public project. Contingency funds will only be used in 2014 if necessary. This centralized contingency fund approach has been successfully used by other agencies using Priority Based Budgeting and we believe it is an important step to continue integration of a priority-driven budget system.

As part of the 2014 budget process, staff requested departments to submit any new programs or services under the Priority Based Budgeting Worksheet. For example, the \$10,000 for 44th Avenue Corridor marketing efforts added to the Economic Development budget was reviewed based on the priority based budgeting criteria. Based on initial departmental requests, I cut approximately

\$389,000 in requests for funding that were not considered critical in meeting the City's defined results.

Collectively, the steps taken above in development of the 2014 budget demonstrates the City's commitment to the priority-driven budgeting process which I believe has enabled staff to look at the budget data through a different lens.

REVENUES AND EXPENDITURES

The total 2014 Adopted Budget is \$36,869,326. The Budget is based on projected revenues of \$34,336,943. In addition, the beginning fund balance for 2014 is projected at \$12,303,317 which brings the total available funds to \$46,640,260. This will provide for a projected ending fund balance of \$9,707,934 which is a 1.4% increase compared to the 2013 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 \$27,823,611 which is a 1.7% increase compared to 2013 estimated revenues. In addition, the beginning fund balance for 2014 is projected at \$9,756,002 which brings the total available funds for the General Fund to \$37,579,613.

General fund expenditures total \$27,760,611, excluding transfers. General Fund expenditures represent a 1.0% decrease compared to the adjusted 2013 Budget and a 5.2% increase compared to the estimated 2013 Budget. This will provide for a projected ending fund balance of \$7,956,002 of which \$4,722,445 (17% of operating expenditures) is considered unrestricted.

CAPITAL INVESTMENT PROGRAM FUND

CIP Fund revenue is projected at \$4,163,000 (\$1,763,000 transferred from the General Fund) which is a 35% decrease compared to the 2013 estimated revenue of \$6,380,689. The CIP Fund received a significant amount of grant revenue in 2013. In addition, the beginning fund balance for 2014 is projected at \$70,517 which brings the total available funds for the CIP Fund to \$4,233,517.

The adopted 2014 CIP includes the following major projects:

- \$2.8 million for Kipling Street Pedestrian improvements - partially grant funded
- \$1.2 million for preventative street maintenance projects
- \$63,000 City Hall Improvements – Courtroom security improvements
- \$63,000 Pierce Street Bicycle Improvements
- \$25,000 for Public Improvement Projects (Doud Overlook storm water improvements)

CIP expenditures total \$4,186,000 which is a 69% decrease compared to the adjusted 2013 Budget and a 60% decrease compared to the estimated 2013 Budget. This will provide for a projected ending fund balance of \$47,517.

Typically the CIP Budget is funded primarily with General Fund undesignated reserves. The City Council adopted a General Fund reserve policy in 2011 setting the minimum reserve level at 17%. In order to maintain this minimum reserve balance in the General Fund in 2014 and beyond, the

General Fund will no longer be able to fund the CIP Budget after 2014. To continue funding CIP projects, City Council will need to consider substantial cuts in the City's operating budget or new revenue sources.

Without additional funding, the proposed CIP Budget for 2015 to 2022 will be limited to the following projects:

- \$740,000 for Tabor Street improvements associated with the Gold Line Ward TOD site in 2015 (100% grant funded)
- \$1,600,000 total between 2016 and 2022 for preventative street maintenance

OPEN SPACE FUND

Open Space revenue is projected at \$1,203,750 which is a 3.5% increase compared to the 2013 estimated revenue of \$1,162,750. In addition, the beginning fund balance for 2014 is projected at \$375,867 which brings the total available funds for the Open Space Fund to \$1,579,617.

Open Space projects for 2014 include open space improvements; funding for the construction of a District II park; parks equipment storage facility; Prospect and Randall Parks improvements; grant match contribution to the Kipling pedestrian improvements; Greenbelt Master Plan; and Greenbelt trail expansion and repair. Funding is also appropriated for five Parks employees. Open Space expenditures total \$1,567,381 which is a 2.7% decrease compared to the adjusted 2013 Budget and a 6.9% decrease compared to the estimated 2013 Budget. This will provide for a projected ending fund balance of \$12,236.

The future five-year Open Space Budget proposes the continuation of miscellaneous open space improvements, park maintenance projects, trail replacement and repair, Prospect Park improvements, public works and parks operations facility; Anderson Park Master Plan and building replacement; contribution to the Jefferson County River Corridor Trail project and funding for five Parks employees.

CONSERVATION TRUST FUND

Conservation Trust revenue is projected at \$301,000, which is a 0.7% decrease compared to the 2013 estimated revenue of \$303,191. In addition, the beginning fund balance for 2014 is projected at \$265,995 which brings the total available funds for the Conservation Trust Fund to \$566,995.

Conservation Trust projects for 2014 include Recreation Center maintenance projects; District II park site development; Prospect Park playground expansion; park maintenance projects; resurfacing of tennis/basketball courts; and initial funding for the replacement of the Anderson Building. Conservation Trust expenditures total \$516,527, which is a 23% decrease compared to the adjusted 2013 Budget and a 13% increase compared to the estimated 2013 Budget. This will provide for a projected ending fund balance of \$50,468. The future Five-Year Conservation Trust Budget proposes to provide funds for Recreation Center maintenance needs; Active Adult Center parking lot; Anderson Building replacement; park maintenance projects; resurfacing of tennis/basketball courts; and Boyds Crossing playground.

RECREATION CENTER OPERATIONS FUND

Recreation Center Operations revenue for 2014 is projected at \$2,061,884, which is a 0.5% increase compared to the 2013 estimated revenue of \$2,052,345. In addition, the beginning fund balance for 2014 is projected at \$1,093,715 which brings the total available funds for the Recreation Center Operations Fund to \$3,155,599.

Recreation Center expenditures total \$2,282,312, which is a 4.7% decrease compared to the adjusted 2013 Budget and a 0.6% decrease compared to the estimated 2013 Budget. This will provide for a projected ending fund balance of \$873,287.

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 Public Art Fund, Police Investigation, Municipal Court, Equipment Replacement Fund and Crime Prevention/Code Enforcement Fund. 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.

DEBT

The City currently has no debt. However, General Fund reserves in the amount of \$2,200,739 have been designated as collateral against a loan held by the City's Urban Renewal Authority, Renewal Wheat Ridge. The loan was for purchase of property for the Town Center North redevelopment project. A balance of \$2,275,000 exists on the loan as of December 31, 2013.

COMPENSATION, BENEFITS AND STAFFING

Personnel-related expenses account for the largest portion of the City's Budget; therefore, maintaining this investment is a high priority. In 2013, the City launched a new Compensation Plan for full-time/part-time benefited employees that is financially sustainable and is a plan that will help the City recruit and retain top talent. Additionally, the compensation plan is market-based and fully aligned with the City's efforts with the Performance Management Project (PMP) that has culminated in the full implementation of a pay-for-performance system. The City's pay-for-performance model is consistent with the culture and commitment to A.C.T.I.O.N! – the City's core values. It is important for the City to reward employees who exemplify these core values and who help achieve the City's strategic results.

The new Compensation Plan consists of two sub plans 1) a Pay-for-Performance open range plan, which includes civilian and police sergeants and higher ranks, and 2) a Sworn Step plan, which includes Police Officer I and II positions. Employees will be eligible for a performance increase on January 1, 2014 based on how they meet the core values and competencies of the new PMP system.

The pay-for-performance budget is determined on an annual basis according to what other comparable organizations are providing and what the City can afford for that fiscal year. For 2014,

the projected average increase to compensation is 3%. The adopted 2014 budget includes \$450,000 in the Central Charges budget to fund both sub plans.

The City continues to provide a competitive benefits package to employees to include medical, dental, life and disability benefits. Staff works closely with the City's benefit broker, IMA, throughout the year to ensure that the City is making strides to control benefit costs while providing a competitive benefits package to its employees which is part of the City's total compensation approach to pay. The City currently provides Kaiser Permanente for employee medical benefits. Medical premiums will increase by 10 percent for 2014. There are several key factors that play a role in calculating the City's health care premium renewal. Unfortunately, the City's exposure contributed to the increased renewal. The City will be continuing to encourage enrollment and active participation in the City's Wellness program. There is no increase to dental premium. Life and short-term disability premiums will also remain constant.

In 2014, the City will continue to offer the High Deductible Health Plan (HDHP). This plan was added in 2013 and is a consumer model of health care paired with a Health Savings Account (HSA). The City will continue to offer the traditional HMO plan. The premiums for both the employee and the City are lower for a HDHP but the out-of-pocket costs to the employee are higher. The goal of the consumer driven HDHP is to encourage employees to manage costs through effective use of health care. Finally, the Deductible HMO (DHMO) will be eliminated in 2014 to further encourage employees to enroll in the HDHP.

The 2014 staffing level will increase by a net of 1.25 FTE's for a total of 227.265 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.

New Positions:

0.25 FTE Payroll Technician – Administrative Services

- This is an increase in the current 0.75 FTE Payroll Technician to a full-time 1.0 FTE. Duties have increased over the past 5 years as a result of increased payroll workload and a significant increase in the volume for code enforcement billing.

1.0 FTE Combination Inspector – Community Development

- This position is proposed to be temporary based on projected increases in building activity in the City. It's anticipated the position may be required for up to 2 years based on future development activity.

1.0 FTE Parks Maintenance Worker II – Parks and Recreation

- Discovery Park and the proposed new park in Council District II will increase park maintenance responsibilities to a level requiring an additional Parks Maintenance Worker II. This position will also allow more flexibility in the Parks maintenance crews to address flower beds and other landscaped areas on City property.

Eliminated Positions:

1.0 FTE Pool Manager – Recreation Center

- Operational efficiencies have allowed for the elimination of this position.



Patrick Goff
City Manager

