



TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Town Council

Board Meeting Date: 6/15/2021

File #: 21-244, Version: 1

SUBJECT:

2021 First Supplemental and 2022 Budget, CIP and Federal Funding Discussion

DEPARTMENT: Finance Department

PRESENTER: Victoria Runkle, Interim Finance Director

TIME ESTIMATE: 180 minutes

STAFF RECOMMENDATION:

Discussion of the Board of Trustees' priorities for the 2022 and 2023 budgets, including the \$5.8 million in American Rescue Plan Act monies, as well as proposed supplemental budget for 2021.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

Town staff are beginning to prepare the Town's 2022 Budget. To ensure the budget addresses the Board's priorities, staff wants to confirm with the Board major operating and capital areas staff plans to consider while creating the Proposed 2022 budget. This involves consideration of the past actual revenue and expenditures (2020), current (2021) budget, and projected/proposed (2022) revenues and expenditures.

Last year Erie, like most other public and private entities, anticipated lower revenue due to the pandemic, and scaled back expenditures. While some revenue areas struggled (recreation fees, in particular), in contrast to expectations, sales tax revenue for Erie (and many other Colorado cities and towns), particularly from internet sales, actually grew. Thus, Erie is emerging from the pandemic in far better financial condition than expected, and that trend continues.

The impact of this is the Town ended 2020 with a General Fund fund balance \$6.7 million higher than budgeted, going from \$31.1 million to \$37.7 million. Additionally, current revenue trends support increasing 2021 General Fund budgeted revenue by \$2.1 million, from \$34.5 million to \$36.6 million. These increases support the Board's approval earlier this year of eight new positions and significant new program expenditures for air quality monitoring. Staff also propose in the First Budget Supplemental an additional police position, two more positions to maintain service levels and response times in building plan review and inspections, and several other program requests. Even with these added expenditures, and maintaining a cautious approach to estimating revenue, we will

still maintain a General Fund year-end balance of over \$30 million, with dedicated reserves exceeding 100%.

For several reasons, we expect 2022 to continue adding strength to the Town's fiscal prosperity. The State's Demography Office expects Colorado growth to be significant in the I-25 corridor. Weld County was the fastest growing County in the past few years, and the State Demographer expects this to continue for several years. In addition to the local revenue and growth, the federal government has passed the American Rescue Plan Act (ARPA). The Town will receive a direct grant of \$5.8 million from this source. The U.S Treasury Department is still developing guidelines for use of the ARPA monies. Based on current information, we expect to be able to use the funding for "catalytic projects" involving affordable housing, transportation and broadband. We also anticipate millions of dollars from the State of Colorado for various programs.

This budget study session/"retreat" is the first step in providing information and confirming the Board's priorities for the 2022 budget. In August, once we have the results from the Community Survey, and then in October, when we present the Proposed Budget, the Board will again have opportunities to refine the Proposed Budget. We will also ask the Town's Advisory Boards and Commissions to provide their requests and recommendations for budget allocations in the 2022 Budget, including ARPA monies.

In summary, the Town ended 2020 very well; expectations are 2021 will be another fiscally good year; 2022 will continue on the positive course; and with our Long Term Staffing Plan, Facilities Master Plan, Comprehensive Plan Update and with staff developing our long term forecasting capability, we are crafting a fiscally sustainable plan for the Town's prosperity

Fiscal Impact:

\$5.8 million in direct Federal Grants; Over \$30 million in operating revenue in 2022.

Board Priority(s) Addressed:

- ✓ Attractive Community Amenities
- ✓ Engaged and Diverse Community
- ✓ Prosperous Economy
- ✓ Well-Maintained Transportation Infrastructure
- ✓ Small Town Feel
- ✓ Safe and Healthy Community
- ✓ Effective Governance
- ✓ Environmentally Sustainable
- ✓ Fiscally Responsible

ATTACHMENTS:

1. 2021 First Supplemental & 2022 Budgets

