
Tuesday, August 20, 2024, 6:00 PM
Council Chambers
One Descombes Dr
Broomfield, CO 80020

1: Concept Review

2: Study Session

- 2A. Economic and Fiscal Update and Draft Operating & Capital Budgets
Economic and Fiscal Update to Include 2024 and 2025 Budget Highlights
- 2B. Council Compensation Discussion

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Date Posted: August 14, 2024



City of Broomfield

City Council Study Session

Economic and Fiscal Update and Draft Operating & Capital Budgets

Economic and Fiscal Update to Include 2024 and 2025 Budget Highlights

Meeting	Agenda Group	
Tuesday, August 20, 2024, 6:00 PM	Study Session	Item: 2A
Presented By		
Graham Clark, Deputy Director of Finance		
Community Goals		
<div><input checked="" type="checkbox"/> Financial Sustainability and Resilience</div> <div><input checked="" type="checkbox"/> Organizational Health</div>		

Overview

The memo provides an overview of the economic and fiscal factors that are influencing the revised 2024 and draft 2025 operating and capital budgets and the overall fiscal health of the organization.

Attachments

[Economic and Fiscal Update to Include 2024 and 2025 Budget Highlights.pdf](#)

Summary

[View Correspondence](#)

The purpose of this report and presentation is to provide information and insights to inform the financial, economic, and development choices and opportunities for the coming budget year and ensuring a financially sustainable community.

Broomfield has successfully benefited from both economic conditions and development growth over the past two decades. Our future economic and fiscal success will be dependent on making decisions within the changed dynamic of a mature community, focusing on redevelopment, catalytic opportunities, economic foundations, financial principles, and budget and program choices.

Nearing buildout requires a shift in how Broomfield prioritizes expenditures, focusing on repair and replacement of critical infrastructure and utilizing a disciplined decision-making approach for future approvals. Focusing on the short-term budget, including the 2025 budget year, Colorado continues to outperform the nation in many areas. Despite positive indicators, upcoming legislation continues to provide uncertainty around Broomfield's revenues, making planning for future years more difficult. Many Broomfield households and businesses are experiencing a slow financial recovery, directly impacting Broomfield's revenues and subsequent cash flows.

Currently, Broomfield's economic and financial position remains strong. The upcoming budget continues to be guided by conservative revenue projections, reasonable cost growth assumptions (revenue), strategic development decisions, effective management of staffing and patterns, and data-driven decision making models to keep operational costs in check while moderating risk impacts in uncertain times. Two of the primary local revenue sources, property tax and sales/use tax, have exceeded expectations during this period. However, both are expected to have minimal growth in upcoming budget years.

City Council and staff have been discussing the multifaceted and comprehensive approach to planning, development, and finances to ensure a community framework that is socially, environmentally, and economically sustainable. Each of these areas have been explored and strategically modified to improve integration in order to foster a thriving Broomfield today, into 2025, and forward in the future.

During the August 20th study session, finance staff will present a status report on the City and County of Broomfield's 2024 Revised Operating and Capital Improvement Projects (CIP) as well as initial information related to the development of the 2025 proposed budget.

Comments received during this update will be weighed as the draft Operating and CIP budgets move forward for Council's consideration and final adoption on October 22, 2024.

Staff anticipates distributing the 2025 Proposed Annual Budget electronically to City Council on September 04, 2024 and will post for public view on Broomfield's Finance website on September 10, 2024, which will include the following entities:

- City and County of Broomfield
- Arista Local Improvement District (ALID)
- Broomfield Urban Renewal Area (BURA)

The following files are included with this memo to supplement the study session discussion related to Broomfield.

- [2024R & 2025 CIP Projects By Division](#)
 - Includes all Annually Recurring CIP Projects
 - Includes all commitments for debt service and contribution to reserves
- [2024-2029 Detailed Draft CIP Five Year Outlook](#)
 - Includes all of the currently proposed revised 2024 and 2025 projects and all projects through 2029

Financial Considerations

The information presented outlines the financial approach for the City and County for the remainder of the fiscal year 2024 and provides preliminary estimates for the 2025 CIP draft budgets.

Prior Council or Other Entity Actions

- October 24, 2023: [Resolution No. 2023-134](#) Approving the 2024 City and County of Broomfield Budget
- March 12, 2024: [Resolution No. 2024-08](#) Approving the First Amendment to the 2024 City and County of Broomfield Budget

Boards and Commissions Prior Actions and Recommendations

N/A

Proposed Actions / Recommendations

N/A

Alternatives

N/A

BACKGROUND

The first step in achieving fiscal sustainability and resilience was consolidation of the number of budget amendments from previous years to allow for the ability to track the cumulative impact of all budget decisions. Each budget amendment is now designed to address specific topic areas as outlined below.

- Budget Amendment 1: reflects the carryover of capital and grant projects from the prior fiscal year and any additions to operational budgets (i.e. increased cost for Spring Cleanup).
- Budget Amendment 2: reflects the current state of actual revenues and expenditures and sets the foundation for the following year's budget. This amendment also includes the prior year's audited financials (actual beginning fund balances), which helps inform the ability to fund future year financial shifts. This amendment would also address grants, which often require financial adjustments based on project or program status of implementation and execution, due to the timing of the grant award.

As a result of the March 3, 2023 Council Focus Session, the [Community Goals](#) were solidified with an emphasis on Goal #1: Fiscal Sustainability and Resilience. Current and future budgeting processes are designed to ensure operational and capital success with a focus on creating a culture of accountability and intentionality while basing the budget on both revenue and expenses. This helps to drive forward a sustainable, disciplined structure of reallocating funds, and not continuing to increase expenditures arbitrarily. Additional revenue or one-time dollars are spent in alignment with Fiscal Sustainability and Resilience in mind to provide the Broomfield community:

- Continued quality services and programs; and
- Continued investment in existing and future capital improvement projects and infrastructure

Emphasis of prioritizing funding:

This is year two of the City and County of Broomfield continuing to prioritize by the following three (3) ‘buckets’ or classifications. As part of the 2025 budget staff continues on prioritization of expenditures for the remaining 2024 fiscal year, and the upcoming proposed 2025 budget in these categories.

- **Mandates:** Regulatory requirements issued by the federal or state level that results in need to fund.
- **Critical Need:** Essential to the effective operations of the organization. Failure to fund would result in a threat to public health, the environment or community safety; or would create a greater liability or risk to the organization.
- **Obligations:** Contractual requirement or agreement.

Any funding request not categorized by a mandate, critical need, or obligation, but is necessary to provide ongoing programs and services would be defined as an ‘other’ for funding consideration. The emphasis of prioritizing funding would be to those three classifications, but recognizing the importance of providing a portion of available funding towards the ‘other’ category, including being mindful of Council’s direction NOT to impact current levels of service.

Based on the disciplined approach above, a multi-functional team of staff designed an equitable, repeatable framework and process through which all departmental financial requests are reviewed, rated, discussed and recommended to the City Manager’s Office for consideration. This framework builds in a culture of cost management while integrating an equity component to ensure all of Broomfield is taken into consideration.

Staff from Finance continue to collaborate with the departments to analyze prior year spending, and future needs. The result is that both Finance and the departments are looking at ways to reallocate current funding and minimize new requests. A look back at prior years reveals adequate budgets to the department, however, not always in the proper categories to account for future needs. Departments spent much of the 2025 budget development process determining the best areas to allocate current budget amounts. This exercise led to growth in financial acumen at the department level and straight-forward discussions about tradeoffs and prioritization and less about additions to the budget. Departments determined needs based on the following high level categories and corresponding thought provoking questions, serving as the foundational lens through which all budgeting and resource allocation requests were reviewed:

- **Safety:** Eliminating or reducing a hazard/threat
- **Operational Cost vs. Revenue:** Is there a revenue offset that will help reduce costs?
- **Asset Maintenance:** Ability to extend the life cycle of a current asset
- **Master Plan:** Approach and alignment with existing roadmap
- **Operational Support:** Will the request create additional demand on existing resources or require new support
- **Alternatives:** Does the alternative require greater resources, financially or otherwise?

- Cost Sharing Opportunities: Ability to leverage outside funding awards
- Urgency: Is there an immediate need that the request will satisfy?
- Public Benefit & Quality of Life Impact: Ability to benefit across various sectors
- Socio-Economic Equity: Determining the applicability within Broomfield's vulnerable populations or Underrepresented
- Sustainability: Ability to address/correct construct that will benefit the environment

This comprehensive approach provides the discipline needed to carefully consider what is truly necessary to accomplish Broomfield's mission to serve the community. Each year, the budget process must be based on solid data analytics regarding generated revenue, expenses, future forecasts and trends, and a clear understanding of organizational and community goals. A more haphazard approach to add items into the budget without a clearly defined strategy may be easier, however, it can create unintended consequences that lead to future financial instability. Broomfield is committed to building in the communication organization-wide needed to reorient priorities within the year as needed to ensure budget decisions contribute and support each of the following Community Goals.

- Fiscal Sustainability and Resilience
- Thriving, Diverse, Safe, Welcoming Community
- Growing Greener
- Mobility
- Organizational Health

Broomfield anticipates applying the same methodology and due diligence with both development opportunities and new debt as it continues its current conversations with council; specifically, recognizing the challenges and opportunities upcoming within the Enterprise funds.

As Broomfield continues to sustain the economic and financial success, our strategic approach includes a prudent and pragmatic fiscal approach to anticipate and withstand future economic or financial disruptions in the short and long term.

2024 REVISED CAPITAL IMPROVEMENT PLAN UPDATE

Per [Section 12.5 of the BMC](#), On multi-year projects, amounts not spent in the current year are rolled forward into future budget years by City Council action until the project is completed. This is accomplished through carryover and similar to the operating budget, supplemental appropriations supporting the CIP may be made in accordance with the Charter presuming additional revenues or fund balances are available to support the projects. In March of this year, the 2024 budget was amended to support new and carryover capital improvement projects:

- March 12, 2024: [Resolution No. 2024-08](#) carryover of unspent capital project budgets of \$127,490,232

The [2025 Revised CIP Projects](#) include a table that shows the current non-recurring, or one-time, capital projects; this includes all projects within the 2025-2029 CIP. The projects are sorted by category. Since many of the 2025 projects are multi-year, the amounts that remain unspent on these projects at year end will, potentially, roll into the 2026 budget.

2025 OPERATING BUDGET CONSIDERATIONS

Broomfield continues to navigate the ongoing uncertainties surrounding property taxes, which requires the continued use of conservative fiscal practices in Broomfield's approach. Broomfield's economic fundamentals have been strong throughout 2024, with nearly all revenue sources trending above 2023.

Revenue in all areas is expected to continue positive, moderate growth in 2025. Property tax revenues are anticipated to be less than 1%, which is attributed to growth, 2025 is not an assessment year.

Property value assessment is part of the 2024 State ballot initiatives this Fall. Legislation will determine the amount of assessment Broomfield is able to anticipate for the 2025 base budget. A number of other potential factors including actual total amount of the property owner appeals and/or market price changes may affect the actual amounts realized. Similarly, sales tax is anticipated to grow moderately at 3% overall, this aligns with historical growth. This fiscally sustainable approach to revenue will be utilized to meet on-going and capital expenditures.

With the exception of new full-time employees and various contract related increases, the Finance department has worked with departments organization-wide to re-allocate within their current budgets. This has resulted in minimal increases to their 2025 base budget. This budget exercise includes reallocating within the existing 2024 budgets, resulting in limited 2024 revised budget increases. Cost of goods and services are growing with core inflation at 4%. However, by utilizing existing budgets, CCOB intends having increases lower than 4%.

These factors all lead to balancing of the upcoming 2025 proposed budget that avoids unbalanced annual spending in the near-term, but highlights the fact that funding city and county operations as we move into the future will constantly require a reassessment of Broomfield's revenue and expenditure each year as part of the annual budget development process to ensure financial sustainability in the long-term.

2025-2029 CAPITAL IMPROVEMENT PLAN CONSIDERATIONS

Similar to the operating budget, the efforts to manage capital projects and associated expenditures are in response to a continued uncertain revenue picture as a result of the global pandemic. Using a conservative approach and understanding the constraints of Broomfield's finances, staff will continue to evaluate and prioritize projects on the basis of mission essential and those that affect the health and safety of the community. In order to proactively prevent unintended consequences with any changes in the funding of CIP, staff will continue to seek guidance from Council.

The [Detailed Draft CIP Five Year Outlook](#) is a working draft of the proposed 5-year CIP Plan that includes all currently proposed projects that were carefully selected and scheduled to match financial resources. This working draft of the 2025 budget for Capital Projects includes \$56.5 million in expenditures for the General Governmental Funds and \$48.5 million in expenditures for the Utility Funds. These projects fall into two basic categories: those projects that provide funding necessary to meet existing obligations and provide capital repair or replacement of current assets (annually recurring projects); and non-recurring projects.

A full list of the 2025-2029 CIP five year outlook is included in this memo. The 2025 Annually Recurring CIP projects include commitments for debt service, transfers and reserves. It also includes phasing the maintenance recommendations from AECOM into the annual, recurring CIP budget. These projects represent the funding necessary to meet existing obligations and provide capital repair or replacement of critical infrastructure to both the Water and Wastewater enterprise funds.

As CIP conversations continue, staff will work to shift the focus of funding from new capital projects towards the preventative maintenance and repair and rehabilitation to ensure the Broomfield is focusing efforts on adequately addressing its existing critical infrastructure.

ENTERPRISE FUND CONSIDERATIONS

Included within the 2025 Proposed Budget are staff recommendations to increase the utility rates associated with water and sewer. Staff has continued its course of balancing the budget based on revenue and expenditures, however a careful analysis of the enterprise funds through the utility model that was presented to council on July 17, 2024, indicates that a structural shift needs to occur in the approach of its current base fees.

Therefore, in order to ensure financial sustainability and resiliency of the Enterprise funds, staff is recommending Council's consideration and approval of specific rate and base charges and fees, including the addition of a Stormwater fee, as part of the fiscal year 2025 Proposed Budget as noted below:

Single Family Residential - Average Monthly Bill					
	Rates		Average Bill *		Monthly Difference
	Existing 2024	2025 Proposed	Existing 2024	2025 Proposed	\$
Water Flat Rate	\$16.93	\$36.91	\$16.94	\$36.91	\$19.97
Water Usage	tiers	no change	\$27.23	\$27.23	\$0.00
Water Service*			\$44.17	\$64.14	\$19.97
Sewer Cost/1,000 gallons	\$4.46	\$5.44	\$26.76	\$32.64	\$5.88
Fed Mandate Charge	\$0.52	\$0.52	\$3.12	\$3.12	\$0.00
SW - Compliance Fee	\$6.00	\$9.00	\$6.00	\$9.00	\$3.00
Sewer Service*			\$35.88	\$44.76	\$8.88
Stormwater Service	\$0.00	\$11.00	\$0.00	\$11.00	\$11.00
Total Bill			\$80.05	\$119.90	\$39.85
* based on 9,000 gallons for water and 6,000 gallons for sewer.					
9,000 gallon/month based on 4 year historical average of 107,000 gallons per year for single family 0.75 inch					

AMERICAN RESCUE PLAN ACT UPDATE

Staff continues to incorporate the four (4) Council approved projects to utilize the \$20,727,034 awarded to Broomfield through the American Rescue Plan Act (ARPA). The 2024 revised budget reflects the recognition of the total revenue corresponding to the proposed expenditures listed below. The remaining revenue and expenditures will be recognized within the 2025 and 2026 fiscal years budget, upon execution of the associated contracts related to the projects.

The funding requirements state that all projects are to be encumbered by the end of 2024, with project completion required by 2026. The projects below capitalize on existing CIP projects, which address the negative impacts of the pandemic and direct activities in underserved areas of the community, which are required.

American Rescue Plan Act Breakdown			
Project	2023 Actuals	2024 Revised Budget	Total
Fiber Optic Connection for Pump and Lift Stations	593,252	4,306,748	4,900,000
Broomfield Heights Pedestrian Improvements	146,944	241,978	388,922
Broomfield Heights Stormwater Improvements	349,367	5,477,667	5,827,034
Pavement Management (Asphalt & Sealing)	4,084,309	5,526,769	9,611,078
Grand Total	5,173,872	15,553,162	20,727,034

NEXT STEPS

Staff will distribute all relevant information regarding the 2024 revised and 2025 proposed budgets in a memo on Wednesday, September 4. This information will be made available to the public on the City's website on Tuesday, September 10. Staff will host two study sessions on Thursday, September 12 and 19 to answer questions and solicit feedback from City Council. Council direction on adjustments will be incorporated into the 2024 revised budget and the proposed 2025 budget. The public hearing for the 2025 Budget is scheduled on October 1, 2024 and adoption is scheduled on October 22, 2024.



City of Broomfield

City Council Study Session

Council Compensation Discussion

Meeting	Agenda Group
Tuesday, August 20, 2024, 6:00 PM	Study Session Item: 2B
Community Goals	

Overview

[View Correspondence](#)

Continued discussion on the Council Compensation Ordinance, Chapter 2-03 of the Municipal Code.

Attachments

[Memo - Council Compensation Study Session 8-20-24.pdf](#)

Summary

[View Correspondence](#)

Section 4.8 of the City Charter provides that the members of the Council shall receive such compensation, and the Mayor such additional compensation, as the Council shall prescribe by ordinance; provided, however, that the compensation of any member during their term of office shall not be increased or decreased.

In a recent study session on June 18, 2024, City Council conducted the required bi-annual review of Council's compensation ordinance. [B.M.C. 2-02-030](#). City Council discussed adjustments to council compensation, with initial guidance directing that salaries for future mayors, mayor pro-tems, and councilmembers be tied to a percentage of the County IIA salary for county commissioners. The county salaries are [set by the Director of Research of the Legislative Council per state statute](#). At the end of the June 18th Study Session, the direction to staff was to prepare an ordinance for Council's consideration that would adjust the compensation for future elected officials as follows:

A IIA County Commissioner salary is currently \$125,394

<u>Current numbers</u>	<u>Percentage of IIA Commissioner salary</u>
Mayor - \$22,680	75% of IIA salary = \$94,045
MPT - \$18,000	60% of IIA salary = \$75,236
Councilmember - \$15,552	50% of IIA salary = \$62,697

If approved, the changes would only apply to newly elected officials, going into effect for positions beginning in November 2025 or November 2027.

On July 16, 2024, Councilmember Delgadillo put forward an alternative proposal through a request for future action that suggests basing council compensation on a percentage of the Area Median Income (AMI) for Broomfield County.

Councilmember Delgadillo's proposal advocates for fixing the Mayor's salary to 60% of the AMI for a three-person household, the Mayor Pro Tem's salary to 20% of AMI, and Councilmembers' salaries to 15% of AMI. The proposal suggests these adjustments would be automatically updated annually in line with changes to the AMI, ensuring that compensation remains aligned with local economic conditions. As with any changes to the Mayor's and Council's compensation, if approved, the changes would only apply to newly elected officials, going into effect for positions beginning in November 2025 or November 2027.

	Mayor		Mayor pro-tem		Council		Paid weeks / year
	Current	Proposed	Current	Proposed	Current	Proposed	
Hours	\$22,680.00	\$70,440.00	\$18,000.00	\$23,480.00	\$15,552.00	\$17,610.00	50
10	\$45.36	\$140.88	\$36.00	\$46.96	\$31.10	\$35.22	
15	\$30.24	\$93.92	\$24.00	\$31.31	\$20.74	\$23.48	
20	\$22.68	\$70.44	\$18.00	\$23.48	\$15.55	\$17.61	
30	\$15.12	\$46.96	\$12.00	\$15.65	\$10.37	\$11.74	
40	\$11.34	\$35.22	\$9.00	\$11.74	\$7.78	\$8.81	
50	\$9.07	\$28.18	n/a	n/a	n/a	n/a	
Recall: compensation will be fixed to AMI. These are the current computed values under the proposal provided.							

Following Councilmember Delgadillo's proposal on July 16, Council requested staff schedule a future study session to discuss council compensation in greater detail. The intent of the study session on August 20, 2024 is to discuss the existing proposals as well as any others that Council may come forward with.

Financial Considerations

Discussion only at this time. Will be reviewed and identified as general direction is established.

Prior Council or Other Entity Actions

[July 16, 2024](#) - Councilmember Delgadillo's Request for Future Action Regarding Council Compensation

[June 18, 2024](#) - Council's required bi-annual review of the Council Compensation Ordinance

[October 26, 2021](#) - Ordinance No. 2165 Updating City Council's Compensation

[July 9, 2019](#) - Study Session Re: Mayor and Councilmember Compensation Discussion

[April 12, 2016](#) - Ordinance No. 2024 Amending Chapter 2-02, City Council Compensation

Boards and Commissions Prior Actions and Recommendations

N/A

Proposed Actions / Recommendations

No formal action will be taken during the study session. Staff seeks Council direction of what compensation ordinance, if any, it should prepare for future consideration.

Alternatives

N/A