



## TOWN OF ERIE MEMORANDUM

**TO:** Town Council  
**Copy:** Town Clerk's Office  
**FROM:** Cassie Bethune, Budget & Fiscal Manager  
Sara Hancock, Finance Director  
Melissa Wiley, Deputy Town Manager  
Malcolm Fleming, Town Manager  
**DATE:** November 12, 2024  
**SUBJECT:** Proposed 2025 Budget – 2<sup>nd</sup> Reading

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We are pleased to present for your consideration, as required by the Town Charter, the proposed 2025 Budget in its final iteration. As you know, the Town's budget is the most significant policy considered by the Town Council each year; it reflects the Town's priorities and provides funding to achieve those priorities. Based on community engagement through various approaches, discussions with Council, and staff input, the proposed Budget reflects and supports all the Council's 14 priorities. We have summarized those priorities into the 5 goals listed below and included some examples that reflect action toward each goal. The funding levels and descriptions for these actions are described in more detail in the attached schedules and budget document.

### Managing growth to make Erie even better, not just bigger

- Elevate Erie/Comprehensive Plan implementation
- New Water Treatment Facility - \$19 million
- Northern Integrated [Water] Supply Project (NISP) - \$6.5 million
- Zone 2 & 3 Water Storage Tanks - \$6.5 million
- Page Property Open Space & Affordable Housing - \$3.7 million
- CLR Austin to Erie Parkway street improvements - \$2.6 million
- Town Center North Roundabout - \$1.5 million
- Development Review Engineer position - \$102,085

### Promoting a prosperous economy in which everyone can thrive

- Makerspace at Schofield Farms- \$1.2 million
- Affordable Housing Incentives - \$500,000
- Affordable Housing Planner - \$102,085
- Economic Development Incentives - \$100,000

Ensuring a safe, healthy, inclusive environment in which to live, learn, work, and play

- Police Department facility expansion - \$35.5 million
- Victim's Advocate position - \$94,962
- Dedicated IT Support position for Police Department - \$75,348
- Additional K-9 Unit - \$20,000
- Additional Police Drone - \$12,400

Providing high quality amenities and fostering more sustainable operations

- Coal Creek Reach 2 & 4 storm water control and trail - \$2.9 million
- Sunset Area Plan - \$1.97 million
- Solar power at Water Treatment Facility - \$1 million
- Facility Energy Performance enhancements - \$900,000
- Open Space Trail Connectors - \$240,000
- Erie Community Center Improvements- \$86,360
- Electric Charging Stations- \$50,000

Being efficient, effective, and fiscally responsible

- Funding numerous capital projects, programs, and positions while maintaining healthy reserves\* Council can draw on if unanticipated opportunities or issues arise
- Streets Maintenance Funding - \$4.5 Million
- Transportation Grant Funding – \$2.4 million
- Pending Grant Funding:
  - Coal Creek Reach 2 & 4 - \$4.5 million
  - Solar at Water Reclamation Facility - \$1.0 million
  - Affordable Housing Planner - \$83,439
  - Funding 14 new positions, all of which the senior leadership team collaboratively vetted to maintain high service levels and strategically focus on the Town's highest priority needs

\*General Fund reserves of \$16M to \$20M (25% of expenditures) and CIP reserves of \$12M to \$23M (exceeding the previous \$7.5 million set aside by \$5M to \$15M in all years of 5-year forecast)

Some totals in this memo are refined from the previous budget reading memo and reflect final changes and final numbers for the budget. Overall, the content and forecast for most funds in the 2025 budget still reflect the first reading iteration shared on October 22, 2024. The most significant changes in this version are in the Water and Storm Drainage Funds. This will be discussed in more detail below, but revenues for these funds do not include any increases to utility rates or tap and dedication fees because the Council opted in the October 22, 2024 meeting to table adoption of these increases, pending a December roundtable discussion.

Although some data is presented as the total of all funds, each fund is independent of the other funds. In addition, at the end of this memorandum you will find a brief explanation of why the Town uses fund accounting and the purposes of the various funds of the Town.

## **2025 Budget Process**

The yearly budget process includes many components, all of which require collaboration with all departments and Town leadership. Analysis of key revenues and expenditure is critical to understanding the full financial picture of the Town. For 2025 budget development, Finance staff approached budget development with several process improvements that built on an already effective process. This included introducing key decision-makers and stakeholders throughout budget development.

A key efficiency implemented in this budget cycle was the use of ClearGov software, a budgeting and financial tool that allowed the team to more effectively collect capital, operating, and personnel requests. The tool provides enhanced reporting, narrative explanation, and streamlined analysis of the departmental requests. Furthermore, the software offers prioritization tools to help departments be strategic with funding requests, as well as scorecards that can be used to connect Council goals to funding decisions. These tools will continue to be incorporated into budget development and review, as the 2025 process only explored use of prioritization and scorecards.

Additionally, the Finance team added a new level of review to the process. An Executive Budget Team (EBT) comprised of the Finance Director, Budget Team, and three department directors, reviewed capital and operating requests. The EBT then made recommendations to the Town Management team to develop the proposed budget. This encouraged collaboration, as well as a wider understanding and perspective of the budget process. This team will continue to contribute to the budget process moving forward with rotating directors every 1-2 years.

### **Capital and Operating Process**



At a high level, expenditures are examined in three large cost categories: capital improvement projects (CIP), personnel requests, and operating budget requests. This year, the budget team began collecting capital requests from departments first and reviewed them within the context of projected revenue at the time requests were submitted (May 2024). EBT then met with departments to understand the prioritization and needs of the project. At the time, the 2025 forecast was limited to broad estimates of operating expenditures, particularly for the General Fund. This meant that the projected impact of the CIP had to be considered without operating or personnel submissions. This limited the discussion to CIP priorities, while funding levels were still subject to the remaining budget process. Council reviewed this budget scenario July 16th, 2025, at a study session.

To build the remaining components of the 2025 budget, the budget team collected operating requests, including full-time equivalent (FTE) personnel requests. EBT also reviewed this information with departments to understand changes (increases and decreases) to the overall

budget. This year, departments requested a total of 26 new positions. The Leadership Team, which included all Department Directors, Deputy Town Managers, and the Town Manager, collaboratively reviewed all the personnel requests. Based on the Council’s top priorities, departments’ top priorities, projected revenue and other expenses, and maintaining required and prudent reserves, the Leadership Team collectively recommends funding 12 new positions in the General Fund and two in the Utilities Fund.

The team took a similar approach when refining the budget and identifying areas for reduced spending. The Leadership Team completed this exercise together, discussing the best places to reduce and identifying areas for cost savings across departments. The team was able to identify approximately \$3 million in reductions to the General Fund for 2025 operating requests, with corresponding impacts on future years, to support the long-term financial strategy.

Overall, this process incorporated stakeholders from all departments and sought to represent a collective approach to resilient budgeting. We will build on this approach in future budget years to ensure the Town’s budget addresses the priorities of the Town and Council.

### **Fund Recap**

The following table provides a summary of beginning and ending fund balance/working capital by fund and changes therein. Totals are for presentation purposes only as each fund must stand on its own. Comments on individual funds will be discussed in the subsequent section of this memo.

<b>Changes in Fund Balances/Working Capital - 2025 Budget</b>						
<b>2025 Budget</b>	<b>Beginning Balance</b>	<b>Revenues - Proposed</b>	<b>Expenditures - Proposed</b>	<b>Net Increase/Decrease</b>	<b>Restricted</b>	<b>Ending Balance</b>
<b>General Fund - 100</b>	20,949,866	63,952,197	69,677,648	<b>(5,725,451)</b>	(3,328,546)	<b>11,895,869</b>
<b>Capital Improvement Fund - 110</b>	27,000,000	6,500,000	10,655,205	<b>(4,155,205)</b>	-	<b>22,844,795</b>
Grants Fund	-	2,422,500	2,422,500	-	-	-
Trails & Natural Areas Fund	7,214,677	3,079,000	2,887,659	<b>191,341</b>	-	<b>7,406,018</b>
Conservation Trust Fund	1,187,352	350,000	300,000	<b>50,000</b>	-	<b>1,237,352</b>
Cemetery Fund	418,048	-	-	-	-	<b>418,048</b>
<b>Total Special Revenue Funds</b>	<b>8,820,077</b>	<b>5,851,500</b>	<b>5,610,159</b>	<b>241,341</b>	-	<b>9,061,418</b>
Transportation Impact Fund	24,428,387	4,065,740	5,524,582	<b>(1,458,842)</b>	-	<b>22,969,545</b>
Public Facilities Impact Fund	3,780,414	2,615,920	4,377,512	<b>(1,761,592)</b>	-	<b>2,018,822</b>
Parks Improvement Impact Fund	14,371,926	1,650,940	-	<b>1,650,940</b>	-	<b>16,022,866</b>
Police Facilities Impact Fund	1,306,867	454,100	35,518,368	<b>(35,064,268)</b>	-	<b>(33,757,401)</b>
Tree Impact Fund	1,544,960	201,000	144,000	<b>57,000</b>	-	<b>1,601,960</b>
Storm Drainage Impact Fund	9,810,192	1,124,180	2,936,500	<b>(1,812,320)</b>	-	<b>7,997,872</b>
Fleet & Equipment Acquisiton Fund	1,439,356	2,333,396	2,333,396	-	-	<b>1,439,356</b>
<b>Total Capital Funds</b>	<b>56,682,102</b>	<b>12,445,276</b>	<b>50,834,358</b>	<b>(38,389,082)</b>	-	<b>18,293,020</b>
Water Fund	135,757,881	31,285,800	64,980,284	<b>(33,694,484)</b>	-	<b>102,063,396</b>
Wastewater Fund	39,664,440	12,124,000	9,048,975	<b>3,075,025</b>	-	<b>42,739,465</b>
Storm Drainage Operating Fund	1,166,791	1,959,809	6,752,778	<b>(4,792,969)</b>	-	<b>(3,626,178)</b>
Airport Fund	187,127	491,545	535,390	<b>(43,845)</b>	-	<b>143,282</b>
<b>Total Enterprise Funds</b>	<b>176,776,239</b>	<b>45,861,154</b>	<b>81,317,428</b>	<b>(35,456,274)</b>	-	<b>141,319,965</b>
<b>Totals</b>	<b>317,228,284</b>	<b>134,610,127</b>	<b>218,094,798</b>	<b>(83,484,671)</b>	<b>(3,328,546)</b>	<b>230,415,068</b>

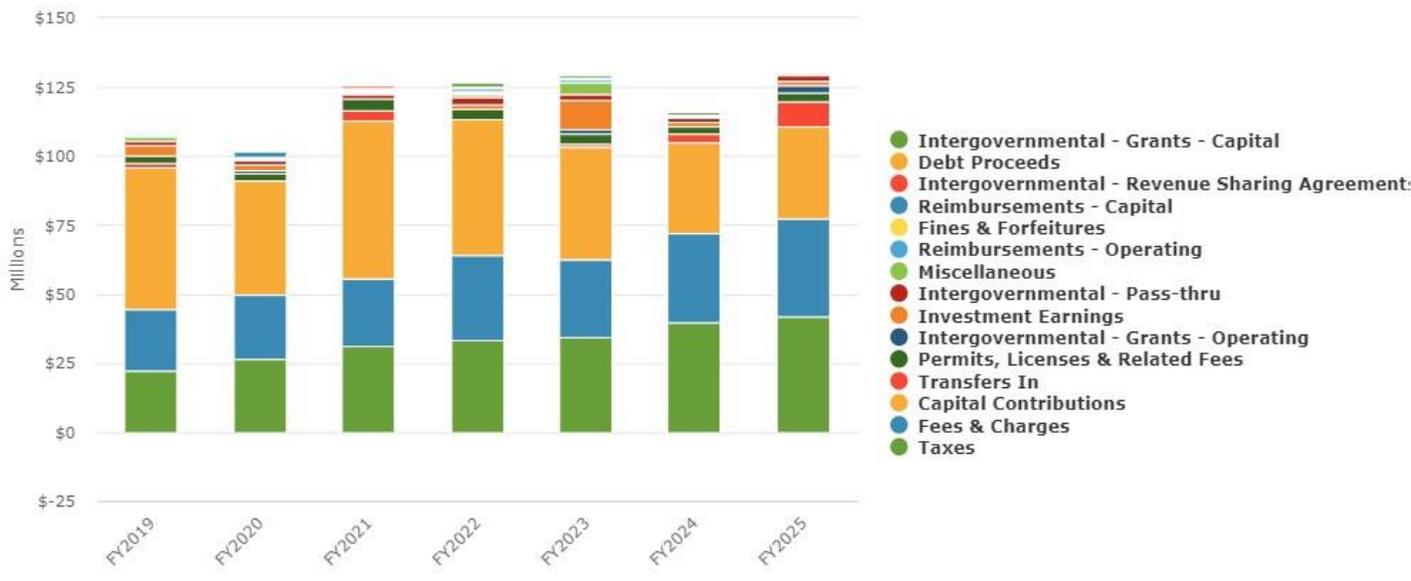
## Revenue Overview

The Town’s revenues by source have seen significant changes over the past few years. In 2023, taxes revenue increased by 4% to \$34,646,294, followed by a larger increase of 14% in 2024 to \$39,459,000. The upcoming 2025 budget year will see a more modest increase of 6% to \$41,929,806.

Fees & Charges revenue, on the other hand, saw a decrease of 9% in 2023 to \$28,018,858, but then saw a significant increase of 17% in 2024 to \$32,840,070. The trend continues in the 2025 budget with a 7% increase to \$35,197,565.

Lastly, Capital Contributions revenue saw a significant decrease of 27% in 2023 to \$40,419,576, followed by a smaller decrease of 19% in 2024 to \$32,668,128. However, the 2025 budget shows a slight increase of 2% to \$33,403,080.

The graph below shows the historical trends of the Town’s revenues broken down by source.



*Please note that in 2019, the General Fund provided a loan to the Urban Renewal Authority related to the 1-25 Gateway project, which shows as a negative revenue. This was backfilled with revenue from sales tax in 2024, which was approved at the 2024 1<sup>st</sup> supplemental. The negative collection in 2021 is related to two items; the receipt of bond proceeds that were transferred to the URA for debt issuance on the Briggs Street Project, and approximately \$131,000 in unrealized gains in projected investment earnings.*

These changes in revenue by source demonstrate a positive trend for the Town. With increases in taxes and fees & charges, and a more stable trend for capital contributions, the Town is showing growth and stability in its revenue.

## Water and Storm Drainage Revenues

Due to Council’s tabling adoption of any changes to utility tap and dedication fees in the Water and Storm Drainage Funds, the revenues reflect no changes. Even though tabling the increase in utility fees reduces projected Water Fund revenue, the Water Fund is still able to maintain a positive ending fund balance for 2025. However, without an increase in those

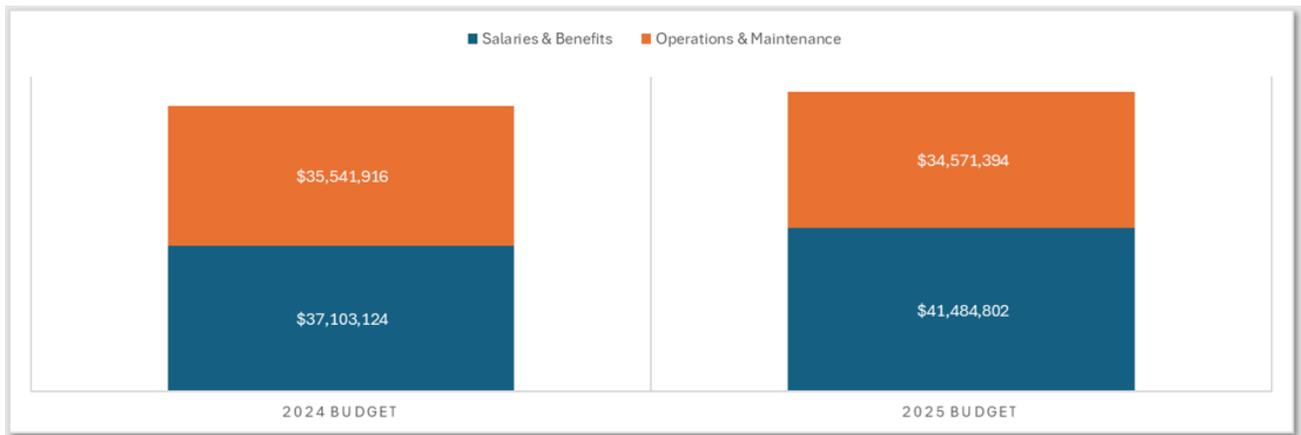
fees, or deferring growth related capital projects, staff projects a negative fund balance in future years (discussed later in this memo). Overall, flat revenue sources ultimately create a deficit spending scenario within one fiscal year. Unless Council adopts updated rates and fees recommended by staff and consultant-led rate study, it will be necessary to significantly reduce capital projects and reprioritize infrastructure projects to maintain required fund reserves. This ultimately jeopardizes the Town’s ability to provide core utility services and will need to be addressed in a special supplemental budget amendment in 2025 in order to address the revenue shortfall.

**Expenditure Overview**

Expenditures across Town funds for 2025 are projected to total about \$218 million.

***Personnel and Operating Expenditures:***

Town-wide Operating Expenditures (personnel and operations) will increase from \$72.6 million to \$74.4 million, a change of 2%. This change is mostly the result of requesting 14 new positions (detailed below), which will add \$1.25 million to the General Fund and \$197,048 to other funds, as well as the increases due to reclassifications, regrades, and the Town’s market study.



Expenditure Type	2024 Budget	2025 Budget	Change (\$)	Change (%)
Salaries & Benefits	\$ 37,103,124	\$ 41,484,802	\$ 4,381,678	12%
Operations & Maintenance	\$ 35,541,916	\$ 34,571,394	\$ (970,522)	-3%
<b>Expenditures Total</b>	<b>\$ 72,645,040</b>	<b>\$ 76,056,196</b>	<b>\$ 3,411,156</b>	<b>5%</b>
<b>Positions</b>	<b>322</b>	<b>346</b>	<b>23.9*</b>	<b>7%</b>

*\*Including part-time Recreation positions supported by fee revenue.*

The new positions are the following:

1. **Development Review Engineer (Public Works/ Engineering)** - This position has been needed for some time but staff deferred asking Council to fund it and instead asked for Council to support the new Transportation Division’s request for a

Transportation/Traffic Engineer in 2024. The engineering development review team supports the land use planning process and has needed one additional position for some time now. Where three current planners support this role, only two land development engineers support this team, and they are responsible not only for the planning and design phase but also for the construction and project closeout phases. This has been complicated even further by the Planning Department adding an affordable housing team, which requires more meetings, shorter timelines for review, and more overall projects. This position will cost the General Fund \$102,085 in 2025. Staff will request DOLA funding to supplement some of the funding for this position for up to two years.

2. **Administrative Coordinator (Public Works/ Engineering)** - This position has been identified in the engineering staffing projection as a need for at least two years. This need is increased by separating the Utilities Department from the Public Works Department to better focus effort, as well as integrating the Transportation Division into Public Works. While it will primarily support the Engineering Division, it will also support all divisions in Public Works. The position will cost the General Fund \$75,348 in 2025.
3. **Desktop Support Technician (Information Technology)** - This position in the Information Technology Department will provide dedicated IT support for the Erie Police Department. Metrics for peak Information Technology performance is one staff per 75 Town staff user accounts. We currently support 368 or 73.6 per staff member. The position will cost the General Fund \$75,348 in 2025.
4. **Facilities Project Manager (Public Works)** - Facilities Division is managing nearly \$25 million in capital projects in 2024 and is projected to manage double that amount in 2025. This position is necessary to meet the project management demands of a rapidly growing town with complex building construction and remodel projects, energy performance projects, and building demolition and sitework projects. The position will cost the General Fund \$95,587 in 2025.
5. **Communication Specialist (Communications & Community Engagement)** - This new position will be the last new position the CCE Department needs for at least 5 years. Currently, the team is arranged so our largest departments have assigned team members to give them full focus and attention. At this point, the Planning & Development and the Economic Development departments are proving to be a much larger lift than the CC&E Director has capacity to oversee in addition to director duties. One additional Communications Specialist assigned to P&D/EcoDev, will free up the Director to be fully present for the team and to help more with other issues for the Leadership Team and Council as needed. This would also round out coverage for all the largest departments. The position will cost the General Fund \$75,356 in 2025.
6. **Fleet Procurement Specialist (Utilities)** - With current fleet growth, Enterprise program - with more emphasis on EVs - and the large amount of invoices and work orders, this position is needed to help offset the workload and improve processes allowing the Fleet Supervisor to be more connected with the physical work needs.

Fleet averages over 30 invoices a week and over 1,000 work orders a year. The position will cost the General Fund \$94,962 in 2025.

7. **Affordable Housing Planner (Planning & Development) *partially grant funded*** - If they apply and receive State funding, some of the affordable housing developments we anticipate reviewing must comply with a 90-day review and will be time sensitive. Also, funding from the State to support these developments may also include additional site/design criteria. This along with the added challenges of integrating affordable housing into the development review process and development agreements, require another case planner to manage affordable housing development reviews in a timely and accurate manner. We will also seek State grants to help defray the cost of this position for two years as we ramp up, operationalize, and support the creation of affordable housing in line with the community's goal of 12% of the housing units affordable by 2035. The position will cost the General Fund \$102,085 in 2025.
8. **Deputy Finance Director (Finance)** -The Town's Finance Department has grown rapidly to keep pace with the volume of work associated with the growing Town and now has 4 divisions and 18 FTEs. The workload of managing 4 divisions prevents the Director from dedicating sufficient time to each team, and the span of control is beyond best practice. This position would provide oversight to two of the divisions, as well as reporting responsibilities that currently are delayed due to workload. The position will cost the General Fund \$157,546 in 2025.
9. **Victim's Advocate (Public Safety)** - This position is necessary to support the growing Victims Services program. The current program manager is still actively going out on calls for service, and this position would help free them up to have more time and focus for managerial duties. This position will cost the General Fund \$94,962 in 2025.
10. **Town Attorney (Administration)** –Staff believes having legal staff on site and available for daily interaction will facilitate a more team-based and time-sensitive approach. The benefits we anticipate include streamlined processes (especially with scheduling and file sharing), reduced turnaround time, an embedded leadership role in Town activities. This will foster greater familiarity with and collaboration on Town operations and programs, more opportunities for staff to learn about and incorporate legal requirements into their work, and dedicated support for staff to better manage increasingly complex projects. For a full analysis of the rationale for transitioning to in-house counsel, as well as the pros and cons of doing so, and actions it would require, please see the Town Manager's October 4, 2024 memo on this issue. The position will cost the General Fund \$242,615 in 2025. To avoid creating new accounts prematurely, the costs of the Town Attorney, Assistant Town Attorney, Legal Administrative Assistant, and other legal costs are reflected under the Town Administration budget. This is consistent with how legal costs are currently budgeted. However, based on Council's support for transitioning to in-house counsel, in the 2026 budget staff will separate out these costs and account for them as a new Legal Department to clearly reflect that the Town Attorney reports to the Town Council, not the Town Manager, and is responsible for managing their own budget.

11. **Assistant Town Attorney (Administration)** - The Town Attorney, to be successful, will need assistance and backup to maintain legal operations. The Assistant Town Attorney will be hired by and work very closely with the Town Attorney and be part of the dedicated staff under the Legal Department. The position will cost the General Fund \$163,477 in 2025.
12. **Legal Administrative Assistant (Administration)** – The Legal Administrative Assistant is a specialized assistant to the Town Attorney(s). This position will play a vital role in the daily operations of the Legal Department. The position will cost the General Fund \$81,805 in 2025.
13. **Utilities Project Manager (Utilities)** - The Town has a long list of current and forecasted utility projects to maintain existing infrastructure and serve new development, including approximately 75 active projects in 2024. The current Part Time (PT) Civil Engineer (CE) previously worked full-time and oversaw most of the Town’s utilities projects. As she intentionally moved to PT, more projects are being moved to the lead CE III, who also is a Supervisor. This position will help develop and lead most of the Utilities Department projects. The position will cost the Water Fund \$47,481 and the Wastewater Fund \$47,481 in 2025.
14. **Utilities Engineer (Public Works)** - The Town has a long list of utility capital projects required to maintain existing infrastructure and build new infrastructure to support development. The Town’s Civil Engineer, who over many years oversaw many of the Town’s utilities projects asked to work on a Part Time (PT) basis. As she moved to PT, more projects are being moved to the lead Civil Engineer III, who also is a Supervisor. This new position is needed to provide adequate staffing for the volume of projects. This position will report to the Supervisor with an emphasis on utility projects. The position will cost the Water Fund \$51,043 and the Wastewater Fund \$51,043 in 2025.

### ***Personnel & Benefits Highlights:***

Personnel expense in 2025 represents 53% of General Fund expenditures, compared to 50% in 2024. Staff projects General Fund personnel expenditures to be \$36.7 million for 2025, an increase of \$4.4 million, or 14% compared to 2024.

Each year, the Human Resources Departments contracts with a third-party consultant to conduct a comprehensive market review. The intent is to ensure employees are paid competitively within the market, enabling the Town to recruit and retain top talent, maintain internal equity, and support career progression and sustainable wage growth. This review gathers current compensation data from credible survey sources that reflect the Town’s labor market and provides recommendations to create, or revise pay structures based on this data, along with guidance for implementation. This year, the consultant recommended a 3% market increase (4% for sworn officers) to keep us competitive, along with an additional annual 3% merit increase.

- The market adjustments for part-time, police officers, and sergeants recommended by the consultant will result in about a \$1.7 million increase to the budget.

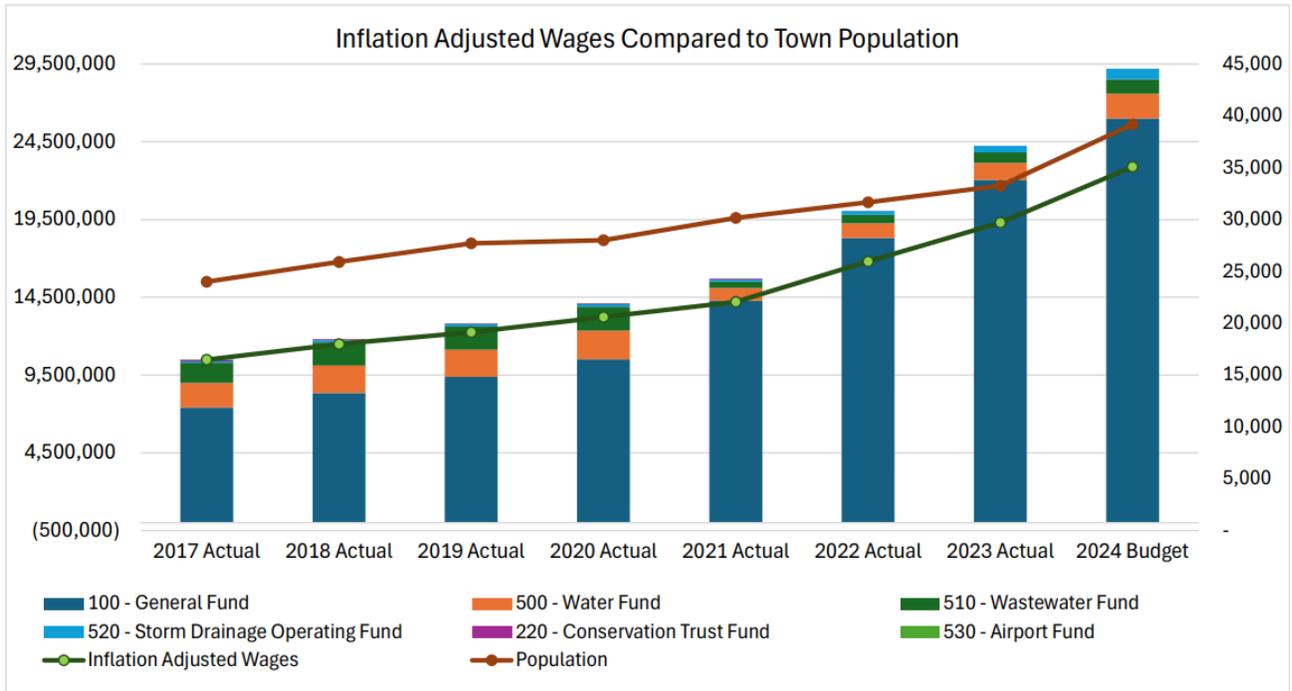
- The regrades for various positions across almost all departments recommended by the consultant will result in an increase of about \$80,000 to the base budget.
- The 3% market adjustment recommended by the consultant, which will take effect Jan. 1, in addition to the recommended 3% anniversary increase for all employees will result in an increase of approximately \$1.3 million in 2025.

Additionally, the Town will offer benefits to help with rising family-care costs. This includes "Town Night on the Town" events where staff can enjoy an evening out while kids enjoy activities with ECC staff, discounts on Camp Erie for summer childcare, and a flexible policy allowing kids at work if childcare falls through. The Town also partnered with KinderCare to offer employees a 10% discount on their Colorado locations. Additionally, a new Lifestyle Spending Account from Alerus will support all employees with funds for fitness, education, or dependent care. These benefits will result in a \$256,325 increase in the budget.

Each year the Town has our benefit brokers go to market and ensure that the Town's core benefits remain competitive. This year the most significant change was to healthcare. The Town received two quotes—one from our current provider Cigna with an initial overall increase of 19% over our current rates. The Town's brokers were able to negotiate that increase down to 13%. However, Kaiser Permanente also provided a quote 16% *below* our current rates, which resulted in overall savings of \$863,000. Town Management ultimately selected Kaiser Permanente because of their comparable or better care and significantly lower cost to the Town and to employees. This change also allowed us to offer employees a \$0 plan for a High Deductible Health Plan (HDHP). The reduction in health insurance costs enables the Town to offset the Town costs associated with the new family-care and Lifestyle Spending Account benefits.

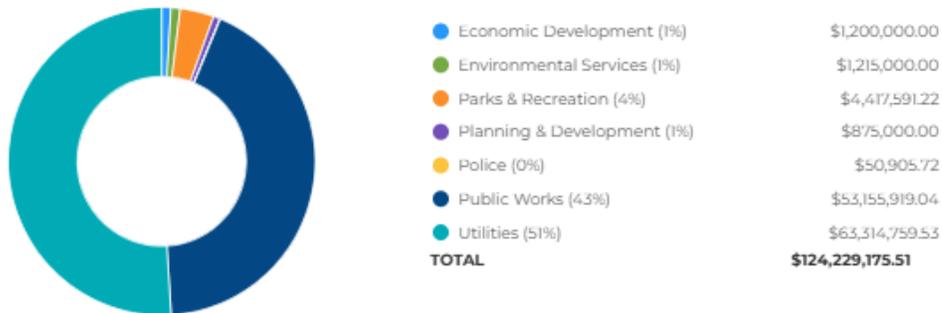
The additional positions and compensation adjustments described above are necessary to maintain expected service levels while keeping up with the significant growth in population and development activity, as well as to address the Council's priorities of managing growth, promoting a prosperous economy, ensuring a safe, healthy, inclusive environment, providing high quality amenities and fostering more sustainable operations, and being efficient, effective, and fiscally responsible.

Adjusted for inflation, the increase in wages and benefits is roughly in line with the growth in the Town's population as shown in the chart on the next page.

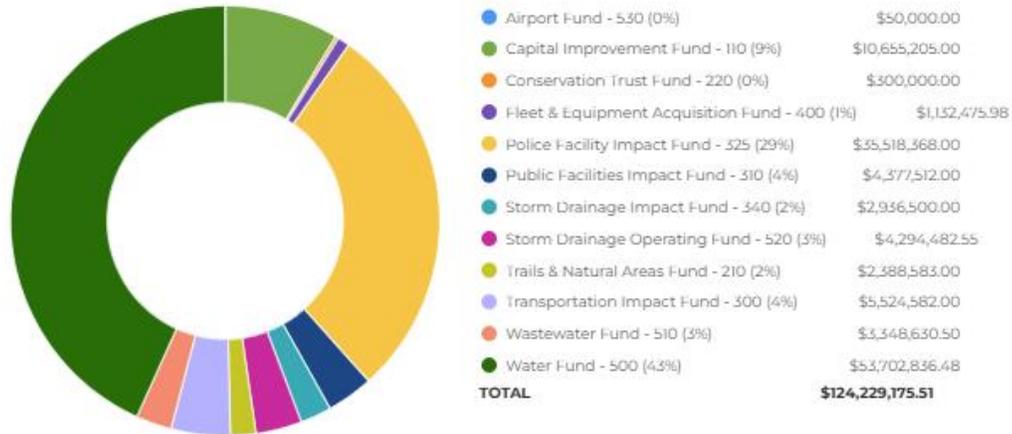


**Capital Expenditures:**

FY2025 Town of Erie Capital Costs are projected to be \$124.2 million. The breakdown of these costs by department is shown below:



The breakdown in Funding Source is as follows:



Townwide, the budget funds 91 Capital Projects as well as an additional 33 Capital Outlays (i.e. Equipment requests), for a total \$124.2M in capital expenditures. A full list of capital projects and outlays is included in the proposed budget. Below is a summary of the major projects (over \$1 million) the Town has planned for 2025.

**Utilities:**

- New Water Treatment Facility \$19M – Design and start construction of a new water treatment facility north of SH 52 near the NWRP. Construction will follow completion of the Preliminary and Final Design, when all project components are defined (anticipated to be late 2024).
- NISP \$6.5M – Erie's participation with 14 other entities to develop additional water supplies. This joint project will build a 177,000-acre feet reservoir north of Fort Collins and a 20,000 acre feet reservoir east of Fort Collins. This project is managed by Northern Colorado Water Conservancy District to securing new water shares to meet future demands. The 2025 amount is for planning/engineering; construction costs will come in future years.
- Zone 2 Storage Tank: \$5.1M – A 4.7-acre Zone 2 site location for a 4.1 MGD Water Storage Tank, and Zone 3 and 4B Pump Station site will be selected and acquired; then facilities will be designed and constructed.
- Coal Creek Reach 2 and 4 \$4.5M – Due to development, the flows in Coal Creek have increased and are experiencing erosion and capacity issues. By improving the capacity and alignment of Coal Creek, the safety and water quality in Erie will be improved, and Coal Creek will become an amenity. FEMA awarded the Town a grant and the project is under design; additional FEMA Grant revenue is anticipated to cover the majority of construction costs. The above amount reflects the Town’s obligation for the project. When the project is complete, it will result in approximately 30 structures in Erie and Weld County no longer being in the floodplain.
- Boulder Creek Diversion Structure and Conveyance Pipeline \$2.7M – This project build a creek diversion structure in the east bank of Boulder Creek (BC) adjacent to the Reuse Reservoir at the North Water Reclamation Plant and a conveyance pipeline to deliver

diverted water by gravity flow to a forebay/vault at the new North Water Treatment Facility (NWF), which is currently being designed.

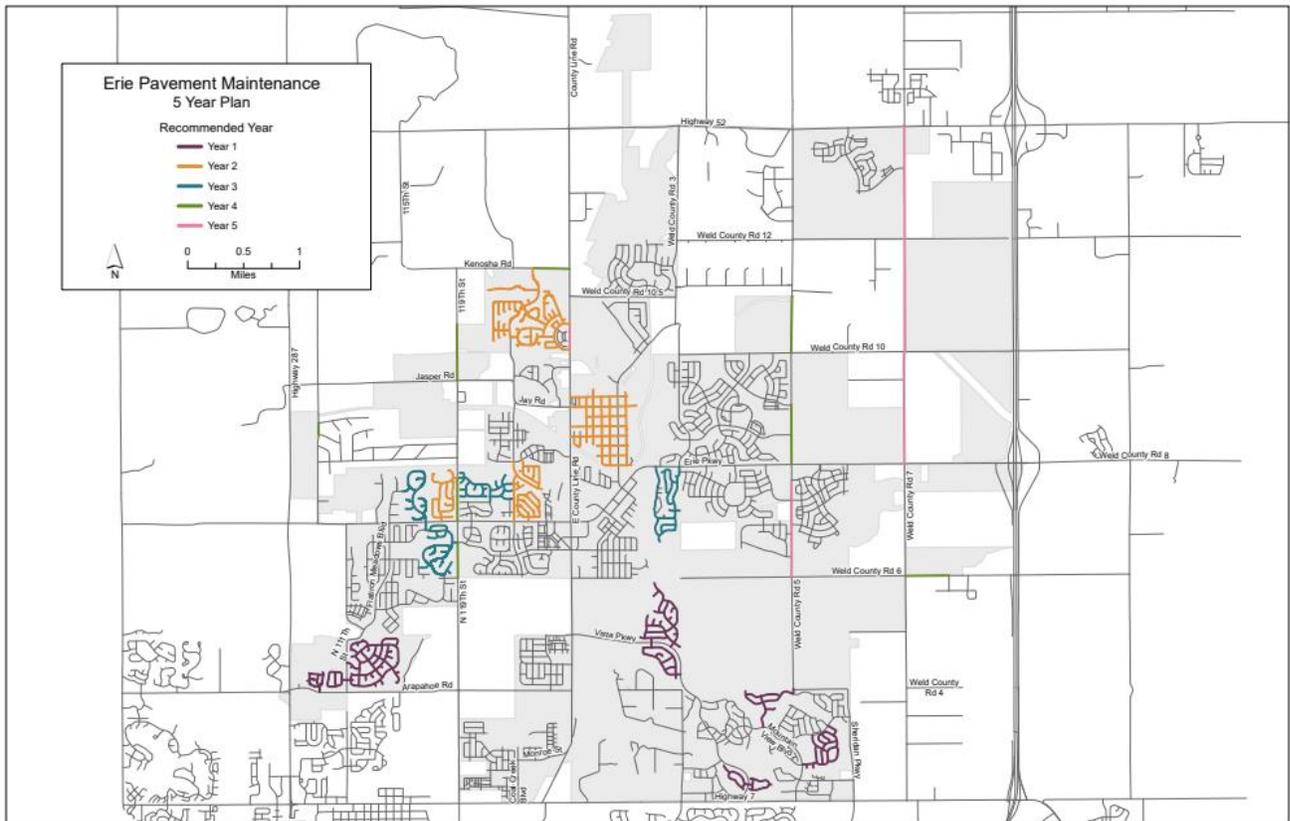
- Erie Lake Repairs \$2.4M – Repairs to Erie Lake Dam to mitigate seepage along the dam on the east side of the lake. The State Dam Engineer has put a restriction on Erie Lake due to the potential hazard.
- Zone 3 WCR7 Waterline Improvements \$2.2M – A 24" PVC pipe connection to the existing 30" water line at the northwest corner of Erie Parkway and WCR7; construct 24" PVC water line north along WCR7 to WCR10; construct 16" PVC waterline north along WCR7 to WCR12 and on the south side of WCR12; construct a PRV and vault; from the PRV vault construct a 12" PVC waterline north along WCR7 to a point 1/2 mile south of HWY 52 and connect to Summerfield Development.
- Zone 2 Transmission Main 1st Phase \$2.0M – Zone 2 Transmission Main will include:
  - Approximately 4.5 miles of transmission waterline (24", 16", and 12") from the tank site (under separate contract) to the connection with the existing system at the intersection of WCR12 and WCR3 along the alignment as determined in the preliminary phase of the project. It also includes a termination point at the Summerfield development along WCR 7.
  - Approximately 0.6-miles of parallel 20-inch transmission waterlines from the pump station to the existing system located in Erie Parkway.
- Windy Gap Firming Project \$1.9M – Participation with 11 other entities to improve the reliability of the water supplies developed by the original Windy Gap project. This will satisfy Erie's water demands during both wet and dry years. Includes construction of a 110,000 acre feet storage reservoir west of Carter Lake. Project is managed by Northern Colorado Water Conservancy District.
- Filly Lake Well System Pipeline Improvements \$1M – Plan and design the Filly Lake Well System to deliver water from the Filly Lake Wells to the new North Water Treatment Facility. Town will be reimbursed for its planning and design costs. Construction of the improvements will be the responsibility of the Developer. The water pumped from the wells will provide a new water source for treatment at the new water treatment facility.
- Solar at NWF \$1M – Develop a solar garden at the NWF, an approximately 5.5-acre solar array east of the facility that could cover a large percentage of the facility's current energy use annually.

### **Public Works:**

- Police Department/Courts Expansion \$35.5M – This project involves remodeling and expanding the PD/Courts facility from 17,971 square feet to 50,000 square feet. It follows standards for workstations, offices and common areas. This is the implementation stage of the Facility Master Plan created in 2021. Design and soft cost in 2024, expansion cost in 2025. The project also enhances the parking lot significantly, developing both secure and public parking areas. With the PD staffing expected to at least double between now and Town building out based on the Comprehensive Plan, the expanded space will

augment evidence, patrol, investigations, records, and include a training center, fitness area and expanded administration area.

- Street Maintenance Projects \$4.5M – The Street Maintenance program focuses on revitalizing existing asphalt road infrastructure, ensuring smoother and safer travel experiences for motorists while extending the lifespan of streets. Through a combination of repair, resurfacing, and modernization efforts, this program addresses current road deficiencies, enhances driving conditions, promotes long-term sustainability, all with a through and cost-effective preventative approach. Streets needing maintenance are identified using data collected from multiple vehicle-mounted sensors and entering that data into a pavement management software system. The system then generates prioritized recommended surface treatments or reconstruction. Those recommendations are then checked by the Town’s experienced staff to ensure they reflect actual field conditions and to finalize the annual maintenance program. All of that indicates the Town should spend approximately \$4.5 million annually through 2028 and then increase that amount to \$5.5 million in 2029 (to reflect a larger number of streets of the same age that will need maintenance treatments at that time). The Town's goal is to maintain a minimum long-term Pavement Condition Index (PCI) rating of 80 PCI. Streets included in the 2025 Street Maintenance are: Prince Cir, Stevens Cir N, Bell Dr, Stevens Cir S, Vista Pkwy, Parkdale S Cir, Parkdale N Cir, Arapahoe Rd, Dickens St, O'Dell Dr, Parkdale S Cir, Morris Dr, Parkdale Ct, Holeman Dr, CW Bixler Blvd, and Tyler Pl. An illustration of the anticipated 5-year plan is shown below.



- Page Property \$3.7M – The Town acquired the Page Property in 2023. In 2024 we are conducting a feasibility study and design for the Property to remodel and convert the existing house to Parks and Open Space (P&OS) offices and an addition to the house to accommodate all P&OS staff. Additional design work will be for a 5,000 SF climate-controlled shop for P&OS fleet maintenance. Investing in this project for P&OS operations will avoid needing to expand space at LAWSC until at least 2028
- County Line Road – Austin to Erie Parkway \$2.6M – County Line Road (CLR) will be widened from Erie Parkway to Austin in alignment with the Town Center and Town Transportation Mobility Plan. The degree to which it is widened may be altered to meet the desired environment of Town Center. This will be one phase of two phases for widening CLR between Austin and Telleen. The CLR South Roundabout project will be combined with this project to create one single construction project.
- Town Center – North Roundabout \$1.5M – The Erie Town Center - North Roundabout Project at the intersection of County Line Road and Maxwell Avenue will serve as the northern gateway to the 145-acre Town Center development. This roundabout will assist and advance progress on the planned Town Center development and better situate the County Line Road corridor for increased traffic, bicyclists, pedestrians, and safety. The multimodal project consists of a key roundabout, promoting traffic calming for a growing community as well as access to the Town Center.

#### **Environmental Services:**

- Solar at Lynn R Morgan WTF \$1M – An initial quote was received in May 2024 from Burns and McDonnell for solar PV at the Lynn R Morgan Water Treatment Plant. Due to potential future expansion needs, the areas being explored for solar includes covered parking, the current building rooftops and the existing clear well tank. The initial design is estimated at \$1.7 million dollars and will qualify for 30-40% IRA Direct Pay reimbursement from the Federal Government. The estimated annual financial savings will be \$58,000 per year. The group is currently exploring more detailed project information including roof capacity, structural integrity of the clear well tank and grant opportunities. This project aligns with the Town's Sustainability Plan goals of sourcing renewable energy for Town facilities as well as reducing the Town's annual greenhouse gas emissions. The Town will pursue Grant opportunities for this as well.

#### **Economic Development:**

- Makerspace \$1.2M – General Fund part of Schofield Farms improvements project. Renovation of Town-owned quonset hut for use as future makerspace. 501(c)(3) nonprofit leadership already formed, with officers appointed. Economic Development Dept serves as staff liaison. Quonset hut will be leased to the nonprofit on long-term agreement after construction is completed. Design and engineering began in 2024 with Form+Works, but construction will not begin until 2025. This funding is being moved to 2025, and there will be no additional rollover requested at 1st Supplemental in 2025.

## **Parks & Recreation:**

- Sunset Area Plan \$2.0M – The Erie Singletrack Trails at Sunset Open Space offer 3.15 miles of trails that cater to riders seeking a downhill riding experience with rollers, jumps, and tabletops. Trails are marked for all skill levels and are designated as either beginner, intermediate, or advanced. The singletrack trail network is built on Town-owned open space offering fantastic views of the Front Range. The project area is north of WCR 6 and west of WCR 5. To the north is the Sunset development, a 250 lot single family home development. As part of the development, the developer is constructing a 10' wide trail connection on the west side of the development to the southern border of the development and is also dedicating a 3.5 acre tract for future park development.

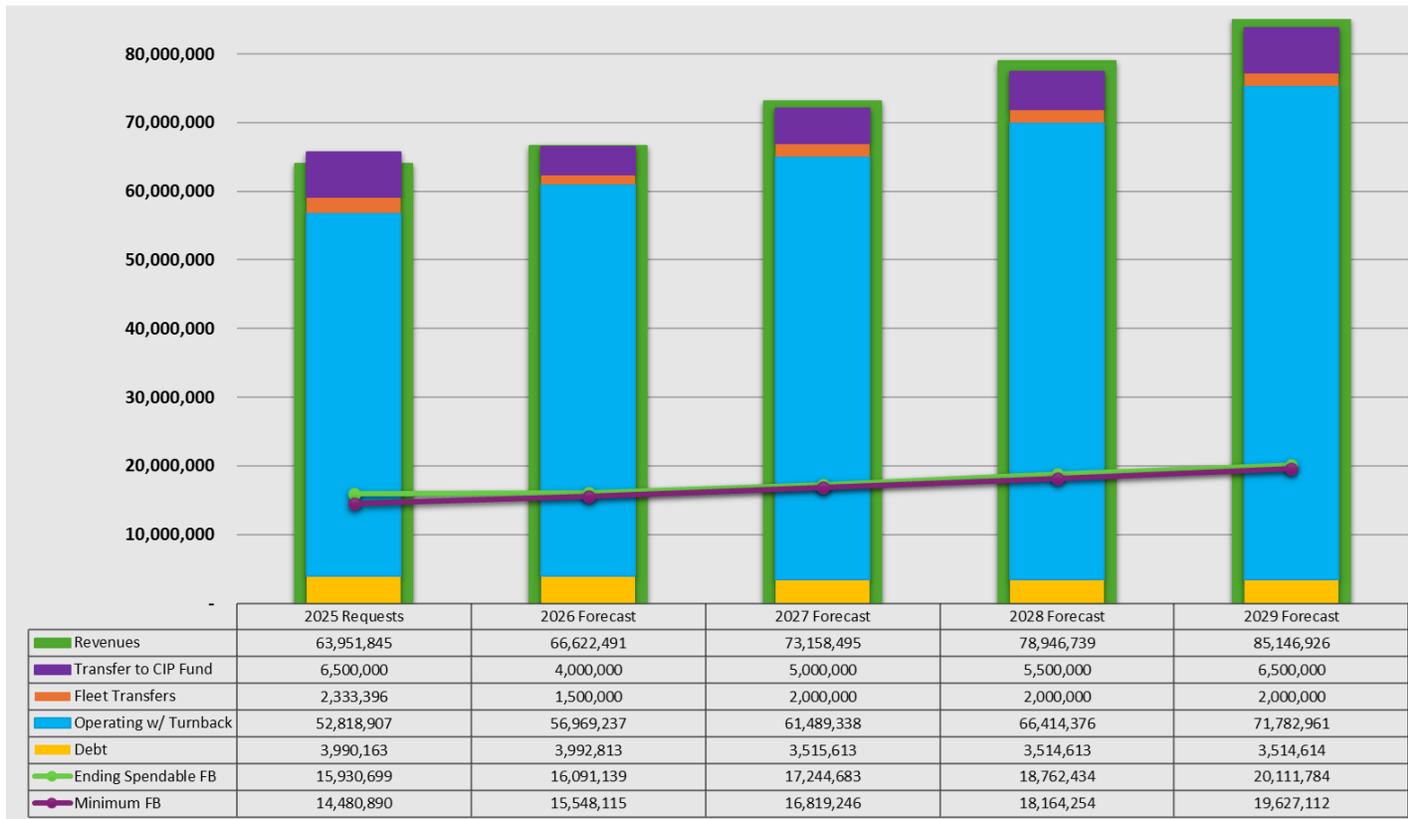
## **Five Year Forecast**

While the Town is in strong fiscal position, the annual budget always requires making tough choices to ensure funding goes to the highest priorities while keeping expenditures within available revenue and maintaining prudent reserves. The Leadership Team worked hard and collaboratively to accomplish this. We prioritized fully funding the Town's Street Maintenance Program and the other high priority positions, programs and capital projects listed above. We scaled back significantly the number of requested positions and proposed projects to provide the highest level of public service that is sustainable over the long-term.

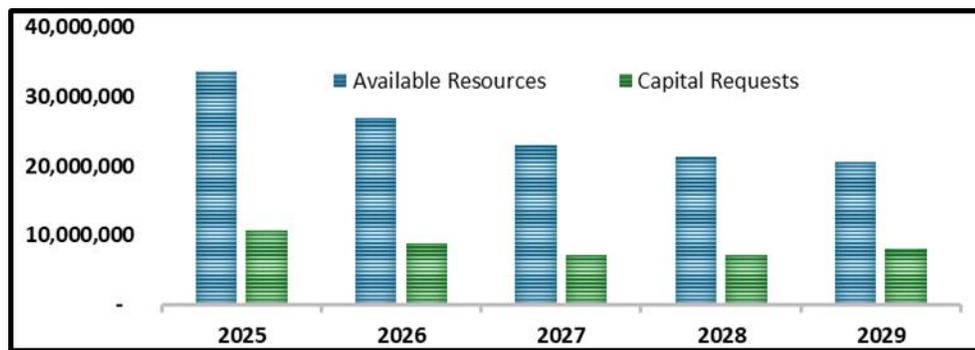
The 5-year General Fund and Capital Improvement Fund (CIF) forecasts on the following page show the result is (1) maintaining all reserves required under Resolution 23-143, which total 25% of operating expenditures and are designated for specific purposes, and (2) transferring the amount exceeding the required 25% reserve to the CIF and Fleet Funds. This transfer ranges from \$4.5 million to \$6.5 million annually to the CIF and \$1.5 million to \$2.3 million to the Fleet Fund. This will provide funding for \$10.6 million in capital projects in 2025 and \$7.1 million to \$8.9 million in subsequent years.

Even with this extensive capital program, the CIF maintains Fund reserves exceeding \$12 million in every year of the forecast, over and above the reserves in the General Fund. If desired, Council can draw on these extra reserves for one-time unanticipated opportunities or events. These healthy fund balances in future years are a reflection of staff's overall budget process and work since Council's July 16, 2024 study session, during which staff said they would be making process improvements and refining revenue and expenditure projections.

## General Fund Forecast:



## CIP Fund Forecast:



	2024 EOY Est.	2025 Requests	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
CIP Beginning FB	-	27,000,000	22,844,795	17,956,437	15,768,599	14,140,619
General Fund Transfer	27,000,000	6,500,000	4,000,000	5,000,000	5,500,000	6,500,000
Capital Requests	-	10,655,205	8,888,358	7,187,838	7,127,980	8,110,463
Total Capital	-	10,655,205	8,888,358	7,187,838	7,127,980	8,110,463
CIP Ending FB	27,000,000	22,844,795	17,956,437	15,768,599	14,140,619	12,530,156

## **Water and Storm Drainage Forecast**

As discussed earlier, with static revenues for the Water and Storm Drainage Funds, the forecast for these funds shows an unsustainable picture. Below are the forecasts for these funds as reflected in the budget. The 5-year forecast shows that without increases to revenues, both funds run into a cashflow problem within a year. There simply are not sufficient revenues to complete the planned infrastructure projects, many listed above, required to provide utility services to serve the new developments in Town.

Key differences in this forecast and the projected fund balance table on page 4 are that beginning fund balances anticipate full expenditure of the current year appropriation and eliminating any potential rollovers. This is because the forecast anticipates new expenditures only and not potential rollovers that are already appropriated. When folding in capital and debt expenditures, this shows the long-term anticipated spending in all cost categories, distinguishing this table from aforementioned tables.

<b><u>Water</u></b>	<b><u>2025 Forecast</u></b>	<b><u>2026 Forecast</u></b>	<b><u>2027 Forecast</u></b>	<b><u>2028 Forecast</u></b>	<b><u>2029 Forecast</u></b>
<b>Beginning FB</b>	\$ 89,251,310	\$ 48,993,953	\$ (156,652,854)	\$ (210,949,460)	\$ (227,041,954)
Revenues	\$ 31,285,800	\$ 32,224,374	\$ 33,191,105	\$ 34,186,838	\$ 35,212,444
Expenditures	\$ 71,543,157	\$ 237,871,181	\$ 87,487,711	\$ 50,279,333	\$ 61,105,982
Personnel	\$ 2,644,169	\$ 2,776,377	\$ 2,915,196	\$ 3,060,956	\$ 3,214,004
Operating	\$ 8,506,037	\$ 8,761,218	\$ 9,024,055	\$ 9,294,777	\$ 9,573,620
Capital and Debt	\$ 60,392,950	\$ 226,333,585	\$ 75,548,460	\$ 37,923,600	\$ 48,318,358
<b>Ending FB</b>	\$ 48,993,953	\$ (156,652,854)	\$ (210,949,460)	\$ (227,041,954)	\$ (252,935,492)
<b><u>Storm Drainage Operating</u></b>	<b><u>2025 Forecast</u></b>	<b><u>2026 Forecast</u></b>	<b><u>2027 Forecast</u></b>	<b><u>2028 Forecast</u></b>	<b><u>2029 Forecast</u></b>
<b>Beginning FB</b>	\$ (1,750,773)	\$ (6,874,273)	\$ (14,910,553)	\$ (31,517,277)	\$ (37,946,968)
Revenues	\$ 1,959,809	\$ 2,018,603	\$ 2,079,161	\$ 2,141,536	\$ 2,205,782
Expenditures	\$ 7,083,308	\$ 10,054,884	\$ 18,685,885	\$ 8,571,228	\$ 4,681,700
Personnel	\$ 814,604	\$ 855,334	\$ 898,101	\$ 943,006	\$ 990,156
Operating	\$ 1,632,670	\$ 1,681,650	\$ 1,732,099	\$ 1,784,062	\$ 1,837,584
Capital	\$ 4,636,035	\$ 7,517,900	\$ 16,055,685	\$ 5,844,160	\$ 1,853,960
<b>Ending FB</b>	\$ (6,874,273)	\$ (14,910,553)	\$ (31,517,277)	\$ (37,946,968)	\$ (40,422,886)

Previous iterations of the budget recommended both funds increase utility rates and tap and dedication fees. The forecast below reflects the rate study recommended changes, which if eventually adopted for 2025, will properly support the fund and provide long-term financial sustainability. This is for informational purposes only and will not be adopted with the budget in 2<sup>nd</sup> reading.

<b><u>Water</u></b>	<b><u>2025 Forecast</u></b>	<b><u>2026 Forecast</u></b>	<b><u>2027 Forecast</u></b>	<b><u>2028 Forecast</u></b>	<b><u>2029 Forecast</u></b>
<b>Beginning FB</b>	\$ 89,251,310	\$ 125,112,786	\$ 36,377,559	\$ (9,787,410)	\$ 3,545,688
Revenues	\$ 107,404,632	\$ 149,135,954	\$ 41,322,743	\$ 63,612,430	\$ 56,256,609
Expenditures	\$ 71,543,156	\$ 237,871,181	\$ 87,487,711	\$ 50,279,333	\$ 61,105,982
Personnel	\$ 2,644,169	\$ 2,776,377	\$ 2,915,196	\$ 3,060,956	\$ 3,214,004
Operating	\$ 8,506,037	\$ 8,761,218	\$ 9,024,055	\$ 9,294,777	\$ 9,573,620
Capital and Debt	\$ 60,392,950	\$ 226,333,585	\$ 75,548,460	\$ 37,923,600	\$ 48,318,358
<b>Ending FB</b>	\$ 125,112,786	\$ 36,377,559	\$ (9,787,410)	\$ 3,545,688	\$ (1,303,685)

<b>Storm Drainage Operating</b>	<b>2025 Forecast</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>	<b>2029 Forecast</b>
<b>Beginning FB</b>	\$ (1,750,773)	\$ 1,340,681	\$ 5,702,490	\$ (9,300,926)	\$ (9,897,907)
Revenues	\$ 10,174,763	\$ 14,416,692	\$ 3,682,469	\$ 7,974,247	\$ 8,294,365
Expenditures	\$ 7,083,308	\$ 10,054,884	\$ 18,685,885	\$ 8,571,228	\$ 4,681,700
Personnel	\$ 814,604	\$ 855,334	\$ 898,101	\$ 943,006	\$ 990,156
Operating	\$ 1,632,670	\$ 1,681,650	\$ 1,732,099	\$ 1,784,062	\$ 1,837,584
Capital	\$ 4,636,035	\$ 7,517,900	\$ 16,055,685	\$ 5,844,160	\$ 1,853,960
<b>Ending FB</b>	\$ 1,340,681	\$ 5,702,490	\$ (9,300,926)	\$ (9,897,907)	\$ (6,285,242)

*Please note that both Water and Storm Drainage Funds utilize grant funding for eligible projects and the Town does not budget grant revenues until receipt from the grantor. Any receipt of grant funding in these funds will change the forecasted years, sometimes significantly. Additionally, the next rate study in 2026 will continue to calculate the rates and fees to accommodate sustainable growth for all utility funds.*

### **Fund Accounting:**

A key requirement of governmental accounting is to determine and demonstrate compliance with finance-related legal and contractual provisions. To accomplish these goals, governments use fund accounting. A fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

For example, the Town has established the Trails and Natural Areas Fund to record receipts of dedicated property taxes for trails and natural areas, open space fees-in-lieu received from developers and investment earnings on unspent funds, among other revenue sources. Expenditures by this fund are for approved purposes such as the purchase of open space, construction of trails, and maintenance of trails and natural areas.

The Town has the following funds, grouped by type:

The ***General Fund*** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in one of the following funds.

**Special Revenue Funds** - Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

***Grants Fund:*** Accounts for all general governmental grants (excluding those for the enterprise funds).

***Trails and Natural Areas Fund:*** Accounts for property tax revenues and other restricted revenues used to acquire and construct trails; to acquire and develop natural areas for public use; and for maintenance of trails and natural areas.

***Conservation Trust Fund:*** Accounts for revenues received from the Colorado State Lottery proceeds through the State's Conservation Trust Fund. It is used to acquire, develop, and maintain new conservation sites, and for capital improvements or maintenance for recreational purposes on any public site.

***Cemetery Fund:*** Accounts for revenues received from plot purchases at the municipal cemetery. Money is used for perpetual care expenditures at the cemetery.

**Capital Funds** – we use various capital funds to account for the acquisition and construction of major capital facilities that are growth-related and funded by impact fees (Impact Funds) and those that are not growth-related and funded primarily by the general fund.

***Parks Improvement Impact Fund:*** Accounts for impact fee revenues, fees-in-lieu and reimbursements from developers and grants used to construct and acquire parks and related improvements.

***Public Facilities Impact Fund:*** Accounts for impact fee revenues and grants used to construct and acquire public facilities.

***Storm Drainage Impact Fund:*** Accounts for impact fee revenues used to acquire and construct the storm drainage system. See also “Storm Drainage Operating Fund” below.

***Transportation Impact Fund:*** Accounts for impact fee revenues, fees-in-lieu, and reimbursements from developers and grants used to construct and acquire transportation system enhancements.

***Tree Impact Fund:*** Accounts for impact fee revenues used to acquire and plant trees in public locations, and to issue certificates for tree purchases to homeowners of newly constructed homes.

**Enterprise Funds** - Enterprise funds are used for the Town’s ongoing activities which are like those found in the private sector. These funds are generally expected to be self-supporting. Among other restrictions, no more than 10% of their revenues can come from state or local governments (including the Town) to support their activities.

***Water Fund:*** Accounts for the acquisition, treatment, and distribution of the Town’s water supply. Includes all water-related revenues (tap fees, water resource fees and user fees), along with associated personnel, operating, capital and debt service expenditures.

***Wastewater Fund:*** Accounts for the collection and treatment of wastewater in the Town’s wastewater system. Includes all wastewater-related revenues (tap fees and user fees), along with associated personnel, operating, capital and debt service expenditures.

***Storm Drainage Operating Fund:*** Accounts for charges received from system users, used to construct and maintain the storm drainage system. Includes all storm drainage-related revenues (user fees), along with associated personnel, operating,

capital and debt service expenditures. Also includes transfers of impact fees from the Storm Drainage Impact Fund to help construct growth-related capital projects.

***Airport Fund:*** Accounts for airport fees received from the airport management company and airport users, as well as proceeds from federal and state aviation grants (the primary source of revenues for this fund). These revenues are used primarily for airport capital projects.

**Internal Service Funds** – In 2019 the Town created its first internal service fund – the Fleet and Equipment Acquisition Fund (“Fleet Fund”). Internal service funds are funds that primarily provide services to other parts of the government. The Fleet Fund will be used for the purchase of new and replacement vehicles and heavy equipment, along with an ongoing funding plan to provide for future acquisitions as needed.

**Fund Balance/Working Capital** – Two other key terms to understand are *fund balance* and *working capital* (in the case of proprietary funds). You will see these terms throughout budget reports (and the monthly board report). These amounts represent the accumulated revenues more than expenditures in each fund that are available for appropriation. (**Note:** Different terms and definitions are used in the audited financial statements, which in some cases will result in different amounts being reported in the audited financial statements from those presented in budget reports.)