



CITY MANAGER'S PROPOSED 2024 ANNUAL BUDGET

City Council Study Session: November 14, 2023



AGENDA

- Budget guidelines
- Financial condition and revenue projections
- 2024 Policy questions
- 2024 Budget highlights
- Discussion/Questions

BUDGET GUIDELINES

2023 Strategic Plan – Key Focus Areas and Goals

- Safe and Sustainable Infrastructure
- Great Government
- Vibrant and Healthy Economic Development
- A Sense of Place

City Services – Maintain/enhance delivery of City services

2024 Budget Priorities – 8/22 study session

- timeline of policy directives and associated projects discussed and confirmed

Long-term financial perspective – 2024 to 2028

Financial health – adequate reserves for 2024 through 2028

FINANCIAL POSITION

2022 – Excellent Financial Health

- Sales tax revenue up 24%
- Use tax revenue declined 36%
- After transfers, fund balance
 - \$2.8 million
 - 31% of operating expenditures
 - \$515K more than Council 25% policy requirement

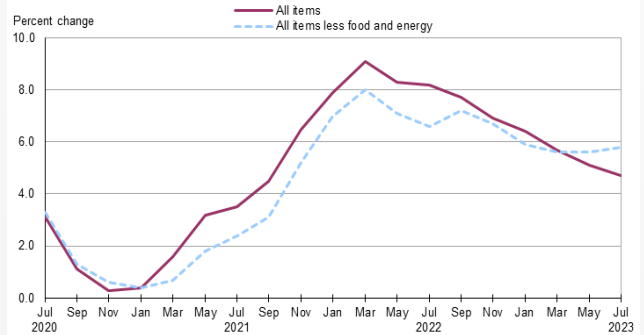
	2022 Audited Actual
GENERAL FUND	
Beginning Fund Balance	\$ 6,002,159
Revenue	16,134,393
Total Funds Available	22,136,552
Expenditures	(8,798,973)
Transfer to Parks and Recreation Fund	(481,199)
Transfer to Capital Improvements Fund	(10,105,000)
Ending Fund Balance	<u>\$ 2,751,380</u>
Fund Balance Reserve %	31%

FINANCIAL POSITION

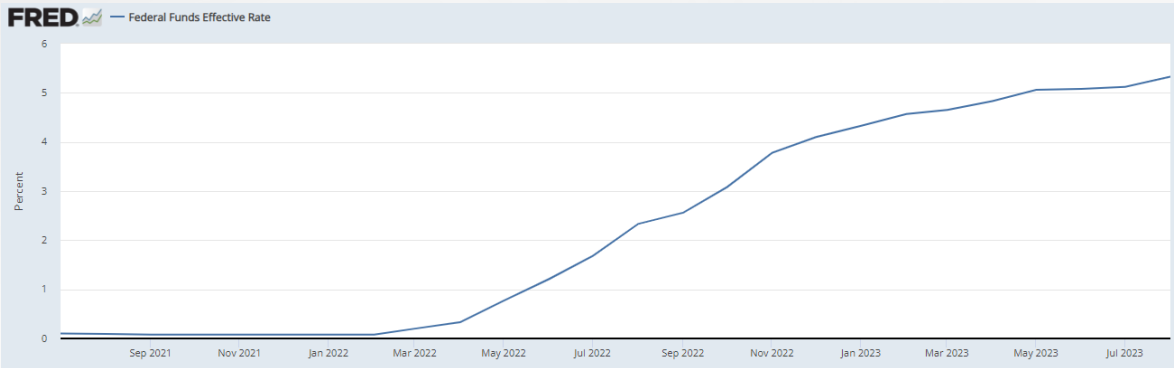
2023 – Interest Rates Impacting Revenue

- Denver-Aurora-Lakewood CPI
 - 5% as of 7/2023
 - down from 8% as of 7/2022
 - Feds target 2%
- Federal Funds Rate
 - 0.50% as of 1/2022
 - 3.25% as of 9/2022
 - 5.5% as of 9/2023

Chart 1. Over-the-year percent change in CPI-U, Denver-Aurora-Lakewood, CO, July 2020–July 2023



Source: U.S. Bureau of Labor Statistics.



FINANCIAL POSITION

2023 – Year-end Projections

- Revenue projection reduced \$2.8 million from \$17.7 million to \$14.9 million
 - Construction materials use tax
 - Building permit fees
- Expenditure projection reduced \$2.0 million from \$10.1 million to \$8.1 million
 - Building permit services
 - Canyons Use Tax Credit
 - Public Works
- Healthy financial position
 - 32% Fund Balance Reserve well ahead of 25% policy

	2023 Year-end Projection
GENERAL FUND	
Beginning Fund Balance	\$ 3,358,977
Revenue	14,906,200
Total Funds Available	18,265,177
Expenditures	(8,134,100)
Transfer to Parks and Recreation Fund	(708,500)
Transfer to Capital Improvements Fund	(6,725,000)
Ending Fund Balance	<u>\$ 2,697,577</u>
Fund Balance Reserve %	<u>32%</u>

2E - 1% DEDICATED SALES/USE TAX FOR ROADS

- New Restricted Revenue = \$3,341,000
 - Sales tax - \$1,736,700
 - Construction Materials Use Tax - \$821,000
 - Motor Vehicle Use Tax - \$783,400
- Impact of 2E
 - Allows for Roads Solution Plan to move forward
 - Monarch from CPP to Glen Oaks fully funded in 2024
 - Able to complete residential road repair and maintenance (buckets 1 and 2)
 - Absent 2024 County participation

2F – 12 MILLS DEDICATED PROPERTY TAX FOR PARKS, RECREATION, TRAILS, OPEN SPACE

- Absent passage of 2F
 - existing metro district projected IGA revenues were...
 - NPVMD IGA - \$459,400
 - CPNMD IGA - \$3,425,400
- Impact of 2F
 - negates the two IGAs
 - parks/recreation property tax = \$4,660,200
 - \$775,400 increase in parks/rec revenue
 - available for park and recreation benefits city-wide and not restricted to specific metro districts

2024 REVENUE PROJECTIONS

Level with 2023 budget, improved from YEP

- 4.5 mills property tax – assessed valuation (Prop HH failed)
- Construction use tax – homebuilder projections
- Other tax revenue - growth and inflation
- Roads-related revenue/expenditures accounted for in new Roads Fund

Revenue (millions) General Fund	2023 Budget	2023 YEP	2024 Budget
Taxes	\$11.1	\$9.2	\$11.1
Intergovernmental	\$1.8	\$1.5	\$0.1
Charges for Services	\$2.5	\$1.8	\$1.6
Franchise, Licenses/Permits, Court, Interest, Other	\$2.4	\$2.4	\$1.3
Total	\$17.8	\$14.9	\$14.1

2024 TOTAL BUDGET

Revenue by Fund

Fund (millions)	2023 Budget	2023 YEP	2024 Budget
General	\$17.8	\$14.9	\$14.1
Parks/Rec	\$0.3	\$0.4	\$4.8
NPVMD O&M	\$0.2	\$0.3	\$0
Parks/Rec North	\$6.5	\$9.1	\$0.1
Roads (new)	\$0	\$0	\$5.6
Conservation Trust	\$0.1	\$0.6	\$0.7
Capital Improvements	\$2.2	\$1.7	\$3.6
Stormwater	\$1.9	\$2.0	\$0.7
Total	\$29.0	\$29.0	\$29.6

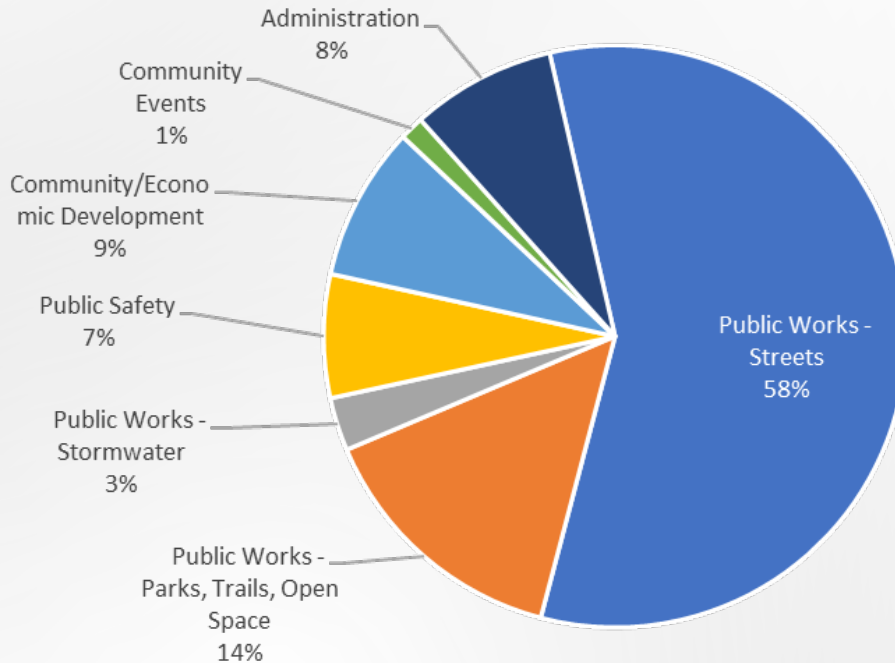
2024 TOTAL BUDGET

Expenditures by Fund

Fund (millions)	2023 Budget	2023 YEP	2024 Budget
General	\$10.1	\$8.1	\$7.2
Parks/Rec	\$2.0	\$2.0	\$1.6
NPVMD O&M	\$0.2	\$0.2	\$0.1
Parks/Rec North	\$2.0	\$2.1	\$2.6
Roads (new)	\$0	\$0	\$3.0
Capital Improv	\$14.4	\$13.8	\$13.7
Stormwater	\$0.7	\$0.5	\$0.8
Total	\$29.4	\$26.7	\$29.0

2024 TOTAL BUDGET

Expenditures by Function



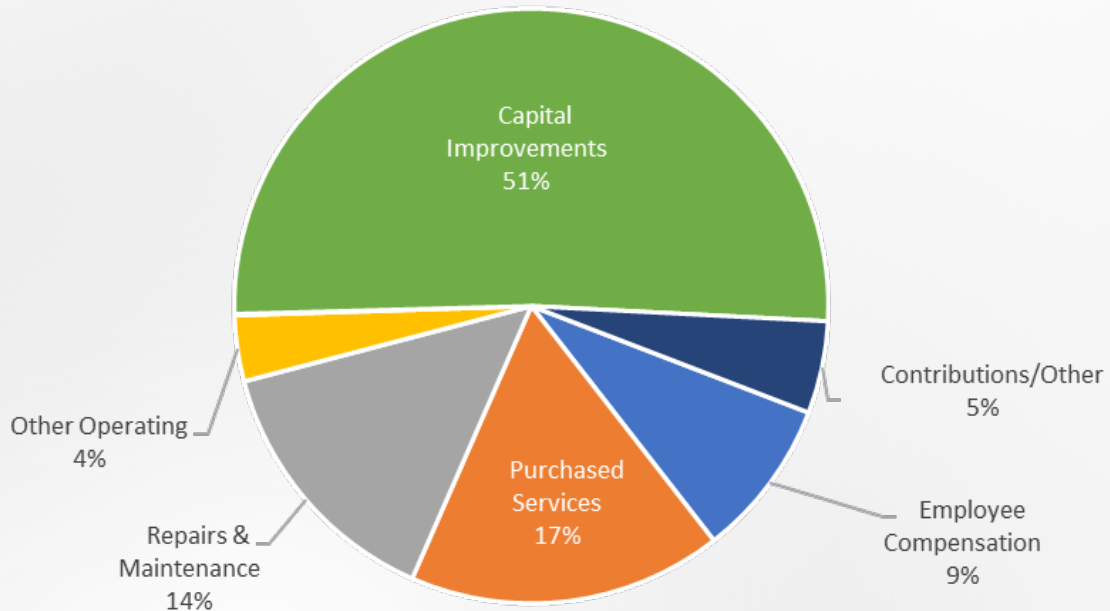
2024 TOTAL BUDGET

Expenditures by Function

Function (millions)	2023 Budget	2023 YEP	2024 Budget
Streets	\$17.0	\$15.8	\$16.8
Parks/Rec/Trails/Open Space	\$4.3	\$4.3	\$4.2
Stormwater	\$0.7	\$0.5	\$0.8
Public Safety	\$1.3	\$1.4	\$2.0
Community/Econ Dev	\$3.8	\$2.2	\$2.5
Events	\$0.3	\$0.3	\$0.4
Administration	\$2.0	\$2.2	\$2.3
Total	\$29.4	\$26.7	\$29.0

2024 TOTAL BUDGET

Expenditures by Type



2024 TOTAL BUDGET

Expenditures by Type

Type (millions)	2023 Budget	2023 YEP	2024 Budget
Employee	\$2.2	\$2.1	\$2.5
Services	\$5.1	\$4.2	\$5.0
R&M	\$2.9	\$2.7	\$4.2
Other Operating	\$0.9	\$1.1	\$1.0
Capital Impr	\$16.8	\$16.0	\$14.9
Other	\$1.5	\$0.6	\$1.4
Total	\$29.4	\$26.7	\$29.0

2024 BUDGET

General Fund

- Moved existing roads-related revenue to new restricted Roads Fund
 - HUTF and DC sharebacks
- Moved PW streets expenditures to new restricted Roads Fund
- Transfer to P&R Fund = \$0
 - no longer necessary with 2F, averaged \$500k past 3 years
- Transfer to Capital Improvements Fund = \$7.8 million
- Healthy financial position, at Fund Balance Reserve policy = 25%

	2024 Proposed Budget
GENERAL FUND	
Beginning Fund Balance	\$ 2,697,577
Revenue	14,115,600
Total Funds Available	16,813,177
Expenditures	(7,200,900)
Transfer to Parks and Recreation Fund	-
Transfer to Capital Improvements Fund	(7,760,000)
Ending Fund Balance	\$ 1,852,277
Fund Balance Reserve %	26%

2024 BUDGET

Parks and Recreation Fund

- New 12 mills property tax (2F)
 - \$4.7 million
- Transfers from GF and CTF are no longer necessary
 - GF \$700k in 2023
 - CTF \$100k annually
- Future expenditures within NPVMD now part of PRF - \$457,500 (after spending down remaining \$68,000 IGA funds)
- Policy Question 5 - \$200k for park capital
- Healthy financial position - \$3.4 million fund balance
 - Necessary for future park improvements and capital development

	2024 Proposed Budget
PARKS AND RECREATION FUND	
Beginning Fund Balance	\$ 123,552
Revenue	4,821,200
Transfer from General Fund	-
Transfer from Conservation Trust Fund	-
Total Funds Available	4,944,752
Expenditures	(1,576,000)
Ending Fund Balance	<u>\$ 3,368,752</u>

2024 BUDGET

Parks and Recreation North Fund (CPNMD boundary)

- 2F passed → \$0 IGA revenue from CPNMD
- Budgeting remaining IGA proceeds received in 2023 to spend down the fund prior to utilizing Parks and Recreation property tax revenues – allowing the Parks and Recreation Fund to build a reserve for future capital needs
- Policy Question 5 - \$450K for trails and parks capital

	2024 Proposed Budget
PARKS AND RECREATION NORTH FUND	
Beginning Fund Balance	\$ 6,601,400
Revenue	141,500
Total Funds Available	6,742,900
Expenditures	(2,572,000)
Transfer to Capital Improvements Fund	-
Ending Fund Balance	<u>\$ 4,170,900</u>

2024 BUDGET

Roads Fund

- 2E election passed
- New fund created to account for all roads-related funding including from 2E election
- New 1% roads revenue
 - \$3.3 million
- HUTF and DC sharebacks - \$2.3 million
- PW Streets O&M expenditures - \$2.7 million
- Canyons Use Tax Credit - \$337K
- Transfer to Capital Improvements Fund - \$1.8 million

	2024 Proposed Budget
ROADS FUND	
Beginning Fund Balance	\$ -
Revenue	5,613,300
Total Funds Available	5,613,300
Expenditures	(3,047,900)
Transfer to Capital Improvements Fund	(1,800,000)
Ending Fund Balance	\$ 765,400
Fund Balance Reserve %	25%

2024 BUDGET

Capital Improvements Fund

- Transfers
 - GF \$7.8 million
 - Roads Fund \$1.8 million
- Policy Question 4 – \$12.8 million roads-related capital improvements
- Policy Question 7 – \$950K gateway monumentation

	2024 Proposed Budget
CAPITAL IMPROVEMENTS FUND	
Beginning Fund Balance	\$ 945,194
Revenue	3,619,000
Transfer from General Fund	7,760,000
Transfer from Roads Fund	1,800,000
Total Funds Available	14,124,194
Expenditures	(13,710,000)
Ending Fund Balance	\$ 414,194

2024 BUDGET

Stormwater Utility Fund

- Full year fee revenue
- Spring Tributary at Lagae - \$350,000, participation with MHFD
- Other Capital to fix drainage issues, sidewalk overflows, failing cutoff walls and ponds - \$150,000

	2024 Proposed Budget
STORMWATER UTILITY FUND	
Beginning Fund Balance	\$ 1,430,100
Revenue	655,700
Total Funds Available	2,085,800
Expenditures	(858,400)
Ending Fund Balance	<u>\$ 1,227,400</u>

POLICY QUESTIONS

2024 POLICY QUESTIONS

- 1. Does the City Council support increasing staff's compensation to a level commensurate with the identified labor market, including a performance-based merit pay increase of up to 4.9%? (\$76,000 salary + \$15,600 related – various funds)**
 - Staff implementation of year two of the City Council supported compensation philosophy presented as part of 2023 budget proposal
 - City's identified labor market comparisons project a 4.9% increase on average
 - Comprehensive update of the 2022 compensation study in 3 to 5 years

Strategic Plan Key Focus Area Supported: Great Government and by extension all other Key Focus Areas

Council-Adopted Supporting Policies: Strategic Plan, Compensation Philosophy

2024 POLICY QUESTIONS

- 2. Does the City Council support a new full-time maintenance position in the Public Works department? (\$75,300 salary and benefits – Parks Funds)**
- Primarily serve as a parks/public works maintenance worker and will maintain parks and City rights-of-way
 - Respond to maintenance issues quickly and efficiently
 - Currently, calls for debris in the roadway, signs down, broken sprinklers, etc. are either added to a contractor's list or an existing staff person is pulled off their normal duties to assist
 - Will assist with daily project contractor management to provide necessary oversight to maximize effectiveness of contracts

Strategic Plan Key Focus Areas Supported: Safe and Sustainable Infrastructure, Great Government, Sense of Place

Council-Adopted Supporting Policy: Strategic Plan

2024 POLICY QUESTIONS

3. Does the City Council support a Master Transportation Plan update (\$75,000 – General Fund)

- The City's first Master Transportation Plan was created in 2017
- The Master Transportation Plan builds upon the Comprehensive Plan
- The SS4A and TDM implementation plans will be incorporated
- Master transportation plans are essential to provide a clear and effective strategy for improving the transportation system – helping to prioritize specific projects or improvement areas and identify funding sources to streamline construction and maintenance needs
- Updating is crucial to ensure that it remains relevant and aligned with the evolving needs of the community: changing demographics, technological advancements, safety enhancements, environmental considerations, economic development, and community engagement

Strategic Plan Key Focus Areas Supported: Safe and Sustainable Infrastructure, Great Government, Vibrant and Healthy Economic Development, Sense of Place

Council-Adopted Supporting Policies: Strategic Plan, Roads Solution Plan, Comprehensive Plan, Trails Master Plan, Castle Pines Parkway Landscape Plan, Economic Action Plan

2024 POLICY QUESTIONS

4. Does the City Council support the following street and street-related capital improvements (\$12,760,000 – Capital Improvements Fund)

To continue progress towards improving the city-wide infrastructure and implementation of the City Council's Roads Solution Plan. With increased construction costs and a decline in supporting revenues (specifically construction materials use tax), the timeline for some of the capital improvements has been shifted. Funding from 2E will help keep the Roads Solution Plan on track.

Strategic Plan Key Focus Areas supported:

Safe & Sustainable Infrastructure,
Sense of Place

Council-Adopted Supporting Policies:

Strategic Plan, Comprehensive Plan,
Parks & Recreation Comp Plan,
Economic Action Plan



2024 POLICY QUESTIONS

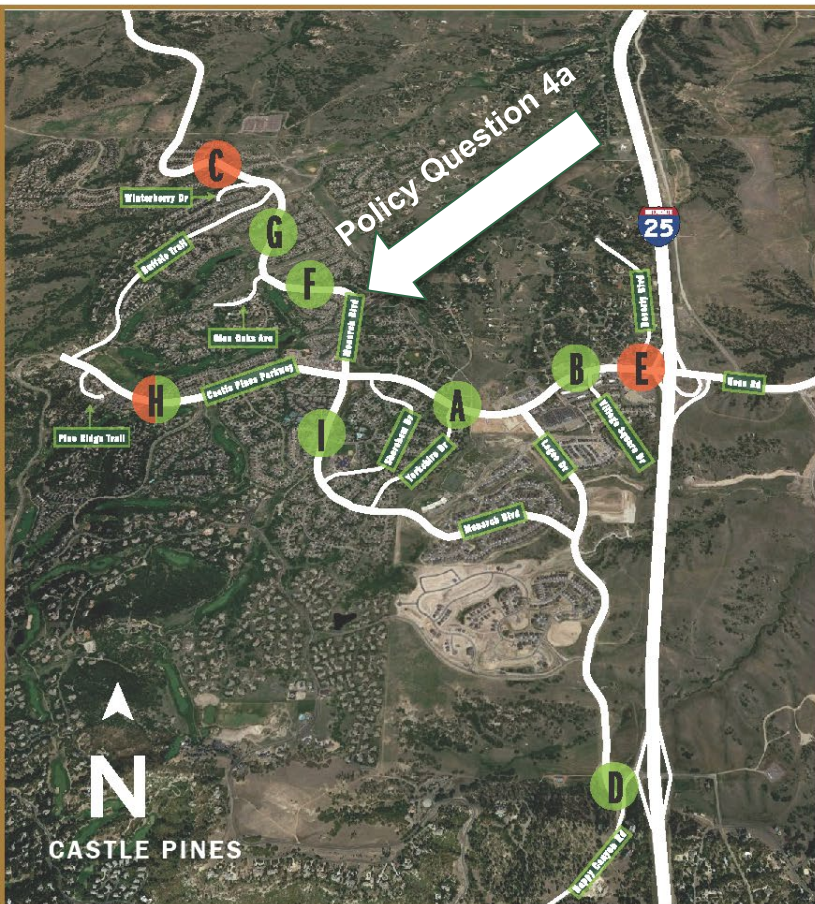
4. Does the City Council support the following street and street-related capital improvements? (continued)

a. Monarch Boulevard from Castle Pines Parkway to Glen Oaks Avenue (Bucket 3 - \$6.5 million)

- Complete reconstruction – see map next slide
- Addition of six-foot bike lanes in both directions
- Originally planned for and budgeted in 2023 but was unanimously approved by Council to move to 2024 to allow for the design and construction of the Lagae Road roundabout to address ongoing safety and congestion issues as well as to be completed in advance of the upcoming PGA golf event
 - The delay was also to allow for utility relocation to occur in Monarch to decrease the construction time expected for reconstruction.



Road Solutions Construction Phasing Map



Construction Projects Planned through 2027

- | | |
|---|--|
| A Castle Pines Pkwy
(Monarch Blvd to Yukonville Dr) Completed | F Monarch Blvd
(Castle Pines Pkwy to Mesa Oaks Ave) |
| D Castle Pines Pkwy
(Yukonville Dr to Village Square Dr) Completed | G Monarch Blvd
(Mesa Oaks Ave to Winterberry Dr) |
| C Monarch Blvd
(Winterberry Dr to northern City Limit) | H Castle Pines Pkwy
(Monarch Blvd to Pine Ridge Trail) |
| D Happy Canyon/Laguna Rd
Roundabout | I Monarch Blvd
(Castle Pines Pkwy to Sherman City) |
| E Castle Pines Pkwy
(Village Square Dr to Barnhart Blvd) | |

TENTATIVE TIMELINE



LEGEND

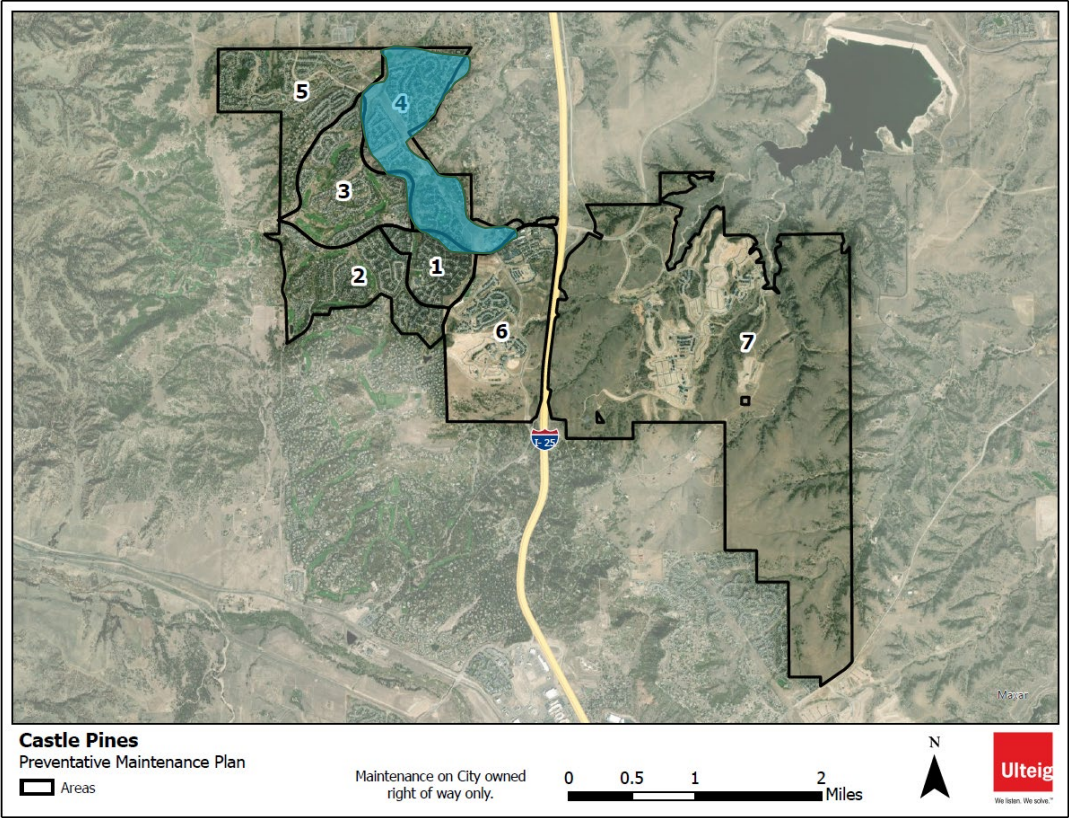
- | | |
|--|--|
| Rehabilitation <ul style="list-style-type: none"> • 6' bike lanes • Safety improvements • Improved drivability | Reconstruction <ul style="list-style-type: none"> • Entire road replacement • 6' bike lanes • Safety improvements • Drainage improvements |
| Rehabilitation & Reconstruction <ul style="list-style-type: none"> • Elements for both are present. | |

*Please note that some projects appear in more than one year due to seasonal construction. Final construction schedule is subject to change.

2024 POLICY QUESTIONS

4. Does the City Council support the following street and street-related capital improvements? (continued)
 - b. Local/Collector Street Improvements (Buckets 1 and 2 - \$1.75 million)
 - b. For 2024, the focus will be Area 4 (see map next slide)
 - Bucket 1 includes improvements for the preservation, treatment, and preventative maintenance of roadways to maintain longevity and minimize future rehabilitation costs. It includes the repair of curbs, gutters, and sidewalks, crack sealing, and minor asphalt patching of distressed sections.
 - Bucket 2 includes corrective rehabilitation, including complete reconstruction, mill, overlays, and seal coats to restore the roadway, and increase longevity.
 - Adjacent curb, gutter, and sidewalks that require repair are included in the project.

2024 POLICY QUESTIONS



2024 POLICY QUESTIONS

4. Does the City Council support the following street and street-related capital improvements? (continued)

c. Happy Canyon Interchange (\$2.8 million)

- Required by CDOT and FHWA based on new development.
- Timing tied to County available funding and construction timing of Crystal Valley Parkway and Lincoln Blvd. I-25 interchanges.
- Pre-NEPA construction activities, which started in 2020, are nearing completion, and city/county staff expect final CDOT and FHWA approvals in 2024.
- The proposed 2024 budget is expected to bring the project to complete approval and a significant program in construction and engineering drawings (final construction and engineering drawings will be in 2025)
- In 2024, the City will receive \$1.5 million from DRCOG and \$1.0 million from the County. This is reflected as revenue in the proposed budget.
- The total anticipated cost of this project segment is \$4.8 million between 2024 and 2025.
- Construction is expected to occur in 2026 and 2027 with a total cost of approximately \$42 million.

2024 POLICY QUESTIONS

4. Does the City Council support the following street and street-related capital improvements? (continued)

- d. Bike/Pedestrian Bridge over I-25 (\$1.5 million)
- Required by CDOT and FHWA. The Happy Canyon Interchange is to include travel demand management components in the project to help reduce overall vehicle miles traveled.
 - CDOT and FHWA have agreed that the City can utilize a bike/pedestrian bridge across I-25 as a project toward meeting this requirement.
 - The initial concept design and engineering for this bridge is expected to cost \$1.5 million.
 - The City received a grant from DRCOG of \$1.1 million; City match \$400k.
 - One of the first evaluations of this work will be to evaluate the location and costs of the bridge.
 - Staff expects several options with various costs, usage variations, and community benefits. The Council will be asked to decide before moving on to final design and engineering. The County is a partner on this project.

2024 POLICY QUESTIONS

- 5. Does the City Council support the following Parks and Recreation capital improvements?** (\$450,000 Parks and Recreation North Fund and \$200,000 Parks and Recreation Fund)
- a) Trails (\$250,000 - Parks and Recreation North Fund) - implementation of the Trails Master Plan within the CPNMD area using funds transferred from CPNMD via the IGA. PRAB and the City Council will be presented with recommended options before beginning construction of any improvements.
 - b) Coyote Ridge Park (\$200,000 - Parks and Recreation North Fund) - funds to implement the design of park improvements following the completion and adoption of concept plans developed in 2023.
 - c) Soaring Hawk Park (\$200,000 - Parks and Recreation Fund) funds to implement the design of park improvements following the completion and adoption of concept plans developed in 2023.

Strategic Plan Key Focus Area supported: Safe and Sustainable Infrastructure, Sense of Place

Council-Adopted Supporting Policies: Strategic Plan, Comprehensive Plan, Parks and Recreation Comprehensive Plan, Economic Action Plan

2024 POLICY QUESTIONS

6. Does the City Council support the continued funding of capital improvements at Rueter-Hess Reservoir? (\$100,000 – Parks and Recreation Fund)

- The City Council has supported this annual investment since 2017. Lone Tree, Parker, Castle Rock, Douglas County, and Parker Water and Sanitation District all contribute to varying degrees.
- Douglas County is now managing the facility and the City is starting to utilize the reservoir in our events and recreational activities.
- The funds from the contributing entities are shifting more toward operational costs as the reservoir opens more throughout the year.
- As in the past, before sending the City's contribution, the City's Parks and Recreation Advisory Board will be given a presentation update on the reservoir.

Strategic Plan Key Focus Area supported: Safe and Sustainable Infrastructure

Council-Adopted Supporting Policies: Strategic Plan, Comprehensive Plan, Parks and Recreation Comprehensive Plan

2024 POLICY QUESTIONS

7. Does the City Council support the construction of gateway monumentation on Castle Pines Parkway at the eastern City limit? (\$950,000 – Capital Improvement Fund)

- The City Council adopted the Gateway and Wayfinding Plan in 2019.
- City Council directed staff to add this location as the next phase of the gateway implementation plan.
- The budget estimate is based on the budgeted cost of the gateway monumentation on Monarch Boulevard at the northern City limit.

Strategic Plan Key Focus Area supported: Sense of Place, Economic Action Plan

Council-Adopted Supporting Policies: Gateway and Wayfinding Plan

2024 BUDGET HIGHLIGHTS

Strategic Plan Key Focus Area

SAFE AND SUSTAINABLE INFRASTRUCTURE

- Spring tributary at Lagae Road multi-year commitment in partnership with Mile High Flood Control District - \$350,000
- Address drainage issues including sidewalk overflows, failing cutoff walls, ponds, etc. - \$150,000
- Address CPNMD repair work such as monument caps, lighting, and other repairs - \$250,000
- Fire mitigation work and grant awards to citizens - \$153,000

2024 BUDGET HIGHLIGHTS

Strategic Plan Key Focus Area

A SENSE OF PLACE

- Increased the Communications budget primarily in printing, mailing, and promotional supplies - \$10,200
- Increased community event budget to provide for larger events and recreational programming - \$88,000
- Increased Community Events Manager from 20 to 30 hours per week - \$20,200

VIBRANT AND HEALTHY ECONOMIC DEVELOPMENT

- Review economic planning and marketing - \$50,000
- Advance funding to Castle Pines Urban Renewal Authority for legal and other consulting services - \$75,000

2024 BUDGET HIGHLIGHTS

Strategic Plan Key Focus Area

GREAT GOVERNMENT

- Amending the Communication and Engagement Manager position to Communication and Engagement Director to recognize the job responsibilities, requirements of this position, and expectations of the position - \$17,200
- Scanning large-format and historical documents for greater access and retrieval - \$40,000

DISCUSSION/QUESTIONS

Next steps:

- December 12 – Public Hearing on 2024 Proposed Budget
- December 12 – Resolution to adopt Proposed 2024 Budget
- December 12 – Resolution to Certify Mill Levies