

Memorandum

To: Mayor Carroll and Board of Trustees
Town Staff

From: Malcolm Fleming, Town Administrator

Date: April 24, 2020

Re: 2020 Forecast – COVID-19 Impact, Options and Actions



In just a short time the Coronavirus Pandemic has dramatically changed many aspects of how we operate and provide Town services. It has also altered, at least temporarily, the international, national, state and Erie's economies. In addition to making changes to current operations in response to the virus, the Directors and I have been working to forecast the potential impact on the Town's many revenue sources, and to evaluate options and actions to respond effectively to what we forecast to be the likely drop in revenue this year.

The rest of this memo is a summary of our forecast, a review of the Town's General Fund and other fund reserves, background on the Town's fiscal situation, important factors to consider when deciding a plan of action, and a comparison of Erie's situation to other municipalities. Included as a separate attachment is a summary of options for reducing the potential gap between General Fund revenues and expenditures, including (A) actions we have already taken or recommend taking soon, (B) actions we recommend waiting to implement only if deemed critical at a later date, and (C) actions we evaluated and for reasons listed recommend not taking because the costs and negative impact would outweigh the benefit.

Executive Summary

Staff forecasts local economic conditions related to the coronavirus impact will reduce General Fund revenues by \$5.3 million, or about 17% in 2020 compared to the original budget. Staff anticipates this drop in revenue will be primarily in sales tax revenue (\$1.0 million), development related revenue (\$2.2 million), landfill fees (\$760,000) and recreation fees (\$600,000).

If we do not reduce expenditures, this drop in revenue and the resulting budget deficit of \$7.5 million would reduce available General Fund reserves from \$21.8 million (95% of 2020 budgeted personnel/operating expense) to \$16.7 million (71% of annual personnel/operating expense). The Town's current reserves are much stronger than most municipalities, which gives the Board time to make informed policy decisions on what path the Town should take. While the Town's reserves are significant, to preserve General Fund reserves for potentially even more dire conditions than currently exist, staff has identified and recommends taking 12 actions that will reduce General Fund expenditures by \$3.6 million and maintain a reserve of \$20.0 million, or 89% of 2020 personnel, operating and maintenance expenditures. Those

actions are summarized in the attached table, along with pros and cons of each action, and the anticipated savings.

Forecast

General Fund. Based on cautious assumptions about retail activity, building permits, and participation in recreational programs, we forecast the impact of actions to reduce the spread of the coronavirus will reduce General Fund revenue by \$5.3 million compared to the General Fund revenue anticipated in the 2020 budget. If we do not reduce operations or capital expenditures, this drop in revenue and the resulting budget deficit of \$7.5 million would reduce available General Fund reserves from \$21.8 million (95% of 2020 budgeted annual personnel/operating expense) to \$16.7 million (71% of annual personnel/operating expense). This forecast is based on the assumptions summarized below. For additional details, refer to the summary of revenues and expenditures included with this memorandum (there are two versions attached; the first reflects without the recommended actions discussed elsewhere in this memo, and the second reflects the recommended actions).

Key Assumptions:

- **Sales Tax (retail and vehicle purchases)** – We assume a near total shutdown of retail sales through June, other than grocery stores and other providers of essential goods, then a gradually increasing level over the balance of the year, with sales tax returning to approximately 10% less than the prior year by December.
- **Permits** – Developers currently working on projects in Erie still indicate their intentions to proceed with current projects. Further, the Home Builders Association of Metro Denver does not anticipate a significant decline in residential construction activity. However, because building activity has such a large influence on Town revenues, we cautiously assume a 20% drop from budget levels in single-family permits in April, a 75% drop through August, 50% drops in September/October, and 25% drops in November/December. This results in a drop from a total of 590 single-family permits projected in the original budget to a revised level of 330 permits. (Note: through March, the Town has issued 131 permits; about 4% more than at this same time in 2019, but about 7% less than the current budget level.) The budget includes only small amounts for multi-family and commercial permits, so the forecast reductions in these categories has a much smaller impact.
- **Parks & Recreation Activities** – The forecast assumes the Erie Community Center will remain closed through April, then reopen with a slow ramp-up in late May and June, and anticipated summer activities fully in place by July 15th.
- **Capital Expenditures** – The 2020 budget includes \$7.9 million in capital expenditures (including rollovers of unspent funding from 2019). The forecast drop in General Fund reserves would only happen if we proceed with all budgeted capital expenditures in 2020. Staff proposes delaying some capital projects, which would maintain the General Fund reserve at a higher level, as discussed later in this memo.

- **Personnel** – If a position becomes vacant, it will be filled only if I determine it to be critical for public safety, revenue generation, or other mission critical operations. Senior staff has evaluated other options for reducing personnel expenditures as noted later in this memo.

As noted above, based on these assumptions and if we do not reduce expenditures, we project a 2020 deficit of \$7.5 million, rather than the \$11,900 surplus in the original budget.

Staff has evaluated numerous options to reduce this deficit. Staff's recommendations are outlined in the attached "Staff Recommendations for Reducing the Potential Gap Between General Fund Revenues and Expenditures". The information below provides a context in which to consider staff's recommendations.

Factors to Consider

General Fund Reserve

The Town entered 2020 with a very strong fund balance position, with \$21.8 million available for appropriation. This amount represents 95% of 2020 budgeted personnel, operations and maintenance expenditures in the General Fund. This is much stronger than most municipalities, reflecting the Board's and staff's historically conservative approach to maintaining fund balance until a larger sales tax base exists. In comparison, according to a recent survey by CML, responding Colorado municipalities had reserves averaging 56% (6.7 months).

If we do not take action to reduce the projected \$7.5 million deficit, the fund balance available for appropriation would be \$16.7 million, representing 71% of 2020 personnel, operating and maintenance expenditures; a ratio still much higher than most Denver metro jurisdictions had at the beginning of the year, before the pandemic. Accordingly, the Town has time to carefully consider the pros and cons of specific actions, and to more carefully evaluate the likely impact on the Town's revenue as we obtain more information. This will enable the Board to make informed policy decisions on what path the Town should take.

Town Code section 2-1-3.D.4 requires a minimum General Fund reserve or fund balance of 25% of annual budgeted operating expenditures. In 2010, the Board of Trustees passed a resolution that established an additional General Fund Stabilization Reserve of \$7,500,000. This Reserve may only be used with the approval of the Board of Trustees for one-time or capital expenditures, or in the event of revenue reductions due to severe economic conditions in order to prevent significant reduction in services. Thus, the required minimum General Fund reserves amount to \$13.3 million, or about 57% of 2020 personnel/operating expenses.

See the attached "Comparison of Municipal Impact, Reserves, and Actions", and the [CML Survey Summary](#) for additional details on the reserves maintained by other municipalities

and how the level of reserves has affected the actions they are taking as a result of the pandemic. While some cities are implementing furloughs, others are not, and some are continuing with major capital projects. The current economic conditions may contribute to lower costs and it could be a good time to proceed with capital projects or complete for lower costs significant projects that require consulting help.

The available fund balance is very important for helping the Town maintain service levels as we navigate through economic impacts to the local economy, especially the current pandemic. The fund balance can also be a significant source to pay for capital projects needed to serve the rapidly growing Town. Finally, it is important to help the Town weather longer-term swings in the housing market and ultimately transition from residential development-related revenue, to more commercial retail-related revenue as the Town builds out Nine Mile, expands commercial opportunities in Old Town, Town Center, SH7, and Airport commercial areas, and eventually builds on the Town's I-25 gateway property.

Reliance on Development-Related Revenue

The 2020 budget projects the Town will issue 590 residential building permits this year. Every 100 new single-family homes built in Erie generate about \$800,000 in General Fund revenue, including about \$500,000 in taxes on building materials, \$260,000 in permit fees and at least \$40,000 in sales taxes on purchases related to new homes, such as furniture and other furnishings. We also believe, but can't yet quantify, some portion of landfill fees are related to new construction, including construction activity outside Erie. Landfill fees amounted to \$2.7 million in 2019. To cover a decline of 100 housing starts would likely require about a 10% increase in sales tax over the 2019 actual level. Fortunately, as noted above, developers currently working on projects in Erie still intend to proceed with current projects. Also, the HBA of Metro Denver does not anticipate a significant decline in residential construction activity this year.

Timing of "Reopening".

On April 20th, Governor Polis stated his intention to let the current Statewide "Stay at Home" phase of public health orders expire on April 26. However, he also indicated his intention to implement a "Safer at Home" phase to the pandemic response, and he strongly encouraged everyone in Colorado to continue minimizing social contacts. Under this new phase of the pandemic response, businesses (and the Town's essential governmental operations) must still adhere to strict precautions on social distance; retail operations may open for curbside delivery and "phased-in public openings" while also adhering to strict precautions, and there still must be no gatherings of more than 10 people. Thus, the pandemic will continue to impact Town operations, especially recreation programs. We include various options to address this.

Underlying Strength of the Economy.

Prior to the pandemic, the State and local economies were very strong. One indication of this is tax revenue increased by \$2.9 million, or 14%, over 2018 levels. This includes tax revenue from property taxes, sales taxes (including vehicle sales taxes), use taxes related to building permit activity, franchise taxes, and specific ownership taxes. Some of the increase was due

to new national and State requirements on internet-based sales taxes and on non-local vendor sales to purchasers within the Town. Those revenue sources increased \$1.0 million in the last five months of 2019 alone when compared to the same period in 2018.

Another factor to consider about Erie's economy is the impact of the pandemic on very densely populated big cities may influence even more people to seek out towns like Erie as a safer, more attractive alternative. Developers working on projects in Erie believe this to be the case and want to keep their Erie projects on track.

Importance of Retaining Highly Qualified Staff.

The underlying conditions of the labor market were very tight just a month ago and point to a long-term shortage of talented employees. While the historic increase in unemployment this past month may change that outcome, the hardest hit employment categories are mostly in the service sector, and not those sectors from which the Town typically recruits. Consequently, we need to move cautiously and strategically to avoid losing great employees and putting the Town at a disadvantage over the long run.

Community Expectations.

Community expectations in Erie are high, and, as our Vision, Mission and Values indicates, we love striving to meet those expectations and do so with PRIDE! Although the Erie Community Center is closed temporarily, the demand for recreational opportunities has not disappeared, it has just shifted to other venues...the Town's many parks. Based on inquiries from residents, we anticipate demand for recreation services will rebound quickly. This conclusion is also reflected in the results of a survey staff posted on April 22nd; in less than 24 hours, over 600 people responded. Of those, more than 50% said they were "likely" to visit the Erie Community Center once open, understanding there will be social distancing guidelines, capacity restrictions, and increased cleaning and sanitation efforts. We need to be able to meet that demand, and do so under even more demanding—and perhaps more labor intensive—requirements to maintain safe conditions. Also, it is important for Town service levels to keep pace with the rapidly expanding population and increasing business activity.

Options and Actions

Considering all the factors noted above, the Directors and I evaluated all actions we thought the Board might want to consider. The attached "Staff Recommendations for Reducing the Potential Gap Between General Fund Revenues and Expenditures" summarizes (A) actions we have already taken or recommend taking soon, (B) actions we recommend waiting to implement only if deemed critical at a later date, and (C) actions we evaluated and for reasons listed, recommend not taking because the costs and negative impact would outweigh the benefit.

Implementing all actions staff recommends taking now would reduce General Fund expenditures by \$3.6 million and maintain a reserve of \$20.0 million, or 89% of 2020 personnel, operating and maintenance expenditures.

The largest dollar savings in the recommended actions would come from deferring \$2.1 million in capital projects. However, staff still recommends proceeding with most of the planned

capital projects in two broad categories – streets (\$3.2 million) and ECC-related projects (\$1.0 million). Staff believes it is important to move forward with these projects. However, staff has reviewed all projects and identified those that could be deferred to 2021 without significant negative impact on streets, customer experience or safety in the ECC. Public Works will also look at contracting options to provide flexibility in streets projects and the resulting costs.

Other Funds

While the impact fee funds get essentially all their revenue from permits and the utility funds get a large portion of their revenues from permits, staff foresees no need to change plans on current capital projects in these funds. However, depending on the length and the depth of the economic recession, we may revisit the timing of projects in future years.

The Trails and Natural Areas Fund is funded almost entirely through property taxes, so no significant impact is anticipated on that fund.

Impact on 2020 Work Plan

As part of the 2020 budget process, the Board identified 24 projects as priorities to complete in 2020 (or in some cases, multi-year projects for 2020-2021). As part of our review of the impact of the pandemic on our capacity to complete those projects, the Directors and I updated that list to reflect the other major discrete projects we are working on. Our review identified 23 additional projects that should be considered. Although responding to the pandemic has delayed staff's ability to focus on some projects, with just a few exceptions, we believe we can still complete most of the Board's identified priorities as well as the other projects that are underway. In fact, as the attached 2020 Work Plan 1st Quarter Update reflects, we have already completed 4 of the Board's priorities and 3 additional projects.

Potential Grants

The Federal government has approved almost \$3 Trillion in aid to businesses, individuals and State governments. Unfortunately, at this point Erie is eligible for a very small amount of funding to cover the direct cost of personal protective equipment (PPE) and other relatively minor aspects of the Town's pandemic response. There is currently no Federal or State funding to assist Erie or other smaller (less than 500,000 population) cities and towns in covering the losses of revenue that are occurring due to the pandemic and related impacts on the economy. We will of course be vigilant for any grants for which the Town may be eligible. As demonstrated by staff's recent successes in securing over \$1.8 million in competitive grant awards for the Erie Community Park Final Phase, (\$350,000 GOCO grant and \$750,000 DOLA Energy Impact Assistance Fund EIAF grant) and Hydro-Turbine Project at the Lynn R Morgan Water Treatment (\$766,704 EIAF grant), Town staff are very effective in pursuing grants.

Conclusion

The pandemic is having and will continue to have a profound impact on many aspects of life and on Erie's operations and programs. It is also likely to reduce the available revenues needed to deliver the full range of Town services. However, the Town has significant reserves

that enable the Board to take the time needed to make informed policy decisions on what path the Town should take. Staff has prepared a list of options for the Board to consider and recommends actions that will reduce 2020 expenditures by over \$3.6 million and maintain General Fund reserves at a level that few if any cities had prior to the pandemic. Our intent is to review the options with the Board during the Board's May 5th study session, and then during the Board's May 12th regular meeting, formally ask for Board approval of staff's recommendations and provide direction on any additional actions the Board desires.

In sharing this memo with all Town staff, I am both informing everyone of the financial impact we believe the pandemic will have on the Town, and sharing our proposed plan of action. However, the actions identified in the attached table are certainly not all we can do. There are no doubt other actions we should take. With that in mind, I am also asking all Town staff to share their additional good ideas on how to respond to the pandemic and its impact in Erie, and in doing so exemplify our Mission, Vision and Values.



Attachments:

1. Pandemic Budget Options
2. Capital Projects
3. Metro Area Comparison
4. General Fund Forecast WITHOUT Recommended Actions
5. General Fund Forecast WITH Recommended Actions
6. 2020 Work Plan 1st Quarter Update

Staff Recommendations for Reducing the Potential Gap Between General Fund Revenues and Expenditures									
Priority Definition: A= Staff recommends taking or has already taken this action				Priority Definition: B= Staff recommends taking this action only if determined <u>critical</u> at a later date			Priority Definition: C= Staff considered this action and recommends NOT taking this action.		
Item	Priority	Dept	Action	Improved Efficiency	Reduced Service	Revenue Increase	Pros	Cons	Possible Annual Savings or Revenue
1	A	All	Defer capital projects. See specific list.		X		Significant temporary savings. Can be adjusted as fiscal situations warrants.	May result in higher expenses later, due to deferring maintenance further.	\$ 2,067,400
2	A	PW	Various reductions in Public Works including maintenance, supplies and training.	X	X		The largest cut involves asphalt patching of roughly \$144,000, we would continue to seal cracks and fill potholes. This can be deferred this year without significant issues, but shouldn't be extended past 2020.	Lack of asphalt patching for the year could result in extra patching in following year.	\$ 337,700
3	A	All	Review all vacant positions, fill only critical and/or revenue generating positions and account for savings from current FT and PT staff vacancies	X			Ability to have guaranteed savings.	Vacant positions mean the work is shifted to others; staff is already doing more as a result of the pandemic and some work is not getting done.	\$ 300,000
4	A	Fin	Eliminate transfer to Fleet & Equipment Acquisition Fund				Increases available GF reserve	Reduces available reserves in Fleet Fund	\$ 250,000
5	A		Stop paying all part-time staff who are still not working as of May 1 due to facility closure and cannot be redeployed to other duties. Savings is based on ECC reopening on May 26 and gradual return to full operations by July 15. Does not reflect unbudgeted wage increases due to market adjustments. Also assumes staffing will be somewhat higher than normal to maintain safe conditions. Dates for full operations may need to shift if statewide COVID infections increase and Stay At Home is reinstated.		X		Budget savings. Note: This action will generate \$231,700 in direct savings. However, this amount will be offset by previously unbudgeted wage increases associated with market adjustments that total \$186,000. Thus, the net budget change is a reduction of \$45,100. The budget memo reflect this net reduction in all calculations.	Would require gradual ramp up to reopen, rather than reopening with staff fully trained to "hit the ground running" when the ECC reopens. Positions would be eligible for unemployment and that would increase premiums for the Town next year; that expense is currently about \$40,000 annually. May lose some PT staff to other opportunities. Some PT staff would initially make less as operations ramp up over the summer.	\$ 231,700
6	A	All	Eliminate Travel & Conferences, Books (Planning, Engineering and Building \$50,000; ReCon \$50,000; HR \$5,000; Administration \$5,000; Legislative \$5,000; all others \$45,000).		X		Most conferences and travel plans have already been cancelled.	Cutting training would mean employees are less able to maintain mandatory certifications or learn about new ideas and best practices in respective fields. Decrease in expertise and skill. Employees may seek employment elsewhere (though not likely in the current economic environment). This increases the cost of attrition. Contradicts guiding principle that talented, motivated, well-trained employees are the Town's most important asset.	\$ 160,000
7	A	BoT	Postpone pursuit of Home Rule until 2021.		X		Decreases expenditures. Assists with overall staff workload and Board time.	Defers project. Town not able to benefit from flexibility afforded to the 96 other Colorado municipalities, 72 of which are smaller in population than Erie and yet have already passed Home Rule charters.	\$ 139,000

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8	A	P&R	Eliminate July 3rd Fireworks in 2020.		X		Budget savings. Discourages people from gathering in a centralized area to watch the show. Depending on health guidelines, may send mixed message if we have show. In any year, the event is subject to fire restrictions and/or rain out; in that context, should the event still be held when there is danger of COVID?	Temporary loss of a cherished community tradition.	\$ 45,000
9	A	Adm	Defer work on cemetery master plan.		X		Not essential to daily operations	The cemetery facility and operations are outdated and need to be addressed to improve efficiency. Could be additional cost to restart the project next year.	\$ 25,000
10	A	BoT	Eliminate Town funding for the annual end-of-year party.		X		Budget savings. We use other ways to thank employees throughout the year.	Loss of an opportunity for Town staff to get to know each other informally and reduce departmental "silos" and increase morale. This is the only "formal" thank you to citizen volunteers - Boards and Commission.	\$ 25,000
11	A	All	Advertising & Publishing (Human Resources \$10,000; Administration \$5,000)	X			HR - Majority is advertising to fill FT positions, and marketing and promotional materials for community events.	When we need to post critical positions, we would only be able to post to a limited number of sites and may not get qualified candidates as we generally do when we advertise more broadly.	\$ 15,000
12	A	BoT	Eliminate funding for new non-profit agency requests.		X		Budget savings. \$14,000 has already been distributed to agencies.	A valuable funding resource will be lost to the Town's nonprofits that provide important services to the most vulnerable of the Town's residents.	\$ 10,000
13	A	BoT	Small Business Emergency Assistance Grant Program				Assist businesses in need so they can survive and eventually generate additional employment opportunities and tax revenue.	Current budget expenditure.	\$ (300,000)
Total Savings from Recommended Actions									\$ 3,305,800
14	B	ALL	Eliminate cost of living and merit raises in <u>2021</u> .		X		Short-term budget savings.	This really only postpones the cost, because eventually we need to pay competitive compensation or we lose highly qualified employees. Eliminating merits also sends a message to highest performing employees we don't value their contributions. Leads to employees "losing ground" relative to inflation or not progressing through the pay range.	\$ 300,000

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15	B		Defer projects requiring outside consulting assistance: Engineering study for peel road in Town Center Estimate \$90,000; Impact fee study: \$70,000; DPZ on call services for Town Center development review: \$25,000; SH52 PEL Study: \$28,000; SH7 Preliminary Engineering and Evaluation (PEE): \$21,000.		X		Budget Savings	Would delay development in Town Center, delay needed updates to the Town's Impact Fees; and delay transportation improvements needed to improve public safety and reduce traffic congestion.	\$ 234,000
16	B	PD	Cut police operations budget by 11.94% to include reductions/decreased purchasing from: Records Office Supplies (\$5,000); Community Liaison - Program Operations (\$10,000) & Uniforms (\$5,000); Overtime from Community Liaison (\$5,000), Investigations (\$20,000) & Patrol (\$10,000); Investigations - Tools/Equipment (\$10,000); Patrol - Uniforms (\$10,000), Tools/Equipment (\$10,000), Equipment Maint. Services (\$5,000), Lab Services (\$5,000) & Ammunition/Targets (\$5,000).	X			The Erie PD has lumped 12 separate line items together for a total of \$100,000 in proposed cuts. These items basically include, supplies, clothing/Uniforms, Tools/Equipments, Ammunition/Targets, Special Event give-aways and Overtime. Making these cuts will hopefully help the Town absorb some of the deficits incurred.	The cons for Erie PD's budget cuts are these funds are used to preserve our professional appearance and to retain quality tools/equipment, in order to maintain best practices. These cuts would also impact community relations with a decrease in special events and promotional give-aways. Cuts to OT can be managed with "washing" OT hours. However, the extension of this could cost us by losing stellar employees.	\$ 100,000
17	B	P&R	Reduce Parks maintenance		X		Short-term reduction in operating cost and wages	Savings will be offset by higher costs associated with deferred maintenance when current service levels are restored (mowing and weed mitigation). Service level decrease will be noticeable to the public. The Town's residents and businesses say the appearance of the Town is important to the Town's image and businesses success in attracting patrons. Staff has experienced number of people in the parks and on trails	\$ 85,000
18	B	P&R	Defer Disk Golf course construction.		X		Budget savings.	There is already strong public demand for outdoor recreation that allows strict social distancing; not building the course will maintain pressure on other venues.	\$ 50,000

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19	B		Targeted 2-week furloughs. Allow staff to choose the date when furlough takes place. Note: in addition to the cons listed to the right, except for the very limited situations where there is no work for the employee to do because a facility is closed temporarily, furloughs don't make the workload go away, they just postpone it; they don't reduce calls for assistance at the Police Department; and they don't stop the grass from growing in the parks or reduce the accounting transactions or the number of visits to parks (and thus require facility maintenance). Additionally, furloughs add workload to supervisor's scheduling issues, finance, payroll and HR functions.		X		Budget savings. Total savings, could be determined if/when the BoT decides this is critical to implement.	Timekeeping challenge. To the extent we lose staff from furloughs, it would result in: <ul style="list-style-type: none"> • Extended recruitment • Cost of advertising for positions • Cost for new certifications • Cost to On-board new staff • Cost to train new staff • Loss of highly qualified staff to other jobs/organizations • Loss of offering scheduled classes based on positions specialty (ie – lifeguard training, swim instructors) • Not being ready to provide service to customers when we open facilities and programs begin • Loss of familiarity with residents/parents/families 	Unknown; depends on timing & positions affected.
Total of potential actions for consideration later if necessary:									\$ 769,000
20	C	ALL	Implement 10% pay reduction for Town Administrator until the end of the year and 5% reduction in pay for all positions funded from the General Fund that are above pay grade 13 (exempting pay grades 13 and below is arbitrary, but is intended to apply the pay reduction to those most likely to be able to absorb it and exempt those who may be most likely to already be struggling to pay for housing and other basic necessities).		X		Short term budget savings. Estimated savings of \$115,000 over 6 months.	This really only postpones the cost, because eventually we need to pay competitive compensation or we lose good employees. Sends a very negative message to staff who have helped to conserve resources and acted as good stewards to create a healthy reserve to enable the Town to gradually transition to different service levels if that is ultimately necessary.	\$ 115,000
21	C	P&R	Reduce ECC operations and programs.		X		Short-term reduction in operating cost	Customers expect to be able to use the facility for health and fitness and need enough available hours in the day to allow for busy schedules. Lose members and revenue and possible demands for refunds. The savings from a facility standpoint are minimal.	\$ 65,000

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22	C	ALL	Implement 4 X 9 schedule and close specific facilities on Fridays or Mondays each week.		X		Reduces cost of salaries and benefits by unknown amount. Provides slightly extended hours on the days the Town facilities remain open.	If implemented, a four day/nine hours per day schedule would result in each employee receiving a 10% pay reduction. Closed facilities would not be accessible to public 40 hrs/week - some things will not get done; customer service and employee morale will be impacted. This would also contradict a guiding principle that talented, motivated, well-trained employees are the Town's most important asset.	Unknown; depends on timing & positions affected.
23	C		Layoffs. If laying off employees, the Town must comply with ADEA, ADA and FMLA, and new federal and State legislation.		X		Budget Savings	Lose great staff. Erie is growing and interest in the Town will likely only increase because it is such a desirable place to live (especially in terms of impacts of a pandemic). When it is necessary to fill positions, the expense of advertising, recruiting, evaluating candidates, hiring, onboarding, and training until the individual is fully up to speed is often 1.5-2.5 times the annual compensation of a position. These costs will offset any savings.	Unknown; depends on timing & positions affected.
24	C	All	Require eligible employees to take comp time instead of being paid for overtime.		X		Schedule flexing is already happening in all departments as much as possible.	Savings would be minimal because schedule flexing is already happening in all departments as much as possible. Could affect morale of employees as it results in heavy workload for staff who are not on comp time. If comp time builds up to a high level, it can become a budget liability that offsets savings. This is not an option in all departments as some have required minimum staffing levels.	Minimal. This is already being done to the greatest extent possible.

2020 Capital Projects Original Budget and Recommended Deferrals					
Name	2020 Original	2020 Revised			
	Budget	Rollovers	Budget	Adjustments	Adjusted
Computer Software - GIS	5,000	-	5,000	-	5,000
Traffic Calming	30,000	-	30,000	(30,000)	-
Asset Management Program	12,500	-	12,500	-	12,500
Property Structural/Safety Review and Clean Up	50,000	50,400	100,400	(50,400)	50,000
ADA Compliance Projects	40,000	-	40,000	-	40,000
Splash Pad Replacement - Lehigh Park	25,000	-	25,000	(25,000)	-
Irrigation Upgrades	140,000	-	140,000	(100,000)	40,000
Playground Replacements	220,000	62,200	282,200	-	282,200
Crescent Park Restroom Repairs	-	15,000	15,000	(15,000)	-
Trail Wayfinding Signage	50,000	-	50,000	(50,000)	-
Disc Golf Course	50,000	-	50,000	-	50,000
Erie Commons Pumphouse Meter Replacement	20,000	-	20,000	-	20,000
Recreation Equipment	24,300	-	24,300	-	24,300
ECC Improvements	127,800	-	127,800	(52,000)	75,800
ECC Pool/Sprayground Equipment	211,600	-	211,600	-	211,600
Sustainability Master Plan Implementation	20,000	-	20,000	-	20,000
Furniture	17,000	-	17,000	-	17,000
Parking Lot Maintenance	10,000	-	10,000	-	10,000
Refresh of ECC Exterior	10,000	2,900	12,900	-	12,900
Replacement Air Handlers	45,000	7,700	52,700	-	52,700
Town Hall Generator Replacement	215,500	50,000	265,500	(215,000)	50,500
LAWSC Gate Reader Install	-	6,500	6,500	-	6,500
ECC Pool Boiler Replacement	258,300	-	258,300	-	258,300
ECC RTU 4 Replacement	250,000	-	250,000	-	250,000
ECC Pool LED Install	200,000	-	200,000	(100,000)	100,000
ECC Parking Lot Mill & Overlay	188,100	-	188,100	(143,100)	45,000
ECC Parking and Facility Capacity Study	50,000	-	50,000	-	50,000
Electric Vehicle Charging Stations	45,000	-	45,000	-	45,000
LAWSC Expansion	21,000	-	21,000	-	21,000
Facilities Master Plan	25,000	-	25,000	-	25,000
ECC Tennis Courts Power Install	25,000	-	25,000	(25,000)	-
Vehicles - Police	-	359,000	359,000	-	359,000
Vehicles - Pickup	-	135,600	135,600	-	135,600
Other Equipment - Hot Box Asphalt Recycler	95,000	25,000	120,000	-	120,000
Heavy Equipment	-	138,900	138,900	-	138,900
Street Maintenance Program (overlay)	1,750,000	467,400	2,217,400	(667,400)	1,550,000
Concrete Maintenance Program	250,000	90,200	340,200	(170,000)	170,200
Bridge Maintenance	150,000	49,300	199,300	(169,000)	30,300
Vista Parkway Repair	100,000	18,700	118,700	(88,000)	30,700
Traffic Signal Cabinet Upgrades	72,900	67,000	139,900	-	139,900
Signal Communication Project	75,000	155,500	230,500	(155,500)	75,000
Street Reconstruction Projects	1,075,000	164,400	1,239,400	-	1,239,400
Audio/Visual Equipment	24,000	-	24,000	(12,000)	12,000
Public Safety Equipment	18,000	-	18,000	-	18,000
TOTAL GENERAL FUND	5,996,000	1,865,700	7,861,700	(2,067,400)	5,794,300
Planning & Development	47,500	-	47,500	(30,000)	17,500
P&R - Parks	595,000	127,600	722,600	(240,400)	482,200
P&R - Recreation	363,700	-	363,700	(52,000)	311,700
PD	-	-	-	-	-
Public Works - Facilities	1,359,900	67,100	1,427,000	(483,100)	943,900
Public Works - Fleet	-	494,600	494,600	-	494,600
Public Works - Streets	3,567,900	1,176,400	4,744,300	(1,249,900)	3,494,400
Public Works - Other	20,000	-	20,000	-	20,000
IT	42,000	-	42,000	(12,000)	30,000
Town Admin.	-	-	-	-	-
	5,996,000	1,865,700	7,861,700	(2,067,400)	5,794,300

Comparison of Municipal Impact, Reserves, and Actions							
Municipality	Current Budget Shortfall	Percent of Budget	Sales/Use Tax Percentage	Reserves		Required Reserves	
				Amount	Percentage	Amount	Percentage
Erie	\$5.2 million	17.0%	43.0%	\$21.8 million	95.0%	\$13.3 million*	57%*
See list for proposed Actions. *For the General Fund, minimum fund balance is 25% of annual budgeted operating expenditures. In 2010 the Board of Trustees passed a resolution that established an additional General Fund Stabilization Reserve of \$7,500,000. This Reserve may only be used with the approval of the Board of Trustees for one-time or capital expenditures, or in the event of revenue reductions due to severe economic conditions in order to prevent significant reduction in services.							
Aurora	\$20-25 million	6.0%	65.0%		20.0%		17.0%
Starting April 25, 576 temporary, contingent and seasonal workers will be put on indefinite furlough. "We proceeded with furloughs when our budget forecasts made it clear we had no other choice, and our hope is that the enhanced unemployment benefits announced under the CARES Act will provide them with financial stability until we can make further decisions about restoring our city services and bringing employees back to work. My heart goes out to all of our employees affected by this," said Aurora City Manager Jim Twombly in an emailed release. The city has instituted a hiring freeze and compensation freeze. There is no more travel or conference attendance. And the city has delayed Capital projects.							
Boulder	\$28 million	10.0%	42.0%	\$28.2 million	19.5%		3.0%
We did the hiring freeze first, and then we looked at how would we be able to cut between 5-10% department operating expenses, said Boulder Communications Director Patrick von Keyserling. "It was not just front line people, there have been supervisors who been furloughed. There have been department management that have been furloughed." The furloughs are the next step in trying to shore up \$28 million that the city expected to have, but now won't because of lagging sales tax. Part of it is we have people at home who are not able to work at all, so there's a philosophical question about, 'do you pay people out of tax revenues to be at home not working?' said von Keyserling. "Rec centers aren't collecting fees, parking garages aren't collecting fees, some of our planning and development services have slowed down because of shutdowns that are happening." The city's reserve fund has about the same amount it estimates being short from sales tax revenue being down. There is \$28.2 million in the reserve fund, which constitutes 19.5% of the budget. The reserve fund is also there for natural disasters, such as wildfires and floods, and we may end up experiencing those disasters on top of this one, said von Keyserling. "What the city is looking at is using some of those reserve funds, about 4% of them, to help cover some of these losses." Using 4% would be about \$6.5 million in one-time money. During a city council meeting on Tuesday night, the city manager suggested pay reductions could be next. Pay reductions have not been implemented yet. The city manager did mention last night that there would be a 'Phase Two,' and pay reductions for staff who are still working in the city is certainly on the table for discussion, said von Keyserling.							

Comparison of Municipal Impact, Reserves, and Actions							
Municipality	Current Budget Shortfall	Percent of Budget	Sales/Use Tax Percentage	Reserves		Required Reserves	
				Amount	Percentage	Amount	Percentage
Denver	\$180 million	12.0%	50.0%	\$261 million	18.0%	\$232 million	15.0%
<p>The city of Denver is down \$180 million, with \$140 million of that from low sales tax revenue. "We have asked agencies to identify 7.5 percent of their budgets for consideration," said Denver Finance Director Brendan Hanlon. "We go through a deliberate process, we don't just cut across the board. We want to make a thoughtful, informed decision based on feedback that we received from them." Denver has a three-part plan: 1) Use of reserve fund, 2) Citywide savings, 3) Department spending cuts. The city could use about \$30 million from its reserve fund and still have the required amount in the piggy bank. "We have a policy of maintaining 15% in that rainy day fund. We are likely to dip below that 15% just because this is such a historic event, and that's why we put the reserves in place is to accommodate a situation like this," said Hanlon. "What I'm trying to emphasize internally is that we don't use that tool in a maximum fashion so that it's not available for future years." Expenses like travel and vehicle purchases have been put on hold. Department cuts would be next. "In the middle of May, will be reviewing proposals with the mayor and considering implementation," said Hanlon. "We have only begun to start to look into 2021, but you can imagine how challenging an activity that's likely to be because of all the uncertainty." Sales and use tax makes up \$140 million of the \$180 million shortfall. Part of the other \$40 million comes from parking meters, parking fines and the lodgers tax. Another significant amount is from the city's occupational privilege tax. "That is the tax that is applied for each employee in the city and County of Denver," said Hanlon. "\$9.75 per month, per employee." So far, Denver has not announced any furloughs. "That's a tool that we would prefer to deploy after we've gone through a process where we evaluated the use of our reserves, these citywide proposals and the agency proposals, as well," said Hanlon. "It would be a supplement to that three-part plan, so that is at the end of that process." He also said, unlike individuals and small businesses, federal stimulus money won't backfill what the city is missing, just what the city creates to handle COVID-19. "It will be very valuable to get those federal dollars, and to help us reimburse for the emergency spending that we've had to conduct, but it does not help with the challenge of this revenue profile that I was describing, the 12% loss that we're forecasting," said Hanlon.</p>							
Englewood	\$1.6 million	3.0%	61.0%	\$18.8 million	35.5%	\$8.8 million	16.5%
<p>Unlike Denver and other nearby cities, Englewood isn't hurting as much. "We don't have the number of hotels that a city like Denver or even Littleton have, quite honestly, so that is a significant loss for those municipalities," said Englewood Finance Director Maria Sobota. "We recognize that there were many businesses that actually provide essential services to citizens, and so they were either open or they were on a partial operating workload." Englewood is short \$1.6 million. The city has already delayed hiring for vacant jobs and canceled other miscellaneous spending to get within \$500,000 of even. "We have been able to identify savings just because we haven't been able to travel or do training, supply savings, things like that," said Sobota. "We have accumulated approximately \$1.1 million in savings that we believe will offset the majority of what we think our shortfall will be." No furloughs have been discussed in Englewood. "Our plan as a city is to offset those shortfalls with reduced operating expenses, to the extent that we can," said Sobota.</p>							
Fort Collins	\$15-50 million	10-30%	50.0%	\$66 million		\$33 million	
<p>The city of Fort Collins is still determining the impact of COVID-19 on its budget. "Work is underway to forecast the impacts across multiple scenarios, ranging from \$15 million to \$50 million in revenue shortfalls. The City expects to present City Council with a revised 2020 revenue and expense forecast by the end of June," Fort Collins Communications Director Amanda King said in an email. "Fort Collins anticipates balancing any budget shortfall through a combined cost containment and reserve-based approach. The city provided the following steps taken so far: 1) A hiring freeze was implemented on March 30, 2020. 2) The annual re-appropriation ordinance was adjusted downward by \$900,000 to focus narrowly on COVID-19 related needs and binding contractual obligations. 3) Additional cost savings from capital project deferrals/delays, travel/training budgets, fuel costs, open/unfulfilled purchase orders and lease-financed equipment purchases are under review." Fort Collins has not furloughed or laid off any employees.</p>							

Comparison of Municipal Impact, Reserves, and Actions							
Municipality	Current Budget Shortfall	Percent of Budget	Sales/Use Tax Percentage	Reserves		Required Reserves	
				Amount	Percentage	Amount	Percentage
Greeley	N/A	N/A	46.0%	\$29 million	26.0%	\$18.6 million	16.7%
"Many of your questions are still being analyzed. Our finance department and leadership team are working through the current state of the situation while reviewing projections and scenarios, so at this time, I don't have specific numbers available," Greeley Communications Director Kelli Johnson said in an email.							
Lakewood	N/A	N/A	51.0%	\$30.4 million	25.6%	\$15.4 million	13.0%
"Because the sales tax receipts lag a month behind the current month, it's not yet known how much the economic consequences of the pandemic will affect the city's 2020 budget," the city of Lakewood said in a news release. Lakewood also has a hiring freeze. "The city, however, is assessing how to manage filling positions needed seasonally to operate pools, festivals, camps and other programs scheduled for the summer," the release said.							
Littleton	N/A	N/A	78.0%	\$5.7 million	12.0%	\$3.8 - 8.55 million	8-18%
Last week, Littleton announced a hiring freeze and \$1.1 million in department cuts. "This includes changes to temporary staffing levels, a freeze on seasonal and vacant positions (except for essential positions such as police), learning and education, and tuition reimbursement; putting a hold on several professional and consulting projects; and reductions in parts, supplies, printing and maintenance," said Littleton City Manager Mark Relph in a news release.							
Broomfield	\$11.6 million	9.2%	NA	\$21.1 million	16.7%	\$12.6 million	10.0%
The city and county of Broomfield is instituting 10-week furloughs for 235 employees starting on Monday. "We won't have specifics for budget cuts until the actual numbers are in - and until we have discussed with our City Council and those impacted first," City Manager Jennifer Hoffman said in an email. Broomfield did not dip into the reserve fund in 2008 when the recession hit, she said, and there is no plan use that money during this pandemic. Since it's a "whole different beast," she couldn't say for certain it wouldn't happen, but that Broomfield would only use it in the most extreme of circumstances.							

General Fund: WITHOUT Recommended Reductions

	2019 Actual	2020 Budget	2019 Capital Rollovers	2020 Forecast Adjustments	2020 Forecast	% Change from 2019
Taxes	\$ 20,750,137	\$ 19,862,600	\$ -	\$ (2,467,000)	\$ 17,395,600	-16%
Intergovernmental	1,687,734	1,344,000	-	(457,000)	887,000	-47%
Fees and charges	4,940,867	4,819,600	-	(1,360,000)	3,459,600	-30%
Licenses and permits	2,849,763	2,784,500	-	(1,034,000)	1,750,500	-39%
Investment income	693,691	450,000	-	-	450,000	-35%
Other income	1,776,097	988,600	-	-	988,600	-44%
Total revenues	32,698,289	30,249,300	-	(5,318,000)	24,931,300	-24%
Personnel expense	12,366,356	14,348,000	-	186,600	14,534,600	18%
Operations/maintenance	8,921,483	8,749,900	-	131,000	8,880,900	0%
Capital outlay	3,198,264	5,996,000	1,865,700	-	7,861,700	146%
Debt service	1,495,973	1,493,500	-	-	1,493,500	0%
Total expenditures	25,982,076	30,587,400	1,865,700	317,600	32,770,700	26%
Revenues over (under) expenditures	6,716,213	(338,100)	1,865,700	(5,635,600)	(7,839,400)	-217%
Transfers in	-	600,000	-	-	600,000	nm
Transfers out	(4,265,000)	(250,000)	-	-	(250,000)	-94%
Debt proceeds, net	34,462	-	-	-	-	-100%
Change in fund balance	\$ 2,485,675	\$ 11,900	\$ 1,865,700	\$ (5,635,600)	\$ (7,489,400)	-401%

Beginning "available" fund balance	\$ 18,626,121	\$ 21,842,176		\$ 21,842,176
Surplus/(deficit)	2,485,675	\$ 11,900		\$ (7,489,400)
(Increase)/decrease in URA advance	2,234,398	996,150		957,800
(Increase)/decrease in open PO's	(1,208,286)	1,212,199		1,212,199
(Increase)/decrease in prepaids	(295,732)	273,601		173,601
Ending "available" fund balance	\$ 21,842,176	\$ 24,336,026		\$ 16,696,376
Ending "available" fund balance as % of Personnel & Oper./Maint. Expense	103%	105%		71%

General Fund: Forecast WITH Recommended Reductions

	2019 Actual	2020 Budget	2019 Capital Rollovers	2020 Forecast Adjustments	2020 Forecast	% Change from 2019
Taxes	\$ 20,750,137	\$ 19,862,600	\$ -	\$ (2,467,000)	\$ 17,395,600	-16%
Intergovernmental	1,687,734	1,344,000	-	(457,000)	887,000	-47%
Fees and charges	4,940,867	4,819,600	-	(1,360,000)	3,459,600	-30%
Licenses and permits	2,849,763	2,784,500	-	(1,034,000)	1,750,500	-39%
Investment income	693,691	450,000	-	-	450,000	-35%
Other income	1,776,097	988,600	-	-	988,600	-44%
Total revenues	32,698,289	30,249,300	-	(5,318,000)	24,931,300	-24%
Personnel expense	12,366,356	14,348,000	-	(371,300)	13,976,700	13%
Operations/maintenance	8,921,483	8,749,900	-	(299,500)	8,450,400	-5%
Capital outlay	3,198,264	5,996,000	1,865,700	(2,067,400)	5,794,300	81%
Debt service	1,495,973	1,493,500	-	-	1,493,500	0%
Total expenditures	25,982,076	30,587,400	1,865,700	(2,738,200)	29,714,900	14%
Revenues over (under) expenditures	6,716,213	(338,100)	1,865,700	(2,579,800)	(4,783,600)	-171%
Transfers in	-	600,000	-	-	600,000	nm
Transfers out	(4,265,000)	(250,000)	-	250,000	-	-100%
Debt proceeds, net	34,462	-	-	-	-	-100%
Change in fund balance	\$ 2,485,675	\$ 11,900	\$ 1,865,700	\$ (2,329,800)	\$ (4,183,600)	-268%

Beginning "available" fund balance	\$ 18,626,121	\$ 21,842,176		\$ 21,842,176
Surplus/(deficit)	2,485,675	\$ 11,900		\$ (4,183,600)
(Increase)/decrease in URA advance	2,234,398	996,150		957,800
(Increase)/decrease in open PO's	(1,208,286)	1,212,199		1,212,199
(Increase)/decrease in prepaids	(295,732)	273,601		173,601
Ending "available" fund balance	\$ 21,842,176	\$ 24,336,026		\$ 20,002,176
Ending "available" fund balance as % of Personnel & Oper./Maint. Expense	103%	105%		89%

2020 Work Plan 1st Quarter Update				
#	Issue	Team Lead	New*=1 Doing=2 Clarify=3 Defer=4 Drop=5 Done=6	Level of Community Engagement (1)
1	COVID-19 Response (Staff safety, new policies, procedures and processes)	Everyone	1	2
2	Financial Downturn Analysis, Plan Development and Implimentation	Steve/Candice/Team	1	2
3	Erie Small Business Emergency Relief Grant Program	Ben	1/6	2
4	Enabling virtual meetings (equip & software upgrades, training)	Denise	1/6	1
5	Oil and gas updated policy and regulations	Farrell	2	5
6	Single hauler trash, recycling and composting (2)	Todd	2	5
7	Town Center/Old Town action plan (Multi-Year Issue)	Fred/Ben	2	4
8	Implement Downtown parking action plan	Ben	2	4
9	UDC Changes	Fred	2	4
10	Prep for 2021 Comp Plan Update	Fred	2	4
11	Recreational biking opportunities	Patrick	2	4
12	Affordable housing (3)	Malcolm	2	4
13	Sustainability master plan actions	Todd	2	4
14	I-25 Development Plan B	Ben	2	4
15	Economic development: vision, plan, SB incentives, deregulation and partnerships	Ben	2	3
16	Traffic planning and mitigation (Multi-Year Issue)	Todd	2	3
17	Capital Projects (other than streets) action plan	Steve/Todd/Patrick	2	3
18	Parks and Transportation long term funding plan	Farrell/Team	2	3
19	Impact Fee Study (update classifications)	Steve/Fred/Ben	2	3
20	Economic Development Partnership Coordination	Ben	2	3
21	Erie Community Park, Clayton Park, Disk Golf Course Construction	Patrick	2	2
22	Focused public transit advocacy	Malcolm	2	2
23	Service provider right-of-way maintenance	Todd/Patrick	2	2
24	2020 Work Plan Update with New Board	Malcolm	2	2
25	Development Review and Building Fees Update	Fred	2	2
26	Nine Mile implementation	Ben	2	2
27	Utility Rate Study	Steve	2	2
28	Comcast Franchise Agreement	Denise	2	2
29	Building permit efficiencies	Fred	2	2
30	Street maintenance action plan	Todd	2	1
31	PD Staffing	Kim Alicia	2	1
32	New Board Training	Farrell	2	1
33	Long Range Facilities Plan	Todd/Dennis	2	1
34	5-year Staffing Plan	Amy/HR/Finance	2	1
35	5-year Hazard Mitigation Plan w BoCo and Weld Co	Kim	2	1
36	Pay Equity Study and Implementation	Alicia	2	1
37	IT Network Penetration and Network Security Analysis	Denise	2	1
38	Broadband options	Denise	3	3
39	Home Rule Charter Commission/Home Rule Charter election (Multi-Year Issue)	Farrell/Amy	4	5
40	Online permitting system (5)	Steve/Denise/Fred	4	2
41	Town Events strategic plan	Farrell	4	2
42	Move to coordinated elections (4)	Amy/Farrell	5	3
43	Municipal Election	Amy/Farrell	6	5
44	Historic Preservation Advisory Board master plan	Malcolm	6	2
45	New packet requirements	Malcolm/Amy	6	2
46	Erie PD wants/needs (SRO needs/options)	Kim	6	1
47	URA legal representation	Malcolm	6	1
*New to the list. Some of these are planned and underway, others have happened and we must respond.				
(1) 1= Inform, 2= Consult, 3=Involve, 4=Collaborate, 5=Empower. See "A Strategic Framework for Public Engagement".				
(2) Will investigate, but the Town's utility billing system may be a big hurdle to overcome.				
(3) Work with Boulder County Affordable Housing Consortium and with developers on specific projects.				
(4) This action will not be necessary if we pursue Home Rule, or could be done if we don't pursue Home Rule.				
(5) A Web Information Portal like Parker has would require significant and expensive system upgrades.				