



FINANCE – BUDGET WORKSHOP NOTES

Saturday, November 7, 2015

Directors:

- R. Owens**
- V. Starkey**
- A. Dreher**
- C. Schierholz**
- N. Smith**
- R. Anderson**
- J. Worley**

Absent**

HRMD 5: None

Staff: T. Nolan, B. Lebsack, C. Ward, J. Case, and S. Stanley

1. **Budget Summary and Revenues**

Terry Nolan presented the budget process and summary of the 2016 budget compared to the 2015 budget.

Bruce Lebsack provided a summary of projected 2016 Revenues compared to 2015 Revenues. Property tax revenue is the most significant source of revenue for the District. 2015 is a reassessment year that impacts 2016 collections and also requires a review of the TABOR calculation. Bruce reviewed four option scenarios based on the use of accumulated growth and differing base consumer price index (CPI) calculations. The Board agreed with the use all of the accumulated growth since the consolidation and the use of the annual projected CPI method using a conservative projection of CPI for 2015 of 1%. This is different than what was used in the Preliminary Budget and will result in a further reduction of the mill levy.

2. **Tri-Cycle Forecast**

Bruce and Stephanie presented the tri-cycle forecast updated for current proposed revenues and expenditures. This forecast was based on the assumption that the Board wanted to retire the outstanding debt in 2018 and maintain ending fund balances as set by Board policy.

3. **Operations**

Terry presented an overview of the process for creating the operations budget. The operations budget including requests is increasing 9%.

- One of the most significant increases is to the fire contract which is up \$862,000 or 11% because of the implementation of the master plan that was completed in 2015.

- The implementation of the Compensation Plan resulting in an average increase of 3.74% was discussed.
- Terry and staff presented the impact of the various budget requests.
- One of the requests was the Care Car funding proposal within the fire contract increase. The Board had a lengthy discussion on the request for funding. Some members were hesitant to fund this project as it appears to be more of a health care initiative than emergency response. The Board's number one goal relating to the fire contract continues to be improvement in response time. While it is anticipated that implementing the other initiatives from the master plan will improve response times they expressed concern that the Care Car did not meet this objective. The Board directed Terry to discuss four possible changes with the City as follows:
 - Install lights and siren and have the Care Car respond emergent to improve overall response times
 - Set revenue goals such as fully funded by other sources by the end of 2017
 - Different method for sharing costs such as 1/3, 1/3, 1/3 or number of calls only
 - Discontinue using the Care Car for routine medical service for City employees.
- The Board approved the request for the Holder equipment to supplement the snow removal program. They did not express an opinion on future equipment purchases.
- All other budget requests were approved as presented.

4. **Special Revenue Funds**

Stephanie presented the 2016 budgets for the Special Revenue Funds; Utility, Mansion, and Recreation and Park Services. The proposed 2016 water and wastewater rates were presented showing the potential impact to a typical single family customer and the comparison with other entities. There is no proposed change to the streetlight fee.

The 2016 Mansion budget is projected to be similar to 2015 projected. No fee increase is recommended at this time however staff is the process of completing a market comparison that would primarily impact the 2017 revenues due to the advance booking time. Both revenues and expenses anticipate similar number of private and community events as 2015.

2016 Recreation and Park Services budget includes a few minor fee increases for sports fields and baseball. The 2016 subsidy from the General Fund is projected at \$339,000 which is slightly more than the 2015 budget of \$331,000. Historically the subsidy has been substantially less than budgeted.

5. **Tri-cycle Forecast Interactive**

Bruce presented alternatives to the base forecast presented earlier using an interactive Excel model. A discussion on the impact and opportunities created by refunding a portion of the debt rather than retiring the debt early ensued.

- During previous workshops the Board discussed the possibility of constructing an Ice Arena. Staff has hired a consultant to perform a feasibility study. The results of the study were not complete at the time of the workshop. However, a preview of the study resulted in a discussion of a couple of options relating to development of an ice arena such as the potential to partner with other entities such as Valor or South Suburban.
- Other opportunities discussed included additional funding for fire and emergency services, partnership with RTD, and participation in developing a regional park.
- There was no formal decision but an indication that the Board should seriously consider the option of refinancing because of the flexibility it will provide. It was agreed that more formal discussions will take place in January.

6. **Capital Improvement Plan**

Since the workshop was running long it was agreed to defer presentation on the capital improvement plan to the upcoming Finance Workshop on November 18, 2015.

7. **Wrap Up**

Following is a highlight of the decisions made during the session:

- TABOR calculation assuming at 1% 2015 CPI growth
- Pursue additional information on refinancing but delay decision on an ice arena
- Not much support for setting aside funding for RTD since RTD has indicated there is no financing from them until post-2025 however the Board still wanted stats on Highlands Ranch RTD riders
- Support all budget requests except Care Car which will be reconsidered depending on further discussion with City of Littleton
- Support moving forward with Compensation Plan as long as there are no changes by CWSD