



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: Nov. 18, 2025
SUBJECT: Proposed 2026 Budget

We are pleased to present for your consideration, as required by the Town Charter, the proposed 2026 Budget. 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 the following 5 goals and key initiatives. The funding levels and descriptions for these projects are reflected in more detail in the attached schedules and budget document.

The second reading of the budget is unchanged from the first reading, presented on October 22, 2025, with the exception of the presentation of revenues. Revenues for all funds have been updated to reflect anticipated debt issuances for several projects. This is reflected in the fund balance summaries for each fund.

Managing growth to make Erie even better, not just bigger

- Upgrading and building new transportation infrastructure throughout Town
- Updating the Town's impact fees
- Updating the Unified Development Code (UDC)
- Maintaining existing streets

Promoting a prosperous local economy

- Securing a grocery store and commercial development in Town Center
- Updating the Town's Affordable Housing Policy & Strategy
- Using multiple strategies to retain, grow, and attract new businesses
- Implementing the Erie Airport Economic Development Strategy

Providing high quality community amenities

- Developing Compass and Morgan Hill Parks
- Expanding Erie Community Center

- Designing and securing funding for a 2nd Community Center
- Continuing Coal Creek improvements (Reach 2 and 4)
- Constructing new trails
- Renovating Schofield Farm and Maker Space
- Funding public art and cultural programming

Ensuring a safe, inclusive, and healthy environment

- Expanding the Public Safety building
- Strengthening oil and gas monitoring and enforcement
- Implementing multiple new sustainability initiatives
- Funding the ADA transition plan

Ensuring a safe and reliable water supply

- Designing and building new water storage tanks
- Designing a 2nd water treatment facility
- Adding solar to power water and wastewater facilities
- Working with regional partners to resolve issues with NISP and Chimney Hollow

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.

2026 Budget Process

The yearly budget process includes many components, all of which require collaboration with all departments and Town leadership. To understand the Town's full financial picture, it's critical to analyze key revenues and expenditure. For 2026 budget development, Finance staff approached budget development with several process improvements to build on an already effective process. This included continuing the inclusion of key decision-makers and stakeholders throughout budget development.

The Town continued the use of ClearGov software for the second year, a budgeting and financial tool that allowed the team to more effectively collect capital, operating, and personnel requests. It provides enhanced reporting, narrative explanation, and streamlined analysis of department requests, as well as prioritization tools to help departments be strategic with funding requests, and scorecards to connect Council goals to funding decisions. Staff will expand using these tools, as the 2026 process just started exploring prioritization and scorecards.

To review departmental budget requests, 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. The EBT will continue to contribute to the budget process moving forward with rotating directors every 1-2 years.

This year's budget includes more stringent review of revenue assumptions to be more proactive and accurate in anticipating incoming sources, but also to consider rapidly changing economic conditions. The budget team developed a new revenue forecast tool using analysis of the prior four years and assumptions about the rate of change in major category to project three revenue scenarios ranging from constrained to optimistic. In July, ahead of budget development, the budget team shared these scenarios and the assumptions on which they were based with the Council to confirm approach and methodology. Applying the "Somewhat Constrained" scenario results in a projected 4.1% average growth for all General Fund revenue. For future years, the revenue forecast includes the 4.1% growth rate for all revenue categories and also includes a proposed Transportation Fee imposed on all residential and commercial properties the revenue from which would be used exclusively for streets maintenance. Because traffic and transportation infrastructure was a strong priority for residents in the community survey, staff proposes evaluating such a fee in 2026 and, if Council supports doing so, implementing this fee in 2027. The 2027 forecast forward includes a very conservative estimate of revenue from this fee

Capital and Operating Process

At a high level, budget expenditures occur in three large categories: capital improvement projects (CIP), personnel, and operating. This year, the budget team collected and evaluated requests from departments in all three area at once, rather than in phases. This allowed departments more time to prioritize the individual needs of departmental budgets, as well as work with the budget team over 8 weeks to refine submissions.

The EBT reviewed this information with departments to understand changes (increases and decreases) to the overall budget. The Town's long-range staffing plan anticipated 41 positions being added in this budget in 2026. Given the "Somewhat Constrained" revenue scenario, the EBT asked all departments to review this position list before submitting requests and to significantly reduce the number of positions requested. As a result, departments strategically requested only 16 new positions, all of which were either mission-critical or addressed an emerging need in the community. The Leadership Team, which included all Department Directors, Deputy Town Managers, and Town Manager, collaboratively reviewed these 16. Based on the Council's top priorities, departments' top priorities, projected revenue and other expenses, and maintaining required and prudent reserves over the 5-year forecast period, the Leadership Team recommends funding 4 new positions in the General Fund, 1 new position in the Conservation Trust Fund, and 4 new positions in the Utilities Funds. These are the positions identified as mission critical for programs and to maintain infrastructure added in the last 2-3 years, including expanded facilities, transportation infrastructure, water resources, and community events support.

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 identified approximately \$3.3 million in reductions to General Fund operating requested to support the

long-term financial strategy. This was done over three iterations and reviews with the EBT and departments. These reviews evaluated capital projects and considered the most critical infrastructure needs for the Town, including streets and concrete maintenance, as well as certain parks maintenance projects in the Capital Improvement Fund.

The EBT and Town Management recommend a one-year reduction of merit-based wage increases to provide long-term sustainability in personnel expenditures. In this respect, the 2026 proposed budget includes a 2.0% market increase for all grades, but reduces the proposed merit increase from 3.0% to 2.0% for full-time employees. It also removes the merit increases for part-time employees. This reduced General Fund expenditures by approximately \$305,000. This differs from the recommendation of the Town's Compensation Analysts, Graves Consulting. Based on their analysis of the Town's labor market, Graves Consulting recommended 2.0% market and 3.0% merit increases to maintain the Town's competitiveness. With that in mind, staff recommend this as a temporary measure for 2026 reflecting the current economy and projected revenue.

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

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. Decreases in working capital (reserves) reflect use of built-up reserves for large one-time projects. Comments on individual funds will be discussed in the subsequent section of this memo.

Changes in Fund Balances/Working Capital - 2026 Budget

2026 Budget	Beginning Balance	Revenues - Proposed	Expenditures - Proposed	Net Increase/Decrease	Restricted	Ending Balance
General Fund - 100	24,918,869	69,306,130	75,545,213	(6,239,083)	(3,328,546)	15,351,240
Capital Improvement Fund - 110	28,764,084	10,000,000	15,778,858	(5,778,858)	-	22,985,226
Grants Fund	-	-	-	-	-	-
Trails & Natural Areas Fund	7,431,020	3,079,000	2,455,513	623,487	-	8,054,507
Conservation Trust Fund	1,538,007	350,000	1,477,067	(1,127,067)	-	410,940
Cemetery Fund	523,298	-	-	-	-	523,298
Total Special Revenue Funds	9,492,326	3,429,000	3,932,580	(503,580)	-	8,988,746
Transportation Impact Fund	29,753,282	4,065,740	12,175,000	(8,109,260)	-	21,644,022
Public Facilities Impact Fund	6,544,491	2,615,920	2,279,814	336,106	-	6,880,597
Parks Improvement Impact Fund	16,110,165	1,650,940	7,000,000	(5,349,060)	-	10,761,105
Police Facilities Impact Fund	804,781	47,454,100	47,266,850	187,250	-	992,031
Tree Impact Fund	1,662,386	201,000	226,800	(25,800)	-	1,636,586
Storm Drainage Impact Fund	10,801,067	1,124,180	7,050,000	(5,925,820)	-	4,875,247
Total Capital Funds	65,676,173	57,111,880	75,998,464	(18,886,584)	-	27,290,823
Insurance Fund	-	2,093,062	1,500,062	-	-	-
Fleet & Equipment Acquisition Fund	3,732	2,156,853	2,156,853	-	-	3,732
Total Internal Service Funds	3,732	4,249,915	3,656,915	593,000	-	596,732
Water Fund	136,081,196	181,285,800	201,130,225	(19,844,425)	-	116,236,771
Wastewater Fund	41,406,131	12,124,000	10,315,234	1,808,766	-	43,214,897
Storm Drainage Operating Fund	1,701,803	8,959,809	6,806,628	2,153,181	-	3,854,984
Airport Fund	122,719	370,848	437,969	(67,121)	-	55,598
Total Enterprise Funds	179,311,849	202,740,457	218,690,056	(15,949,599)	-	163,362,250
Totals	308,167,033	346,837,382	393,602,086	(46,764,704)	(3,328,546)	258,073,782

Revenue Overview

The Town of Erie's total revenue proposed for FY2026 increased significantly to \$346.8 million, a 153.93% rise from the previous year's budget of \$136.6 million. This substantial growth is primarily driven by the introduction of Debt Proceeds, which now represents the largest revenue category at \$211 million. These anticipated proceeds will fund multiple large projects across the Town including the PD expansion, mine mitigation at Town Center, and the new Water Treatment Facility.

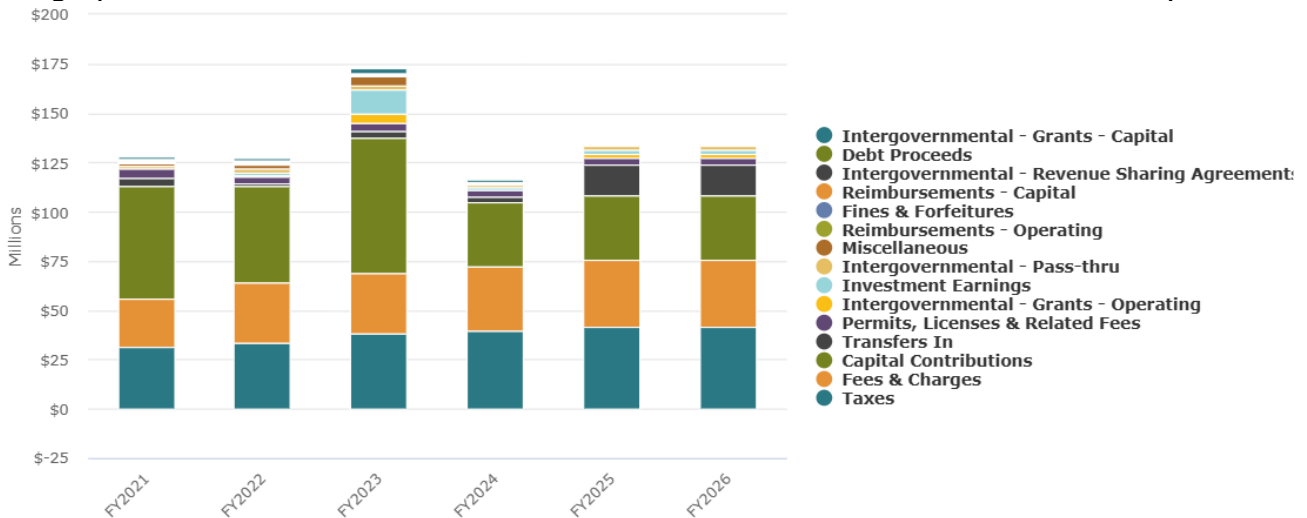
Taxes increased by \$1.2 million, or 2.93%, reaching \$43.2 million and making up 12.45% of total proposed revenues, a slight rise in both value and share compared to the prior year's budget. The proposed tax revenue budget reflects a very small increase over the actual amount collected in 2024, \$43.0 million. Due to drops in use tax collections this year and the leveling off we've seen with recent sales tax collections, staff wanted to remain conservative with the 2026 budget.

Fees & Charges also saw a modest increase of \$748,415, or 2.23%, totaling \$34.3 million and representing 9.89% of the proposed budget's revenues. This reflects a slight increase over the prior year's budget of \$33.5 million and a slight decrease from the \$35.8 million

received in 2024. Due to the significant increase in landfill fees collected in 2024, staff wanted to remain conservative for the 2026 budget until we can see if this trend in landfill fees will continue.

Lastly, Capital Contributions revenue, such as impact fees, tap fees, and water rights, increased significantly by 38% in 2023 to \$68,020,011, followed by a slight increase of 2% in 2024 to \$69,449,056. However, the 2025 budget includes a conservative budget of about \$32.7 million due to the volatility of building revenue. As of the end of September, we've collected a little over 60% of the 2025 budgeted revenue. Due to the uncertainty, staff proposes the same budget for 2026 capital contributions revenue.

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



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.

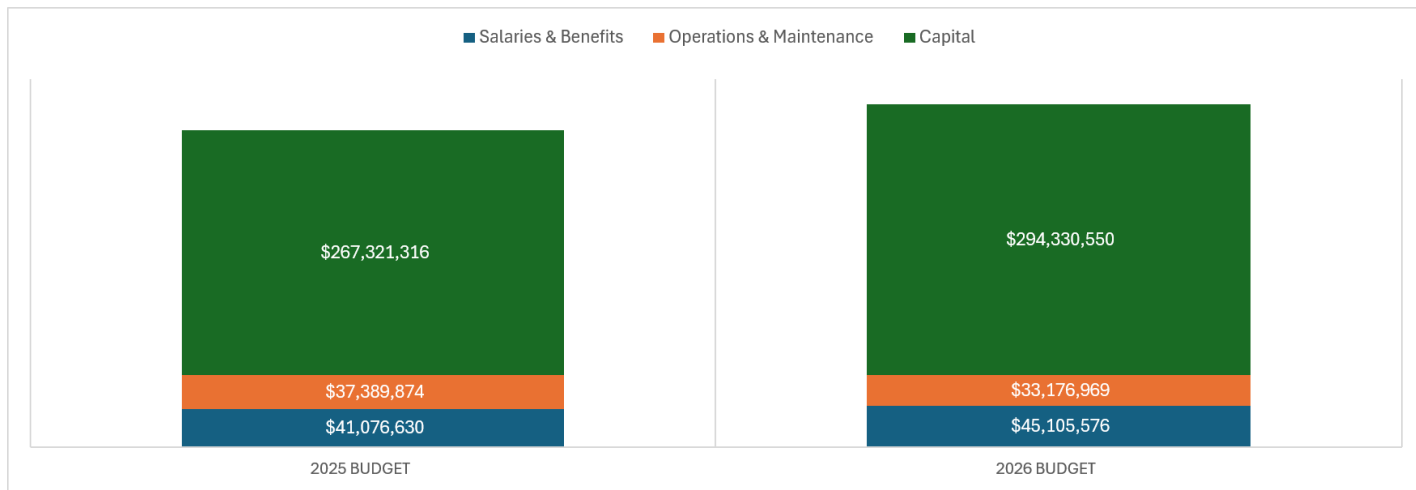
These changes in revenue by source demonstrate a positive trend for the Town. With increases in taxes and fees & charges, and a more stable trend for capital contributions, the Town is showing growth and stability in its revenue.

Expenditure Overview

Staff projects expenditures across all funds for 2026 will total about \$384 million.

Personnel and Operating Expenditures:

Town-wide Operating Expenditures (personnel and operations) will decrease from \$78.4 million to \$78.2 million, a change of 0.5%. This change includes adding 9 new positions (detailed below), which will add \$402k to the General Fund and \$620k to other funds.



Expenditure Type	2025 Budget	2026 Budget	Change (\$)	Change (%)
Salaries & Benefits	\$ 41,076,630	\$ 45,105,576	\$ 4,028,946	10%
Operations & Maintenance	\$ 37,389,874	\$ 33,176,969	\$ (4,212,905)	-11%
Capital	\$ 267,321,316	\$ 294,330,550	\$ 27,009,234	10%
Debt & Transfers	\$ 17,415,504	\$ 20,665,408	\$ 3,249,905	19%
Expenditures Total	\$ 363,203,323	\$ 393,278,504	\$ 30,075,180	8%
Positions	345	351.5	6.5	1.9%

New Position Requests:

The Proposed Budget includes funding for the following nine new positions:

General Fund Positions:

1. Police Officer (Police) - As the Town's population grows and calls for service continue to rise, adding a sworn police officer is essential to maintaining public safety, timely response, and effective community policing. Increased demand places added strain on existing patrol staff, which can lead to longer response times, reduced proactive policing, more mandatory overtime, and officer fatigue. Hiring an additional officer will help ensure the department can meet growing service needs, maintain visibility in the community, avoid officer burnout, and uphold the high standards of safety and responsiveness that residents expect.
2. Assistant Coordinator – Special Events (Parks & Recreation) - The responsibilities of the Town's Special Events Coordinator have grown significantly with the expanding scope of the role. Key duties include managing events, coordinating departmental programs, overseeing sponsorship and advertising, working with vendors, supervising staff and volunteers, and handling budgeting tasks. Due to a full workload, the coordinator is currently unable to expand programs, add new events, or pursue additional revenue opportunities. Other departments have also proposed transferring event-related responsibilities to this role in the near future. To manage these growing

demands, the budget included funding for an Assistant Coordinator position. This role will help support expanded programming, volunteer development, sponsorship growth, and revenue-generating initiatives. Staff projects the net budget impact for this position will be \$55,900.

3. Facilities Technician II (Public Works) - Industry standards recommend one full-time maintenance staff per 30,000–42,000 square feet, depending on building use and age. Higher-traffic and older buildings require more maintenance resources. Currently, the Facilities Division is responsible for over 136,000 square feet of facilities, with additional space to be added with upcoming projects. Shared responsibilities with other departments further increase the workload. Despite this, only three full-time employees manage all aspects of facility upkeep, including HVAC, plumbing, lighting, security systems, and more. Based on professional benchmarks, the Town is currently understaffed at over 45,000 SF per position. Delaying this addition may negatively affect response times, service quality, and staff burnout/retention.
4. Streets Technician II (Public Works) - This position is now critical due to continued population growth and increased roadway infrastructure. Since 2023, the Town's population and lane miles have grown significantly, with further increases projected in 2026—a 32% jump in lane miles compared to previous years. Current resources include an 8-person crew and contracted services, but staffing has not kept pace with responsibilities. Without additional support, service levels will decline. The position will support key operations such as snow removal (with overtime costs already matching a full-time salary), dust control, pavement and concrete maintenance, sign upkeep, and crosswalk/stripping maintenance—all of which are expanding with the Town's growth.

Conservation Trust Fund Positions:

1. Parks Maintenance Superintendent (Parks & Recreation) - The Parks Maintenance Division is facing growing operational demands due to rapid parkland expansion and increased administrative duties placed on field supervisors, reducing their ability to lead crews on-site. The absence of a mid-level leadership role has created oversight gaps, strained staff development, and limited responsiveness during peak times. A Parks Maintenance Superintendent will fill this gap by overseeing daily operations, coordinating maintenance and weekend activities, managing staff and vendors, and supporting quality control. This position will restore field leadership, improve efficiency, reduce overtime, and strengthen succession planning—ensuring the division can sustain high service levels as the community grows.

Water Fund Positions:

1. Water Resources Manager (Utilities) - The Town currently spends approximately \$80,000 annually outsourcing water-related work, with the majority going to a single consultant. In addition, legal support for water matters costs around \$71,000 per year, much of which could be reduced with internal staff. Additional consulting expenses—including support on water cases, special studies, and participation in regional water projects—add another estimated \$15,500 annually. Internal staff time, such as attending meetings and managing correspondence related to ditch companies and

shareholders, adds further indirect costs. This new position will offset or reduce current expenditures by over \$110,000, while improving water resource management, consistency, internal capacity, and long-term efficiency.

2. Distribution Maintenance Operator II (Utilities) - Due to rapid population growth and increasing system demands, the Distribution Division needs an additional technician. In 2024 alone, water production rose 13% and the Town's population grew by over 9%, served by an expanding system including more miles of pipe, valves, and maintenance needs. Wastewater flows have also steadily increased by about 5% annually, further straining existing resources. Current staffing is stretched, with small teams covering a broad range of responsibilities including routine maintenance and emergency repairs. Adding another FTE will allow for more focused, efficient asset management—especially as new developments transition out of warranty between 2025–2026, significantly increasing maintenance workloads.

Wastewater Fund Positions:

1. Wastewater Utility Maintenance Mechanic (Utilities) - The Town operates over \$100 million in utility assets without a dedicated full-time Maintenance Mechanic at its treatment plants—a critical staffing gap as system demands and production grow. Current staffing includes two maintenance staff on the water side and none on wastewater, despite industry standards emphasizing a preventative maintenance ratio of at least 70%. The lack of dedicated staff contributes to costly failures—such as a recent bar screen repair totaling over \$62,000 in parts, labor, and overtime—and delays in contractor response. Adding a full-time maintenance staff will improve reliability, reduce costs, and support regulatory compliance through more effective preventative and predictive maintenance.

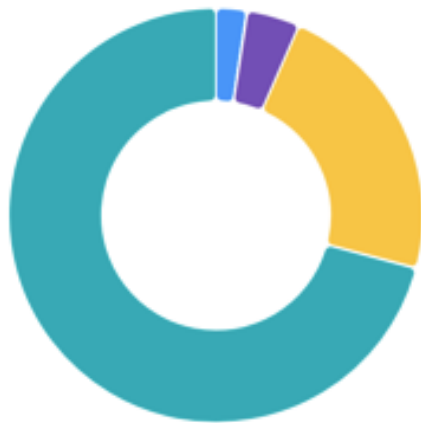
Storm Drainage Operating Fund Positions:

1. Storm Maintenance Operator III (Utilities) - The stormwater maintenance team consists of just two technicians and a supervisor, creating significant strain and safety concerns when even one team member is unavailable. Their responsibilities span from manhole inspections and emergency response to clearing ponds and mitigating illicit discharges—often in remote or high-traffic areas, where working alone poses risks. The team now manages 49 detention ponds (up from 35 in recent years), 159 miles of storm mains, and continues to support a growing number of inspections and maintenance tasks. Since mid-2023, they've completed 770 manhole assessments, 75 inspections, and maintained 22 ponds in 2025 alone. As the Town expands, adding a third technician is essential to maintain service levels, reduce safety risks, and meet increasing operational demands.

Capital Expenditures:

Town of Erie Capital Costs for FY2026 are projected to be \$294.3 million. The breakdown of these costs by department is shown below:

Budgeted Capital Costs By Department (FY2026)



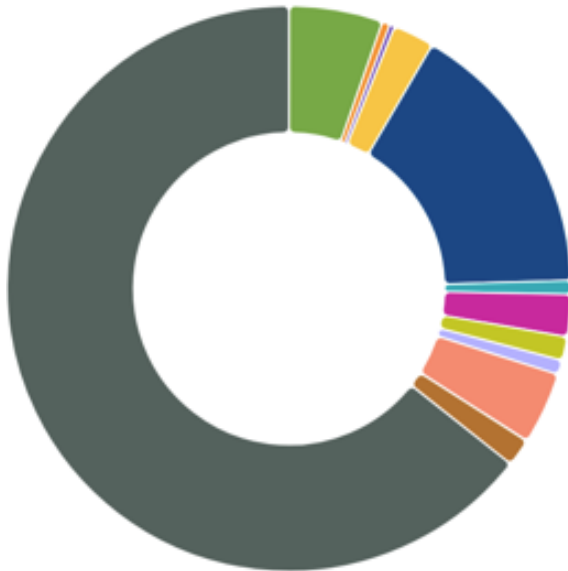
Economic Development (2%)	\$7,000,000.00
Environmental Services (0%)	\$60,000.00
Information Technology (0%)	\$140,000.00
Parks & Recreation (4%)	\$12,160,308.00
Public Works (23%)	\$66,279,273.00
Risk (0%)	\$100,000.00
Utilities (71%)	\$208,590,969.00

TOTAL

\$294,330,550.00

The breakdown in Funding Source is as follows:

Budgeted Funding Source



Airport Fund - 530 (0%)	\$33,334.00
Capital Improvement Fund - 110 (5%)	\$15,778,858.00
Conservation Trust Fund - 220 (0%)	\$1,332,550.00
Fleet & Equipment Acquisition Fund - 400 (0%)	\$828,162.00
Parks Improvement Impact Fund - 320 (2%)	\$7,000,000.00
Police Facility Impact Fund - 325 (16%)	\$47,266,850.00
Public Facilities Impact Fund - 310 (1%)	\$2,279,814.00
Storm Drainage Impact Fund - 340 (2%)	\$7,050,000.00
Storm Drainage Operating Fund - 520 (1%)	\$3,993,821.00
Trails & Natural Areas Fund - 210 (1%)	\$2,455,513.00
Transportation Impact Fund - 300 (4%)	\$12,175,000.00
Tree Impact Fund - 330 (0%)	\$50,000.00
Wastewater Fund - 510 (2%)	\$4,637,868.00
Water Fund - 500 (64%)	\$189,448,780.00

TOTAL

\$294,330,550.00

Townwide the Proposed Budget includes \$292.9 million for 79 Capital Projects and \$1.4 million for Capital Outlays (i.e. equipment requests). The budget detail includes a complete list of capital projects. Below is a summary of the major projects (over \$1 million) the Town has planned for 2026.

Utilities:

- New Water Treatment Facility \$151.7M (multiple years) – Design and construct a new water treatment facility north of SH 52 near the North Water Reclamation Facility (NWRP). Construction and project management funds moved up to 2026 based on current design schedule being completed prior to end of 2026; staff anticipates this project will be under construction in late 2026. Treatment piloting and final design of the treatment plant to be completed between 2025 to mid-2026; completion of Phase 1 of construction of 6.6 MGD treatment facility anticipated to be completed between late 2027 to early 2029.
- Zone 3 Water Tank \$19.1M (multiple years) – Design and construction of Zone 3 Storage Tank and potential new pump station and clear well modifications. Updated hydraulic model included as part of design scope. Town acquired a 3.04-acre parcel from the City of Lafayette to construct a new drinking water storage facility that will serve current and future demands and increase the Town's water system reliability. The project also includes the necessary pipelines to transport water between the Tank Site and Lynn R. Morgan Water Treatment Facility. Design anticipated in 2025 to 2026; construction to follow, with project completion estimated in 2027 to 2028.
- Coal Creek Reach 2 and 4 \$11.6M (multiple years) – Coal Creek is experiencing erosion and capacity issues. Improving the capacity and alignment of Coal Creek will enhance the safety and water quality in the Erie portion of Coal Creek and create an amenity. Staff completed a conceptual design for the section from the Old Town levee to Kenosha Road. In July 2022, staff submitted a project including Reach 2 and 4 FEMA through the State. FEMA awarded the Grant (FEMA Grant Reso 24-035) and the project is under final design. It will include land acquisition, channel restoration, and replacing the bridges at County Line Road and Kenosha Road. When the project is complete, approximately 30 structures in Weld County will be removed from the floodplain. Trails are not included in the grant; additional funds must be budgeted for trails and amenities (see Coal Creek Trail – Reach 2 and 4 below).
- LRMWTF Plant 1 Filter System Upgrade \$6.0M – Plant 1 ultrafiltration membrane system upgrade. The existing system is 25 years old and has exceeded its useful life. Many of the plastic components are cracking and deteriorating and other components need to be upgraded and replaced. A new upgraded filtration system will be retrofitted into the existing system and greatly improve reliability of the system, improve water quality, and increase filtration capacity.
- NISP \$4.9M – Erie is participating with 14 other entities to develop additional water supplies. This project will build a 177,000-acre feet reservoir north of Fort Collins and a 45,600 acre feet reservoir east of Fort Collins. This project is managed by Northern Colorado Water Conservancy District. Securing new water shares will enable the Town to satisfy new development anticipated by the Comprehensive Plan.
- Windy Gap Firming Project \$2.9M – Erie is participating with 11 other entities to improve the reliability of the water supplies developed by the original Windy Gap project. This will help satisfy Erie's water demands during both wet and dry years. The project includes constructing a 110,000 acre feet storage reservoir west of Carter Lake. The project is managed by Northern Colorado Water Conservancy District.

- Solar at NWRF \$2.3M – This project will expand the floating solar array, currently under construction at the NWRF. Phase 1 of this project, funded in part with a \$900K DOLA Grant, is installing 1.2MW of photo voltaic (PV) generation on the Town's reuse water reservoir. Phase 1 will satisfy about 40% of the electrical demand from the North Water Reclamation Facility (NWRF). This funding will cover a portion of the 2nd phase of the project, installing an additional 1.9MW of PV generation to cover the remaining portion of the NWRF's electrical demand. This project will only proceed if the Town is able to secure additional grant funding to cover a portion of the Phase 2 cost.
- 111th Street Improvements \$1.1M – This project will be in partnership with Mile High Flood District (MHFD) to design and construct drainage improvements on and around 111th Street from Flatiron Meadows Blvd to Arapahoe Road. The intent of this project is to address drainage overtopping 111th as an existing condition. MHFD will typically cost share 50% with the Town and is partnering with the conceptual evaluations to start.
- NWRF to HWY 52 & WCR5 \$1.1M – Installing approximately 10,900 LF of 36" sanitary sewer interceptor line to provide service to Summerfield and the I-25 corridor. Per the Summerfield Annexation Agreement, the Developer will be reimbursed \$300,000 upon construction acceptance, and \$300,000 with every 100 building permits until the percentage to be reimbursed is paid. The section beyond the Summerfield Annexation will be fronted at the Town's expense to provide service to the I-25 corridor with project costs reimbursed by those who connect. This is listed in the 2013 Wastewater Utility Plan. Assuming 350 building permits from 2026-2031, development will cover 83.1% of construction phase cost.
- Upsizing Waterlines - Developer Reimbursements \$1.0M – It is more cost effective to have developers upsize waterlines than for the Town to construct large waterlines. This funding anticipates the cost of reimbursing developers for upsizing waterlines to meet the Town's master plan requirements. In 2026 staff anticipates Summerfield will be reimbursed for approximately 1,800 LF of a 16" line they will construct in WCR 12 from their western connection to WCR 5.
- Erie Lake Repairs \$1.0M – This funding is for repairs to Erie Lake Dam to mitigate seepage along the dam on the east side of the lake. Until the repairs are complete, the State Dam Engineer has restricted water storage in Erie Lake, which complicates managing the Town's water supplies.

Public Works:

- Police Department/Courts Expansion \$47.3M – This is the implementation stage of the Facility Plan created in 2021. This project covers remodeling and expanding the PD/Courts facility from 17,971 square feet to 50,000 square feet and includes design and soft cost in 2024 and 2025, and expansion cost in 2026. It follows industry standards for workstations, offices and common areas. The project also enhances the parking lot significantly, creating separate secure and public parking areas. The plan augments evidence, patrol, investigations, records, and includes a training center, fitness and expanded administrative space. Design is in process as of 2025 and staff projects construction will start in 2026; no budget rollover anticipated for 2026.

- County Line Road – Erie Parkway to Telleen \$8.0M – County Line Road (CLR) will be widened from Erie Parkway to Telleen in alignment with the Town Center and Town Transportation Mobility Plan. This is one of two phases for widening of CLR between Austin and Telleen. The budget includes design and construction of the underpass identified in the Town Center Strategic Plan.
- Street Maintenance Projects \$4.5M – Through a combination of repair, resurfacing, and modernizing the Annual Street Maintenance Work restores existing asphalt road infrastructure, ensuring smoother and safer travel for motorists while cost-effectively extending the lifespan of roadways. Roads needing improvements are identified and prioritized using vehicle mounted pavement evaluation systems. This annual level of funding is adjusted to maintain a minimum Pavement Condition Index (PCI) rating of 80 PCI based on long-term goals. The 2025 scan completed by Streetlogix showed the PCI increased, indicating road conditions across Town improved. Based on this updated data, staff will revise our 5-year plan.
- Erie Community Center Addition \$1.3M— The Erie Community Center (ECC) was built in 2005. This funding will cover design costs only, with construction pending funding mechanism and Council direction. Anticipated in the design are:
 - New multi-use classrooms and storage on the A-side
 - New large meeting room
 - Staff office expansion/reconfiguration of the lobby area
 - Renovation of existing racquetball court to multiuse fitness area and spin studio
 - Extended fitness platform on 2nd floor
 - Expanded Mini Miners
 - Expanded meeting room

Additional options include (funding dependent):

 - Additional gym on east side
 - Additional fitness studio on east side
 - Expanded staff support space, maintenance shop, and storage
- Page Property \$1.0M – This project is pending additional Council direction. The Town acquired the Page Property in 2023. In 2024 the Town conducted a feasibility study and design for the Property to remodel and add to the existing house to provide Parks and Open Space (P&OS) offices to accommodate all P&OS staff. Additional design work will be for a 5,000 square feet of heated and cooled shop for P&OS fleet maintenance, new paved access road and CR 1.5 entrance, new water and sewer service (improper water tap and house is on septic), and a stormwater retention pond. Investing in this project for P&OS operations would delay need for major LAWSC expansion to at least 2030. 2026 costs would only be for design only.

Economic Development:

- Mine Mitigation – Town Center and ECC \$7.0M (through COPs) – Mitigating underground abandoned coal mines on the 20-acre Town-owned property in Erie Town Center (NWC of Erie Parkway and E. County Line Rd.), to remediate blighting conditions and facilitate the development of this key property. Initial estimates from CTL Thompson and Keller

Engineering conservatively estimated the cost to fill the voided mine shafts and chambers with concrete grout mixture, stabilizing the soils and allowing development to occur on this property and the adjacent area east of County Line Road and west of the Erie Community Center parking lot.

Parks & Recreation:

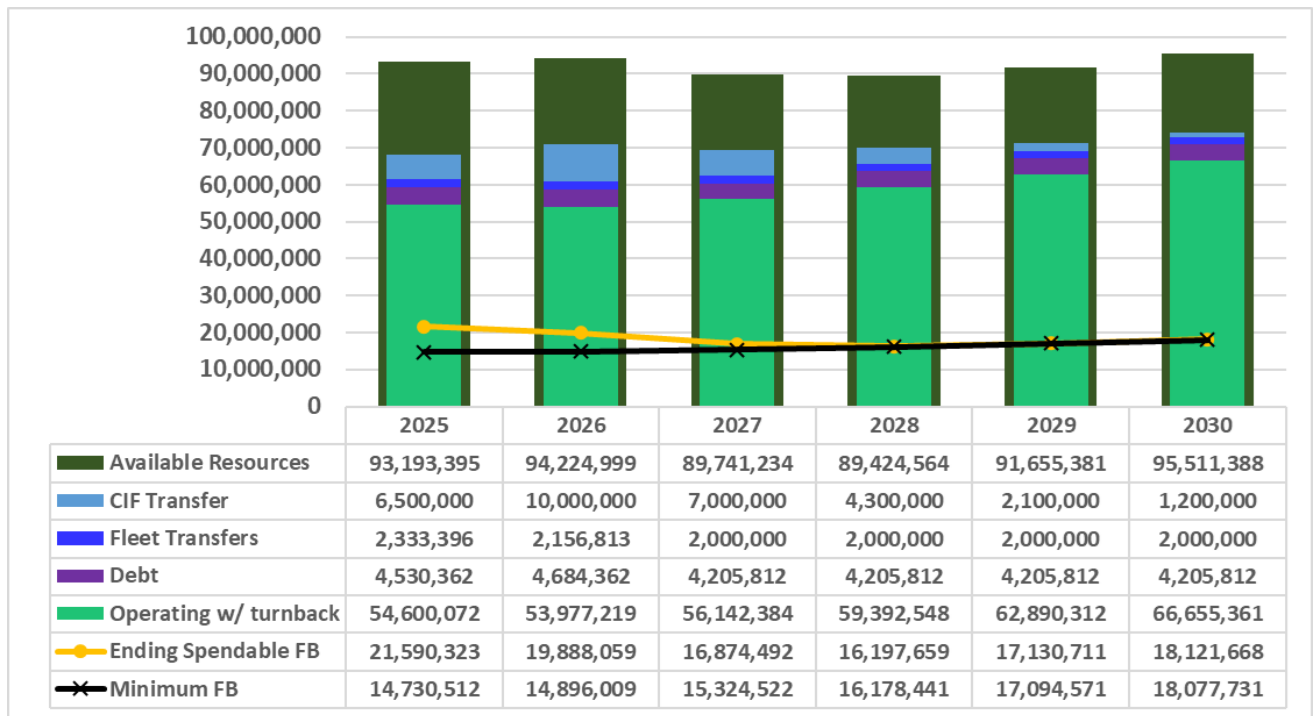
- Coal Creek Trail – Reach 2 & 4 \$1.7M – The Coal Creek flood mitigation project (Coal Creek Reach 2 & 4, above) cannot pay for trail design and construction. The trail connection from Reliance Park west to Reach 3 and the future trail crossing at Reach 4 at Kenosha Road are high priorities for OSTAB and staff. The project also includes a pedestrian bridge connection over Coal Creek connecting Reliance Park to Erie Wetlands. 2026 budget will fund construction for this project.
- Compass Park \$3.7M – The Compass subdivision includes a 10-acre tract dedicated for a neighborhood park. To estimate construction costs, the Town developed with extensive community involvement a concept plan for the park. Council approved that plan in 2023. In 2024, staff completed 100% design development. 2026 funds will be used to complete construction drawings and begin the first phase of construction. This project will align with the Morgan Hill neighborhood park project and will occur in phases based on available funding.
- Morgan Hill \$3.7M – The Morgan Hill subdivision includes a 14-acre tract dedicated for a neighborhood park. To estimate construction costs, the Town developed with extensive community involvement a concept plan for the park. Council approved that plan in 2023. 2026 funds will be used to complete the design and begin the first phase of construction. This project will align with the Compass neighborhood park project in phases based on available funding.

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, keep expenditures within available revenue, and maintain 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 forecasts show the result is maintaining all required reserves under Resolution 23-143, which designates portions of the General Fund reserves for specific purposes, transferring \$1.2 million to \$10 million annually to the CIP and \$2.0 million to \$2.3 million to the Fleet Fund, and funding \$7.3 million to \$16.3 million in capital projects each year.

General Fund Forecast:



CIF Fund Forecast:



	2025 1st Supp.	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
CIF Beginning FB	27,000,000	12,569,372	6,314,814	6,048,208	2,879,172	-2,389,280
General Fund Transfer	6,500,000	10,000,000	7,000,000	4,300,000	2,100,000	1,200,000
Rollovers	9,079,005					
New Requests	411,418					
Interfund Transfers	785,000					
Original Capital Budget	10,655,205	16,254,558	7,266,606	7,469,036	7,368,452	7,763,486
Total Capital Budget	20,930,628	16,254,558	7,266,606	7,469,036	7,368,452	7,763,486
CIF Ending FB	12,569,372	6,314,814	6,048,208	2,879,172	-2,389,280	-8,952,766

Although the Capital Improvement Fund (CIF) shows negative balances in 2029 and 2030, this reflects staff's cautious estimates of both revenues and expenditures for all years. Further, because the CIF funds mostly one-time projects, staff can tailor recommended projects each year to reduce out-year expenditures and maintain adequate reserves.

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.

The ***Capital Improvement Fund*** is a fund created to account for capital projects and expenditures that had previously been allocated to the General Fund. Appropriations from the Capital Improvement Fund shall only be used for capital improvements, equipment replacement, maintenance needs, or for the repayment of bonds issued for such purposes. After making appropriations for all other General Fund purposes, the Year End Fund Balance exceeding 25% shall be transferred to the Capital Improvement Fund.

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.)