



TOWN OF ERIE MEMORANDUM

TO: Board of Trustees
Malcolm Fleming, Town Administrator

Copy: Town Clerk's Office

FROM: Cassie Bethune – Finance Manager

DATE: May 9, 2023

SUBJECT: 1st Supplemental Appropriation – 2023

We are pleased to present the Board of Trustees with the 1st Supplemental Appropriation Request to amend the 2023 Budget.

The Town of Erie adopted the 2023 Budget on Nov. 15, 2022. Typically, at least twice-yearly staff reviews the Adopted Budget and year-to-date actual revenues and expenditures to determine if changes to the Adopted Budget are required. Based on these reviews, staff proposes supplemental appropriations to update the budget to reflect actual revenues and expenditures of the prior and current year, year-to-date Board of Trustee actions, and projected revenues and expenditures for the remaining fiscal year. In this case we are also proposing adding positions and capital expenditures we discussed during the 2023 Budget process, but held off including in the Budget until we were more certain ongoing revenues would be strong enough to support such expenditures on an ongoing basis.

The first supplemental, typically presented in May/June timeframe, primarily consists of rollover appropriations that were approved for the prior year budget and new expenditures arising since approval of the original budget. The second, usually presented around October, includes various adjustments that could not be anticipated when the original budget was prepared.

Accompanying this memo are various schedules, described below. This memorandum and the attached schedules provide information on all significant changes. Changes are split out by new requests, rollover requests for capital projects, requests previously approved by the Board, and transfers of existing appropriations between budget line items. Although some data is presented as the total of all funds, each fund is independent of the other funds.

The following schedules are included in this packet:

- Fund Summary
- General Fund – Fund Balance and Reserve Ratio Calculation
- Summary of requested changes
- Detail listing of requested changes
- 2023 1st Supplemental Capital Project summary

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.

Revenue Changes:

At this time, staff project 2023 total General Fund revenues will be approximately \$49.5 million. This includes a \$245,000 increase to franchise fees and lease revenue as well as a \$700,000k transfer from the grant fund for energy performance contracting.

Significant revenue changes are as follows:

- In the Storm Drainage Operating Fund, staff transfers-in \$275,886 from Storm Drainage Impact Fund to fund the Town Hall Expansion.
- In the Fleet Fund, staff transfers-in \$459,520 from General Fund to fund additional fleet purchases.

Expenditures Requests:

With the 1st supplemental requests, staff projects total expenditures for 2023 across all funds will increase by \$131.4 million compared to the Adopted Budget, \$110.7 million of which come from capital rollovers. The General Fund total expenditures increased by \$17.1 million compared to the Adopted Budget, \$6.0 million of which is from capital rollovers.

Significant new expenditure requests are as follows:

Personnel Expenditures:

The total 1st Supplemental requests for personnel expenditures across all funds is \$575,223. Significant requests include the following:

- The 1st Supplemental request includes seven additional position requests, as follows:
 - **Police** – PD asks for one position, a Community Outreach Coordinator. The fully burdened cost for this position is approximately \$72,304 to the General Fund. The role will identify, organize, manage, promote,

coordinate, and oversee all special events and community outreach efforts for the Erie Police Department.

- **Public Works** – Public Works asks for three new positions.
 - The first position request is for a Construction Inspector Supervisor. As the Town continues to grow via development and capital projects, it is important that there be a dedicated staff member to supervise and assist in construction inspection throughout Erie. The Town currently has three inspectors that serve the entire Town of Erie. This position will be able to assist with the high workload with development and capital projects, as well as be able to review and provide input on processes to ensure we are improving as a Town.

The fully burdened ongoing cost for this position is approximately \$140,118 to the General Fund.

- The second position request for Public Works is a Storm Operation Supervisor. The fully burdened ongoing cost for this position is approximately \$82,327 to the Storm Drainage Operating Fund. The Stormwater Supervisor would be responsible for overseeing personnel, assigning a variety of stormwater operations, maintenance, and construction projects, as well as participating in the work as needed. As the Town continues to grow so does the need for additional personnel; this position is essential to oversee and manage the multiple tasks and duties for our Stormwater O&M Program. The Stormwater team is responsible for maintaining 1,825 inlets, 1,707 manholes, and 354,476 total feet for storm mains. The Town also has multiple ponds, discharge points, outfalls, open drainage, curb drains, and under drains that all require yearly maintenance. This position as a Stormwater Supervisor is sorely needed to manage these responsibilities, which continue to increase around stormwater infrastructure. This supervisor would not only manage the required stormwater maintenance, but the position would also ensure compliance with our state MS4 permit along with the compliance of state and federal regulations and standards.
- The last position request is for a Utilities Vulnerability Supervisor. The fully burdened ongoing cost for this position is approximately \$85,108 to the Storm Drainage Operating Fund. The Utilities

Vulnerability Supervisor would be responsible for supervising all actions to protecting the Towns underground infrastructure. Vulnerability management is a term that describes the various processes, tools, and strategies of identifying, evaluating, treating, and reporting on potential vulnerabilities within the Town of Erie water distribution and wastewater collection (D&C) system. A Utilities Vulnerability Supervisor would not only protect the Town's utilities but help protect the public's health.

As the Town continues to grow so do staffing requirements. Public Works already needed to add an additional locator to help with utilities locating duties as well as create a backflow and Fats, Oil and Grease (FOG) program. A supervisor is needed to oversee and manage these multiple tasks. The Town has 213 miles of water mains, 142 miles of sewer mains, and 97 miles of storm mains and we are acquiring more every day. A Utilities Vulnerability Supervisor would ensure that the Town's miles and miles of utilities are protected, ensure water quality, and prevent cross connection contamination in the community. This position would also ensure compliance with state and federal regulations and standards.

Town Administration – Town Administration asks for an Executive Administrator position. Staff mentioned this position during the 2023 budget process, but held off including it in the proposed Budget at that time until we were more certain ongoing revenues would be strong enough to support such expenditures on an ongoing basis. The 5-year forecast indicates we can add this position, as well as the other positions and General Fund expenditures proposed in the 1st Supplemental request, and still maintain adequate reserves over the 5- year forecast period and beyond. Consequently, we propose adding this position now.

- The fully burdened ongoing cost for this position is approximately \$75,000 to the General Fund. Currently administrative support for the Town Administrator and Deputy Town Administrator is distributed among several Town Administration/Town Clerk staff. Because it is no one's primary responsibility, they are unable to provide the dedicated support we need for effective operations. This new position would also relieve the Town Administrator and Deputy Town Administrator of some routine tasks allowing them to focus on executive level tasks and processes, more support for the Board, better coordination on Work Plan priorities, and even better coordination with local and regional partners. This position would be responsible for and oversee calendars, arrange

meetings, monitor and manage email, respond to staff and residents, conduct research, and other related high level administrative tasks.

- **Human Resources** – Human Resources asks to change their Admin Assistant to full-time.
 - The fully burdened ongoing cost for this position is approximately \$58,800 to the General Fund. In 2022 HR requested a 0.5 Admin Assistant for 2023 which was approved. During this time HR hired an HR intern through the Town of Erie internship program. The HR intern showed that HR needs a full-time admin support position. Therefore, they are requesting another 0.5 FTE.

- **Finance** – Finance asks to add an Accounting Specialist position.
 - The fully burdened ongoing cost for this position is \$61,997 to the General Fund. As the workload in the Finance Department increases, the need for backup and assistance for all positions has also grown. The Finance Admin Intern program was a great success, and this request is to create a full-time permanent position that includes the duties previously performed by the intern as well as other technical accounting duties to support the Department.

Operating Expenditures:

The total 1st Supplemental changes in operating expenditures is approximately \$4.0 million across all funds, \$3.0 million of which is in the General Fund and includes \$624,659 of Board-approved operating expenditures.

Significant new operating & BOT approved requests are as follows:

- **Human Resources** - \$262,500 for Consultation Services related to the ADA Compliance Transition Plan, as well as new Paycom Learning capability to Paycom platform, and increased Risk/Safety Programs.

- **Planning & Development** - \$1.0 million for Central Square Software & Licensing, Consultation Services related to I-25 Gateway, Affordable Housing, and the Comprehensive Plan Update, and additional furniture for new staff.

- **Parks & Recreation** - \$99,361 for Consultation Services related to Infrastructure and Funding Analysis, HOA Pocket Park Assessment Repots, and Community Art Program. Also, \$320,155 for the Recreation Division to be used for Amilia Technologies Software, Special Events, and Program Operations.

- **Police** - \$69,739 for Consultation Services relating to a Co-Responder in Boulder County, Suppressors, and FLOCK Camera System.
- **Public Works** - \$1.5 million for the following:
 - \$450,000 for the anticipated Flex Ride Transit Service – General Fund
 - \$17,000 for additional Facilities operations needed for EPD Building Repairs – General Fund
 - \$607,900 for SWRF Demolition – Wastewater Fund
 - \$127,200 for Street Maintenance Services and Bridge Maintenance – General Fund
 - \$141,300 in CBT Assessment Fees relating to the 2023 Windy Gap and SWSP – Water Fund
 - \$5,000 in new funds for Tools & Equipment and Maintenance Supplies for Backflow, a new division – Water Fund
 - \$126,000 for Wastewater Treatment Equipment Maintenance and Tools and Equipment – Wastewater Fund
 - \$11,300 for Stormwater Conferences – Storm Drainage Operating Fund
 - \$61,000 for Drainage Operations, Equipment, and ROW Mowing Contract – Storm Drainage Operating Fund
- **Economic Development** - \$299,120 to purchase street patios and for related storage, and installation costs. This expense is partially offset by \$10,000 annual revenue from leasing the street patios.

Capital Expenditures:

The total changes in the 1st Supplemental for capital expenditures across all funds is \$127.9 million, of which \$110.7 million is from rollover capital projects and \$823,057 for Board-approved projects. The total 1st Supplemental new requests for capital expenditures across all funds is \$14.2 million, \$7.5 million of which is in the General Fund.

Significant changes are as follows:

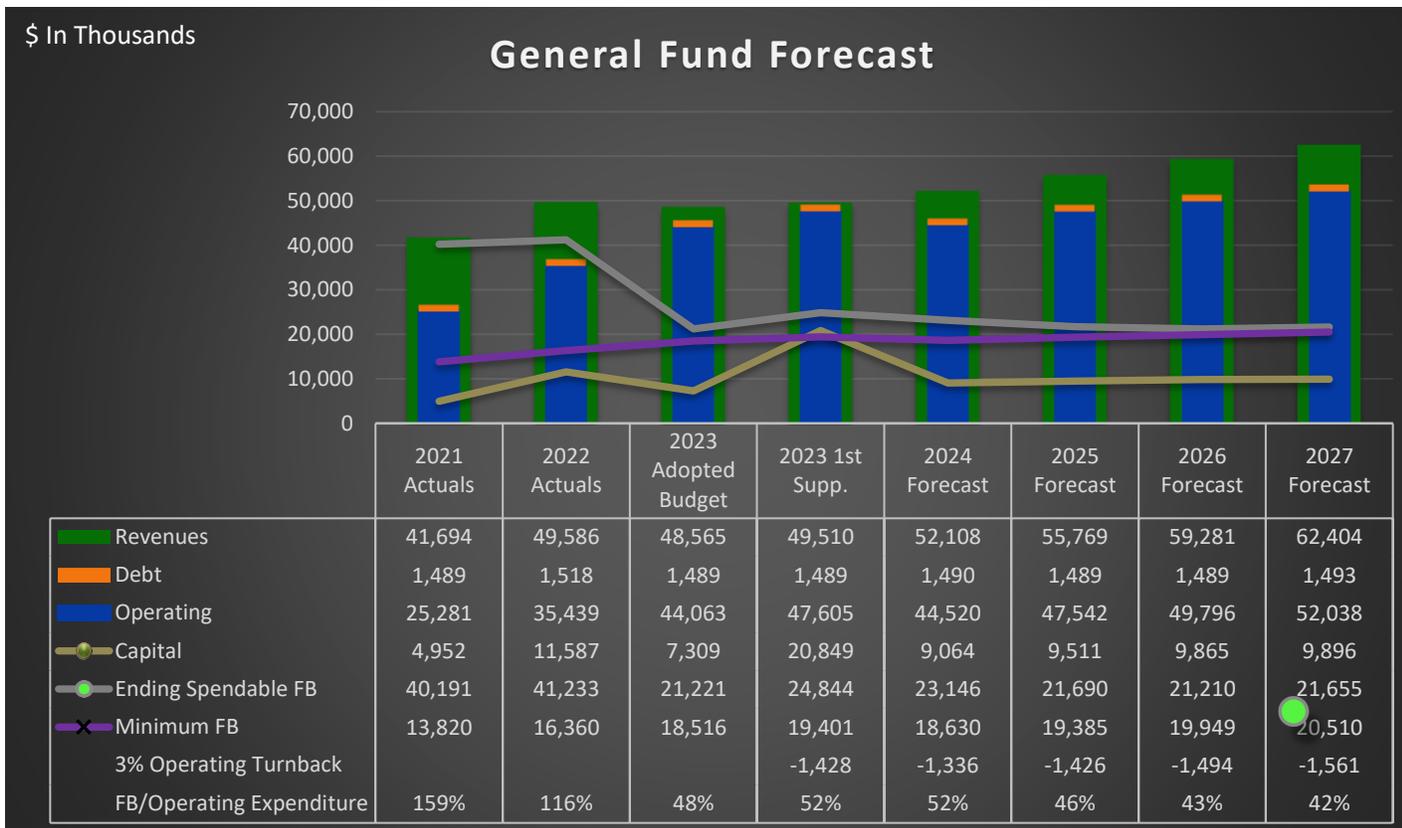
- **Multiple Funds** - \$8.0 million additional funding for the Town Hall Expansion project. This cost is split between the General Fund (\$4.0 million), Public Facilities

Impact Fund (\$3.7 million, Water Fund (\$172,413, Wastewater Fund (\$68,832), and Storm Drainage Operating Fund (\$30,826).

- **General Fund** - \$57,500 additional funding requested for the HOA Pocket Park Program and \$132,072 for the repair of the Pool Slide at ECC.
- **General Fund** - \$1.1 million requested for Coal Creek Park Redevelopment and POST Infrastructure Replacements.
- **General Fund** – \$1.4 million requested for anticipated Energy Performance Contracting Implementation, \$100,000 requested for updating master plan for EPD and LAWSC, \$150,000 for Office Remodeling and space planning requests, \$250,000 for painting exterior facilities, \$250,000 for additional Traffic Mitigation projects, and additional \$80,100 for heavy equipment and emergency repairs.
- **Trails and Natural Areas Fund** - \$542,469 new request for Schofield Farm/Striebby Open Space and for Parkdale Open Space Restoration Project.
- **Parks Improvement Fund** - \$608,057 new request for Schofield Farm/Striebby Open Space.
- **Fleet & Equipment Acquisition Fund** - \$24,000 requested for new heavy equipment utility trailer and tilt deck trailer; \$78,660 requested for replacement of Treadmills and Pilates Reformer.
- **Transportation Impact Fund** – Staff requests an additional \$1.5 million for increased project costs related to the Safer Main Streets Grant.
- **Water Fund** – \$164,100 for indirect costs relating to Windy Fap FIRMING Project and NISP; \$280,000 for the Filly Lake Well System Pipeline Improvements.
- **Wastewater Fund** – \$279,700 for NWRP Expansion, as well as additional heavy equipment.

Conclusion:

As a result of the foregoing, the 1st Supplemental forecast reflects a \$20.4million use of fund balance in the General Fund, due to \$3.5 million in new personnel and operating requests, \$7.6 million in new capital requests, and \$6.0 million in capital project rollovers from 2022.



The projected “available fund balance” for the General Fund is approximately \$24.8 million, compared to \$21.2 million projected in the Adopted Budget, mainly because revenues were higher and operating expenses lower than budgeted in 2022. This “available fund balance” represents 52% of total personnel & operating expenditures (excludes capital and debt service expenditures) at the end of 2023, compared to 44% in previous forecast.

The 2023-2027 projected General fund balance exceeds both the minimum reserve of 25% of Operating expenditures required by the Municipal Code and the additional Stabilization Reserve Account of \$7.5 million, which was passed via Resolution 10-40 in 2010. This is also a very strong level of fund balance relative to the Town’s peers.

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 of fund:

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.

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.

Impact Fee Funds – Impact fee funds (more accurately referred to as "capital project funds" from a formal accounting standpoint) are primarily used to account for the acquisition and construction of major capital facilities other than those paid for by the general fund, or the enterprise funds (see below).

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 similar to 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.)

Non-spendable components – are the portion of the fund balance that cannot be spent because of their form. This includes all but not limited to the following: Advance to the Urban Renewal Authority, TABOR Emergency Reserve as required by State statutes, Open Purchase orders, prepaid expenses, etc.

Available Fund Balance – is calculated by subtracting various non-spendable components from the Fund Balance.