



2020 Preliminary Balanced Budget

Nikki Simmons, CPA

County Controller

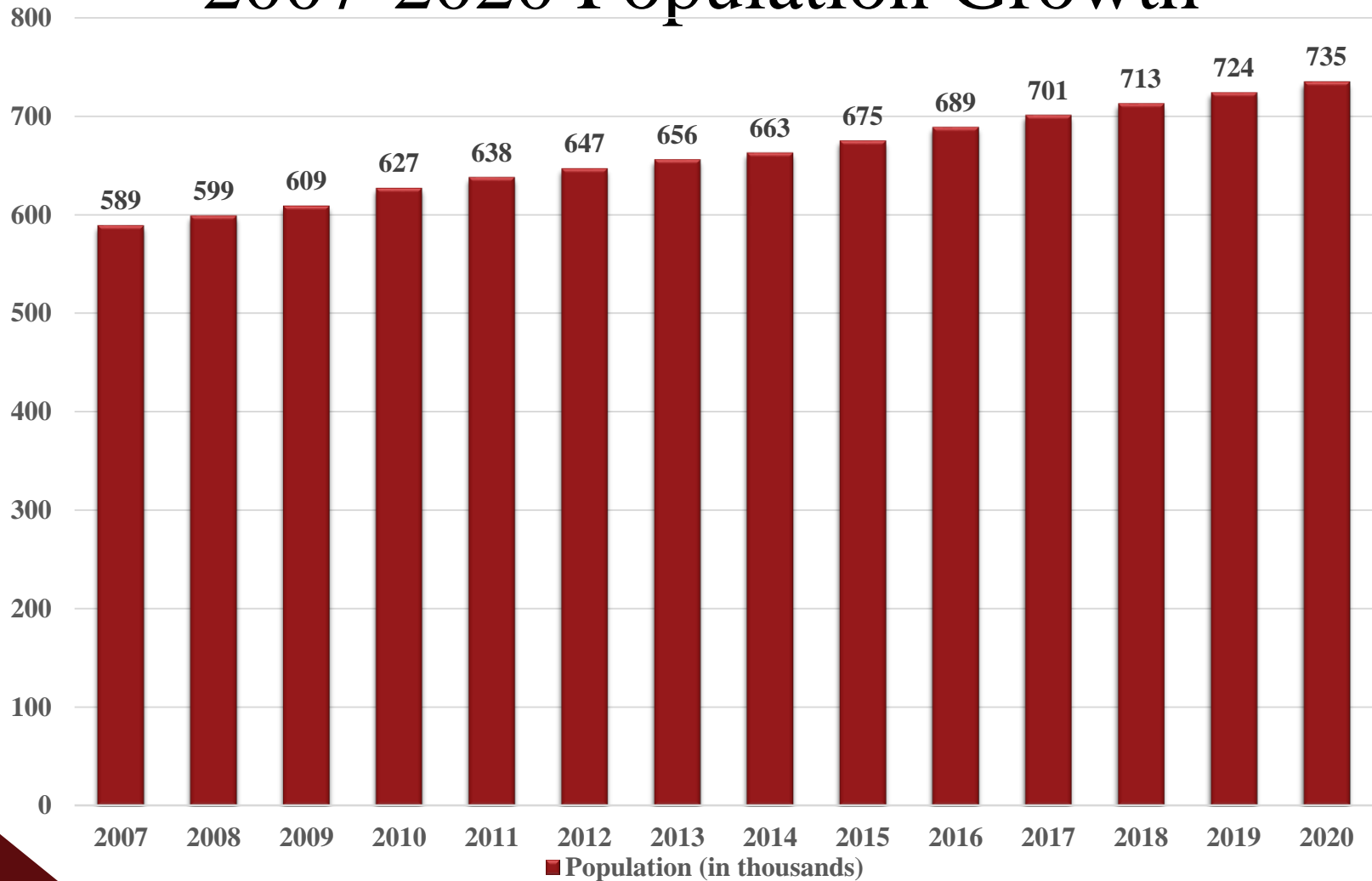
October 3, 2019

Presentation Overview

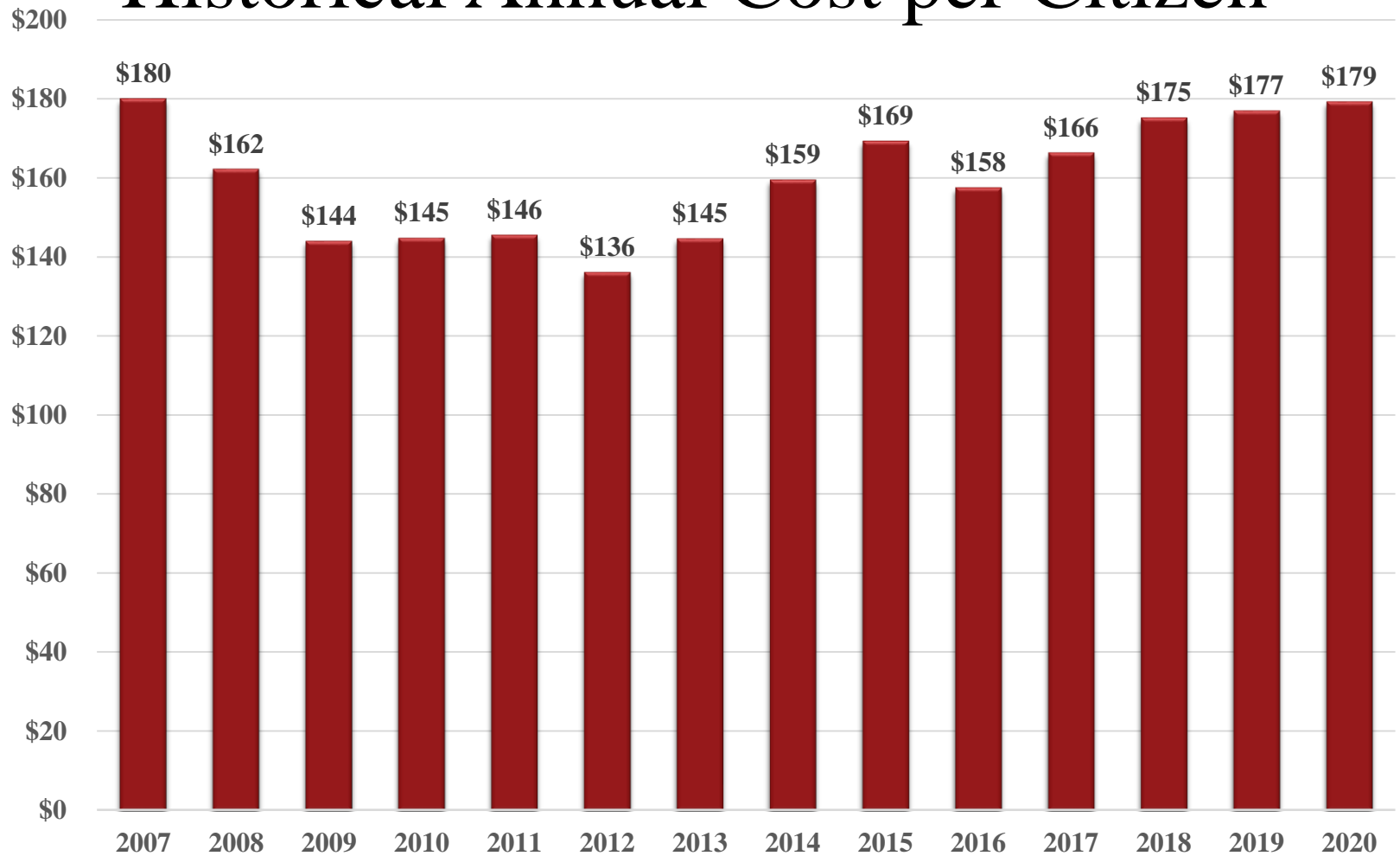
- Budget Process
- 2020 Preliminary Balanced Budget
 - Revenues
 - Property Tax
 - Sales Tax
 - Expenditures
 - Critical Needs
- Preliminary Balanced Budget Document



BoCC Discretionary Budget 2007-2020 Population Growth



BoCC Discretionary Budget Historical Annual Cost per Citizen



2020 is still lower than 2007



Budget Process

Compiling the 2020 Budget

Budget Process Policy:

- Section 5.2 starts the annual budget process
 - Restricted Funds, Partially Restricted Funds and Unrestricted Funds
- Section 5.3 – 2020 Budget for Restricted Funds (**Completed**)
 - Road and Bridge Escrow
 - Conservation Trust Fund
 - Household Hazardous Waste Fund
 - Schools Trust Fund
 - Local Improvement Districts



Budget Process

Compiling the 2020 Budget

Budget Process Policy:

- Section 5.4 – 2020 Budget for Partially Restricted Funds
(Completed)
 - Community Investment Fund (CIP)
 - Ensured funding for Annual Lease Obligations (COPs and Capital Leases)
 - Self-Insurance Fund
 - Ensured funding for anticipated insurance claims – Health & Risk
 - No health insurance premium increases are being passed to employees for 2020
 - Includes Reserve for required GASB Fund Balance to address the “Incurred But Not Reported” (IBNR) claims - Actuarially Determined
 - Includes Health Plan Trust Board approved changes, including behavioral health at employee clinic and Surgery Plus program



Budget Process

Compiling the 2020 Budget

Budget Process Policy:

- Section 5.4 – 2020 Budget for Partially Restricted Funds
(Completed)
 - Department of Human Services
 - Ensured funding for statutory county match
 - State Fiscal Year 2019/2020 & estimated 2020/2021 Allocations
 - Increase in County Match of \$150,000
 - Road and Bridge Fund
 - On a multiyear plan to address backlog of road infrastructure
 - No additional funds planned in 2020 budget over 2019 levels



Budget Process

Compiling the 2020 Budget

Budget Process Policy:

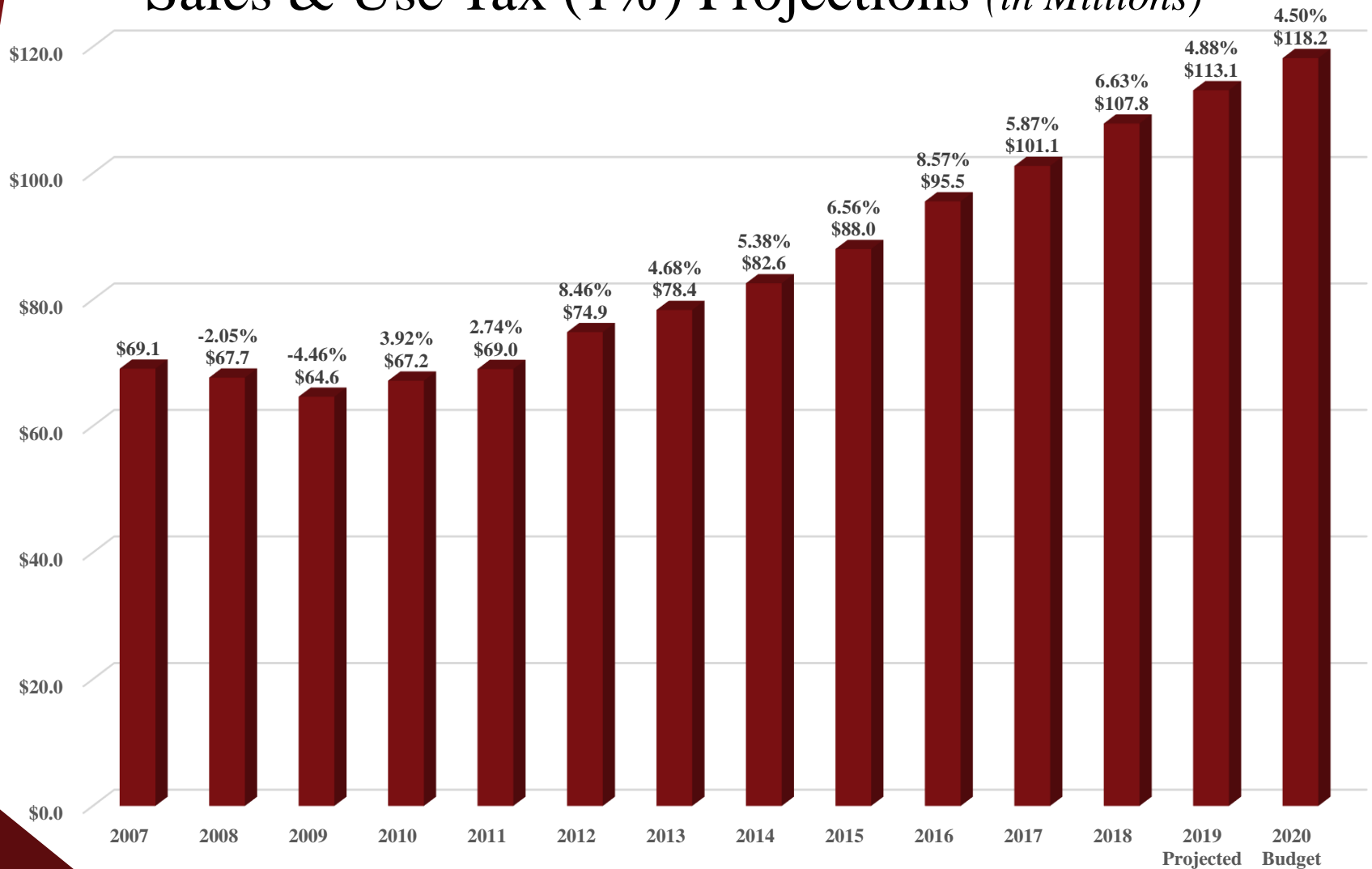
Section 5.5 – 2020 Budget for Unrestricted General Fund (In Process)

Revenue Estimates – Sales and Use Tax:

- Up 7.84% through July 2019 over 2018 (4.5% budgeted increase)
 - Expected to decline over next 5 months, as 2018 was higher due to hailstorms
 - “Retail” is up 4.51% (54% of budgeted revenue)
 - “Food services” is up 5.65% (12% of budgeted revenue)
 - “Accommodations” is up 5.23% (4% of budgeted revenue)
- The average increase over the last six years is 6.28%
- 2019 estimated ending increase of 4.88%
- PBB includes staff recommended increase of 4.50% over 2019 estimate
- 2020 Sales and Use Tax preliminary budget (1%) is \$118.2M



2020 Preliminary Balanced Budget Sales & Use Tax (1%) Projections *(in Millions)*



Budget Process

Compiling the 2020 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Property Tax*:

- Property Tax revenue increase of 8.92% to \$57.8M
 - Based on Preliminary Certification of Valuation
 - A re-assessment year – overall net valuation of county went up 14.6% from 2018 to 2019
 - Allowable abatement mill of 0.093 mills
 - Estimated temporary mill levy reduction of 0.586 mills due to TABOR Property Tax Cap
 - Estimated \$12.57 for a \$300,000 house
 - Without temporary reduction, mill levy would be approximately 8.161 mills, with temporary reduction it is estimated at 7.575 mills



Budget Process

Compiling the 2020 Budget

Budget Process Policy: Section 5.5 (Continued)

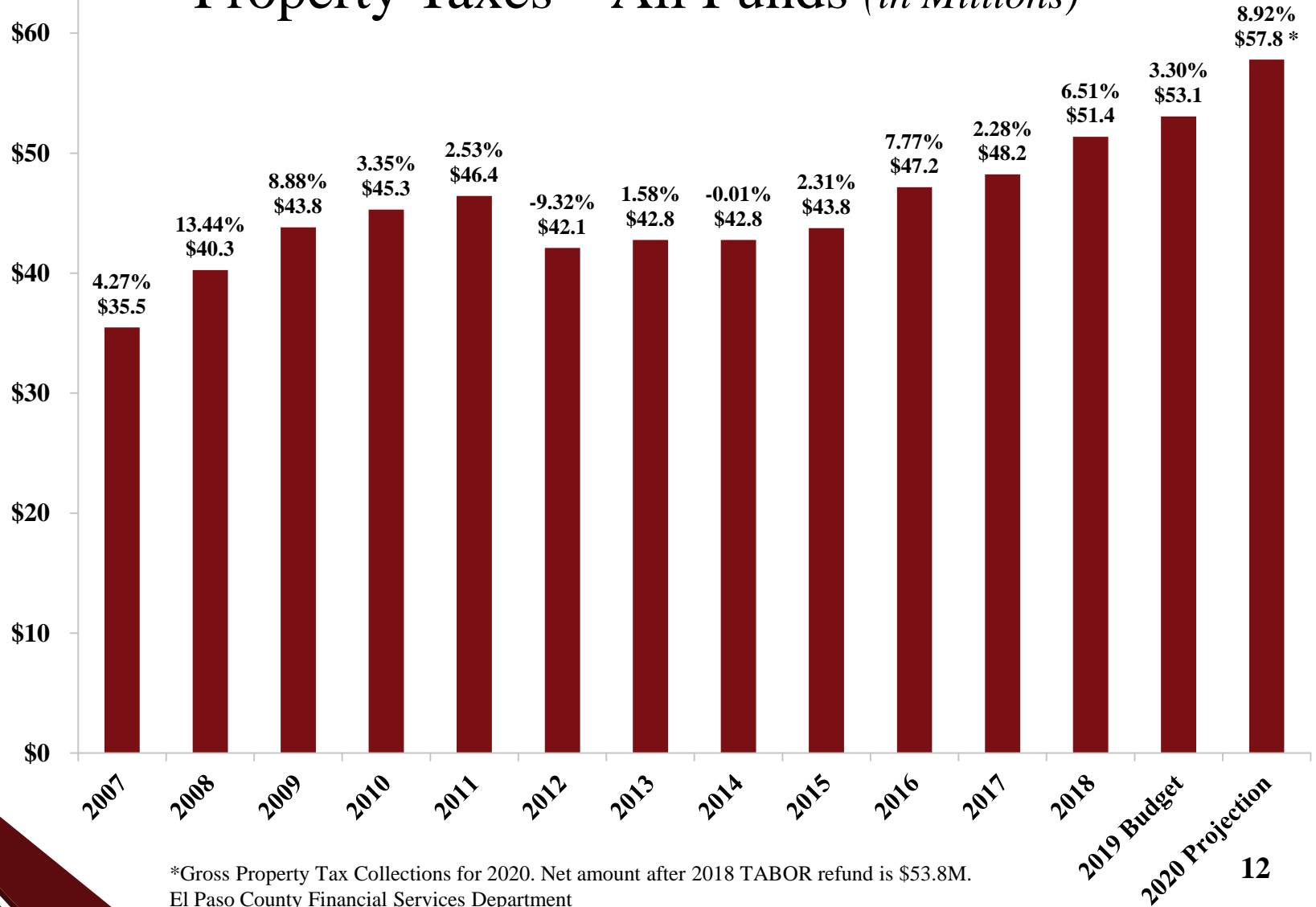
Revenue Estimates – *Property Tax*:

- Property Tax – TABOR
 - In addition to Property Tax Temporary Mill Levy Reduction, 2020 Property Tax bills will have estimated 0.516 mill property tax credit for 2018 TABOR overage of \$4,025,078
 - Estimated \$11.07 for a \$300,000 house
- Net 2020 Property Tax Revenue after 2018 Refund is \$53.8 Million



2020 Preliminary Balanced Budget

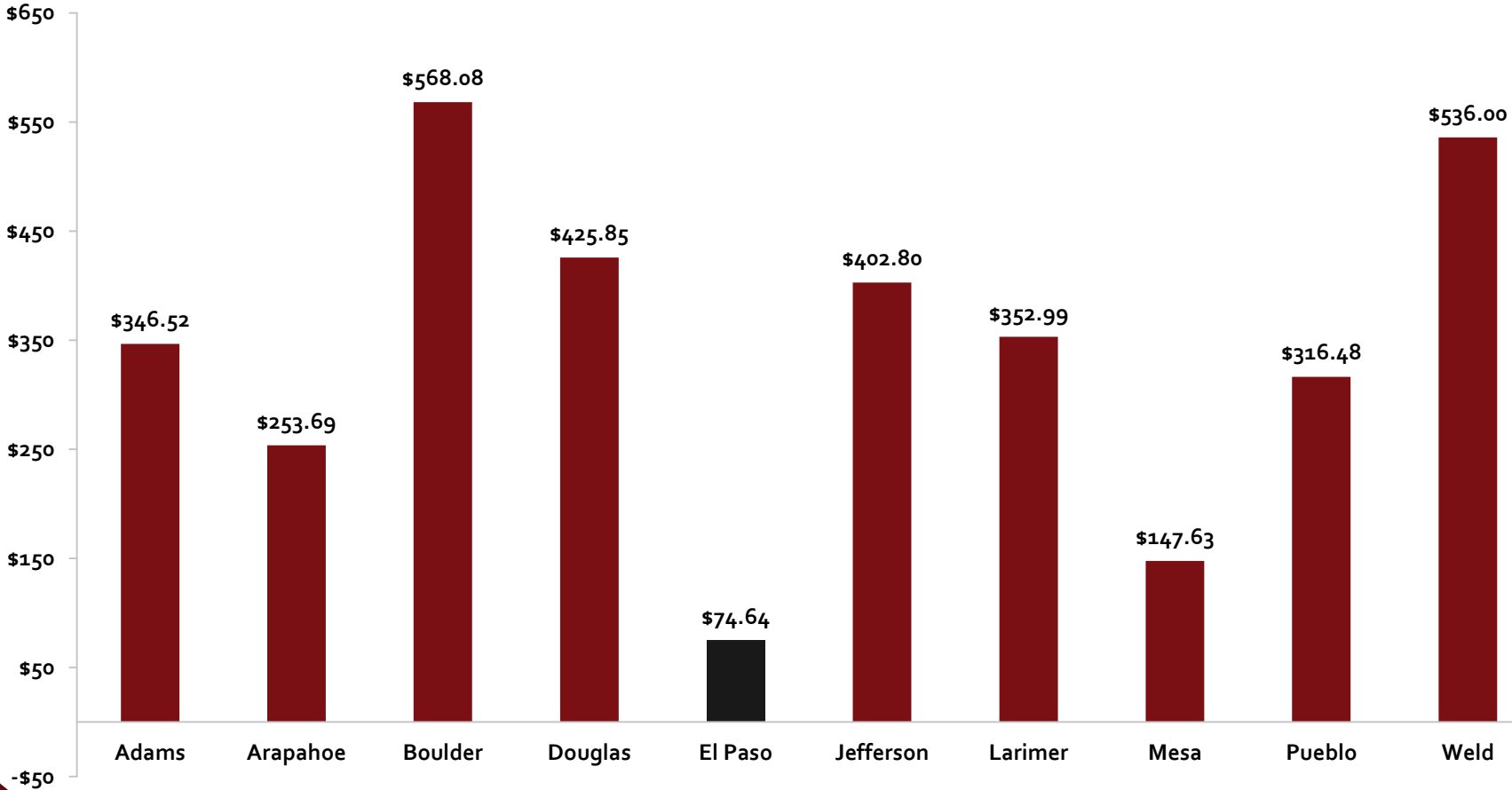
Property Taxes – All Funds *(in Millions)*



*Gross Property Tax Collections for 2020. Net amount after 2018 TABOR refund is \$53.8M.
El Paso County Financial Services Department



2019 Property Tax Per Citizen 10-County Comparison



Source: 10-County Budget Book

El Paso County Financial Services Department



Budget Process

Compiling the 2020 Budget

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Other Revenue Lines:*

Changes from 2019 budget to 2020 budget:

- ▲ Treasurer Fees - \$240k
- ▲ Clerk & Recorder Fees - \$250k
- ▲ Interest Earnings - \$1.3M



Budget Process

Compiling the 2020 Budget

Budget Process Policy: Section 5.5 (Continued)

- 2020 Expenditure Budgets
 - Retain 2019 Expenditure Budget
 - Increase utilities \$40k
 - Incorporate critical needs as outlined in the Financial Roadmap
 - One-time increases to all departments for the 27th paycheck
 - A \$3.9M one-time cash flow/budgetary impact
 - Happens every 12-13 years, next impact is in 2032
- With Strategy Phase of the budget (5.5.3.2), meetings held with Countywide Elected Officials and Department Executive Directors



Budget Process

Compiling the 2020 Budget

- Re-evaluated critical needs due to increased service demands, population growth, and mandated pressures
 - Additions, deletions, and continuations to the 2019 roadmap were considered
- Investment in Human Capital Management
 - Recommending 1.5% allocation of personnel budgets for departments and offices for critical needs as determined by elected officials and directors



Budget Process

Compiling the 2020 Budget

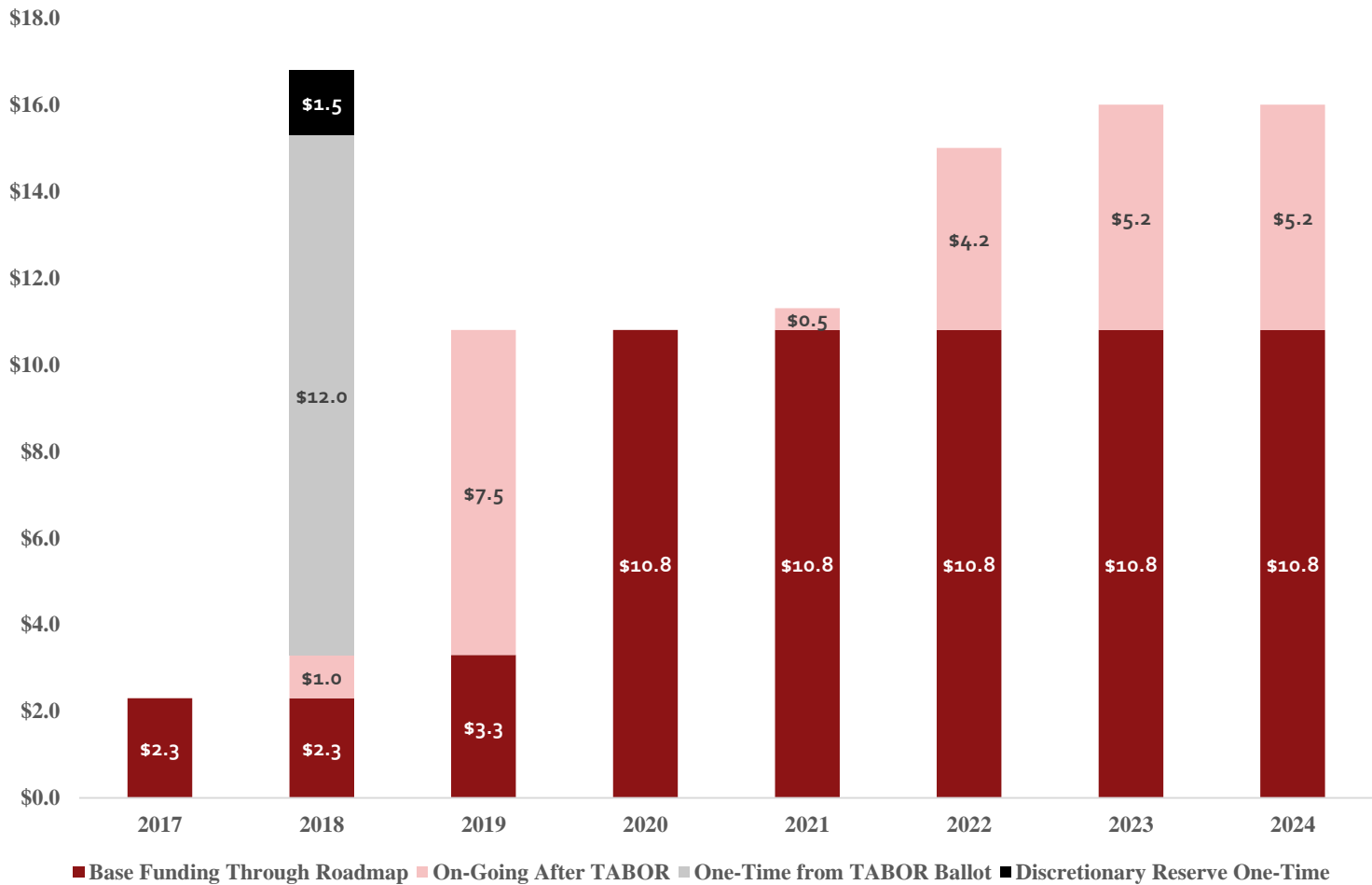
High Impact Road Safety Projects

- 2020 budget maintains the 2019 funding for roads at a \$10.8 million increase over 2016 levels
- Additional increases planned in 2021-2024 roadmap



Budget Process

Annual Investment in High Impact Road Safety Projects



El Paso County Financial Services Department



Budget Process

Compiling the 2020 Budget

TABOR Calculation Impacts - **PRELIMINARY**

- Early estimates (through August) show above TABOR Cap
- TABOR calculation **very preliminary** – numerous variables can drastically change before finalized in about 6 months:
 - CPI Increase – June estimates will change several times by Feb/Mar 2020
 - Growth calculation – Using August preliminary – not finalized until December 2019 with final Certification of Valuation
 - Sales Tax impacts of two major hailstorms in 2018 – hard to predict 2019 increases over 2018
- 2020 Roadmap – \$3.0M reserved for TABOR overage
- Staff is closely monitoring TABOR revenues



Budget Process

Compiling the 2020 Budget

Emergency Reserve Funds

<i>RESERVE STRATEGY</i>						
	2019 Budget <i>(Excess from 2018)</i>	2020 Budget <i>(Excess from 2019)</i>	2021 Budget <i>(Excess from 2020)</i>	2022 Budget <i>(Excess from 2021)</i>	2023 Budget <i>(Excess from 2022)</i>	2024 Budget <i>(Excess from 2023)</i>
<i>Rolling Balance</i>	1,546,771	796,363	546,363	2,746,363	4,796,363	5,000,000
General Fund Underspending	2,381,140	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
General Fund Unanticipated Revenue	1,893,530	2,500,000	1,000,000	1,000,000	1,000,000	1,000,000
Use of Emergency Reserve	(1,000,000)					
Other Sources/Uses		(1,000,000)	(50,000)	(200,000)	(2,046,363)	(2,250,000)
TABOR Overage	(4,025,078)	(3,000,000)	0	0	0	0
<i>Rolling Reserve Balance</i>	796,363	546,363	2,746,363	4,796,363	5,000,000	5,000,000

- Proposed Target of \$5,000,000 for the Emergency Reserve
 - Total County cost/match of 4 disasters in 2012-2014 was \$5.3 million
- Not our only reserves
 - Minimum fund balance policy
 - 10% of General Fund Sales Tax, 0.5% Property Tax, and 5% all other revenues
 - Minimum Fund Balance of \$12.9 million for 2019
 - TABOR 3% Reserve of \$7.5 million



2019-2023 Financial Roadmap *(Prior Year)*

OPERATIONAL STRATEGY						
Dept/Office	Critical Needs	2019	2020	2021	2022	2023
Beginning Operational Savings		8,200,000	2,522,979	295,628	699,947	485,039
Revenues		144,698,213	151,077,644	155,961,288	163,205,892	167,618,819
Expenditures		(134,667,314)	(137,126,874)	(134,090,388)	(134,138,388)	(134,153,388)
Estimated Tabor Overage		(329,935)				
High Impact Road Infrastructure	Add'l On-Going (2016-2018 Increase of \$3.3M)	(7,500,000)	(7,500,000)	(8,000,000)	(11,700,000)	(12,700,000)
Additional Emergency Reserve Contribution		0	0	0	0	0
Countywide-Invest in Human Capital	Salary Adjustments to Minimum - 2019	(414,194)	(414,194)	(414,194)	(414,194)	(414,194)
Countywide-Invest in Human Capital	Pay for Performance/COLA (2%) - 2019	(2,535,788)	(2,535,788)	(2,535,788)	(2,535,788)	(2,535,788)
Countywide-Invest in Human Capital	Equity Adjustments (0.75%) - 2019	(950,924)	(950,924)	(950,924)	(950,924)	(950,924)
Countywide-Invest in Human Capital	Equity Adjustments (1%) - 2021			(1,306,903)	(1,306,903)	(1,306,903)
Countywide-Invest in Human Capital	Pay for Performance/COLA (2%) - 2021			(2,613,806)	(2,613,806)	(2,613,806)
Countywide-Invest in Human Capital	Equity Adjustments (1%) - 2022				(1,346,110)	(1,346,110)
Countywide-Invest in Human Capital	Pay for Performance/COLA (2%) - 2022				(2,692,220)	(2,692,220)
Countywide-Invest in Human Capital	Pay for Performance/COLA (2%) - 2023					(2,772,849)
Board of County Commissioners	Statutory Pay Increase w/FICA, Retirement	(77,583)	(77,583)	(123,504)	(123,504)	(152,746)
County-Wide Elected Officials	Statutory Pay Increase w/FICA, Retirement	(206,978)	(206,978)	(206,978)	(206,978)	(284,991)
Community Services - Outreach	Pretrial Services Program (100%)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Community Services - Parks	Dedicated Forest Management Funds	(100,000)	(150,000)	(150,000)	(150,000)	(150,000)
Community Services - Parks	Major Maintenance Funds	(100,000)	(150,000)	(150,000)	(150,000)	(150,000)
Community Services - Parks	Park Maintenance Positions (4)	(100,000)	(150,000)	(150,000)	(150,000)	(150,000)
Community Services - Parks	Parks Capital Improvements			(750,000)	(750,000)	(750,000)
Information Technology	Software/Hardware	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
FSIM - Facilities	Maintenance Techs (3)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)
Community Services-Veterans Serv	Office Staff Expansion-Mt Carmel (2) & Ops	0	(126,059)	(83,429)	(83,429)	(83,429)
Coroner	Add'l Forensic Pathologist-Accreditation Requirement	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
Countywide	Neighborhood & Homeless Camp Cleanups	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Dept of Public Health	Increase County support Public Health	(200,000)	(300,000)	(450,000)	(600,000)	(1,000,000)
Information Technology	Information Security Program	(1,100,000)	(622,500)	(527,500)	(570,000)	(570,000)
Information Technology	Microsoft Office Lifecycle Replacement	(600,000)	(525,000)	(450,000)	(450,000)	(450,000)
Countywide Facility Needs	Major Facility Improve. (10 yr 1-time)	(250,000)	(250,000)	(250,000)	0	(1,000,000)
Countywide Facility Needs	ADA Required Improvements	(167,299)	(300,000)			
County Attorney	2 Attorneys, 2 Paralegals	0	(115,000)	(165,000)	(300,000)	(300,000)
District Attorney	Dep Dist Atty II for Juv Div	(55,600)	(111,000)	(111,000)	(111,000)	(111,000)
District Attorney	Investigator	(45,197)	(90,394)	(90,394)	(90,394)	(90,394)
District Attorney	Sr. Paralegal	(36,490)	(72,981)	(72,981)	(72,981)	(72,981)
District Attorney	Deputy DA's - 2	0	(115,000)	(230,000)	(230,000)	(230,000)
District Attorney	Staff to support new judges (9)	(187,932)	(664,720)	(934,180)	(934,180)	(934,180)
Ending Operational Savings		2,522,979	295,628	699,947	485,039	(612,046)

2020 Newly Requested Critical Needs

2020 REQUESTED CRITICAL NEEDS:		2020	2021	2022	2023	2024
Countywide	Countywide support for grant match funds		(150,000)	(150,000)	(150,000)	(150,000)
Countywide	ASR/TRS Next Gen Annual Support & Maintenance ASR/TRS/IT		(400,000)	(400,000)	(400,000)	(400,000)
Countywide	Humane Society Contract Increase	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
Community Services - Criminal Justice Plt	General Support	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Community Services - Parks	Black Forest Northern Nature Center - 2 FTEs				(218,313)	(168,313)
Community Services - Pretrial Svcs	Staff Expansion (2 FTEs)	(135,700)	(125,700)	(125,700)	(125,700)	(125,700)
Clerk & Recorder	Kronos System Upgrade for Elections Department	(125,000)	(5,000)	(5,000)	(5,000)	(5,000)
Clerk & Recorder	2 FTEs for Motor Vehicle Phone Bank-2	(107,076)	(107,076)	(107,076)	(107,076)	(107,076)
Clerk & Recorder	Phone Bank System Upgrade	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Clerk & Recorder	Implementation of 8 State computers for CSC, Union, Powers	(10,400)				
District Attorney	New Court House Div (2 DDAs and 1 Legal Asst)-3	(156,627)				
District Attorney	Deputy DA for County Court	(100,842)	(94,042)	(94,042)	(94,042)	(94,042)
District Attorney	Administrative Assistant - Investigations -1	(64,963)	(60,385)	(60,385)	(60,385)	(60,385)
District Attorney	Redesign 1st Floor Russell Building Space	(576,211)				
District Attorney	Body Worn Camera Clerks-2	(115,852)	(106,696)	(106,696)	(106,696)	(106,696)
Facilities & Strategic Infrastructure	Judicial Building - Modernize S. Tower Elevators #8&9	(1,094,000)				
Facilities & Strategic Infrastructure	Central Utility Plant - Cooling Tower Media	(26,000)				
Facilities & Strategic Infrastructure	Central Utility Plant - Overhaul Chiller #1	(65,000)				
Facilities & Strategic Infrastructure	Criminal Justice Center - Replace Rooftop Unit 2J	(75,000)				
Facilities & Strategic Infrastructure	Sheriff Office & Metro Jail - Roof Replacement	(238,000)				
Facilities & Strategic Infrastructure	EPC Office of the Sheriff - Replace Air Handler Units	(609,199)				
Facilities & Strategic Infrastructure - AD/Fair & Events Complex - Parking		(130,000)				
Facilities & Strategic Infrastructure - AD/Judicial - Courtroom accessibility & RR connection		(57,200)				
Facilities & Strategic Infrastructure - AD/Pikes Peak Center - Complete 2019 work Audio, RR access		(170,885)				
Financial Services	Integrate Financial/HRIS/Transparency Systems			(3,423,250)	(423,250)	(423,250)
Human Resources & Risk Management	Compliance FTE for Additional State Law Requirements - 1 FTE	(77,616)	(75,116)	(75,116)	(75,116)	(75,116)
Human Resources & Risk Management	NeoGov Onboard Module		(34,000)	(34,000)	(34,000)	(34,000)
Planning & Comm Development	Staffing/address current and proj devpt workload -1PT & 1 FTE	(110,089)	(110,089)	(110,089)	(110,089)	(110,089)
Public Works - Fleet	Akers - Diesel Exhaust Fluid Stations	(150,000)				
Public Works - Fleet	Hydraulic Lift Replacement	(200,000)	(200,000)	(200,000)		
Public Works - Fleet	Light Fleet Replacement	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Total 2020 Requested Critical Needs		(5,187,660)	(2,260,104)	(5,683,354)	(2,701,667)	(2,651,667)

2020-2024 Financial Roadmap *Balanced*

OPERATIONAL STRATEGY						
Dept/Office	Critical Needs	2020	2021	2022	2023	2024
Beginning Operational Savings		2,522,979	37,688	76,631	162,440	3,717,025
Revenues		149,092,251	154,417,612	161,607,499	165,293,329	170,898,066
Expenditures		(147,540,284)	(144,115,514)	(145,163,514)	(145,178,514)	(146,248,698)
Invest in High Impact Road Infrastructure	Additional On-Going (2016-2019 Increase of \$10.8M)		(500,000)	(4,200,000)	(5,200,000)	(5,200,000)
Other Sources/Uses		1,350,000	50,000	200,000	2,046,363	2,250,000
Countywide - Invest in Human Capital	1.5% Allocation of Personnel Budgets*	(1,795,719)	(1,795,719)	(1,795,719)	(1,795,719)	(1,795,719)
Countywide - Invest in Human Capital	Future Impacts of 2020 Personnel Budget Allocation*		(53,872)	(53,872)	(53,872)	(53,872)
Countywide - Invest in Human Capital	Equity Adjustments (1%) - 2021					
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2021		(2,613,806)	(2,613,806)	(2,613,806)	(2,613,806)
Countywide - Invest in Human Capital	Equity Adjustments (1%) - 2022					
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2022			(2,692,220)	(2,692,220)	(2,692,220)
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2023				(2,772,849)	(2,772,849)
Countywide - Invest in Human Capital	Pay for Performance/COLA (2%) - 2024					(2,828,306)
Board of County Commissioners	Statutory Pay Increase w/FICA, Retirement		(45,921)	(45,921)	(75,163)	(75,163)
Countywide Elected Officials	Statutory Pay Increase w/FICA, Retirement				(78,013)	(78,013)
Community Services - Parks	Dedicated Forest Management Funds	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Community Services - Parks	Major Maintenance Funds	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Community Services - Parks	Park Maintenance Positions (4)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Community Services - Parks	Parks Capital Improvements		(750,000)	(750,000)	(750,000)	(750,000)
Community Services-Veterans' Services	Office Staff Expansion-Mt Carmel (2) and Ops	(126,519)	(83,889)	(83,889)	(83,889)	(83,889)
Community Services	Criminal Justice Support/Pretrial & Northern Nature Center Staffing	(147,700)	(137,700)	(137,700)	(356,013)	(306,013)
County Attorney	2 Attorneys, 2 Paralegals & \$15,000 start up IT	(74,230)	(213,960)	(345,960)	(345,960)	(345,960)
Countywide Facility Needs	Major Facility Improvements (one-time amounts)	(250,000)	(250,000)	(1,000,000)	(1,000,000)	(1,000,000)
Countywide Facility Needs	ADA Requirements (one-time amounts)	(300,000)				
Countywide Facility Needs	Facility Critical Needs	(838,000)	(1,329,199)			
Countywide	Grant match funds, Next Gen ASR/TRS System/ERP Replacement		(550,000)	(550,000)	(550,000)	(5,550,000)
Countywide	Humane Society Contract Increase	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
District Attorney	Critical Needs Support*	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)
Human Resources & Risk Management	NeoGov Onboard Module		(34,000)	(34,000)	(34,000)	(34,000)
Planning & Community Development	Staffing/address current and proj devpt workload -IPT & 1 FTE	(110,089)	(110,089)	(110,089)	(110,089)	(110,089)
Public Health	Increase for County Support to Public Health		(250,000)	(400,000)	(800,000)	(800,000)
Public Works - Fleet	Diesel Station/Hydraulic Lift/Light Fleet Replacements	(800,000)	(650,000)	(800,000)	(600,000)	(600,000)
Total Funded Critical Needs		(4,037,257)	(10,263,155)	(16,358,176)	(18,810,230)	(26,384,899)
Ending Operational Savings after previously considered items		37,688	76,631	162,440	1,467,025	1,981,494

*1.5% personnel budget allocation excluding DA's Office. DA provided lump sum for 2020 for all critical needs.

Financial Roadmap & The Strategic Plan

The 2020-2024 Financial Roadmap addresses many items in the Strategic Plan:

- **Goal 1:** *Maintain and Promote a Financially Sustainable County Government that is Transparent and Effective*
 - Strategy A – Increase Innovation, Efficiency & Transparency
 - Strategy B – Invest in Human Capital
 - Strategy C – Allocate Funding Streams Designated for Capital Investment and Operational Needs
 - Strategy E – Ensure responsible and Appropriate Use of Local Tax Dollars
- **Goal 2:** *Enhance Understanding of Civic Services*
 - Strategy C – Develop and Implement a Strategic Technology Infrastructure to Engage Citizens



Financial Roadmap & The Strategic Plan

- **Goal 3:** *Maintain and Improve the County Transportation System, Facilities, Infrastructure and Technology*
 - Strategy A – Provide a Safe, Sustainable, Integrated and Efficient Multi-Modal Transportation Infrastructure System
 - Strategy C – Provide Maintenance and Facilities Improvements
 - Strategy D – Improve and Update the County Park System
- **Goal 5:** *Ensure a Safe and Healthy Community*
 - Strategy A – Support a High Level of Public Safety
 - Strategy B – Support a High Level of Community Safety (OEM, Buildings, Community Partnerships)



2020 Budget Process

Preliminary Balanced Budget

- Department & Elected Official Offsites – Budget Strategy – July 17, September 11, and September 20, 2019
 - *Overview of County Financial Condition and Discussion of Critical Needs*
- Budget Hearing #1 – October 3, 2019
 - *Presentation of Preliminary Balanced Budget Document (That's today!)*



2020 Budget Process

Original Adopted Budget

- Budget Hearings #2 and #3 – October 15th and 17th
 - *Department/Offices Critical Needs Presentations*
 - *Chief Financial Officer– Updated Revenue Projections & Five Year Forecast*
 - *Citizen Outreach Group Presentation to BoCC*
- Budget Hearing #4 – November 14th
 - *BoCC Direction on the 2020 Original Adopted Budget*
- Budget Hearing #5 – December 10th
 - *Resolution #1 – 2020 Original Adopted Budget*
 - *Resolution #2 – Certify County mill levy*
 - *Resolution #3 – Authorize the Treasurer to transfer between funds*



Presentation of the Preliminary Balanced Budget Document

