AGENDA
LAKEWOOD CITY COUNCIL AND
LAKEWOOD REINVESTMENT AUTHORITY
JOINT STUDY SESSION
CITY OF LAKEWOOD, COLORADO
VIRTUAL MEETING
SEPTEMBER 14, 2020
7:00 P.M.

To watch the Council meeting live, please use either one of the following links:

City of Lakewood Website: [https://www.Lakewood.org/CouncilVideos](https://www.Lakewood.org/CouncilVideos)

or

Lakewood Speaks: [https://lakewoodspeaks.org/](https://lakewoodspeaks.org/)

Phone Number for Public Input: (1-646-558-8656)
Webinar ID: (973 1804 0178)
(press # after entering the webinar id then press # once more to join the meeting)
Press *9 to Request to Speak
(You will be prompted when to speak. After speaking, you can hang up)
Press *6 to Unmute

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ITEM 1 – CALL TO ORDER

ITEM 2 – ROLL CALL

ITEM 3 – PRESENTATION – 2020 REVISED/2021 CITY AND LAKEWOOD REINVESTMENT AUTHORITY PROPOSED BUDGETS

PUBLIC INPUT

ITEM 4 – REPORTS

ITEM 5 – ADJOURNMENT
DATE OF STUDY SESSION: SEPTEMBER 14, 2020 / AGENDA ITEM NO. 3

To: Mayor and City Council

From: Holly Björklund, Chief Financial Officer, 303-987-7601

Subject: 2021 PROPOSED ANNUAL BUDGET AND 2021 LRA PROPOSED BUDGET

SUMMARY STATEMENT: Staff will present an overview of the proposed annual 2021 budget, revised annual 2020 budget, and 2021 proposed LRA budget to the City Council.

BACKGROUND INFORMATION: The proposed annual 2021 budget document has been distributed to the City Council.

BUDGETARY IMPACTS: There is no budget impact associated with the presentation as the session will be used to provide budgetary information and address questions.

STAFF RECOMMENDATIONS: Staff recommends City Council review the provided budget document and provide any specific questions in advance, so thoughtful answers may be researched and responded to suitably.

ALTERNATIVES: City Council may delay or forgo this presentation.

PUBLIC OUTREACH: This item was promoted through the regular communication channels for items that come before the City Council.

NEXT STEPS: Staff will present the proposed 2021 annual budget and 2020 revised budget on October 16th and seek approval on October 26th

ATTACHMENTS: There is no attachment to this staff memo.

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Timothy P. Cox, City Attorney
Budget Calendar

- August 13th - Budget & Audit Board
- September 14th - Council Study Session
- October 12th - Public Hearing
- October 26th - Public Hearing + Adoption
## Overview

<table>
<thead>
<tr>
<th><strong>City Budgeting</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposed 2020 Revised and 2021 Budget</strong></td>
</tr>
<tr>
<td><strong>Total City Budget</strong></td>
</tr>
<tr>
<td><strong>General Fund &amp; TABOR Fund</strong></td>
</tr>
<tr>
<td><strong>Lakewood Reinvestment Authority</strong></td>
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<tr>
<td><strong>Next Steps</strong></td>
</tr>
</tbody>
</table>

Budget Study Session - September 14, 2020 - Finance
City Budgeting
Lakewood Facts

Population: 156,500
Median Household Income: $64,100
Median Age: 38.8
Avg. House Price: $419,000
Land Area: 44 sq mi
Total Housing units: 69,000

Population Growth:
- 1980
- 1990
- 2000
- 2010
- 2019

Average Household Income: $83,800
Population above age 16 in the labor force: 69.2%
Employment Rate in Lakewood: 96.4%

Miles of Streets: 543
Number of Parks: 104 parks with 7,240 acres
Number of Schools: 39
Number of Street Lights: 8,000
Award Winning Golf Courses: 2
Number of Students K-12: 19,715
Budget Process

1. Community Priorities
2. Estimate Revenue
3. Prioritize Expenses
   - Programs & Personnel
   - Capital Projects/Construction
4. Evaluate Fund Balances
5. Budget by Fund
Proposed 2020 Revised and 2021 Budget

Total City
Lakewood Funds

General Fund

- Capital Projects Funds
  - 2
- Enterprise Funds
  - 4
- Special Revenue Funds
  - 6
- Internal Service Funds
  - 4

- Capital Improvement
- Equipment Replacement

- Golf Course
- Sewer Utility
- Stormwater Mgmt. Utility
- Water Utility

- Conservation Trust
- Economic Development
- Heritage, Culture & Arts
- Open Space
- Grants
- TABOR

- Medical/Dental
- Property & Casualty
- Retirees Health Program
- Worker’s Compensation

Budget Study Session - September 14, 2020 - Finance
2021 Revenue By Fund

- Special Revenue Funds: 15%
- Enterprise Funds: 9%
- Capital Projects Funds: 10%
- Internal Service Funds: 7%
- General Fund: 59%
2021 Expense By Department

How are the city funds spent?

- Police: 27%
- Public Works: 29%
- Community Resources: 20%
- Non-Departmental: 12%
- Information Technology: 3%
- All Other Departments <3%
- Each 9%
- Other <3%

Total: 100%
Revenue by Fund

*Excludes Internal Service Funds

Budget Study Session - September 14, 2020 - Finance
Proposed 2020 Revised and 2021 Budget
General Fund
Budget Realities

General Fund Challenges: $17M funding gap from 2020 budget

General Fund Revenue/Expenditure Gap: Limited revenue growth and depleting reserves

Evaluating and Adjusting Financial approach for an Established City of Lakewood
Lakewood Revenue Challenges

Challenges:

• Heavily reliant on sales tax that is flattening and potentially declining
• Consumer buying habits changing:
  • Shift to online shopping
  • Shift from consumption of goods (taxed) to consumption of services (not taxed)
• Established city (vs. growth)
• Relatively low tax rate - unchanged since January 2006
• Food exempted since January 2009
• Revenue growth subject to TABOR limitations
2021 General Fund Revenue

- Sales & Use Tax: 62%
- Charges For Services: 10%
- Property Tax: 10%
- Franchise Fees: 5%
- Intergovernmental Revenue: 5%
- Other: 8%

Property Tax: ▲12%
Sales & Use Tax: ▼8%
Compared to 2019 Actuals
Economic Forecasts

**Sales Tax Forecast**

<table>
<thead>
<tr>
<th>2020-2021</th>
<th>2021-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5.7%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales Tax Forecast 2020-2021</th>
<th>Sales Tax Forecast 2021-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5.7%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

**Economic & Revenue Forecast**

<table>
<thead>
<tr>
<th>2020-2021</th>
<th>2021-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Sales Tax Rate

Sales Tax Rate = 7.5%

- Lakewood 3.0%
- Jefferson County 0.5%
- State of Colorado 2.9%
- SCFD 0.1%
- RTD 1.0%

*Portions of Lakewood also have the Southern Jefferson County Transportation Tax at 0.43%*
Sales Tax

Sales Tax Revenue
Jan-Feb: -1%
Mar: -16%
Apr: -27%
May: -14%
June: -3%
July: -4%
YTD: -10% -$4.2M

Delayed Remittance $1.1M
YTD: -7% -$3.1M (Including Delayed Remittance)

Comparison vs July 2019
Property Taxes
($350,000 Residence Example)

City: $1,377
Jeffco: $383
School District: $661
West Metro Fire: $131
General Fund Revenues

*Revenues shown net of TABOR limit

Starting to invest in organization in 2023
Expense Reduction Approach

• General Fund revenue/expense gap of $17M from the 2020 budget
• Reductions that are sustainable
• Evaluation of resources across all city functions
• Team reorganization to realize operating efficiencies
• Reductions intended to minimize impact to citizens
General Fund Expense

<table>
<thead>
<tr>
<th>2019 Actuals</th>
<th>2020 Budget</th>
<th>2020 Revised</th>
<th>2021 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>$120.6M</td>
<td>$132.6M</td>
<td>$119.9M</td>
<td>$116.2M</td>
</tr>
<tr>
<td>$0.7M</td>
<td>$5.3M</td>
<td>$5.3M</td>
<td>$1.2M</td>
</tr>
<tr>
<td>$1.5M</td>
<td></td>
<td>$1.2M</td>
<td>$2.3M</td>
</tr>
</tbody>
</table>

Reductions Made:
- Facility Closures
- Expense Reductions
- Vacant Positions & Attrition
- General Fund Transfers

Budget Study Session - September 14, 2020 - Finance
## General Fund Reductions from 2020 Budget

### 2020 Budget Reductions

<table>
<thead>
<tr>
<th>Description</th>
<th>Preliminary</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant Positions (47 Positions)</td>
<td>$3.7M</td>
<td>$3.7M</td>
</tr>
<tr>
<td>Staff Attrition (17 Positions)</td>
<td>$1.6M</td>
<td>$1.6M</td>
</tr>
<tr>
<td>Savings due to Facility Closures</td>
<td>$1.5M</td>
<td>$1.5M</td>
</tr>
<tr>
<td>Non-Personnel Reductions to 2019 Level</td>
<td>$3.0M</td>
<td>$3.0M</td>
</tr>
<tr>
<td>Reduction of Travel, Training, Supplies and Other Costs</td>
<td>$0.8M</td>
<td>$2.3M</td>
</tr>
<tr>
<td>Reduction of Fund Transfers Out of General Fund</td>
<td>$0.0M</td>
<td>$0.7M</td>
</tr>
<tr>
<td><strong>Total 2020 Budget Reductions</strong></td>
<td><strong>$10.6M</strong></td>
<td><strong>$12.8M</strong></td>
</tr>
</tbody>
</table>

### 2021 Budget Reductions

<table>
<thead>
<tr>
<th>Description</th>
<th>Preliminary</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Attrition (24 Positions)</td>
<td>$2.3M</td>
<td>$2.3M</td>
</tr>
<tr>
<td>Personnel Savings due to Facility Closures</td>
<td>$0.2M</td>
<td>$0.2M</td>
</tr>
<tr>
<td>Reduction of Overtime Expense</td>
<td>$0.4M</td>
<td>$0.4M</td>
</tr>
<tr>
<td>Deferred Maintenance &amp; Reallocation of Resources</td>
<td>$3.0M</td>
<td>$0.8M</td>
</tr>
<tr>
<td>Revenue Increases in Specific Areas</td>
<td>$0.5M</td>
<td>$0.5M</td>
</tr>
<tr>
<td><strong>Total 2021 Budget Reductions (Incremental to 2020 Revised)</strong></td>
<td><strong>$6.4M</strong></td>
<td><strong>$4.2M</strong></td>
</tr>
<tr>
<td><strong>TOTAL REDUCTIONS MADE FROM ADOPTED 2020 BUDGET</strong></td>
<td><strong>$17.0M</strong></td>
<td><strong>$17.0M</strong></td>
</tr>
</tbody>
</table>
Impact of Budget Reductions

• Conduct one Police Academy, typically two per year
• Service response times may be slower in areas such as Planning, Public Works and Parks
• Deferring maintenance may impact system performance and efficiency of employees
• Forgoing salary increases creates risk of losing high performing employees
General Fund Expenses

- Personnel: 74%
- Services & Supplies: 26%
- Capital Outlay: 0%
- Debt Services: 0%
2021 General Fund Expense By Department

How are the General Funds spent?

- Police: 45%
- Community Resources: 17%
- Public Works: 13%
- Information Technology: 6%
- All Other Departments <3%
  Each 14%
- Non-Departmental: 5%
- Non-Personnel
Taxpayer’s Bill of Rights calculation:

\[ \text{CPI (Inflation)} + \text{Local Growth (New Construction)} = \text{Allowable Growth (TABOR Limit)} \]
• TABOR requires two limit calculations, Overall Revenues and Property Tax.
TABOR General Fund Impact

- 2020 TABOR transfer triggered by property tax calculation.
- 2021 TABOR transfer due to lower 2020 revenue base year reset.
- Ratcheting down effect will continue through 2023 unless base calculation is changed.
TABOR Funded Projects

- New Park Acquisition

- 1/3 Park Acquisition, Park Improvement, Park Maintenance
  - Bear Creek trail improvements, Bear Creek Greenbelt and New Park Lands

- 1/3 Police Assets or Personnel
  - Body Cameras, Protective Equipment & Homeless related activities

- 1/3 Transportation, Sidewalk, Outdoor Lighting
  - Pedestrian Safety, Intersection Improvements, Leverage Grant Funds
TABOR Funds

Taxpayer's Bill of Rights (All Funds)

- Refunded
- Retained

Years: 2008 to 2019

- 2008: $0.2M
- 2009: $0.1M
- 2010: $2.0M
- 2011: $1.3M
- 2012: $5.2M
- 2013: $4.5M
- 2014: $5.8M
- 2015: $12.5M
- 2016: $8.2M
- 2017: $9.2M

Budget Study Session - September 14, 2020 - Finance
Submitted Questions
Departmental Updates
TABOR Fund

TABOR funds will be deployed across the Department to provide necessary systems, equipment and supplies.

• Technology upgrades such as Niche, Radios & MDCs

• Property & Evidence needs such as freezers, firearms storage, shelving, and evidence bags

• Patrol will replace end of life Tasers and enhance garage safety

• Begin the legislatively mandated body worn camera program & video retention system
2021 TABOR Funding

Computer / Software

Total: $660,000
2021 TABOR Funding

Property / Evidence

Total: $77,000
2021 TABOR Funding

Patrol Division

Total: $172,000
2021 TABOR Funding

Investigation Division

Total: $91,000
2021 TABOR Funding

Body Worn Cameras

$1,000,000 in 2021
$1,000,000 in 2022
Total: $2,000,000
Upcoming Construction
Roadway Projects

- Traffic signal at Florida Avenue and Union Boulevard
- Pedestrian signal at “Sere Lane” and Union Boulevard
- Kipling left turn lanes at Hampden
Walk & Path Projects

- Wadsworth Boulevard – East side, South of Mansfield
- 13th Avenue – West of Lamar
- W-Line Path – Garrison station to Estes Street
- 1st Avenue – South side, Garrison Street to CreightonMiddle School
- NEW - Alameda Avenue – North side, Kipling to Garrison
Stormwater

Vicinity of 20th Avenue and Union Drive
Water System

- System loop along 20th Avenue – East of Fenton
- Reconfiguration – Colfax Area – Pierce to Sheridan
Future New Projects

- Trend has been toward maintenance and replacement
- Trend accelerated by COVID-19 effects on revenues
- Fulfill legal obligations
- Maintain and replace infrastructure
- Finish approved, discrete projects

- Additional projects will be limited
- Exceptions:
  - Three enterprises
  - TABOR funds
Wadsworth/Morrison Road

• Wadsworth from Green Gables to City Limit (~2,000’)
• Morrison Road (~500’)
• Morrison Road becomes a city street from Kipling Parkway to Wadsworth Boulevard

• Funding
  – ~$4.5 million Colorado Department of Transportation
  – ~$2 million federal grant with ~$500,000 Open Space
  – ~$3.3 million TABOR transportation funds
Create the east leg of the intersection (ultimate park access)

New traffic signal

Additional lane each way on Wadsworth

Shared-use path along the east side of Wadsworth (including the park property frontage)
Community Resources Projects

- Completed/In Progress
- Neighborhood Participation Program Updates
- New Projects/TABOR Projects
Glennon Heights Pool and Bathhouse Renovation
Ray Ross Shelter
Addenbrooke Park Playground
Mountair Park Lighting
Idlewild Playground
In Progress

Cottage Park Development
Quail Street Park Site

Budget Study Session - September 14, 2020 - Finance
Scheduled for 2021

- Chester Portsmouth Labyrinth
- Westland Park Playground
- Harrison Park Shelter
- Landscape Improvements @ Colfax & Wads.

Westland Park Site Plan
Taylor Site Park Development
Bear Creek Greenbelt Improvements
Upcoming Projects

- Building Infrastructure Improvements
- Finish energy performance Improvements
- Playground replacements: James Harrison and Morse Park
- Walker Branch Park Planning
- Continue Caretaker’s Cottage Restoration
- Two Creeks Park Development
- Wright Street Park Master Plan
Budget Calendar

- August 13th  
  Budget & Audit Board

- September 14th  
  Council Study Session

- October 12th  
  Public Hearing

- October 26th  
  Public Hearing + Adoption
Lakewood Reinvestment Authority
LRA
2020 Revised Budget
2021 Proposed Budget
Alameda Streetscape Project
Wrapping the Project Up

Alameda Streetscape Project
### Geographically Linked Revenues and Expenditures

<table>
<thead>
<tr>
<th>West Alameda Corridor Reinvestment Area</th>
<th>West Colfax Avenue Corridor Reinvestment Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acres: 589</td>
<td>Acres: 813</td>
</tr>
<tr>
<td>Year Adopted: 1998 - Phase 1</td>
<td>Year Adopted: 2005</td>
</tr>
<tr>
<td>Completed Increment Capture: 2025</td>
<td>Completed Increment Capture: 2030</td>
</tr>
</tbody>
</table>

### Colfax-Wadsworth Reinvestment Area

| Acres: 32                             |
| Year Adopted: 1999                    |
| Completed Increment Capture: 2024     |

### West Colfax Avenue Corridor Reinvestment Area

| Acres: 813                             |
| Year Adopted: 2005                    |
| Completed Increment Capture: 2030     |
Future Considerations

- Planning for existing areas
- Possible new Urban Renewal Areas
- Expansion of the URA Board
Thank You
Budget Study Session

2021
PROPOSED ANNUAL BUDGET