



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council

DATE: April 1, 2009

SUBJECT: Study Session Agenda for April 6, 2009

PREPARED BY: J. Brent McFall, City Manager

Please Note: Study Sessions and Post City Council meetings are open to the public, and individuals are welcome to attend and observe. However, these meetings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.

Looking ahead to next Monday night's Study Session, the following schedule has been prepared:

A light dinner will be served in the Council Family Room 6:00 P.M.

CITY COUNCIL REPORTS

1. Report from Mayor (5 minutes)
2. Reports from City Councillors (10 minutes)

PRESENTATIONS

6:30 P.M.

1. Legislative Update with Danny Tomlinson and Bob Ferm (*Verbal*)
2. Proposed Expansion of the City and County of Broomfield Detention Facility (Attachment)
3. 2009 Financial and Budget Update (Attachment)

EXECUTIVE SESSION

1. Discussion with the City Attorney's Office concerning a proposed settlement agreement in Hamon construction lawsuit and obtaining Council direction thereon, pursuant to WMC sections 1-11-3(C)(3), (7) and (8), and CRS sections 24-6-402(b) and (e). (*Verbal*)

INFORMATION ONLY ITEMS – Does not require action by City Council

None at this time

Additional items may come up between now and Monday night. City Council will be apprised of any changes to the Study Session meeting schedule.

Respectfully submitted,

J. Brent McFall
City Manager

Study Session Minutes from March 2, 2009



WESTMINSTER

Staff Report

City Council Study Session
April 6, 2009



SUBJECT: Proposed Expansion of the City and County of Broomfield Detention Facility

PREPARED BY: John Carpenter, Director of Community Development

Recommended City Council Action

Provide direction to staff regarding the proposed expansion of the Broomfield Detention Center.

Summary Statement

Broomfield City and County Manager, George DiCiero, sent a letter to Brent McFall on February 12 outlining Broomfield's plans to expand its Detention Center Facility and provide Westminster an opportunity to comment on the plans. The current facility is designed to hold 80 prisoners and the proposed expansion would accommodate 140 prisoners. Staff would like to discuss the proposed project with City Council. On March 4, Broomfield held a public meeting about the proposed expansion at the Detention Center. Three persons attended who had questions but were not opposed to the project. Meeting notices were posted in the Westsider and Broomfield Enterprise.

Expenditure Required \$0

Source of Funds Not applicable

Policy Issues

- Does City Council have any concerns regarding the proposed expansion of the Broomfield Detention Center?
- Does Council want to request that Broomfield hold an additional public meeting concerning the proposed expansion at the West View Recreation Center?

Alternatives

- 1) Encourage Broomfield to hold a public meeting in Westminster.
- 2) Do not request a public meeting in Broomfield.
- 3) Provide comments to Broomfield regarding their planned detention center expansion.

Background Information:

The detention center is located at 11600 Ridge Parkway which is south of 120th Avenue/Colorado 128 and west of Simms Street. The facility is directly north of Great Western Reservoir.

The existing facility was opened in November 2001. The process to select a site for the Detention Center generated a lot of controversy. Many residents of Westminster's Countryside Subdivision were very opposed to the proposed site of the Detention Center. The facility as constructed is about one mile from the closest point in Westminster (Simms Street/Westmoor Drive) and is barely visible from Westminster. According to Police Chief Birk, there have been no prisoner escapes or any other incidents that have adversely affected residents. The Broomfield Police Department has fully cooperated with the Westminster Police Department in operating the facility.

Attached is a copy of the letter from Broomfield City Manager George DiCiero along with photo simulations of the proposed project. Some of the photos show before and after images of the proposed expansion. Staff has reviewed the proposed expansion plans and believes that the design would not be objectionable to nearby Westminster residents and businesses. Broomfield's current plans call for entering into a contract for the construction in May of this year with construction commencing in September.

Per Mr. DiCiero's letter, Broomfield held "a public meeting to provide an opportunity for area residents to comment on the proposed expansion plans." This meeting was held on March 4th after a notice was published in the Westsider. Three persons attended.

Respectfully submitted,

J. Brent McFall
City Manager

Attachments



file

OFFICE OF THE CITY AND COUNTY MANAGER

One DesCombes Drive • Broomfield, CO 80020 • Phone: (303) 438-6300 • Fax: (303) 438-6296 • Email: info@ci.broomfield.co.us

February 12, 2009

Mr. Brent McFall
City Manager
City of Westminster
4800 West 92nd Avenue
Westminster, Colorado 80031

Re: Expansion of the City and County of Broomfield Detention Facility

Dear Brent:

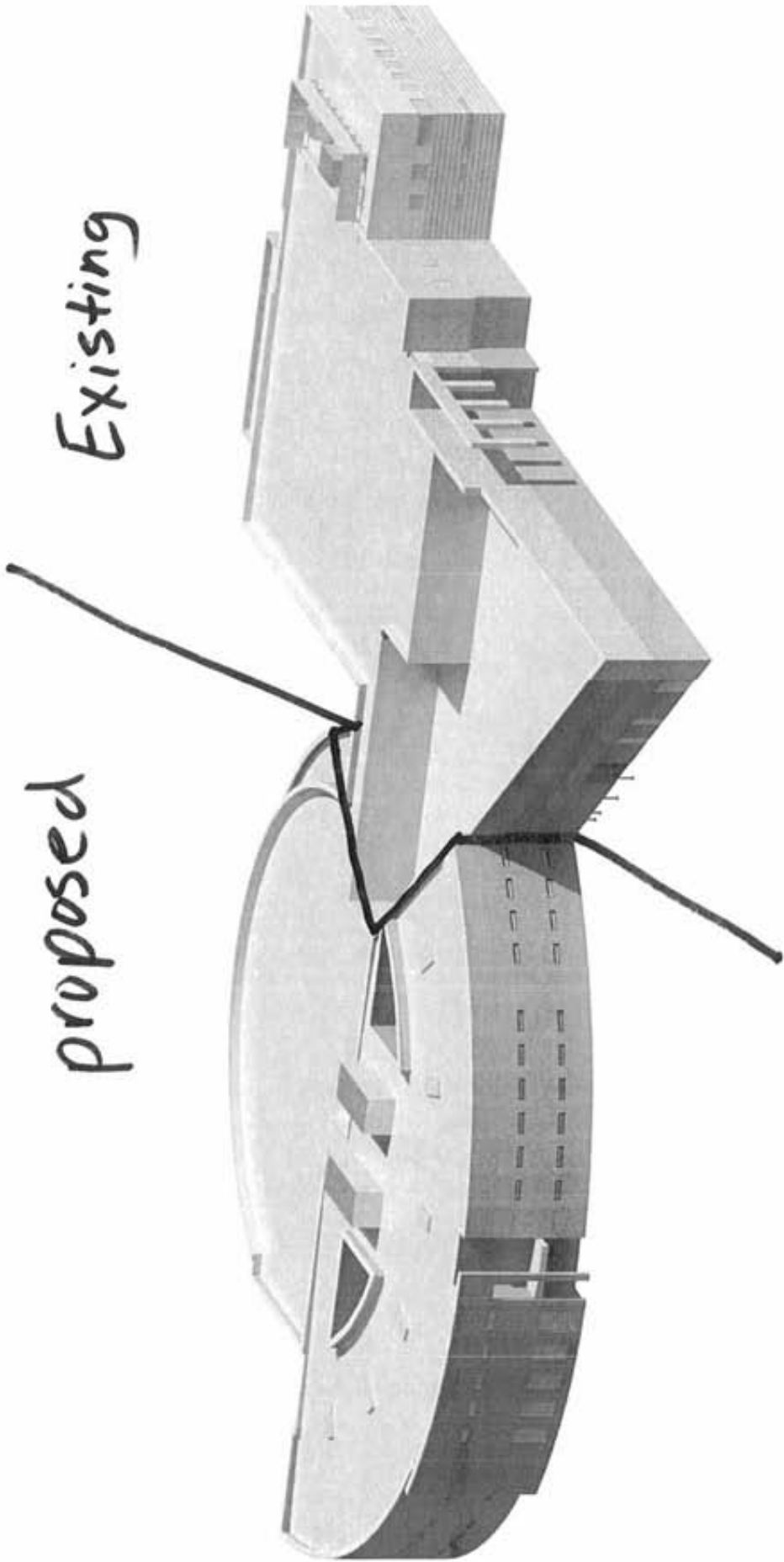
We want to inform the City of Westminster about Broomfield's plans to expand its Detention Facility and to provide Westminster an opportunity to comment on the plans.

The facility currently has a design capacity for 80 prisoners. The average daily population at the facility has been 92. As a result, we are considering an expansion to accommodate up to an additional 140 prisoners.

The proposed expansion is planned to be similar in scale, architecture, and finish to the existing facility. The following criteria which Broomfield established for the design and operation of the initial facility will apply to the proposed expansion. The criteria are:

- The facility shall be compatible in appearance with structures in Interlocken, especially older areas of Interlocken, and Westmoor;
- Building square footage on the site shall not exceed a floor to area ratio of 0.35;
- Inmates in any exercise area shall not be visible from the ground floor of structures within adjacent property or adjacent streets;
- If metal fencing is installed on the site, it shall be black. Barbed wire and razor wire shall not be used on the site;
- All driveways and parking areas shall be asphalt paved to City standards;
- Detention facility structures shall not exceed 30 feet in height. Mechanical units, their enclosures and communications facilities may exceed this height. Communication structures over 30-feet will be a single monopole;
- Colors of structures shall be neutral tones; structures shall be varied in massing;
- All landscaping shall be consistent with other City facilities and other landscaping requirements within the project; and
- Prisoners released without pre-arranged transportation will be left at the Broomfield RTD Park-n-Ride.

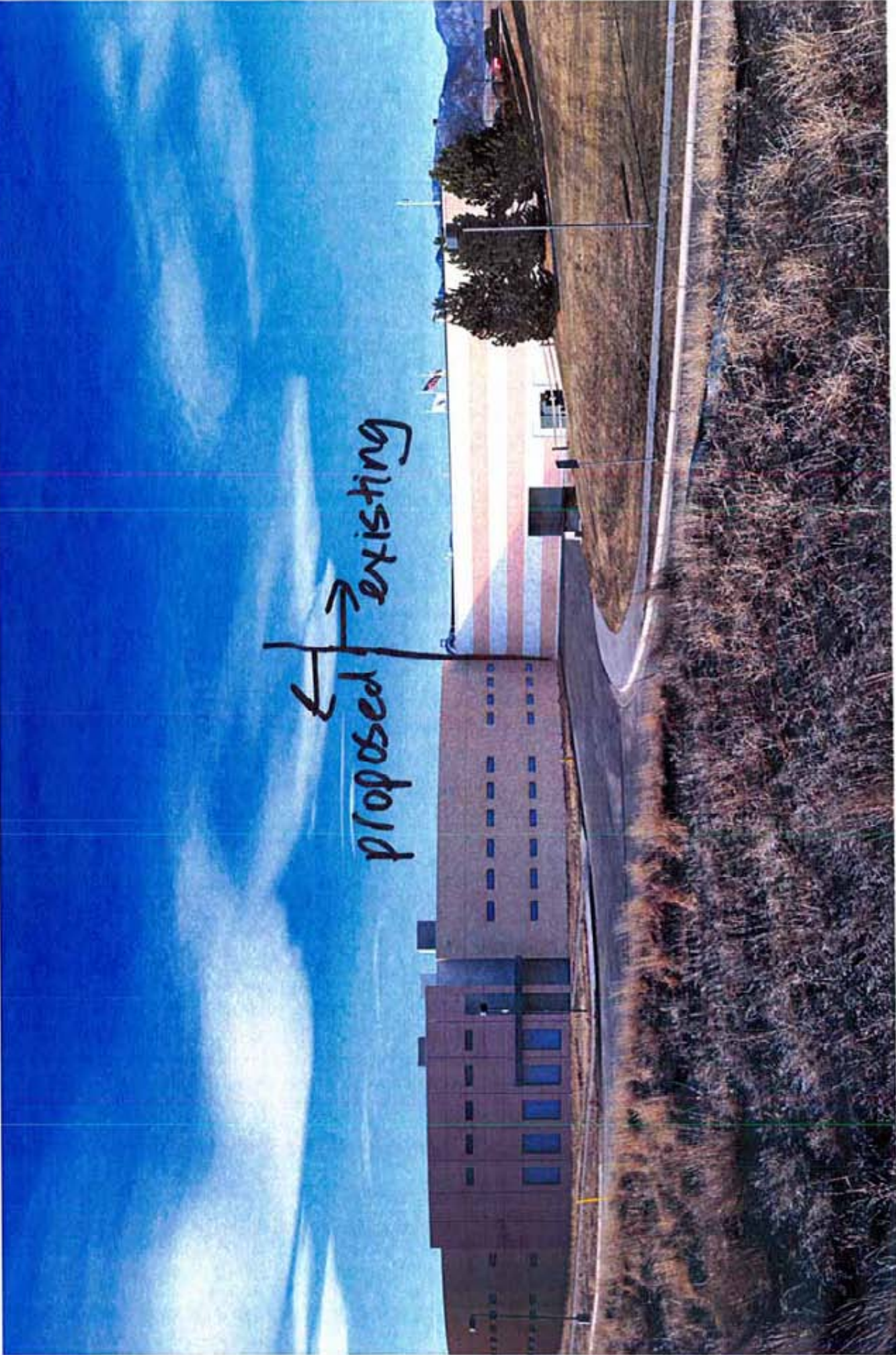
Attached for your reference and review are working plans of the proposed expansion.



**BROOMFIELD POLICE DEPARTMENT
DETENTION CENTER AND TRAINING FACILITY**

ROTH :: SHEPPARD
ARCHITECTS

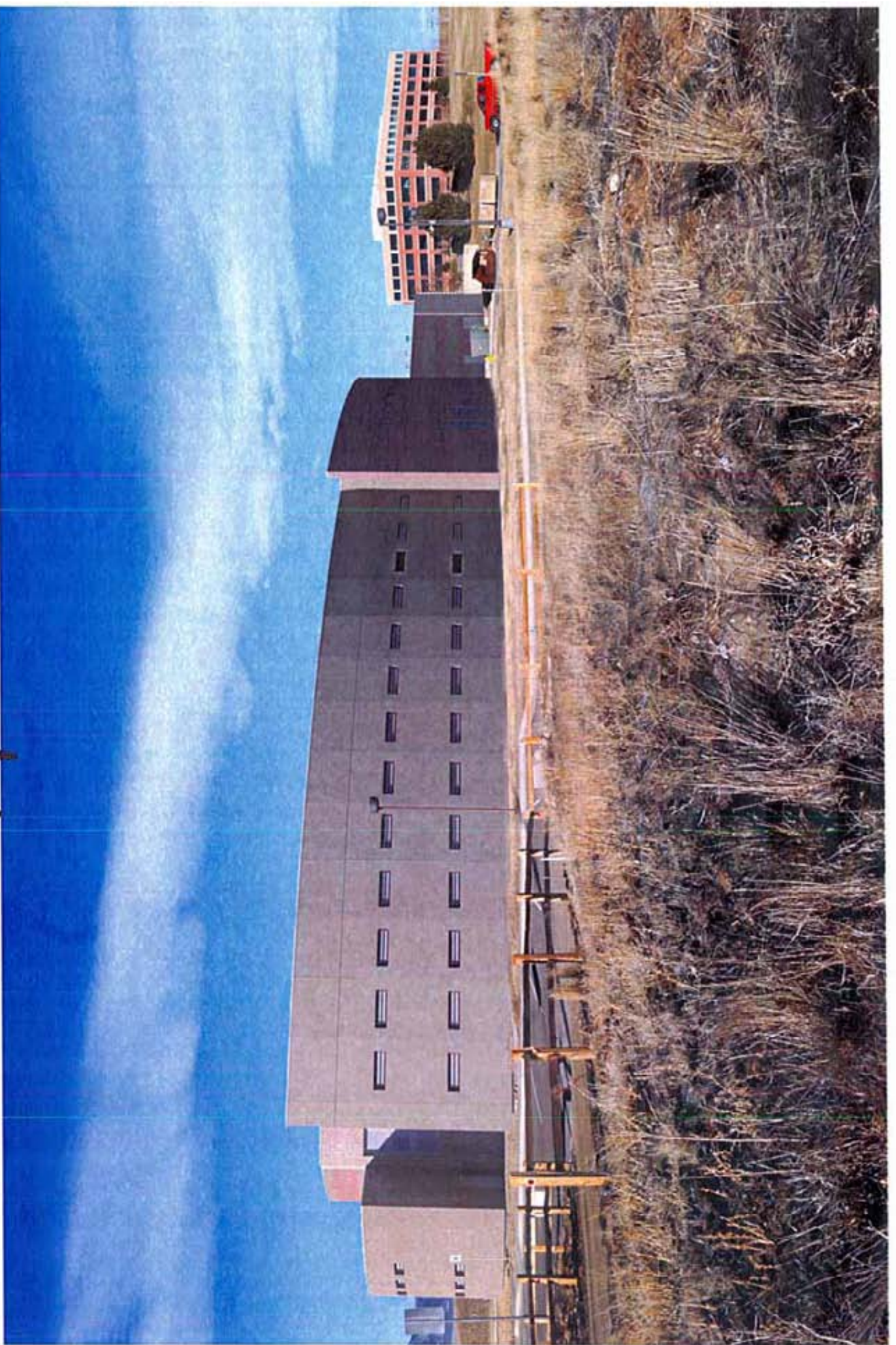
DESIGN DEVELOPMENT
FEBRUARY 3, 2009

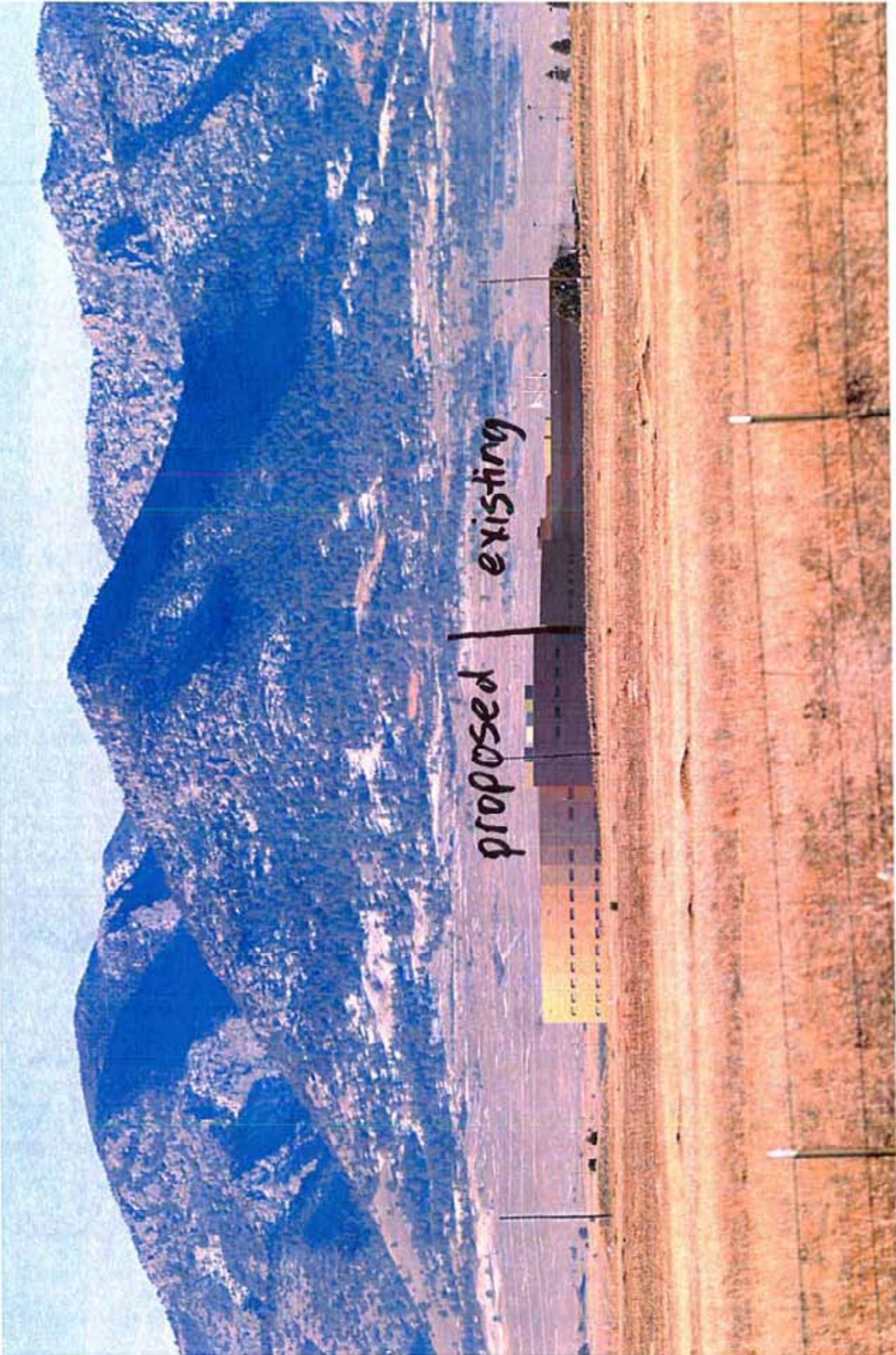


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WESTMINSTER

Staff Report

City Council Study Session Meeting
April 6, 2009



SUBJECT: 2009 Financial and Budget Update

PREPARED BY: Steve Smithers, Assistant City Manager
Barbara Opie, Budget & Special Projects Manager

Recommended City Council Action

- City Council is requested to review the attached summary of implemented and potential actions to address anticipated shortfalls in the City's 2009 General Fund budget. Staff has a brief presentation for discussion at Monday's Study Session.
- Staff is also seeking direction on any adjustments that might be made to City Council's 2009 Budget.

Summary Statement

The 2009/2010 Budget was adopted by City Council in October 2008. The 2009/2010 Budget was developed with sustainability as the critical focus, recognizing the uncertain economic conditions at the time the budget was developed and adopted. Since the development and adoption of the 2009/2010 Budget, economic conditions have significantly worsened and necessary steps have been implemented to ensure the City maintains a balanced budget and continues to provide excellent services.

This Staff Report is intended to provide City Council with a status update on the City's current finances and steps taken and strategies developed to address anticipated revenue shortfalls in 2009 and 2010.

Staff will be at the Study Session to discuss the City's current financial position and its immediate impact on the 2009 Budget.

Expenditure Required: \$0

Source of Funds: N/A

Policy Issues

- Does City Council concur with the strategies and steps outlined within this Staff Report to address budget shortfalls created by the national economic recession?
- Does City Council concur with Staff's recommendations on proposed reductions to City Council's 2009 Budget?

Alternatives

- Do not implement these budget adjustments and continue to provide services as budgeted. Staff does not recommend this approach as the current trends are indicating that the reduction in revenues is not short term and will impact revenue collections in 2009, 2010 and possibly into future years. The City is legally required to maintain a balanced budget and steps are necessary at this time to ensure a balanced budget.
- Do not adjust the City Council's 2009 operating budget. If City Council does not reduce their budget, Staff will look for additional reductions in the Central Charges budget and make adjustments as necessary there.

Background Information

As evident from the Financial Report for February 2009, February sales and use tax revenues continued to follow a negative trend, with total sales and use tax revenues down for a fifth consecutive month when comparing month-to-month trends from prior years. Staff focuses on sales and use tax revenues due to the fact that these revenues comprise 64% of total the General Fund (GF) revenues, which funds the majority of day-to-day operations for the City (recall that property tax accounts for only 4% of the total GF). For the month of February, sales tax was down 3.7% while use tax was down 35%. Total sales and use tax revenues for the month were down 11.8% over February 2008 figures. Year-to-date totals show City sales and use tax revenues down 9.3% over 2008 actual figures.

Staff continues to be fiscally conservative, taking measured responses to address this recession. Staff believes it is critical to deal with the revenue and expenditure impacts earlier rather than later in order to be proactive in dealing with this recession. It should be noted that the impacts of this recession could be significantly worse on City services but thanks to the aggressive steps taken over the past several years to enhance the City's sales tax base, the impact of this recession on Westminster is less severe. New major retail hubs developed in the last five years include The Orchard Town Center at 144th Avenue and I-25, The Shops at Walnut Creek at US 36 and Church Ranch Boulevard, and multi-store centers at 136th Avenue and I-25, 72nd Avenue and Sheridan Boulevard, and 72nd Avenue and Federal Boulevard. Sales and use tax revenues generated through these developments are helping to buffer the effects of this recession.

In order to address the erosion in revenues that has occurred since the 2009/2010 Budget was developed and adopted, Staff's approach has been to focus on identifying potential revenue impacts for the immediate two-year period 2009/2010 and has commenced evaluation of how any recovery plays out into the 2011/2012 Budget. Based on all of this uncertainty, Staff continues to evaluate different revenue scenarios and associated impacts on operations. The current forecast (referred to as the "projected scenario") from which Staff is operating anticipates a likely scenario of a reduction in sales and use tax revenues of 8.5% in 2009 and 7.5% in 2010 (i.e., we are anticipating a modest recovery of +1% over 2009 for 2010). Other General Fund revenues are anticipated to reduce by 4% in 2009 and 2% in 2010 (i.e., a modest recovery of +2% over 2009 for 2010). Over the two-year period, this equates to a total GF revenue reduction of approximately \$12.5 million. The actions outlined below that have already been implemented are based on this scenario.

However, in light of the continuing decline in sales and use tax revenues, Staff is examining a more conservative projection of a reduction of 11% in 2009 and 10% in 2010 on sales and use tax revenues. Over the two-year period, this equates to a total GF revenue reduction of approximately \$15.9 million. Staff is cautiously optimistic that this will be the “worst case scenario” but that remains to be seen. Due to the uncertain economy and unknown amount of time it may take the national, state and local economy to recover, Staff has identified potential steps to address the additional \$3.4 million shortfall over the “projected scenario” of \$12.5 million noted above for the two-year period.

This Staff Report provides information on steps already implemented to address the projected \$12.5 million shortfall and potential additional steps to address a possible \$15.9 million shortfall. Staff is working to take a measured response to the economy and its impact on City operations. Staff will continue to monitor and take action to maintain City services, minimize impact on residents and businesses while retaining a highly skilled quality workforce.

The following provides a chronology of steps taken to date to address declining revenues:

Step One: In November 2008, the economy shifted such that Staff began preparing strategies to buffer 2009. \$1,389,000 in adjustments were made to the 2009 budget prior to January 1, 2009 as outlined below:

- \$30,000 savings from the Street Division’s purchase of a paver and elimination of the City’s membership in the Alliance for Innovation.
- The Fire Department’s down payment for a replacement Heavy Rescue Truck was shifted to be paid from fund balance in the General Capital Outlay Replacement Fund (GCORF) rather than from the General Fund (GF) as originally budgeted. The total replacement was budgeted at \$375,000 to be lease-purchased over the next several years. The unaudited GCORF balance for public safety vehicles as of December 31, 2008 is \$2,119,957; the use of fund balance for the down payment will still leave a healthy balance.
- Staff identified capital projects totaling \$1,259,000 that were placed “on hold” until such time that the revenue picture improved enough to warrant their release. If it becomes necessary to permanently reduce these budgets, then Staff will return to City Council to officially un-appropriate these projects later this fall. In contrast to operating budgets where funds not spent at year-end do not carry forward, due to the multi-year nature of CIP projects, once a project is appropriated, the funds roll forward each year until the project is completed and closed. As such, if it becomes necessary, City Council would need to officially un-appropriate these projects reducing the revenues and associated expenditures in the General Capital Improvement Fund (GCIF). Staff identified projects where no contractual or other obligations exist and where the immediate impact on citizens and the City is the least significant. The following 2009 projects were frozen: Westminster Center Transit Oriented Development (\$400,000), South Westminster Transit Oriented Development (\$100,000), IP PBX Phone System Upgrade (\$134,000), BO&M Major Maintenance (\$550,000), and Public Safety Facilities BO&M Maintenance (\$75,000).
- The hiring of two new staff authorized in the 2009 Budget was delayed. These positions, 1.0 FTE Communications Supervisor in the Police Department and 1.0 FTE Facilities Project Coordinator in the General Services Department’s Building Operations & Maintenance (BO&M) Division, were originally anticipated to be hired mid-year 2009. However, a selective hiring freeze was implemented in February 2009. These two positions are now frozen indefinitely.

Step Two: In December 2008, additional savings were identified to buffer the 2009 Budget as the November sales tax receipts dropped significantly (-15.3%). A total of \$280,000 in additional adjustments was made to the 2009 budget prior to January 1, 2009 as outlined below:

- In October 2008, the City locked fuel prices for 2009 at rates lower than originally anticipated during the budget development, which was during the peak of high fuel prices last summer. The \$100,000 in anticipated savings in the Fleet Division budget was moved into a Budget Hold account.
- As a result of the 1997 streets debt being refinanced in 2007, \$180,000 in savings will be realized in the Debt Service Fund during 2009, which is primarily funded from a transfer payment from the Sales and Use Tax Fund. As a result, the transfer from the Sales and Use Tax Fund will be reduced in 2009, thus making these funds available for on-going operations in the General Fund.

Step Three: In February 2009, after reviewing the December (-11.3%) and January (-7.4%) sales and use tax returns, Staff implemented additional cost saving measures and prepared a more comprehensive list of options. The actions totaling \$9,635,000 taken are as follows:

- A selective hiring freeze was implemented. With the 2009/2010 Budget, approximately \$800,000 of savings each year was built into the regular salaries accounts in anticipation of attrition savings when staff leaves the City for new opportunities elsewhere. However, due to the economic downturn, the amount of vacancies has reduced significantly and in order to meet the \$800,000 target of attrition savings in 2009, a selective hiring freeze was implemented. The hiring freeze is “selective” in that departments evaluate their needs and when critical positions become vacant, departments may request exemption from the hiring freeze on a case by case basis. A total of 32.4 FTE is currently frozen, of which 27.4 FTE are in the General Fund. (The last time the City implemented a selective hiring freeze was May 2002 to April 2004. At the conclusion of the freeze, departments re-evaluated their staffing and 28.575 FTE were permanently eliminated with the adoption of the 2005/2006 Budget.)
- Effective through the end of 2009, all out of state travel has been eliminated except in key circumstances that involve critical training or other critical business. Staff is sensitive to completing necessary training to maintain employee safety, retain credentials and provide exceptional service to the community. However, all efforts are being made to avoid out-of-state travel to obtain these trainings.
- Staff identified fund balance and carryover as options to help address the revenue shortfall. Currently, \$2,800,000 is available in the Sales & Use Tax Fund that is the result of higher than anticipated revenues collected in 2007 that Staff purposely did not request be appropriated in 2008 as a buffer to the economic uncertainty commencing last summer. In addition, Staff anticipates there will be at least \$2,500,000 in General Fund carryover as the 2008 audit concludes; this is due to departments’ continued conservatism in managing their operating budgets on the expenditure side and a one-time land sale on the revenue side. As such, a total of \$5.3 million in one-time moneys is available in 2009.
- Staff identified additional 2009 capital projects, or portions of 2009 capital projects, that were placed “on hold” until such time that the revenue picture improved enough to warrant their release. These will be treated like the five projects previously noted that may require future Council action should permanent adjustments be necessary. Four additional projects (full funding or partial) were identified totaling \$552,000. The following 2009 projects were frozen in February 2009: Open Space Land Reimbursement (\$180,000), South Westminster Revitalization (\$155,000), Fire Station Alarm Notification Replacement (\$117,000), and 112th Avenue Widening (Navajo to Huron) reduction of \$100,000 (\$700,000 was budgeted in 2009 for this project; the current favorable construction bidding environment allows for this

reduction without impacting the project; 112th Avenue construction will still take place this year).

- Moneys budgeted within the General Fund contingency account have been earmarked for savings in 2009, meaning that Staff will work to avoid needing to utilize these funds. In 2009, \$1,000,000 is budgeted, of which \$670,000 has been earmarked to remain unspent in 2009. Over the last six years, an average of \$160,500 has been utilized from the contingency account. In 2007, \$0 was used and in 2008, only \$82,000. The reduced use of contingency over the years is the result of prudent management by department staff.
- Unanticipated revenues will help assist in the short term during 2009. A total of \$825,000 in one-time revenues is anticipated in 2009.
 - The City of Westminster will receive from the City of Thornton \$565,000 more than budgeted in 2009 for Thornton's share of the 2005 certificates of participation (COPs) payment. Under the revenue sharing intergovernmental agreement (IGA), Thornton is obligated to pay Westminster no more for their annual COP contribution than they receive from the revenue sharing IGA.
 - Adams County notified Staff that they will financially participate in the 144th Avenue Street Widening project, part of which is in unincorporated Adams County. The City will annex the portion of the road that is currently located in the County in exchange for their financial participation in the cost of the widening. Adams County will provide approximately \$260,000 in 2009 and \$400,000 in 2011 towards this project. The additional \$260,000 reduces the City's cost in 2009.
- As part of the year-end capital improvement project closeout process associated with the City's annual audit, \$837,000 has been identified that will return to fund balance in the GCIF. Staff has identified these funds to remain un-appropriated in the GCIF. This frees up additional sales and use tax funds that may not need to be transferred to the GCIF, making them available for ongoing operations in the General Fund. These funds are the result of eight capital projects being closed at year-end 2008 that were under budget.
- Four current capital projects anticipate savings for a total of \$1,451,000 as a result of prudent project management and the current favorable construction bidding environment. The 124th Avenue and Huron Street project, JDE Financial/HRIS Management Software Maintenance, 104th Avenue and Sheridan Boulevard Intersection Improvement, and 144th Avenue Street Widening projects have savings that will be realized and available during 2009.

Step Four: In March 2009, after reviewing the February sales and use tax returns, Staff implemented the following cost saving measures totaling \$1,620,300:

- Replacement vehicles scheduled to be paid for via a rental payment from the General Fund (GF) will instead be paid from General Capital Outlay Replacement Fund (GCORF) balance. This reduces the cost from the GF by \$870,300 and instead has the GCORF balance absorb the cost. A total of \$443,300 of public safety tax and \$427,000 in non-public safety vehicle replacements was authorized by City Council with the 2009 Budget. As previously noted, the unaudited GCORF balance as of December 31, 2008 for public safety tax is \$2,119,957 and non-public safety tax is \$1,316,522, which remain very healthy balances. This use of fund balance is exactly what was intended when the GCORF was created in 2002 to help fund ongoing capital outlay replacement and help offset tight financial years by having a balance of funds that may be tapped for replacement equipment and vehicles. The fund's concept is simply that when savings are incurred in vehicle purchases in any given year, the savings remain in the fund, incur interest earnings and can help offset higher than anticipated vehicle costs or address tight financial times in other years instead of delaying the replacement of needed equipment. The fund balance for GCORF has been tapped in prior years.

- On March 17, Departments were asked to identify \$750,000 in ongoing operating savings. The departments submitted their proposed reductions on March 31 and budget staff is currently reviewing these proposed reductions. It should be noted that all of the steps prior to this request on the departments are being handled primarily through one-time savings or revenues. Ongoing reductions will be necessary as Staff commences the mid-year budget review for 2010 later this summer. Staff will review with City Council any proposed modifications to 2009 that might impact services at a future Study Session, if needed.
 - Departments were provided a dollar amount to identify within their respective 2009 budgets for reduction. The reductions for departments range from \$4,256 for the City Attorney's Office to \$213,287 for the Parks, Recreation & Libraries Department. It is important to point out that some of these reductions may impact Staff's ability to provide the same level of services to citizens. However, it is Staff's clear priority to minimize impacts on core services.
 - City Council's budget for 2009 totals \$213,244. When the various accounts noted above are excluded, a reduction of \$3,121 is proposed to City Council's budget. If City Council wants to participate with an operating budget reduction, Staff recommends that Council utilize savings from their Career Development account that resulted from two Councillors not attending the National League of Cities conference in March. A copy of City Council's adopted 2009 Budget is attached for review. Staff requests direction from City Council on whether their budget should be impacted and if so, which account(s) should be reduced and by how much. If City Council decides to maintain their current budget with no modifications, Staff will look for additional reductions in the Central Charges budget and make adjustments as necessary there.

Future Steps: Steps taken to date total \$12,924,300 in savings, the majority of which are one-time stop gap measures. Staff has taken deliberate actions to have a measured response to the economic recession. Efforts have been made to avoid over or under reacting to the uncertainty in this economy. However, given the City's heavy reliance upon sales and use taxes to fund ongoing operations, Staff believes it is prudent to identify additional steps should the recession's impact be greater than the projected reductions in sales and use tax collections of 8.5% in 2009 and 7.5% in 2010. The following items are being considered as potential steps that may be needed should the recession's impact on the City worsen. An additional \$2.95 million in budget reductions and/or stop gap measures are listed below:

- Amend the City's personnel rules to eliminate the City's overtime policy that designates automatic overtime compensation for work outside a full time employee's normal work schedule when 24-hour notice of a schedule change is not given. Currently, the City's personnel rules state: "When less than twenty-four (24) hours notice is given of a schedule change and the scheduled change is modified by the supervisor, such as in the case of an emergency callout, overtime pay shall be provided for hours worked beyond the work hours previously scheduled. An employee called in to work during an emergency shall receive a minimum of two (2) hours of overtime pay." This rule is significantly more generous than the Fair Labor Standards Act (FLSA) requirements for overtime. The ability of supervisors to modify an employee's schedule in compliance with FLSA potentially could save the City \$150,000-\$300,000 annually.
- Amend the City's personnel rules to calculate overtime based on hours worked versus the current City rule which considers hours worked and leave taken when determining total hours considered in an FLSA period for overtime calculations. Currently, the policy reads: "Compensated hours of leave such as sick, injury, vacation, holiday, or other paid leave shall

be considered as hours worked for the purpose of computing FLSA hours.” This means that if an employee takes vacation during a pay period but also works additional hours during part of that pay period, the vacation hours count towards the overtime calculation and result in a larger amount of overtime being paid. Modifying the personnel rules to be in compliance with FLSA whereby only hours worked are applied towards overtime calculations is anticipated to save the City approximately \$200,000 annually.

- Implement mandatory furloughs. No specific number of days has been identified. It is estimated that one day of furlough for non-shift employees (impacting 658 people) would save \$145,000 for all funds. An additional \$70,000 in savings in all funds would be realized if shift employees (impacting an additional 323 people) were included in the mandatory furlough. If the City were to implement a mandatory furlough utilizing a “dark day” whereby all facilities are closed, there would be additional savings from temporary salaries as well. If shift employees (in plants, dispatch, police and fire) are included in the mandatory furlough, they would be required to use one of their scheduled days off as unpaid leave. Staff is currently drafting language to be added to the City’s Personnel Rules that establish procedures to implement voluntary and mandatory furloughs. Putting this language in place does not mean that the City will implement mandatory furloughs but it establishes the parameters needed should furloughs be necessary. Departments are being offered the option to utilize voluntary furloughs (i.e., the employee willingly opts for an unpaid day of leave) as a means to address their portion of the \$750,000 budget reduction as long as it does not significantly impact services.
- Reduce the vendor’s fee on sales, admissions and accommodations taxes. Licensed businesses that collect and remit these City taxes are allowed to retain 2.5% of the tax as a “vendor’s fee” for acting as a collection agent for the City. The vendor’s fee rate was last adjusted in 2003, placing a cap on the amount retained by the businesses at \$100 per tax return filed. It is projected that reducing the fee by half (\$50 cap) would generate an additional \$250,000 per year. Staff is sensitive to doing anything that might significantly impact the business community.
- Eliminate the 2010 across-the-board (ATB) increase to the Pay Plan scheduled for employees. Currently, a 1% ATB is budgeted for 2010 at a cost of \$475,505 in the General Fund. If implemented, the projected savings would be ongoing. In 2004, the City implemented a 0% ATB for the Pay Plan in efforts to preserve staffing levels and services during that economic downturn.
- Eliminate step and merit increases for employees for 2010. The savings from implementing this wage freeze is estimated at \$702,717 in the General Fund and would be ongoing. The elimination of step and merit increases for employees would be unprecedented for the City of Westminster.
- Utilize the General Reserve Fund to maintain operations. The General Reserve Fund is intended to act as a source of funds for unanticipated one-time expenditures and for true emergencies. The 2009 budgeted reserve of \$9,784,633 represents 10.3% of total General Fund expenditures, excluding contingency. The City strives to maintain a 10% reserve for unanticipated, one-time expenditures and for emergencies. Staff is not aware of a time when the City has utilized reserve funds for ongoing operations and is very hesitant to include this, but given the severe nature and length of this recession, Staff believes it is appropriate to list this as an option. Based on the current list of potential next steps, the dollar amount to potentially be utilized in General Reserve Fund moneys range from \$500,000 to just over \$1,000,000.

Please note that layoffs are not included in this current list of potential next steps. City management continues to believe that our staff is the City’s most valuable asset and will continue to work to protect staffing levels as appropriate. Ongoing reviews of work load continue, and as with any budget process, positions are evaluated based on work levels, identifying when it is appropriate to eliminate or reallocate a position due to reduced work load. Should the economy continue to worsen beyond Staff’s current scenarios, then all options, including programs, staffing and other services will need to be further evaluated.

The local economy has never fully recovered from the 2002/2003 downturn. 2010 was projected to be the first year that sales and use tax revenues would return to 2001 levels. Many budget reductions were necessary between 2002-2005, including reduced staffing levels, which means the reductions needed to address this recession are on top of reductions already made.

A summary of the steps taken to date follows:

	Funding Available	Running Total
Street Division paver purchase & elimination of city membership	\$30,000	\$30,000
Fire Department heavy rescue truck down payment shifted to GCORF fund balance	\$100,000	\$130,000
Freeze of five 2009 CIP projects	\$1,259,000	\$1,389,000
Freeze of 2.0 new FTE included in the 2009 Budget (\$0 shown since this is part of attrition savings)	--	\$1,389,000
Fuel price lock anticipated savings	\$100,000	\$1,489,000
Debt Service Fund savings	\$180,000	\$1,669,000
Selective hiring freeze implemented (\$0 shown since this is needed to meet the budgeted \$800,000 in attrition savings)	--	\$1,669,000
Out of state travel eliminated/restricted (\$0 shown since this is reflected in department operating savings)	--	\$1,669,000
Sales & Use Tax Fund balance and 2008 anticipated carryover	\$5,300,000	\$6,969,000
Freeze of four additional 2009 CIP projects	\$552,000	\$7,521,000
Earmarking of GF Contingency Funds	\$670,000	\$8,191,000
Unanticipated GF revenues	\$825,000	\$9,016,000
2008 year-end capital improvement project closeout	\$837,000	\$9,853,000
Savings in four current capital improvement projects	\$1,451,000	\$11,304,000
Public safety and non-public safety replacement vehicles acquisition costs shifted to GCORF fund balance	\$870,300	\$12,174,300
Department ongoing operating budget reductions	\$750,000	\$12,924,300
BUDGET ADJUSTMENTS' TOTAL TO DATE		\$12,924,300

Two items not included in the above list of potential next steps may have positive impacts for the City.

- American Recovery and Reinvestment Act (ARRA) – More commonly known as the federal stimulus plan. The City has been notified of a \$300,000 grant award through the federal Surface Transportation Program for the Bradburn Bike Trail/US 36 connection. In addition, the City has been notified of an additional \$150,438 for Community Development Block Grant (CDBG) programming for 2009 (it is unclear whether these funds are indeed an increase over 2008 funding levels and/or will be ongoing or one-time only). Staff is currently pursuing additional opportunities via the following sections of the stimulus plan:

- Law Enforcement grant opportunities – Funding opportunities exist through the Department of Justice’s Edward Byrne Memorial Justice Assistance Grant (JAG) and the Community Oriented Policing Services (COPS) Program that may help fund up to three positions that are currently frozen through the selective hiring freeze. The 2009 Recovery Act for the Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program is a local solicitation grant that is a one-time award amount of \$184,864 to the City of Westminster Police Department. This is proposed to be used towards the funding of 2.0 FTE entry level sworn Police Officer positions’ salaries and benefits for a two-year period. The 2009 Community Oriented Policing Services (COPS) Hiring Recovery Program, which is also part of the 2009 Recovery Act, is a competitive grant that provides funding to law enforcement agencies, of which the City will be requesting funds of approximately \$245,814 for 1.0 FTE entry level sworn Police Officer position for a three-year (36 months) period. The funding will go towards 100% of the salary and benefits. This particular grant requires the City to retain this position for a period of one year (12 months) beyond the grant period providing the funding for the salary and benefits.
- Energy Efficiency Conservation Block Grant (EECBG) – This is a new program created in 2007 but is receiving its first funding through the stimulus package in 2009. According to documents released by the Department of Energy on March 26, Westminster stands to receive \$952,800. Details of this new program are being reviewed to determine what requirements exist and how these funds may be utilized.
- Water/Wastewater project funding through the State of Colorado’s Clean Water State Revolving Fund and the Drinking Water State Revolving Fund programs for drinking water and wastewater infrastructure projects – The Public Works and Utilities Department has submitted four capital improvement projects to the Colorado State Health Department for grant and loan funding consideration. These projects include an expansion of the City’s Reclaimed Water Treatment Facility, the construction of a major water line into the southern portion of pressure Zone 1, the addition of 3 filter membranes at the Northwest Water Treatment Facility and a mechanical flocculation system at the Semper Water Treatment Facility. The combined total of these projects is approximately \$28 million. These projects will greatly enhance both the City’s ability to produce high quality drinking water and the ability to provide high quality irrigation water to residents and businesses.
- In addition to the ARRA projects where Westminster will be a direct beneficiary, Westminster officials have been working with various organizations to garner stimulus funds for the reconstruction of US 36. To date, \$7.5 million has been approved by RTD and DRCOG out of the stimulus transit funds allocated to RTD for queue jumps, that is, additional lanes at interchanges and priority signalization for buses operating on US 36. CDOT has also listed a \$50 million reconstruction of the existing highway from 88th Street in Louisville to Foothills Parkway in Boulder as a possible project in the next phase of the ARRA funding. Finally, the cities and counties along the corridor will be working with RTD and CDOT to submit a grant application for \$300 million of the \$1.5 billion that will be available under the transportation discretionary funds in ARRA.
- The Colorado General Assembly recently passed SB 09-108, Funding Advancements in Surface Transportation and Economic Recover (FASTER) effective July 1, 2009. One component of this bill increases vehicle registration fees for the purpose of funding road construction and repair. The funds raised by FASTER are deposited into the Highway Users Transportation Fund (HUTF) and then distributed on a formulaic basis to the State, counties, and cities for road construction and maintenance. It is projected that Westminster will receive

in excess of \$600,000 each year once the new fees take effect. These funds will be extremely helpful in maintaining surface streets and arterial roads in Westminster. A partial year of increased HUTF revenues should be received in 2009, as the law's effective date is July 1, 2009. However, this increase in funding could be offset by SB 228, which as proposed eliminates many of the 6% revenue caps on the state's budget, eliminates the language for SB-1 and HB-1310 transfers, and eliminates the cap on the maximum amount of money the State can take off the top of the HUTF fund for the State Patrol and Department of Revenue. Staff is opposed to the elimination of the off-the-top cap because it could reduce the amount of HUTF money available to cities and counties for road construction and maintenance. This bill, if passed in its current version, may eliminate many of the gains in local funding accomplished through the FASTER (SB 108) legislation.

A brief article is included in the April/May *City Edition* about the City's financial status. In addition, Staff plans to prepare another article for the June/July edition. Staff will utilize other communication mediums as appropriate to share with the community the efforts being made to maintain exceptional services while being fiscally prudent. In addition, Staff is currently updating the "Shop Westminster" campaign and plans to roll it out in the near future.

Staff will continue to monitor the economic impacts on City revenues and keep City Council apprised of revenue trends and service impacts throughout the year. As is traditional with the two-year budget process, a Budget Review for the 2010 Budget is scheduled for the September 21 Study Session. At that meeting, Staff will provide a financial update, revisit 2010 revenue projections, employee compensation and benefits, citizen requests, Human Service Board funding recommendations, and operating/CIP budget adjustments that may be necessary.

Staff will be in attendance at Monday's Study Session with a brief presentation and to answer any questions.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment

ADOPTED CITY COUNCIL 2009 BUDGET

Account Number	Account Description & Adopted 2009 Budget Detail	Adopted Budget Detail	2009 ADOPTED BUDGET	Spent/ Encumbered (as of 3/27/09)	2008 REVISED BUDGET	2008 Actuals (as of 3/27/09)
10001010.60800.0000	Salaries Mayor & City Councillor salaries	\$72,000	\$72,000	\$16,294	\$72,000	\$70,606
10001010.61100.0000	Council Allowance City Council allowance (\$200/month) implemented 11/14/05 for comprehensive monthly allowance covering the expenses incurred by Councillors for cell phone, internet access, fax line and in-City car use (i.e., local commuting costs), and eliminate the paperwork required by City Council and Staff. The 2005 adopted allowance totaled \$200/month. The allowance is tied to the Denver-Boulder Consumer Price Index (CPI) and be automatically adjusted according to the current CPI when the budget is developed. Per HR, CPI-U Denver-Boulder for 2007 was 2.2%; therefore, the allowance increases from \$204/month in 2007/2008 to \$208/month in 2009/2010 per the resolution. (\$208*7 Councillors=\$1,456/month*12 months=\$17,472) Council allowance adjustment late 2009 - Increased allowance from \$208/month in 2009 to \$300/month after the November 2009 elections. As such, increase for 2 months of 2009 (best estimate at this time of payperiods) added to Council budget (\$300/new allowance-\$208/adjusted for CPIU allowance=\$92/month increase * 2 months=\$184 * 7 Councillors = \$1,288 increase needed for 2009) (bco 8/12/08)	\$17,472 \$1,288	\$18,760	\$4,368	\$17,136	\$17,136
10001010.61200.0000	Mileage Reimbursement Mileage Reimbursement for Council - All mileage for travel outside of the City of Westminster is a reimburseable expense (ie, not included in Council's allowance) per adopted policy 10/05, funds budgeted based on YTD 2008.	\$6,400	\$6,400	\$143	\$6,400	\$1,478
10001010.61400.0000	Meeting Expense Annual Legislative Dinner Goal-Setting Retreat Annual Budget Retreat Boards & Commissions Brunch/Gift Certificates Miscellaneous Meetings Rocky Flats meetings	\$1,600 \$1,700 \$500 \$5,150 \$1,500 \$300	\$10,750	\$255	\$11,400	\$8,319
10001010.61800.0000	Career Development NLC Legislative Conference (Washington, DC) NLC Congress of Cities CML Conference US 36 Mayor & Commissioners Coalition (MCC) lobbying trips (Washington, DC)	\$18,200 \$15,050 \$5,005 \$1,170	\$39,425	\$738	\$36,600	\$39,501
10001010.66900.0000	Telephone Cellular Telephone and fax line reimbursements were eliminated 11/05 with creation of the Council allowance; budget \$100 in this account for unanticipated expenses (e.g., if have Council turnover and need to set up new councillor with fax line, the City covers initial setup of expenses) Blackberry service plans - monthly service charge \$41/month for 7 Councillors	\$100 \$3,450	\$3,550	\$471	\$2,164	\$1,926
10001010.66950.0000	PC Replacement Fee Annual PC replacement fee for 6 laptops and 1 desktop (Councillor Major & Councillor Lindsey's laptops are scheduled for replacement in 2009)	\$2,353	\$2,353	\$2,353	\$2,625	\$2,625
10001010.67600.0000	Special Promotions Unanticipated requests from community groups for contributions and/or sponsorships for events.	\$3,200	\$3,200	\$250	\$6,000	\$4,585
10001010.67800.0000	Other Contractual Service Printing of misc materials (e.g., legislative booklet, organization charts, etc.) Strategic Planning facilitator fee Councillor expenses for photos, badges, & nameplates Miscellaneous contractual services	\$900 \$5,300 \$1,000 \$1,000	\$46,250	\$1,838	\$43,487	\$37,420

Account Number	Account Description & Adopted 2009 Budget Detail	Adopted Budget Detail	2009 ADOPTED BUDGET	Spent/ Encumbered (as of 3/27/09)	2008 REVISED BUDGET	2008 Actuals (as of 3/27/09)
	We're All Ears events (3 summer concerts & Westminster Faire)	\$1,700				
	Annual newspaper advertisements/sponsorships for outside agencies	\$2,000				
	Annual Sponsorships/Contributions:					
	Adams County MMCYA	\$500				
	North Metro Arts Alliance (NMAA)	\$10,000				
	CEF Recreation for Education (Water World tickets)	\$1,500				
	Brothers Redevelopment Inc - Paint-A-Thon	\$500				
	Westminster Rotary Foundation (noon club)	\$2,500				
	Westminster 7:10 Rotary Club	\$2,500				
	Hmong American Association - NEW 2009	\$150				
	Banquets/Lunches:					
	MetroNorth Chamber Annual Banquet	\$2,200				
	Adco School District 12 Five Star Gala	\$1,300				
	DRCOG Awards Dinner Table Sponsorship	\$750				
	The Jefferson Foundation Crystal Ball	\$2,000				
	Adams County MMCYA banquet	\$500				
	Westminster Public Safety Recognition Foundation - annual banquet	\$1,000				
	Adams County Historical Moonlight Gala	\$500				
	North Metro Children's Alliance Annual Banquet - NEW 2009	\$600				
	Golf Tournament Sponsorships:					
	Front Range Community College Foundation	\$500				
	Adams District 12 Education Foundation	\$500				
	Hyland Hills Foundation	\$500				
	MetroNorth Chamber of Commerce	\$500				
	Children's Outreach	\$600				
	Senior Hub/Adams County Commissioner's	\$150				
	Heil Pro-Am Golf Tournament - NEW 2009	\$750				
	Optimist Larry Silver's Golf Tournament - NEW 2009	\$600				
	District 50 Foundation Golf Tournament - NEW 2009	\$600				
	Mary Cianco/Community Reach Golf Tournament - NEW 2009	\$650				
	Westminster Public Safety Recognition Foundation Golf Tournament - NEW 2009	\$400				
	After Prom Events:					
	Standley Lake High School	\$600				
	Arvada High School	\$200				
	Jefferson Academy	\$200				
	Westminster High School	\$500				
	Legacy High School	\$200				
	Ranum High School (last prom to be held in 2010)	\$200				
	Mountain Range High School	\$200				
10001010.70200.0000	Supplies		\$5,000	\$53	\$6,460	\$2,908
	Office supplies	\$2,000				
	Fax machine paper & ink	\$1,500				
	Printer ink cartridges for PCs	\$1,000				
	New Councillors in 2009 supplies	\$500				
10001010.70400.0000	Food		\$4,500	\$613	\$4,500	\$3,587
	Refreshments and dinners for City Council meetings,	\$4,500				
	Study Sessions & other special Council events					
TOTAL			\$212,188	\$27,376	\$208,772	\$190,094

NOTE: Items detailed in each account are estimates only; actual costs for each item noted may vary.

**City of Westminster City Council Study Session Notes
March 2, 2009**

Mayor Nancy McNally called the Study Session to order at 6:40 PM. All Councillors were in attendance.

City Staff in attendance included: City Manager Brent McFall; Assistant City Manager Steve Smithers; City Attorney Marty McCullough; Municipal Court Judge John Stipech; Deputy City Manager Matt Lutkus; Community Development Director John Carpenter; City Engineer Dave Downing; Public Information Specialist Carol Jones; Court Administrator Carol Barnhardt; and Management Analyst Phil Jones

Municipal Court Update

Judge Stipech provided Council with an update on the municipal court operations. The judge highlighted a number of statistics, including the fact that filings for parking and traffic violations had decreased, and filings for domestic violence and theft are on the rise. The judge also mentioned that the number of probationers has increased by 6%, while the number of overall cases has dropped. The judge noted that collections for fines and restitution have improved with the use of an outside collection agency.

Council asked a question regarding the effectiveness of the recently enacted graffiti ordinance. The judge responded that it seems to be very effective, especially when parents are ordered to serve community service with their children. Council was appreciative of the report and thanked the judge and Carol Barnhardt for their work.

Mayor McNally adjourned the Study Session at 7:14 PM.