

2011 Budget Hearings

Budget Hearing #1

Nicola Sapp
County Budget Officer



Presentation Overview

- 1. 2011 Preliminary Balanced Budget**
 - 1. Historical Review**
 - 2. Changes to Revenues & Reclassifications**

- 2. Five Year Budget Projections**
 - 1. Revenue Estimates**
 - 2. Available Fund Balance**
 - 3. TABOR Projections**

- 3. Five Year Impacts of Propositions**



2011 Preliminary Balanced Budget Historical Review

Operating Budgets (1996-2011):

- No on-going “Across the Board” increases since 1996 (15 years)
- Operating with a 1.5% on-going decrease
 - While Consumer Price Index has increased 36.8%
 - While Population has increased 28.8%



2011 Preliminary Balanced Budget Historical Review

Increases in certain commodities used by County: (2001-2011):

- Natural Gas Increased 446%
- Fuel Increased 124%
- Copper Increased 125%
- Water Increased 83%
- Asphalt Increased 77%
- Steel Increased 122%
- Plastic & Paper Increased 67%



2011 Preliminary Balanced Budget Historical Review

Personnel Budgets (2003-2010):

- Over the Last 8 Years- El Paso County has provided Cost of Living (COLA) increases totaling 5.0%
 - Represents two Cost of Living increases for El Paso County employees over the last eight years
 - Federal COLA increases during this time were 21.7%



2011 Preliminary Balanced Budget Historical Review

HISTORICAL BASE BUDGET REDUCTIONS

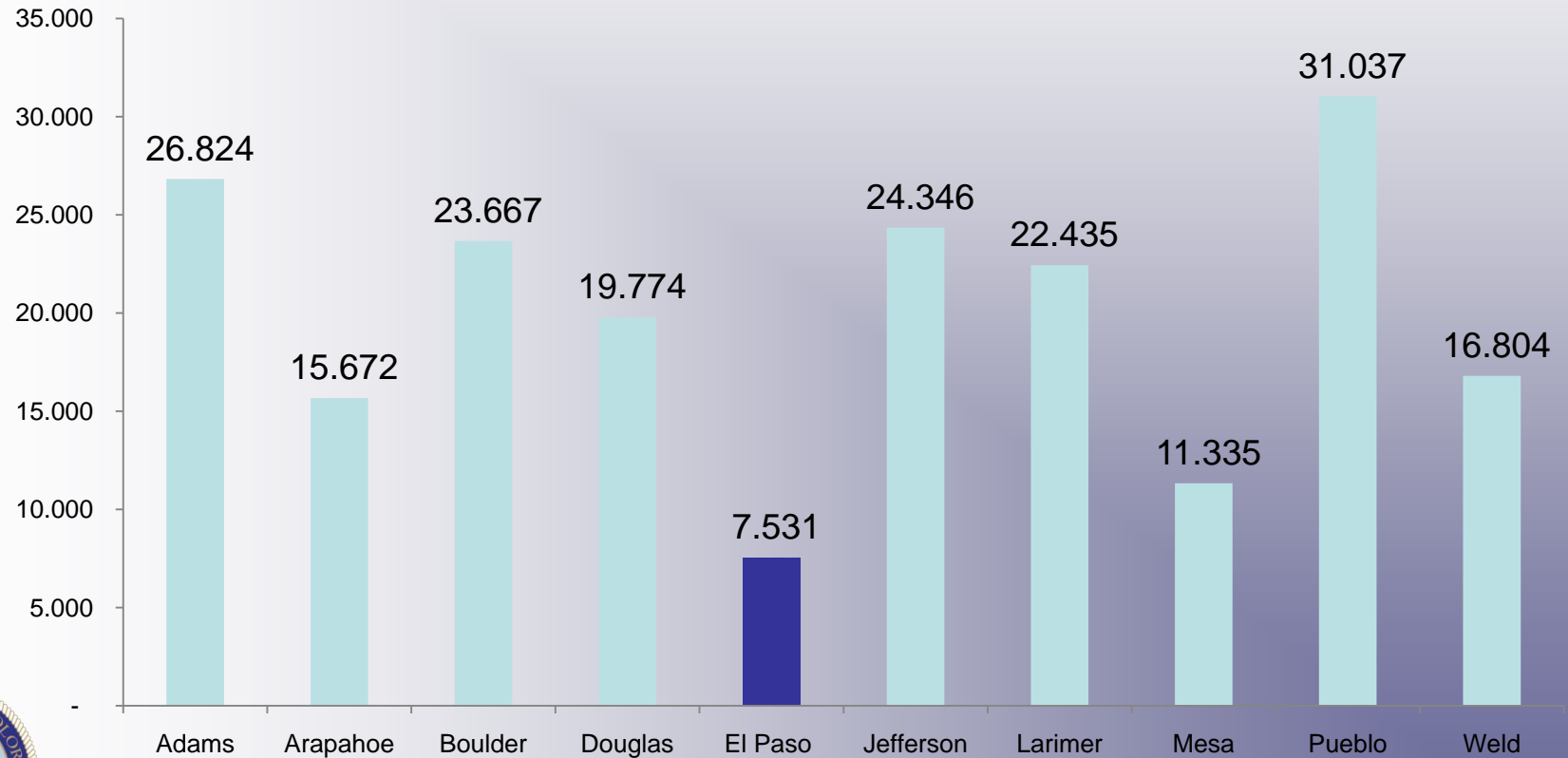
2006 Budget Reductions	\$6,826,907
2007 Budget Reductions*	\$8,825,360
2008 Budget Reductions*	\$20,035,377
2009 Budget Reductions	\$9,515,032
ANNUAL BUDGET REDUCTIONS	\$45,202,676

**Includes Both Original Budget Reductions and Additional
Mid-year Reductions*



2011 Preliminary Balanced Budget Historical Review 10 County Comparison

2010 Mill Levy

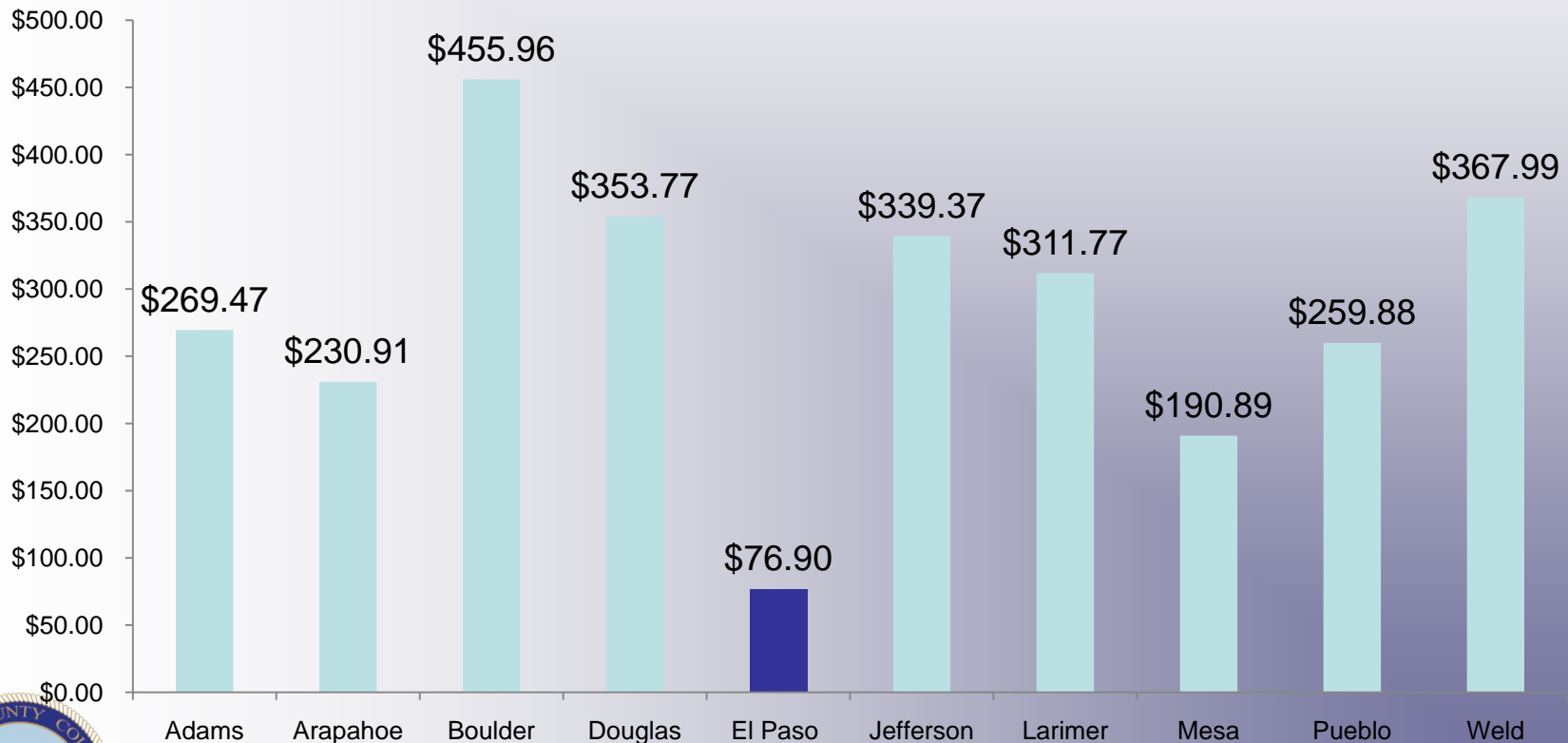


2011 Preliminary Balanced Budget

Historical Review

10 County Comparison

Property Tax Per Person



2011 Preliminary Balanced Budget Critical Needs Historical Review

Major Capital Needs:

2010 Critical Needs	\$385,199,706
Strategic Moves Project Addressed*	<u>(\$185,799,706)</u>
Remaining 2010 Critical Needs	\$199,400,000

**Department of Human Services Facility, Health Department Facility, Sheriff Law Enforcement Bureau, Coroner's Facility, Re-Purposing of County Administration Building, Other On-Going Major Maintenance Needs*



2011 Preliminary Balanced Budget

Changes to Revenue Estimates / Reclassifications

Compiling the 2011 Budget:

- 2011 Revenue Estimates (Changes from 2010)
- Reclassifications within General Fund
- Retaining 2010 Expenditure Budgets
 - no restoration of previous budget cuts



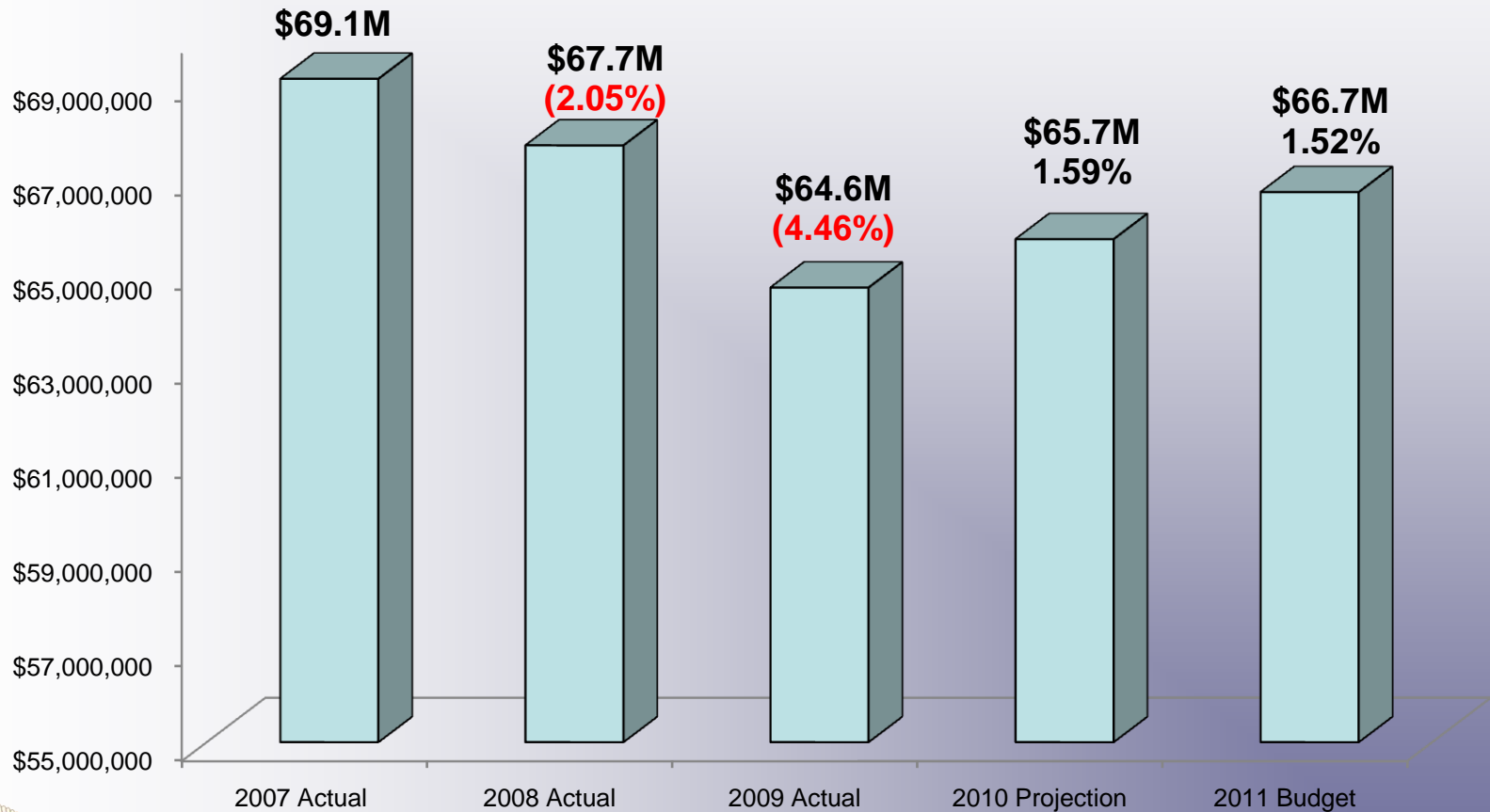
2011 Preliminary Balanced Budget

Changes to Revenue Estimates / Reclassifications

UNRESTRICTED GENERAL FUND				
REVENUE	2010 Budget	Revenue Estimate Changes & Remove One-Time Critical Needs	Reclassifications · Unrestricted to Restricted	2011 Budget
Sales and Use Tax	40,187,467	3,822,864	(470,900)	43,539,431
Property Taxes	31,365,065	545,008	(1,081,600)	30,828,473
Other Taxes / PILT	162,000	0	0	162,000
Elected Office Fees	\$12,402,902	\$887,367	\$305,500	13,595,769
Fees & Charges for Svs	2,048,634	(359,495)	0	1,689,139
Interest on Investments	350,000	(100,000)	0	250,000
Internal County Direct Bills	1,430,440	(230,091)	0	1,200,349
Intergovernmental	1,236,374	(152,874)	0	1,083,500
Unrestricted Revenue	89,182,882	4,412,779	(1,247,000)	92,348,661
 <u>EXPENDITURES</u>				
Personnel	69,207,022	0	(751,846)	68,455,176
Operating	22,260,307	(1,934,424)	93,880	20,419,763
Capital	5,384,860	(1,987,500)	0	3,397,360
Unrestricted Expenditures	96,852,189	(3,921,924)	(657,966)	92,272,299
Net Change in Fund	(7,669,307)	8,334,703	(589,034)	76,362



2011 Preliminary Balanced Budget Sales & Use Tax Projections



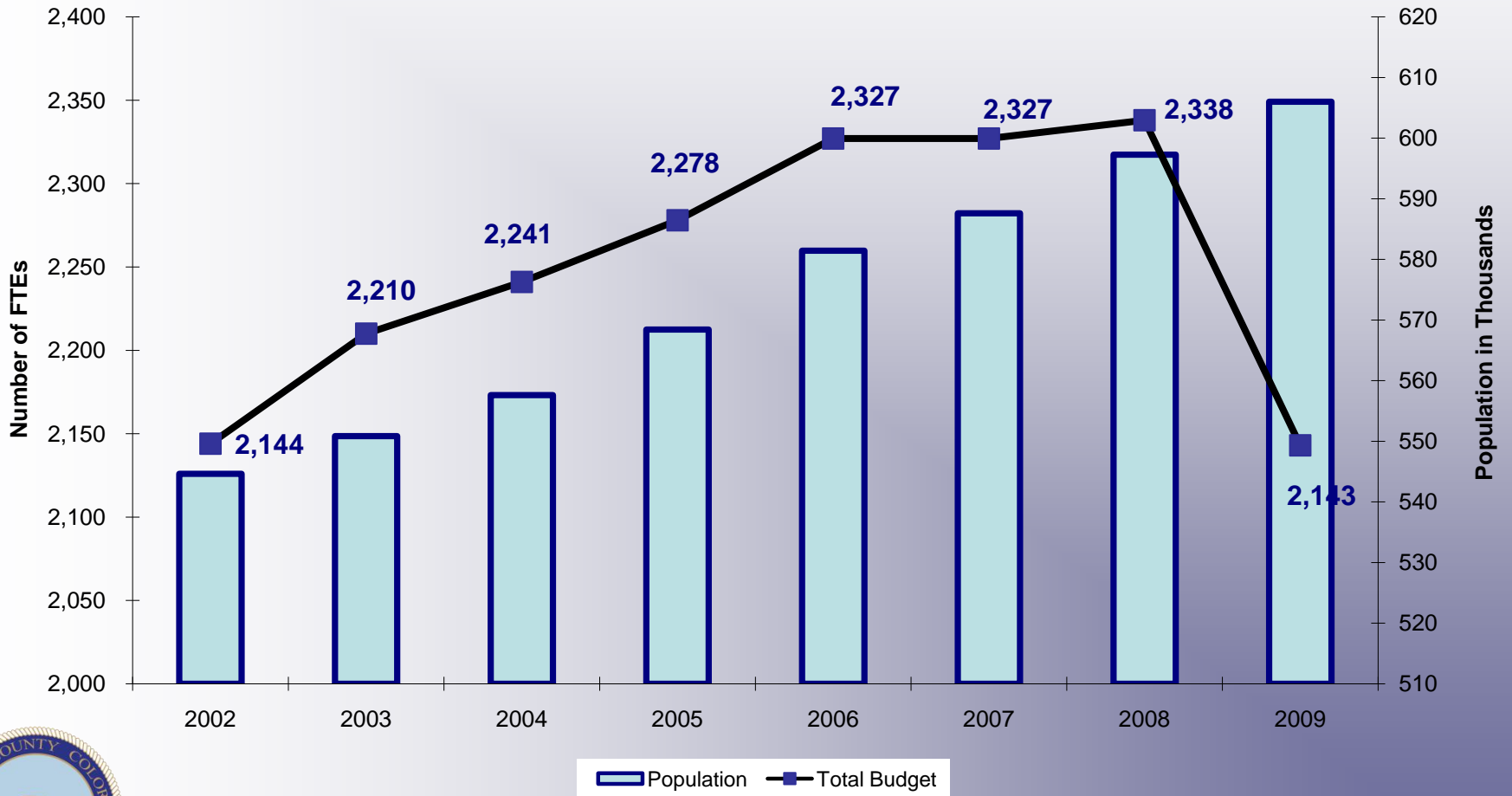
2011 Budget – Historical Budget

El Paso County General Fund Unrestricted Budget vs. Population Growth



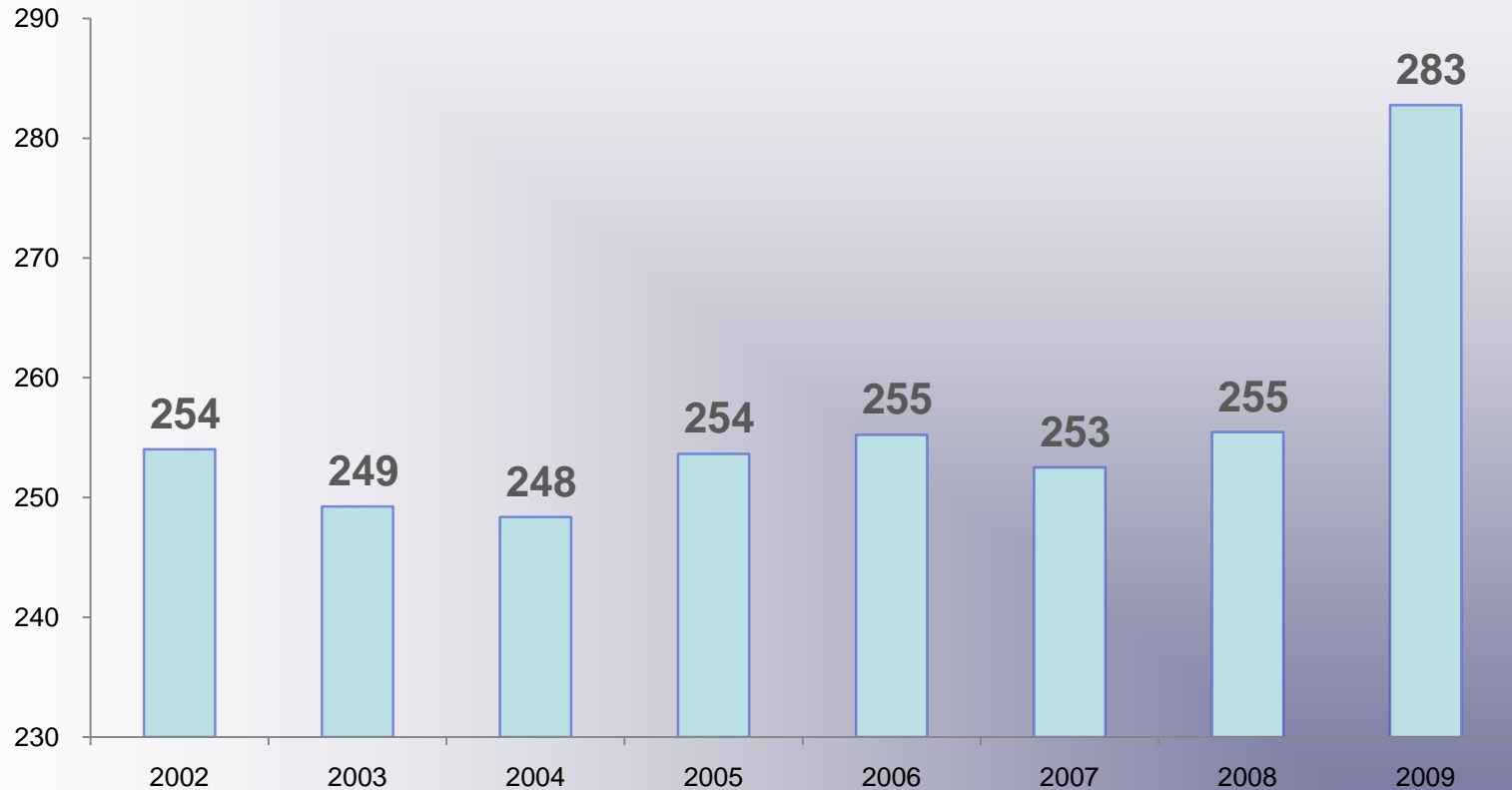
2011 Budget – Historical Budget

Total Numbers of Full-Time Employees (FTEs) vs. Population Growth



2011 Budget – Historical Budget

Citizens Served Per Employee



Five Year Budget Projections



Five Year Budget Projections

Revenue Projections:

- Sales & Use Tax – Increases 1.52% annually
- Property Tax – Assessed Valuation
 - Decreases 13% for 2012 & 2013 (10% Residential & 15% Commercial)
 - Decreases 0% for 2014 & 2015 (Increase in Residential Offset by Additional 5% Reduction in Commercial)
- Elected Office Fees – vary based on Historical Analysis and Statutory Impacts



Five Year Budget Projections

UNRESTRICTED GENERAL FUND					
<u>REVENUE:</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Sales and Use Tax	43,539,431	44,201,230	44,873,089	45,555,160	46,247,598
Property Tax	30,828,473	24,942,591	25,259,182	25,575,773	25,892,364
Other Taxes / PILT	162,000	162,000	162,000	162,000	162,000
Fees & Charges for Svs	1,689,139	1,566,126	1,569,490	1,572,954	1,576,523
Elected Office Fees	13,595,769	12,915,738	12,852,179	12,788,620	12,825,061
Interest on Investments	250,000	150,000	100,000	150,000	150,000
Internal County Direct Bills	1,200,349	1,200,349	1,200,349	1,200,349	1,200,349
Intergovernmental	1,083,500	1,000,000	950,000	950,000	950,000
Unrestricted Revenue	92,348,661	86,138,034	86,966,289	87,954,856	89,003,895
<u>EXPENDITURES:</u>					
Personnel	68,455,176	68,455,176	68,455,176	68,455,176	68,455,176
Operating	20,419,763	20,419,763	20,419,763	20,419,763	20,419,763
Capital	3,397,360	3,397,360	3,397,360	3,397,360	3,397,360
Unrestricted Expenditures	92,272,299	92,272,299	92,272,299	92,272,299	92,272,299
Net Impact to Fund Balance	76,362	(6,134,265)	(5,306,010)	(4,317,443)	(3,268,404)



Five Year Budget Projections

Fund Balance Projections:

2009 Underspending	\$1.44M
2009 Unanticipated Revenue	\$1.75M
2010 Underspending*	\$1.20M
2010 Unanticipated Revenue**	\$3.00M
<u>BoCC Reserve</u>	<u>\$0.51M</u>
Projected Savings	\$7.90M

* *One-Time – not guaranteed*

***One-Time Based on 2010 Activity through July*



Five Year Budget Projections

UNRESTRICTED GENERAL FUND - FUND BALANCE PROJECTIONS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Impact to Fund Balance	76,362	(6,134,265)	(5,306,010)	(4,317,443)	(3,268,404)
Beginning Fund Balance	7,900,000	9,176,362	4,242,097	136,087	(2,981,356)
One-Time Underspending Savings*	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Impact to Fund Balance	76,362	(6,134,265)	(5,306,010)	(4,317,443)	(3,268,404)
Ending Fund Balance	9,176,362	4,242,097	136,087	(2,981,356)	(5,049,760)

** NOT GUARANTEED*

Revenue Projections as Previously outlined:

Sales Tax 1.52% Annual Growth

Property Tax reduction of 13% in 2012 & 2013 and no recovery in 2014 & 2015

No growth in expenditures



Five Year Budget Projections -TABOR

5 YEAR TABOR PROJECTIONS					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Prior Year TABOR Revenue*	173,826,173	176,878,601	170,779,987	172,203,433	178,082,476
Consumer Price Index**	(1,122,917)	3,006,936	3,535,146	3,564,611	3,686,307
Growth	4,189,211	2,423,237	4,132,876	4,167,323	4,309,596
Fiscal Year Spending	176,892,467	182,308,774	178,448,009	179,935,367	186,078,379
Current Year TABOR Revenue	176,878,601	170,779,987	172,203,433	178,082,476	180,845,895
Fiscal Year (Underspending)/Overspending	(\$13,866)	(\$11,528,787)	(\$6,244,575)	(\$1,852,891)	(\$5,232,484)

*Prior Year Revenue is the Lesser of Fiscal Year Spending or Current Year TABOR Revenue

**Consumer Price Index at -0.646 in 2010, 1.70% in 2011, and estimated Historical Average of 2.07 for 2012-2014

**Growth at 2.41% in 2010, 1.37% in 2011, and estimated 2.42% for 2012-2014



Proposition 101 and Amendments 60 & 61 Impacts



Proposition 101 Impacts

PROPOSITION 101 IMPACTS					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Specific Ownership Tax	(1,023,124)	(2,046,247)	(3,069,371)	(4,092,494)	(4,092,494)
FASTER Revenue	(1,794,664)	(1,794,664)	(1,794,664)	(1,794,664)	(1,794,664)
Highway User Tax	(2,330,255)	(2,330,255)	(2,330,255)	(2,330,255)	(2,330,255)
Road & Bridge Fund Impacts	(5,148,042)	(6,171,166)	(7,194,289)	(8,217,413)	(8,217,413)
<i>% of Total Budget</i>	<i>22.56%</i>	<i>27.04%</i>	<i>31.52%</i>	<i>36.00%</i>	<i>36.00%</i>
Sales Tax- Vehicle Rental/Leasing	(1,679,968)	(1,679,968)	(1,679,968)	(1,679,968)	(1,679,968)
Sales Tax- New Vehicle Sales	(1,919,871)	(3,839,741)	(5,759,612)	(7,679,482)	(7,679,482)
Sales Tax- Telecommunications	(4,598,648)	(4,598,648)	(4,598,648)	(4,598,648)	(4,598,648)
General Fund Impacts	(8,198,487)	(10,118,357)	(12,038,228)	(13,958,098)	(13,958,098)
<i>% of Total Budget</i>	<i>8.88%</i>	<i>11.73%</i>	<i>13.73%</i>	<i>14.92%</i>	<i>14.49%</i>
TOTAL PROPOSITION IMPACTS	(13,346,529)	(16,289,523)	(19,232,517)	(22,175,511)	(22,175,511)

Impact over the Next Five Years (\$93,219,589)



Proposition 101 Impacts

Road & Bridge Impacts:

- 23% Reduction in Operations
- \$5.1M Revenue Loss Growing to \$8.2M
- Only Snow Plowing Major Arterials between 7am-5pm
- Limited Road Maintenance - Pothole Repairs on Critical Basis
- No Additional Funding for Road, Highway, Bridge Capital Projects
- Increased Risk to Transportation Safety



Proposition 101 Impacts

Unrestricted General Fund:

- 9% Reduction in Operations
- \$8.2M Revenue Loss Growing to \$13.9M



Amendment 60 Impacts

- De-TABORING Component
 - Direct Impact -Does not Apply
 - Indirect Impacts
 - Treasurer Fees reduced when other local governments reduce property taxes
 - » Cities & Towns, School Districts, Water & Fire Districts, Library Districts
 - New Property Taxation on Enterprises
 - Colorado Springs Utilities estimates a rate increase of 50%
 - » Additional Cost of \$1.5M annually to El Paso County



Amendment 61 Impacts

- Required Reduction of Tax Rates
 - 2019 reduction of over \$650,000 annually
 - 2028 additional reduction of \$3M annually
 - 2030 additional reduction of \$6M annually
- 10% Limitation of “Debt”
 - Does Not Currently Apply- will apply in the future
- 10 Year “Debt” Limit
 - Does Not Currently Apply- will apply in the future



2011 Budget Process

September 23rd:

- Department and Office Critical Needs Presentations

October 4th:

- Citizen Budget Oversight Committee Meets & Provides Recommendations

October 5th:

- Citizen Input
- Board of County Commissioners Direction

October 14th:

- Presentation of 2011 Preliminary Balanced Budget

