

**AGENDA**  
**CITY COUNCIL WORK SESSION**  
**September 15, 2020**  
**5:30 PM**  
City Council Chambers – 1100 37th Street

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**OPTIONAL VIRTUAL MEETING PARTICIPATION**

Please click on this URL to join virtually: <https://us02web.zoom.us/j/85819010365>

Or join by phone: 1-669-900-9128

Webinar ID: 855 1901 0365

- 1. COVID-19 Response Update** (15 minutes)  
James L. Becklenberg, City Manager
- 2. 2021 Budget Overview** (60 minutes)  
James L. Becklenberg, City Manager  
Jacque Troudt, CPA, Finance Director
- 3. Attorney Chat** (10 minutes)  
Scott Krob, City Attorney
- 4. Council Discussion**

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**CITY OF EVANS – MISSION STATEMENT**

**“To deliver sustainable, citizen-driven services for the health, safety, and welfare of  
the community**

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# CITY COUNCIL WORK SESSION REPORT

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**DATE:** September 15, 2020  
**AGENDA ITEM:** Work Session Item #1  
**SUBJECT:** COVID-19 Response Update  
**NAME & TITLE:** James L. Becklenberg, City Manager

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**ISSUE DESCRIPTION:**

The City's response to the COVID-19 virus disaster continues, with continuous Emergency Operations Center (EOC) operations to monitor evolving conditions, coordinate with the Weld County Department of Public Health and Environment, and plan the City's operational response. The structure of the EOC, along with staffing roles, is attached to this report. Response strategies are consistent with the City's Emergency Operations Plan (EOP), which is intended to serve as a high-level guide for all emergencies.

In addition to the broader EOP, staff has developed specific responses to the pandemic conditions presented by COVID-19, which are shown in the attached "Pandemic Response Plan." At the March 17, 2020 staff described the "Operational Response Progression" and noted that at that time, the City was in Phase 3 response. At this time, the City remains in Phase 3, as most City services remain operational, due to capabilities for remote work and social distancing strategies.

At the work session, the City Manager will provide an update on local COVID-19 statistics and any significant COVID-19 operational issues and impacts since the September 1<sup>st</sup> work session.

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**FINANCIAL SUMMARY:**

None

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**REQUESTING FROM CITY COUNCIL:**

Discussion and questions about the City's COVID-19 response

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**ATTACHMENTS:**

- None

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# CITY COUNCIL WORK SESSION REPORT

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**DATE:** September 15, 2020  
**AGENDA ITEM:** Work Session Item #2  
**SUBJECT:** 2021 Budget Overview  
**NAME & TITLE:** James L. Becklenberg, City Manager  
Jacque Troudt, CPA, Finance Director

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## **ISSUE DESCRIPTION:**

The purpose of this work session item is for the City Council to receive information and update on additional projections for the 2021 budget and staff's direction in finalizing the recommended budget. The City Council reviews components of the budget as they are developed at intervals during the budget creation process. Assumptions will continue to be monitored and updated as necessary until the budget is adopted in entirety, and Council will be updated on any major changes to the budget.

These recommendations were reviewed by Finance Committee on September 8, 2020.

This budget continues Evans' commitment to conservative fiscal policy with a focus on long term sustainability. Guiding principles in the 2021 budget include the following:

- Unprecedented economic uncertainty has warranted cautious budgeting whereas more than two-thirds of the projected budget gap has been reduced with planned reductions.
- Limited use of reserves and preservation of basic services in 2021 while the full extent of economic recession is identified.

Per the City Council's Financial Policies, the 2021 budget is balanced, reflects similar service levels to prior years and meets or exceeds, in most cases, operating reserve requirements.

## **Economic Outlook**

After a strong economic start to 2020, the City experienced many of the same challenges realized across Colorado, and nation-wide following the onset of the COVID-19 pandemic. These major impacts included: declining prices and increased regulation in the oil and gas industry, response to COVID-19 regulations, reduced sales tax as a result of State-wide orders regulating business operations, as well as overall disruption in facility operations and recreation programs ultimately leading to a decrease in revenue.

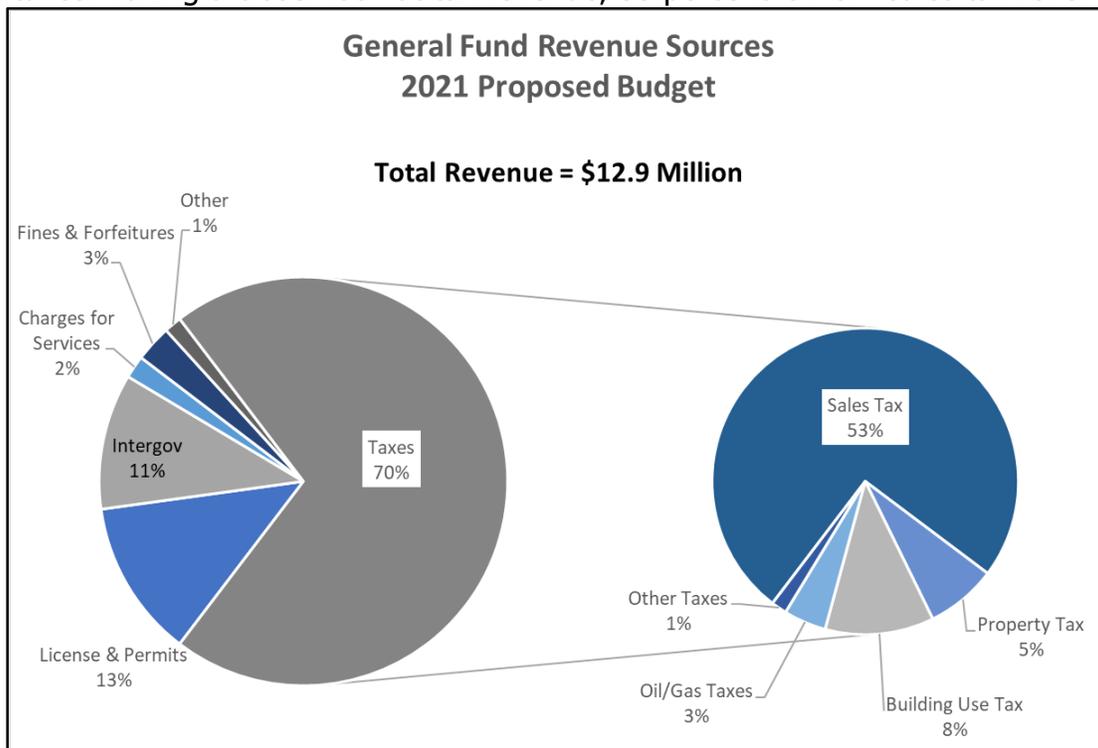
According to the Office of State Planning and Budgeting (OSPB), Colorado weathered

the COVID-19 recession better than most other states, although the reductions in critical industries like tourism and energy are expected to face lengthy recoveries.

The National economy began recovery in May and June, although from extremely low levels. The U.S. economy continues to add jobs and experience retail sales growth. Despite this improvement, the recovery is expected to be slow and contingent upon public health conditions and federal relief measures.

### Revenue Trends

Although several revenue categories account for the total revenue in the General Fund, as one can see from the graph below, almost three quarters of the revenue is derived from taxes. Taking a closer look at tax revenue, 53 percent is from sales tax revenue.



Overall, the General Fund Revenue is projected to decrease from 2020 in the 2021 budget. Below is a discussion of the projected changes in the major revenue categories.

*Sales Tax Revenue:* The total city-wide sales tax budget for 2021 anticipates a 13 percent increase from the 2020 original budget. Sales tax revenue in 2021 is built on assumptions of continued economic uncertainty especially in the areas of oil and gas industry operations and regulatory impacts of COVID 19. Evans voters approved a new 1% sales and use tax to be used for road maintenance and improvement which began in July 2020. The reduction in sales tax as a result of economic challenges noted above is outweighed by the new sales tax for sales tax anticipated in 2021.

*Property Tax Revenue:* 2019 property tax collections increased sharply from \$559,000

in 2018 to \$901,000 in 2019 due to valuation derived from oil and gas production. The impact of low oil prices and reduced oil and gas production results in lower projected property tax for both 2020 (\$895,000) and 2021 (\$684,000), before slow annual recovery begins.

*Oil/Gas Taxes:* State severance and federal mineral lease taxes are distributed to the City and represent the oil and gas category of taxes. The past several years have seen large swings in this revenue source in excess of \$500 thousand each year. In an effort to smooth out these large swings, the City budgets for a minimal amount of revenue and considers any additional collections as one-time revenue. State revenue forecasts suggest that severance tax collections could drop in 2021 as a result of historically low oil and gas prices experienced in 2020.

*License and Permits:* The largest source of revenue within this category is building permits. As the City has seen an increase in building activity over the past several years and anticipates construction of planned development, the building permit revenue is projected to increase 4% or approximately \$31,000 for 2021. The long-term forecast anticipates development levels to remain consistently high with the build out of development plans.

General Fund total revenue is expected to decrease by 6% over the 2020 projected budget. The 2021 budget is focused on sustainability of core services during continued economic uncertainty. The City implements conservative budgeting practices to ensure revenues exist to achieve the 2021 operations.

## **Budget Goals**

Several goals were established for the 2021 budget as outlined below:

- 1. Preserve basic services until severity of crisis is known.** While many reductions in operational costs will be implemented in the 2021 budget, reductions that would significantly jeopardize service levels will be postponed until the full effect of the current recession is identified. Implementation of many service enhancements that were approved to begin in 2020 will also be delayed until the economy recovers sufficiently to afford them. To preserve these basic services, the 2021 budget recognizes that \$507 thousand dollars of fund balance could be utilized to balance the General Fund budget, should current revenue projections be accurate in result. Staff will continue monitoring revenues on an ongoing basis and will be prepared to make further adjustments to the budget in mid-2021 to ensure that \$507,000 is a maximum amount that may be required to balance the budget in 2021.
- 2. Ensure that the five-year General Fund Long-Range Plan is balanced, with the use of limited fund balance that leaves the reserves, by policy, in tact.**
- 3. Sustain capital improvements paid for with dedicated revenues.** The City has planned to complete a number of significant capital improvements to parks, roadways,

storm drainage, and utility lines in 2021 and beyond. The funds received for these purposes are dedicated to these types of activities, and projects will continue on schedule to provide necessary improvements for the City.

## 2021 Budget

Below is a summary of the 2021 proposed budget with the major funds reflected individually and the minor funds consolidated to show a total City budget.

	<b>Fund</b> <i>(in thousands)</i>					
	<b>General</b>	<b>Water</b>	<b>Waste Water</b>	<b>Storm Drainage</b>	<b>Others</b>	<b>Total</b>
<b>Beginning Balance</b>	<u>\$ 10,721</u>	<u>\$ 4,546</u>	<u>\$ 10,181</u>	<u>\$ 9,803</u>	<u>\$ 7,582</u>	<u>\$ 42,833</u>
<b>Revenue</b>	14,401	7,600	6,545	954	8,673	38,173
<b>Operating Exp</b>	(14,908)	(6,639)	(4,132)	(1,198)	(1,654)	(28,531)
<b>Capital Exp</b>	-	(784)	(3,200)	(8,660)	(4,415)	(17,059)
<b>Net Results</b>	<u>(507)</u>	<u>177</u>	<u>(787)</u>	<u>(8,904)</u>	<u>2,604</u>	<u>(7,417)</u>
<b>Ending Balance</b>	<u>\$ 10,214</u>	<u>\$ 4,723</u>	<u>\$ 9,394</u>	<u>\$ 899</u>	<u>\$ 10,186</u>	<u>\$ 35,416</u>

Key policy for the proposed budget for each of the major funds shown in the table are described in the remaining section of the transmittal letter.

## General Fund Strategies

Several strategies were used in order to meet the budget goals outlined for the 2021 Operating and Capital Budget. These strategies are listed below:

- 1. Reduce operational supplies and services budgets.** As a strategy to reducing overall expenditures, General Fund departments will have a tiered reduction in base supplies and services budgets. These reductions will be weighed less heavily on departments providing critical services to the community, such as police and public works, and reductions are assumed to be long term changes to the operating budgets. Historically, departments have realized increases or decreases by approximately two percent depending on economic uncertainty. The recommended reduction for 2021 will allow for preservation of basic services.
- 2. Holding most currently vacant positions vacant without funding in the budget:** The 2021 budget does not include funding for multiple authorized positions that are currently unfilled. While these positions will remain included in authorized FTE counts, the personnel budget is assembled without funding for these vacant positions.

3. **Holding salary levels at current levels, and not including a merit-based raise package for all City employees during the 2021 year.** This is a benefit which has remained structurally unchanged for many years and allowed employees to receive up to a three percent increase in salary annually, based on job performance. It is the intention of the City to hold this benefit for the 2021 year.
4. **Asset Management Plan is funded to include the items with critical needs for replacement.** Each item originally scheduled for replacement in the five-year plan was scrutinized and only urgent needs are addressed in the 2021 budget. The others were postponed for consideration in future years. Larger dollar capital needs will be funded in the future as budget allows.

The table below shows the consequences of strategies 1-3 on “service cluster” basis, and the total savings projected for the 2021 budget (\$1.1million), in comparison to the “base budget” which would have assumed normal increases for staffing and operational costs.

Division Cluster	% of Net S&S reductions	S&S	Unfunded positions	Savings holding current salary levels	Reduction Total \$	Reduction Total as a % of net Operating budget	Vacant Position Detail
Public Safety	5%	\$19,754	\$236,175	\$112,108	\$368,037	7%	2 FTE Police Officers
Infrastructure	5%	46,490	184,273	25,482	256,245	12%	Management Analyst, Operations Technician, Parks Technician, 1/2 of Seasonal Parks labor pool, .50 FTE Facilities Technician
Community / Economic Development	10%	\$15,081	41,306	15,246	71,633	9%	Seasonal Code Enforcement, Economic Development Assistant
Admin Services	10%	120,175	63,457	44,321	227,952	8%	Emergency Management Coordinator, .50 FTE Paralegal
Recreation	25%	108,263	93,791	4,908	206,962	26%	Recreation Specialist, temporary recreation labor pool
<b>Total</b>		<b>\$309,762</b>	<b>\$619,002</b>	<b>\$202,064</b>	<b>\$1,130,828</b>		

### Long Range Plan implications of the recommended budget

The General Fund five-year long-range plans reflect the economic uncertainty facing Evans. Total expenditures are expected to exceed total revenues for all years given conservative budgeting practices and uncertainty of consumer spending, oil and gas prices and regulation, development realization and continued effect of the COVID-19 pandemic.

This cautious budget practice ensures revenues are not overly reliant on one source and is assuming only realistic and known levels of development to be completed each year, especially for future years. The practice of continually updating forecasts would allow ample time for further adjustments to expenditures, should the City face worsening economic conditions.

Below is a table showing the General Fund five-year long-range plan revenues, expenditures and excess fund balance.

(in thousands)	2021 Bud	2022 Proj	2023 Proj	2024 Proj	2025 Proj
<b>Beginning Balance</b>	\$ 10,721	\$ 10,214	\$9,586	\$8,625	\$7,571
<b>Revenue</b>	14,401	14,920	14,918	15,225	15,553
<b>Operating Exp</b>	(14,909)	(15,547)	(15,879)	(16,279)	(16,636)
<b>Capital Exp</b>	-	-	-	-	-
<b>Net Results</b>	(507)	(628)	(961)	(1,053)	(1,083)
<b>Ending Balance</b>	\$ 10,214	\$ 9,586	\$8,625	\$7,571	\$6,489
<b>Minimum Reserve (50%)</b>	\$ 7,478	\$ 7,454	\$7,774	\$7,940	\$8,139
<b>Available Funds</b>	\$ 2,736	\$ 2,132	\$ 851	\$ (368)	\$ (1,651)

## General Fund Reserves

Preservation of current General Fund reserves is a priority for the five-year planning period. In 2018, the City Council increased the reserve amount in the fund from 25% to 40%. Given uncertainty in the oil and gas industry, due in part to recent legislation, City Council increased the reserve once more, to 50%. The new reserve is identified for the following uses: economic downturn, loss of major sales tax generator, natural disaster, and development or investment opportunities. The 2021 budget anticipates utilization of \$507 thousand dollars of reserve, while still preserving \$2.7 million in excess of the 50% reserve required by policy.

General Fund Reserve Policy Illustration	
2021 Projected Ending Fund Balance	\$ 10,213,756
Reserves identified for:	
Sudden economic downturn	3,978,234
Major sales tax generator loss	1,500,000
Natural disaster	1,000,000
Development or investment opportunity	1,000,000
<b>Total identified reserves</b>	<b>7,478,234</b>
<b>Fund balance in excess of reserves, per policy</b>	<b>\$ 2,735,522</b>
2020 Operating Expenditures (projected)	\$ 14,956,468
Target Reserve, \$7,478,234	50%

## Enterprise Funds

The City has worked over the past several years toward self-sufficiency for the City's three enterprise funds (water, waste water and storm drainage). The 2021 budget includes increases in operating supplies and services expenditures within these funds of 1.9 percent. The slight increase is primarily due to minimal increase in our contractual services. Also estimated is the increase in the cost to treat the City's potable water paid to Greeley. We have not received a final amount for 2021, but preliminary notices suggest an increase of six percent over 2020, which has been built into the water treatment expenses.

The increasing costs to treat water continues to be a challenge for the City as we move into the future. Balancing this along with unfunded capital needs in the water fund will require continued policy discussions. Challenges within the waste water fund include planning for treatment plant expansion needs which will entail a significant capital investment. The storm drainage fund can also relate to the need for increased capital projects, as substantial construction will be completed in 2021 to enhance drainage on the East side of the City.

On the revenue side, the utility funds have seen rate increases in the last several years as recommended through several studies. Major cost drivers for these increases include major maintenance, cost of water treatment from Greeley, new waste water plant construction to meet effluent regulations and capacity needs, and other major capital infrastructure projects. As mentioned above, more work needs to be done specifically in the water supply and capital infrastructure areas of water and storm drainage.

## Key Capital Projects

The 2021 capital projects for each governmental and enterprise fund are summarized below:

Fund	Project	Budget
<b>Conservation Trust Fund</b>	37 <sup>th</sup> Street Parkway (Harbor Ln to Mountain View Dr) landscape design & construction	250,000
<b>Street Impact</b>	37 <sup>th</sup> Street widening – Stampede to Sienna	500,000
<b>Park Impact</b>	DaVinci Park design and construction	175,000
<b>Capital Projects - Streets</b>	Street resurfacing	600,000
	37 <sup>th</sup> Street widening- 35 <sup>th</sup> to Stampede	500,000
	65 <sup>th</sup> Avenue mill and overlay (Peakview to 37 <sup>th</sup> Street)	100,000
	Pavement condition scanning	40,000
<b>Capital Projects – Food Tax</b>	City Complex Parking Lot design and construction	550,000
	37 <sup>th</sup> Street widening – Sienna to 47 <sup>th</sup>	500,000
<b>Capital Projects – Road Tax</b>	Street Maintenance	1,175,000
<b>Water Fund</b>	NISP Water Storage Project	534,000
	Greeley system expansion fee contingency (reserve)	328,501
	Water line replacements design	250,000
<b>Waste Water Fund</b>	Annual sewer line maintenance	100,000
	WWTP solids handling and dewatering	300,000
	Decommissioning of prior wastewater plant site	1,000,000
	Lift Station and Emergency Overflow	1,250,000
	Plant Structure & Equipment Maint./replacement planning	550,000
<b>Storm Drainage Fund</b>	Heritage/35 <sup>th</sup> St. Storm Sewer Alignment Highway 85 to river	7,418,252
	Highway 85 Storm improvements at 31 <sup>st</sup> Street	1,181,748
	Industrial Park Stormwater Master Plan	60,000

## **Budget Process**

Staff continues to be heavily involved in the budget process resulting in a higher level of staff awareness, knowledge, and accountability. Finance worked closely with staff from other departments to gain the source information necessary to create an informative, realistic, and thorough budget in the areas of revenue, payroll, supplies and services, asset management, and capital programs. The staff involved in these teams continued to increase awareness and accuracy of the budget information and a major benefit of this process is the increased number of city employees who have a significantly greater understanding of the City finances and operations.

## **Conclusion**

The 2021 budget sustains the commitment to the Evans community for completion of planned capital improvements and continued delivery of current service levels. In these unprecedented economic times, structuring the budget to reduce operating costs and utilizing some fund balance reserves allows the City time to identify additional expenditure reductions if they become necessary. Continued emphasis on planning for much needed major infrastructure projects within the streets and utility funds will remain a theme throughout the future years. Economic development strategies will also play a key role in providing resources for these initiatives.

The long-term sustainability of the City depends on thoughtful analysis and City Council policy consideration. With continued economic development, community support, and City Council leadership, I am confident that Evans will achieve its vision as a growing city with small town roots, providing a safe, family-friendly community.

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### **FINANCIAL SUMMARY:**

Attached is a PowerPoint presentation highlighting the overview for the recommended 2021 budget.

Details of all financial items are available for Council or Citizens upon request from the Finance Department by contacting Jacque Troudt at 970-475-1127 or [jtroudt@evanscolorado.gov](mailto:jtroudt@evanscolorado.gov)

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### **REQUESTING FROM CITY COUNCIL:**

Feedback and questions related to the 2021 budget.

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### **ATTACHMENTS:**

- **Attachment A:** Power Point presentation of 2021 budget.

# 2021 Budget Overview

CITY COUNCIL

September 15, 2020



City of  
**Evans, Colorado**

# Agenda

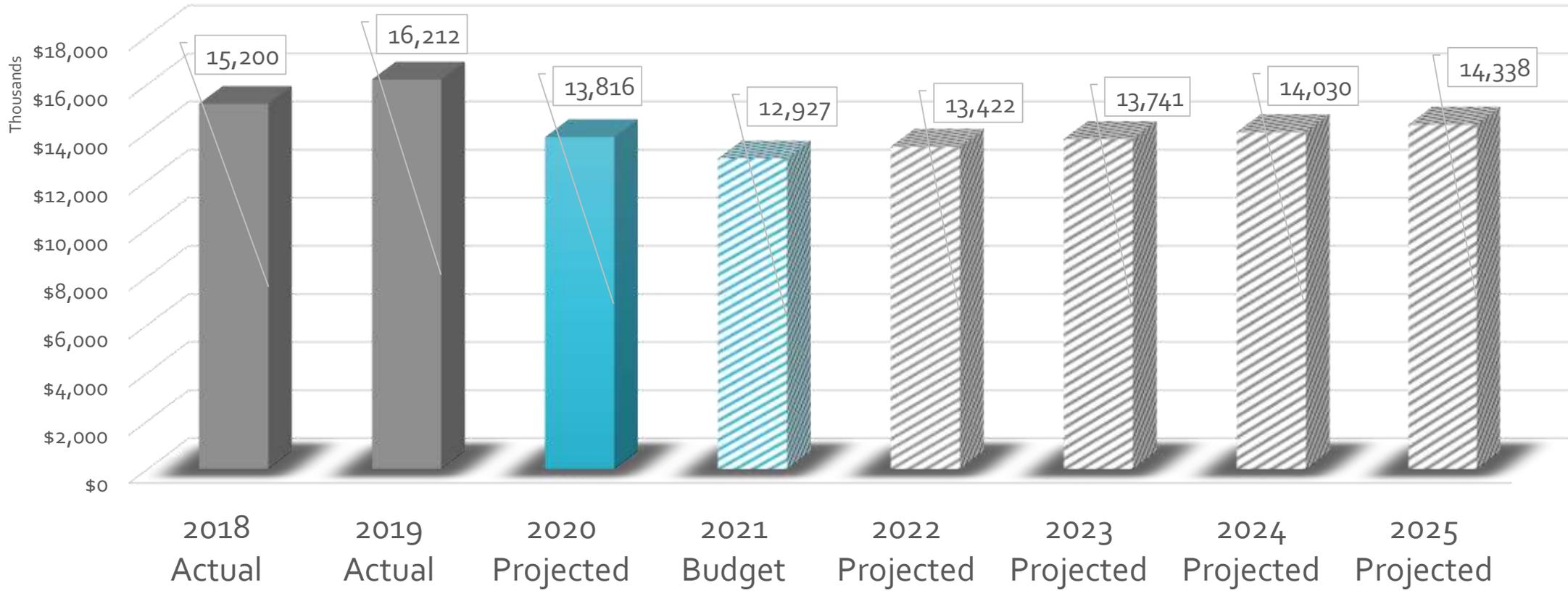
- **2021 Budget Overview**
  - General Fund Overview
  - Enterprise Funds Overview
  - Non-Operating Funds Revenues
  - Asset Management Plan & Capital Improvement Plan
  - Next Steps

# 2021 General Fund Budget Guiding Principles

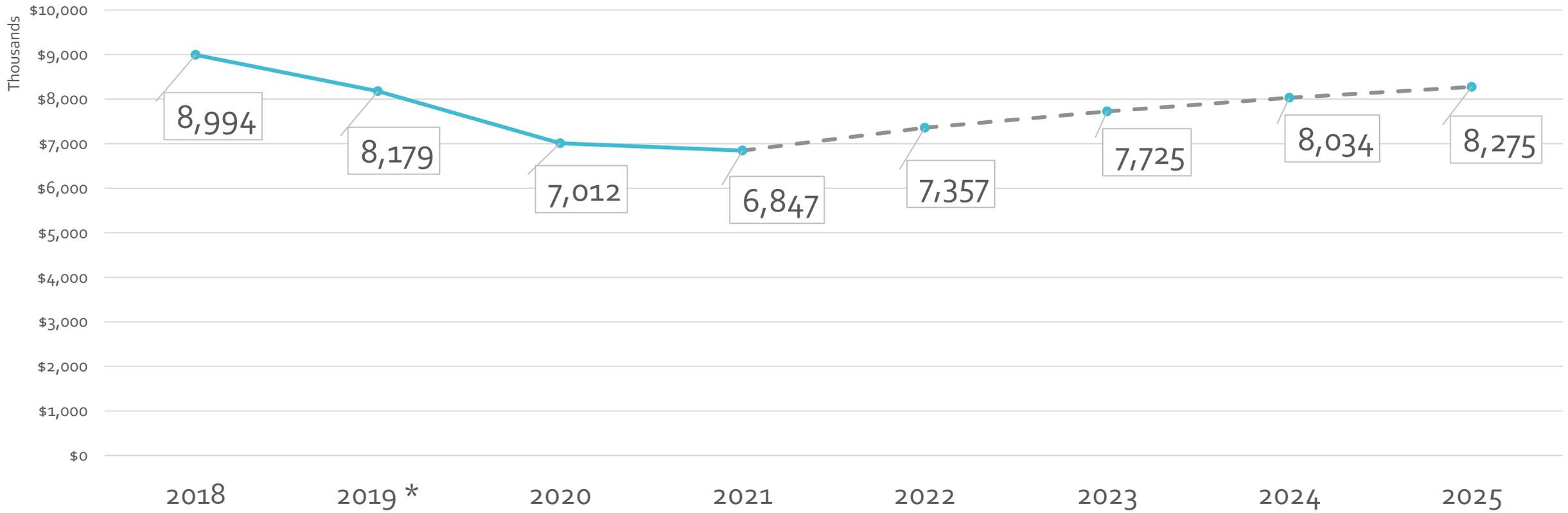
- Unprecedented economic uncertainty warrants cautious budgeting 2 steps:
  - October 2020 (for January 1)
  - April 2021, based on actual revenues
- Projected budget gap = \$1.6 million (approx. 10% of budget)
- Preserve basic services until severity of crisis is known
- Make significant reductions for January 1 (\$1.1 million) toward balancing budget, based on best available revenue information
  - Reduce Supplies and Services
  - Freeze vacancies
  - Suspend merit raises for 2021
- Allow limited use of reserves (<\$500K) as insurance against worse economy
  - Projected ending fund balance with proposed budget is \$10.2 Million (includes reserves)



# General Fund Overview



# Total General Fund Revenues



# General Fund Sales Tax

\*2019 is the first year food tax began to be reported separately from General Fund sales tax (appx \$900k/ annually)



Significant decreases expected in Q1 2021, before recovering



**Base** = 15% reduction, then improvement of 2% each month

**Industrial collections** = estimating appx \$100k annually



Deep reductions in **Storefront** = 10% and **Restaurant** = 25% then flattening to 2020 or improving slightly



**Motor vehicle** reductions = 25% then recovery of 7% each month

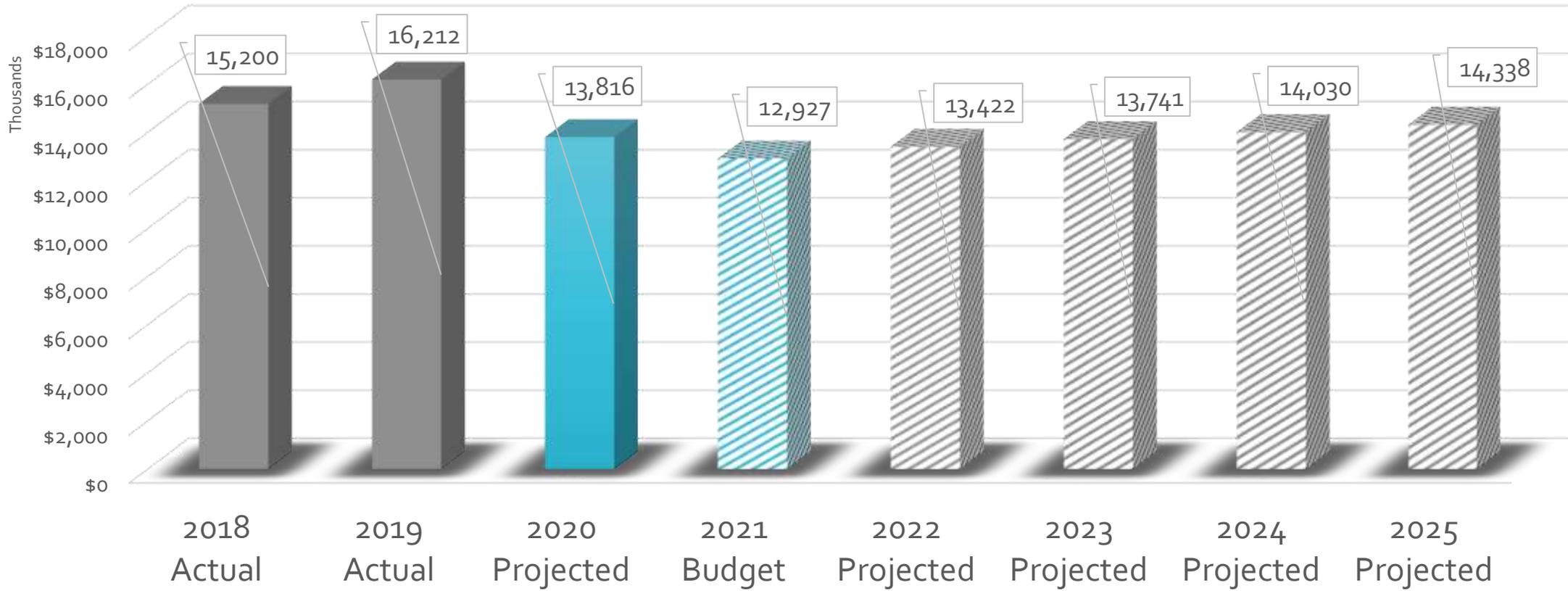


Greeley sales tax consistent with storefront projections

## General Fund Sales Tax Categories

(in thousands)	2018	2019	2020	2021	2022	2023	2024	2025
Sales Tax	\$8,994	\$8,179	\$7,012	\$6,847	\$7,357	\$7,725	\$8,034	\$8,275
Property Tax	559	1,010	896	684	547	602	662	728
Other Taxes	1,521	2,122	2,003	1,612	1,597	1,447	1,351	1,288
License & Permits	1,375	1,397	1,454	1,611	1,562	1,517	1,482	1,494
Intergovernmental	1,529	1,619	1,718	1,388	1,399	1,428	1,458	1,488
Charges for Services	405	459	126	233	383	433	443	453
Fines & Forfeitures	409	355	259	374	399	410	422	434
Miscellaneous	409	1,073	349	179	179	179	179	179
<b>Total revenues</b>	<b>\$15,200</b>	<b>\$16,212</b>	<b>\$13,816</b>	<b>\$12,927</b>	<b>\$13,422</b>	<b>\$13,741</b>	<b>\$14,030</b>	<b>\$14,338</b>

Total General Fund  
(Other major revenues)



# Total General Fund Revenues

# Budget Gap

(in thousands)

<b>Budget Gap Summary</b>		
	2020 Projected	2021 Budget
Sales Tax	\$ 7,012	\$ 6,847
Property Tax	896	684
Other Taxes	2,003	1,612
License & Permits	1,454	1,611
Intergovernmental	1,718	1,388
Charges for Services	126	233
Fines & Forfeitures	259	374
Miscellaneous	349	179
Total revenues	13,816	12,927
Transfers In	1,111	1,475
<b>Total Available Funds</b>	<b>14,927</b>	<b>14,401</b>
Personnel	10,173	10,163
S&S	4,752	4,712
IGA - Fire Services	393	537
Asset Management	284	31
Transfer for pavement management	850	600
Capital	764	-
<b>Total Operating Expenditures</b>	<b>17,215</b>	<b>16,043</b>
<b>Net Results of Operations (Budget Gap)</b>	<b>-2,288</b>	<b>-1,641</b>
<b>Planned Reductions</b>	<b>-1,494</b>	<b>-1,131</b>
<b>Planned Use of Fund Balance</b>	<b>-793</b>	<b>-510</b>
<b>Ending Fund Balance</b>	<b>\$ 10,721</b>	<b>\$ 10,211</b>

# 2021 General Fund Budget Guiding Principles

- Preserve basic services until severity of crisis is known
- Make significant reductions for January 1 (\$1.1 million) toward balancing budget, based on best available revenue information
  - Reduce Supplies and Services
  - Freeze vacancies
  - Suspend merit raises for 2021

Division Cluster	% of Net S&S reductions	S&S	Unfunded positions	Savings holding current salary levels	Reduction Total \$	Reduction Total as a % of net Operating budget	Vacant Position Detail
Public Safety	5%	\$19,754	\$236,175	\$112,108	\$368,037	7%	2 FTE Police Officers
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Recreation	25%	108,263	93,791	4,908	206,962	26%	Recreation Specialist, temporary recreation labor pool
<b>Total</b>		<b>\$309,762</b>	<b>\$619,002</b>	<b>\$202,064</b>	<b>\$1,130,828</b>		

Core services = fewer reductions

# Service Implications and Assumptions

- Police services maintained at current service levels, 2019 staffing level
  - Two new positions authorized for 2020 to expand traffic enforcement not filled and to remain vacant
- Street maintenance General Fund support remains at historic level
- Parks mowing services maintained at current service levels, 2019 staffing level
  - New position authorized for 2020 not filled and to remain vacant; reduced seasonal mowing will strain ability to keep up with full schedule of events at Riverside Park
- Economic Development outreach and events support reduced with elimination of part-time assistant

Recreation  
Services most  
Impacted (26%  
reduction)

...but also Most  
Resilient

**Assumes current (reduced) services levels through Q1 2021 followed return to previous activities in Q2 – Q4**

26% reduction impacts operations and part-time staffing in:

- Continuing to freeze 1 admin position, saving \$67,000
- Recreation Center and programs continued with shorter hours and lower enrollments with focus on skills development, saving \$26,000 in wages and \$21,000 in supplies and services
- Replacement of only one piece of cardio equipment, saving \$12,000
- Senior Programs: No travel or programming until restrictions are eased. Assume senior group activities are the last to resume, saving \$28,000
- Riverside Library & Cultural Center and Community Complex Events: Continue to assume fewer large events, less wear and tear on buildings, lower cleaning costs, saving \$62,000

**Should COVID-19 circumstances allow, services can be return by restoring revenues and expenditure budgets commensurately**

# Personnel Cost Changes (City-wide)

\$11,352,121

2020 Original City-wide Personnel Budget

(704,795)

Savings holding vacant positions

(249,242)

Suspension of merit

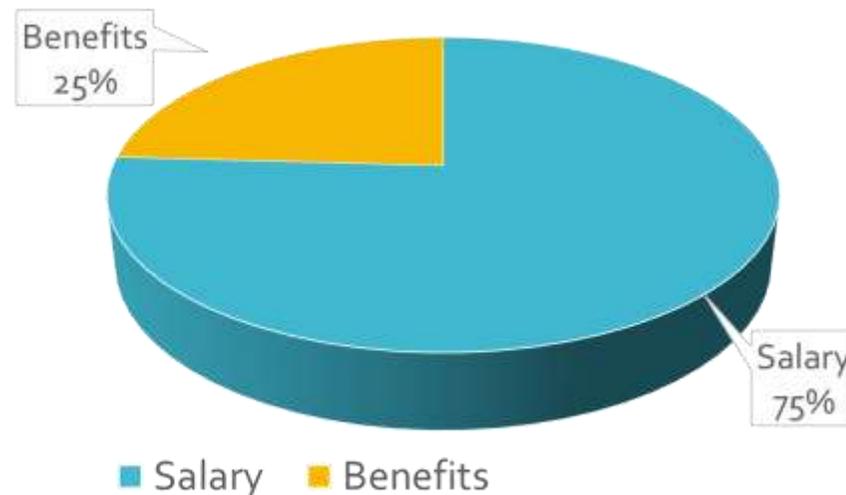
954,037

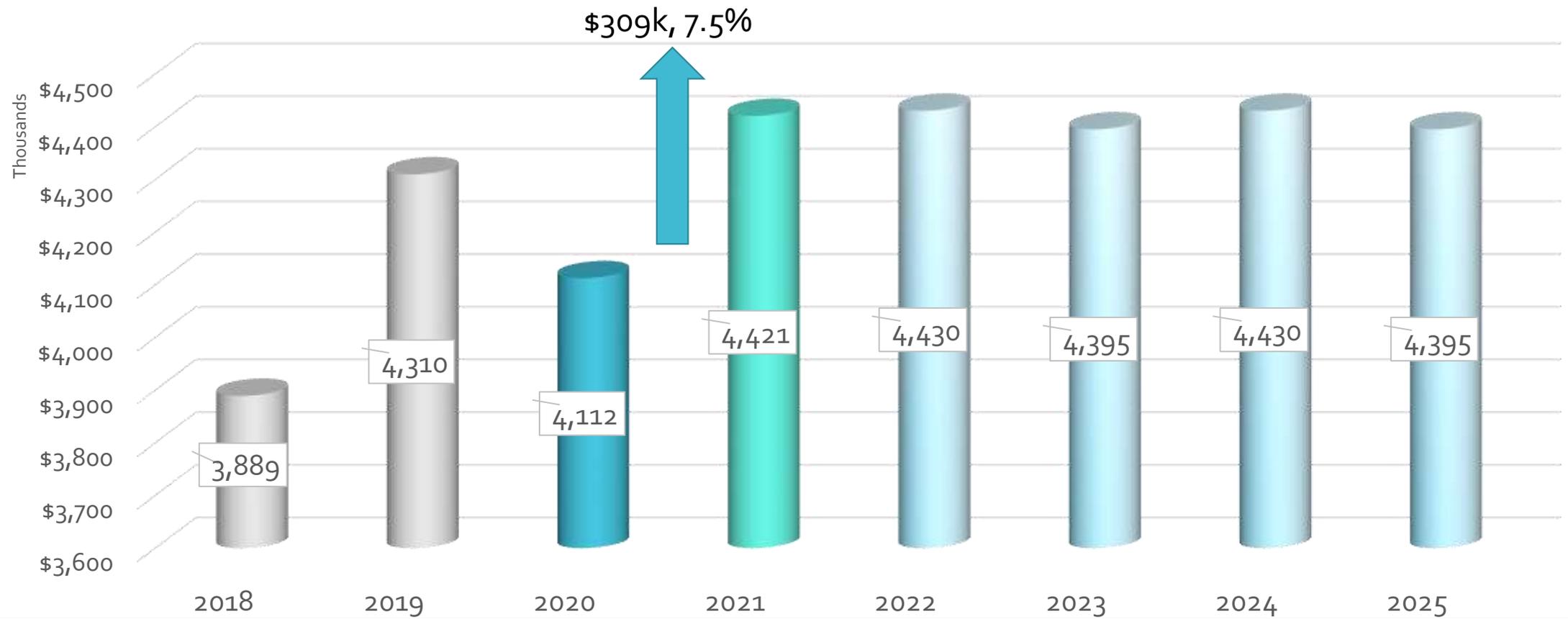
Total reduction in payroll costs

**\$10,398,084**

2021 City-wide Personnel Budget

8% reduction from 2020





# General Fund Supplies & Services

<b>Budget Gap Summary</b> (in millions)		
	<b>2021 Base Budget</b>	<b>2021 Budget with Reductions</b>
<b>Total Revenue &amp; Transfers In</b>	\$ 14.4	\$ 14.4
<b>Total Operating Expenditures</b>	16.0	14.9
<b>Net Results of Operations (Budget Gap)</b>	<b>-1.6</b>	<b>-0.5</b>
<b>Planned Reductions</b>		<b>-1.1</b>
<b>Planned Use of Fund Balance</b>	<b>-1.6</b>	<b>-0.5</b>
<b>Ending Fund Balance</b>	\$ 9.1	\$ 10.2

Gap reduced by more than two-thirds;

\$510k of gap remaining to manage with reserves

Reserves  
projected for  
12/31/2021

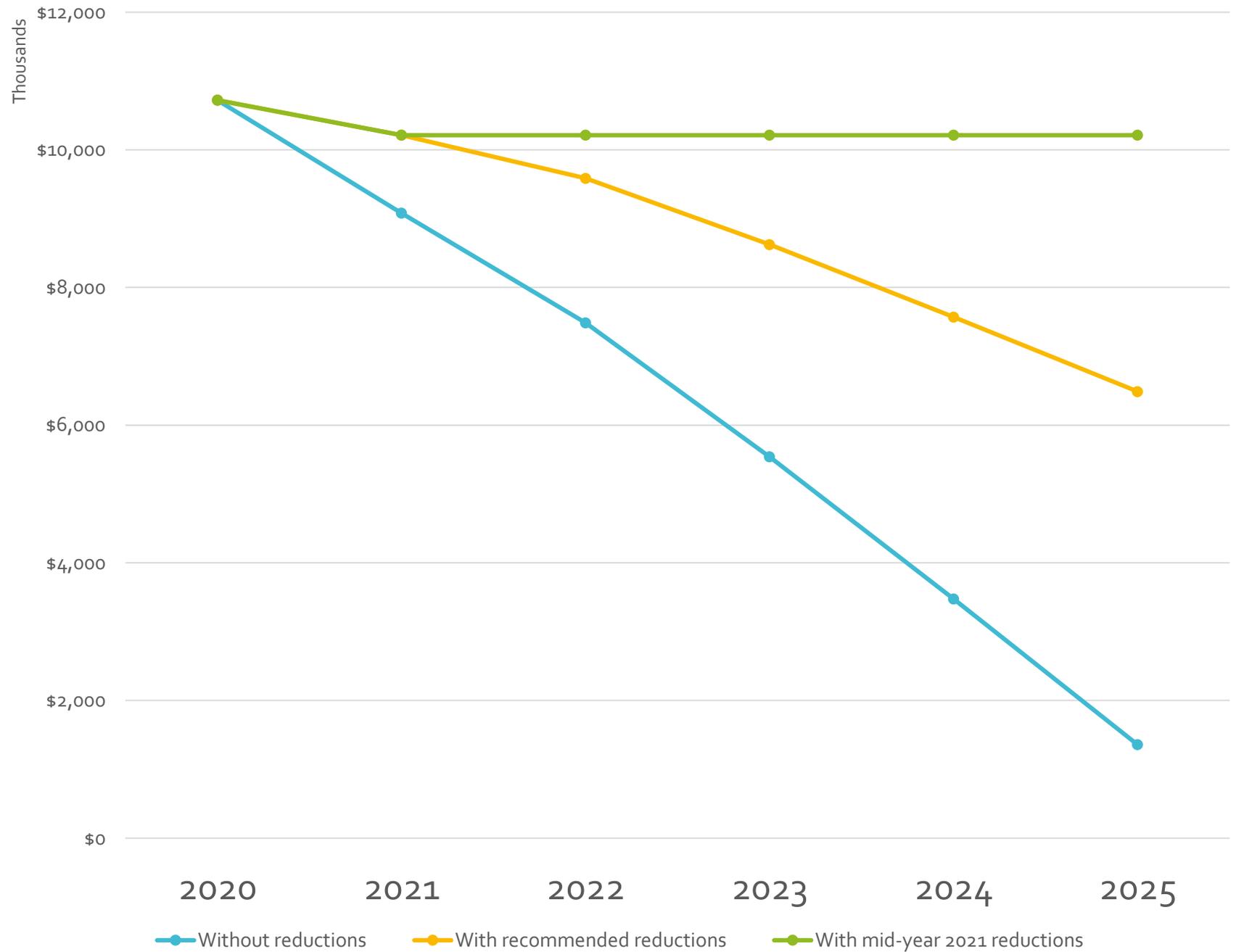
<b>General Fund Reserve Policy Illustration</b>	
2021 Projected Ending Fund Balance	\$ 10,213,756
Reserves identified for:	
Sudden economic downturn	3,978,234
Major sales tax generator loss	1,500,000
Natural disaster	1,000,000
Development or investment opportunity	1,000,000
<b>Total identified reserves</b>	<b>7,478,234</b>
<b>Fund balance in excess of reserves, per policy</b>	<b>\$ 2,735,522</b>
2020 Operating Expenditures (projected)	\$ 14,956,468
Target Reserve, \$7,478,234	50%

# Long Range Outlook: Budget Gap to Grow Without More Reductions, Pending 2021 Economy

	2020 Projected	2021	2022	2023	2024	2025
Beginning Fund Balance	\$ 11,515	\$ 10,721	\$ 10,214	\$ 9,586	\$ 8,625	\$ 7,571
Revenues	14,927	14,401	14,920	14,918	15,225	15,553
Expenditures	<u>15,721</u>	<u>14,909</u>	<u>15,547</u>	<u>15,879</u>	<u>16,279</u>	<u>16,636</u>
Net Results	-793	-507	-628	-961	-1,053	-1,083
Ending Fund Balance	<u>\$ 10,721</u>	<u>\$ 10,214</u>	<u>\$ 9,586</u>	<u>\$ 8,625</u>	<u>\$ 7,571</u>	<u>\$ 6,489</u>

\*In Thousands

# Fund Balance Depending on future action



# Enterprise Funds Overview

# WATER FUND

## Revenue:

Base rate + \$0.75 = \$21.00

Striving to fund major maintenance at the level of annual depreciation

## Expense:

Greeley to finalize treatment cost increase in December

Inflationary increases in Greeley water treatment cost (realize both 2020 and 2021 projected increases)

Water conservation efforts

## Fund Balance:

Reserves accumulated for major maintenance, NISP future needs, Greeley system expansion

	2020	2021
(in thousands)	Projected	Budget
Beginning Water Fund Cash Balance	\$6,704	\$4,546
Water Fund Resources	7,560	7,600
Water Fund Operating Expenses	5,505	6,311
Water Fund Capital Expenses	4,214	1,113
Ending Water Fund Cash Balance	\$4,546	\$4,722

# 2021 Water Fund Capital Projects

- NISP Water Storage  
Project - \$534,000

Water line replacement  
design- \$250,000

System Expansion Fee  
Contingency - \$328,501

Total = \$1,112,501



# WASTE WATER FUND

	2020	2021
<b>Waste Water Fund</b>	Projected	Budget
Beginning Waste Water Fund Cash Balance	\$9,977	\$10,181
Waste Water Fund Resources	6,929	6,545
Waste Water Fund Operating Expenses	4,239	4,132
Waste Water Fund Capital Expenses	2,486	3,200
Total Waste Water Fund Cash Balance	\$10,181	\$9,394

- Inflationary cost increases consistent with CPI= 1.9% for revenue and expense

# 2021 Waste Water Fund Capital Projects

- Annual Sewer Line Maintenance = \$100,000
- Annual Solids Handling and Dewatering = \$300,000
- Lift Station and Emergency Overflow = \$1,250,000
- Decommissioning of prior WW Treatment Plant = \$1,000,000
- Plant Structure Maintenance - \$275,000  
Replacement Planning
- Plant Equipment Maintenance - \$275,000  
Replacement Planning

Total= \$3,200,000



# STORM DRAINAGE FUND

Supplies, services and payroll costs necessary to fulfill requirement of storm water mgmt program

Inflationary cost increases consistent with CPI = 1.9% for revenue and expenses

Includes upgraded Storm Water program (e.g. street sweeping, line jetting, inlet cleaning)

	2020	2021
<b>Storm Drainage Fund</b>	<b>Projected</b>	<b>Budget</b>
Beginning Storm Fund Cash Balance	\$2,374	\$9,803
Storm Fund Resources	9,517	954
Storm Fund Operating Expenses	839	1,198
Storm Fund Capital Expenses	1,249	8,660
<b>Total Storm Drainage Fund Cash Balance</b>	<b>\$9,803</b>	<b>\$899</b>

2021  
Stormwater  
Fund Capital  
Projects

\*Construction of Heritage Inn/35<sup>th</sup> Street across Highway 85 = \$7,418,252

\*Highway 85 improvements at 31<sup>st</sup> Street = \$1,181,748

Industrial Park Stormwater Master Plan = \$60,000

Total= \$8,660,000

\*State Revolving Funds will be used

# Non-Operating Funds Revenue

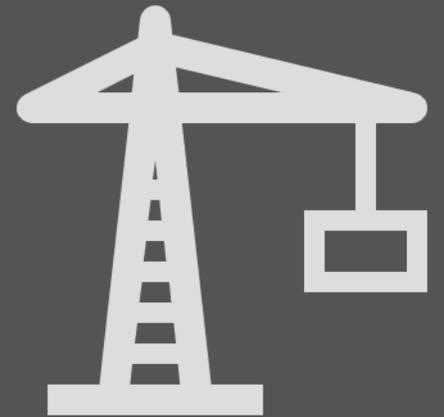
	<b>2021 Budget</b>	<b>Change from 2020 Projected</b>	<b>% Change</b>
Construction- Streets	\$1,614,926	\$(1,602,493)	(51%)
Construction- Food Tax	1,409,185	82,739	6.2%
Construction- Road Tax	2,374,717	1,238,404	109%
Refuse Collection	793,787	64,837	8.5%
Conservation Trust Fund	210,996	(280)	(.13%)
Cemetery Perpetual Care	2,700	(1,456)	35%
Cemetery Trust Fund	6,000	-	0%

	<b>2021 Budget</b>	<b>Change from 2020 Projected</b>	<b>% Change</b>
Fire Impact	\$155,141	\$(19,861)	(11%)
Street Impact	804,055	(194,219)	(32%)
Park Impact	1,065,751	(603,908)	(130%)
Police Impact	<u>50,560</u>	<u>27,315</u>	99%
<b>Total Impact Fee Revenue</b>	<b>\$2,075,507</b>	<b>\$(790,673)</b>	

# Development Impact Fee Funds

Asset Management Plan  
(AMP)

Capital Improvement Plan  
(CIP)



ITEM	REQUESTED FUNDS	EXPLANATION
REPLACEMENT OF CARDIO EQUIP	\$ 6,000	Replacement of treadmill in Recreation Center
CITY COMPLEX ROOF REPAIRS	<u>25,000</u>	Roof repairs on Evans Community Complex
<b>TOTAL GENERAL FUND</b>	<b>\$ 31,000</b>	

## 2021 ASSET MANAGEMENT PLAN BUDGET: GENERAL FUND

[AMP= capital projects less than \$100k with shorter useful lives]

## 2021 Capital Project Summary

### Park Impact Fund

DaVinci Park (Tuscany)- Design and Construction	\$	175,000
<b>Total Park Impact Fund</b>	<b>\$</b>	<b>175,000</b>

### Street Impact Fund

37th Street Widening (Stampede to Sienna) - ROW	\$	500,000
<b>Total Park Impact Fund</b>	<b>\$</b>	<b>500,000</b>

### Food Tax Fund

37th Street Widening (Sienna to 47th, inc. roundabout) - ROW	\$	500,000
City Complex Parking Lot - Design and Construction	\$	550,000
<b>Total Park Impact Fund</b>	<b>\$</b>	<b>1,050,000</b>

### Conservation Trust Fund

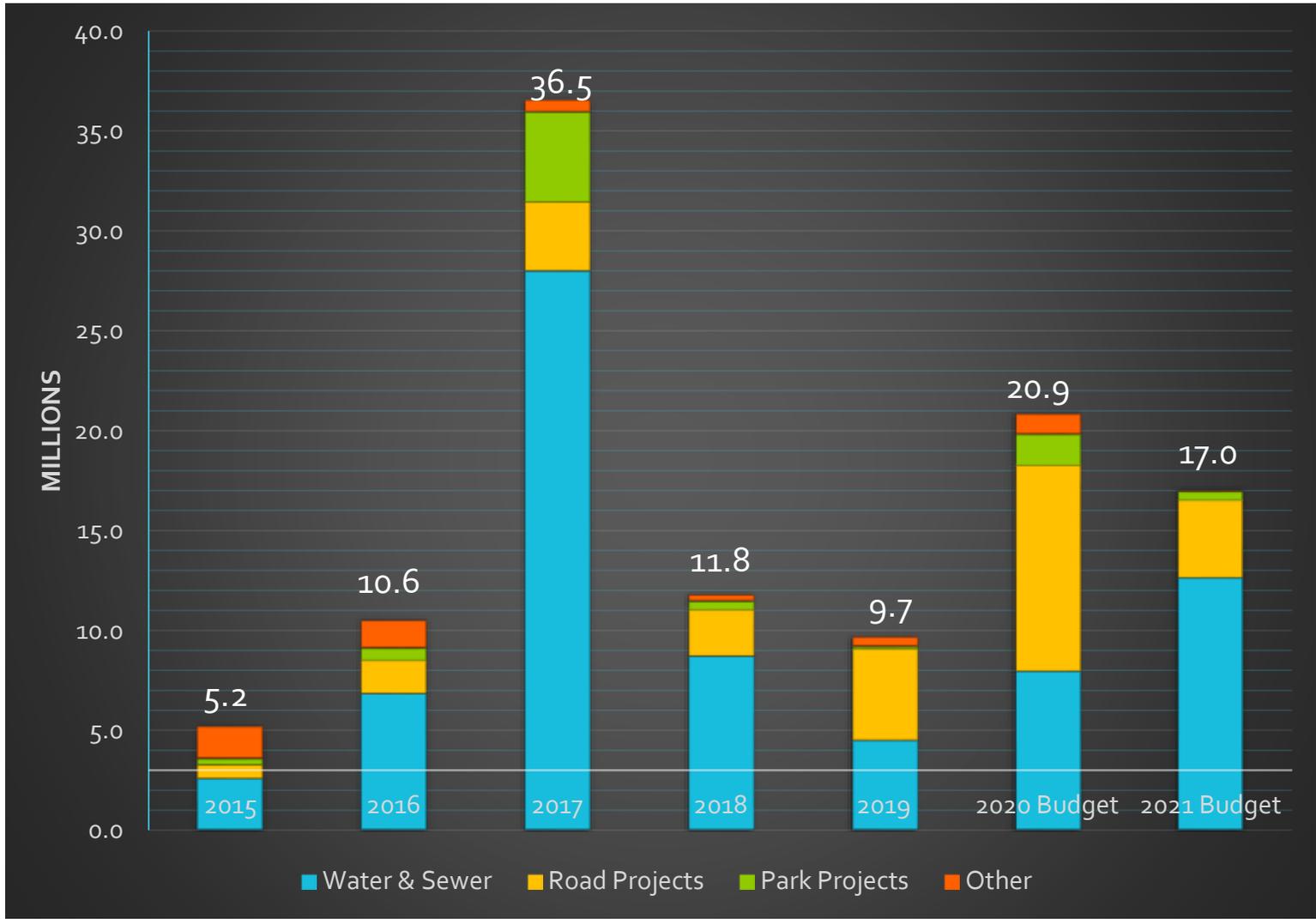
37th Street Parkway Landscape - Design and Construction	\$	250,000
Annual Playground Surface Repairs	\$	25,000
<b>Total Conservation Trust Fund</b>	<b>\$</b>	<b>275,000</b>

### CIP - Streets

65th Avenue Mill and Overlay (Peakview to 37th St)	\$	100,000
Pavement Condition Scanning	\$	40,000
37th Street Widening (35th to Stampede) - ROW	\$	500,000
Annual Street Resurfacing	\$	600,000
<b>Total CIP - Streets</b>	<b>\$</b>	<b>1,240,000</b>

### Road Tax Fund

Street Maintenance	\$	1,175,000
<b>Total Road Tax Fund</b>	<b>\$</b>	<b>1,175,000</b>



# CAPITAL EXPENDITURES BY YEAR

# Next Steps

- Presentation of 2021 Operating and Capital budget to City Council work session September 15, 2020
- Consideration of 2021 Budget approval October 5, 2020
- Close monitoring of financial results through end of 2020
- Spring 2021, update to City Council on financial status and revenue performance
- Adjust budget as necessary in 2021

Questions?



City of  
**Evans, Colorado**