



Amended FINANCE – BUDGET WORKSHOP NOTES
 Saturday, November 5, 2016

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

Absent**

HRMD 5: None

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

1. Budget Summary and Revenues

Terry Nolan presented the budget process and summary of the 2017 proposed budget compared to the 2016 budget.

Terry provided a summary of projected 2017 Revenues compared to 2016 Revenues. Property tax revenue is the most significant source of revenue for the District. 2016 was not a reassessment year therefore the 2017 assessed value is based on the 2015 reassessment plus a small amount of new growth.

Since the Board approved the refunding of outstanding debt in May 2016 the staff recommends shifting the mill levy allocation as shown below.

	2016	2017	Numeric Change	% Change
General Fund mill levy	12.805	12.805	0.000	0.00%
GF allocated to capital projects		2.525 *	2.525	
Debt Service Fund mill levy	5.400	2.875	(2.525)	-46.76%
Total Mill Levy	18.205	18.205	-	0.00%

2. Special Revenue Funds

Stephanie presented the 2017 budgets for the Special Revenue Funds; Utility, Mansion, and Recreation and Park Services.

The 2017 Mansion budget is proposed to be similar to 2016 projected.

- No fee increase is recommended at this time. The last change to fees was in March 2016.
- Both revenues and expenses anticipate similar number of private events as 2016.

- Staff is recommending use of reserves to complete the improvements at the vendor parking lot with additional lighting.
- Staff is also requesting an increase in operating budget to implement a marketing plan.

The 2017 Recreation and Park Services budget includes the following:

- 2017 Recreation and Park Services budget includes a few minor fee increases for shelter rentals, softball and baseball.
- The 2017 subsidy from the General Fund is projected at \$454,170 which is 20% more than the 2016 budget of \$380,159. Historically the actual subsidy has been substantially less than budgeted.
- Staff is requesting a one-time increase in operating budget for repair of fence and windscreens at the tennis center and purchase of a groomer.

The proposed 2017 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.

3. **Capital Improvement Plan**

Stephanie presented the proposed Capital Improvement Plan including; facility plan, stormwater, conservation trust fund, and major repair. The presentation reviewed the planned 2017 projects. Discussion on proposed major repair focused on fence replacement and landscape conversions including a citizen request for a specific landscape conversion project.

- Staff presented two alternatives for fence replacement for 2017 – 2019. Board directed staff to prepare a final budget that includes the alternative with all fence along 6-lane arterial roadways.
- The proposed budget includes an estimate of \$60,000 every year to renovate trouble areas identified in the Parkway Action Plan. Some board members were concerned that the \$60,000 estimate was not enough to handle all the needs. The Board requested a follow up presentation on the Parkway Action Plan including proposals for funding the plan.
- At the Board's request, staff had prepared a potential conversion scenario for the corner of Broadway and Highlands Ranch Parkway because of feedback from a citizen at a prior board meeting. The Board was not supportive of investing funds in a conversion at this time. However, the Board instructed staff to include \$40,000 in the final budget to work with a consultant on a plan for landscape conversion to reduce turf area with low water use, attractive, low maintenance treatments over the long term. The board would like to see such recommendation implemented at the Broadway and Highlands Ranch Parkway corner when available.

4. **Operations**

Terry presented an overview 2017 proposed budget. The 2017 proposed budget is an increase of 6.5% from the 2016 budget.

- One of the most significant increases is to the fire contract which is up \$581,000 or 7% because of the continued implementation of the master plan.
- The implementation of the Compensation Plan resulting in an average increase of 4% was discussed.
- Terry and staff presented the impact of the various budget requests.
- All budget requests were approved as presented.

Jeff presented the Stormwater operations budget which included a budget request for minor trail crossing repairs.

5. **Forecast Interactive**

At the June Visioning Workshop Bruce presented a new forecasting tool to model operations, debt and capital needs. This tool is part of the Priority Based Budgeting solution. Stephanie reviewed the model with the Board. The model had been updated with proposed 2017 budget information including the debt refunding. Renee asked if the model could include a scenario where the mill levy for fire is 9.25. Since this adjustment will take a little preparation it will be shown to the Board at the Finance Workshop on November 16, 2016.

6. **Wrap Up**

Following is a highlight of the direction give to staff to prepare the final budget:

- Use same mill levy allocation as in the proposed budget
- Include all budget requests as proposed for Operations, Recreation, Stormwater, and Mansion
- Update fence replacement in Major Repair to include all 6-lane arterial fencing in three year projection for Major Repair
- Add \$40,000 to Major Repair for hiring a consultant to advise on Parkway Conversion to a lower water use treatment
- Support fee changes as presented for Recreation & Park Services and Stormwater