City of Arvada
City Council Agenda
SEPTEMBER 27, 2021
WORKSHOPS

Councilmembers:
Marc Williams, Mayor
Dot Miller, Mayor Pro-Tem
Bob Fifer, At large
Nancy Ford, District 1
David Jones, District 4
John Marriott, District 3
Lauren Simpson, District 2

Staff Members Usually Present:
Mark Deven, City Manager
Lorie Gillis, Deputy City Manager
Rachel Morris, City Attorney
Don Wick, Director of Public Works
Sharon Israel, Director of Utilities
Ryan Stachelski, Dir. of Community & Economic Development
Bryan Archer, Director of Finance
Rob Smetana, Manager of City Planning & Development
Ben Irwin, Chief Communications Manager
Kristen Rush, City Clerk

Info: 720-898-7550

THIRD FLOOR CONFERENCE ROOM
EXECUTIVE SESSION
5:00 P.M.

Security Arrangements, Pursuant to CRS 24-6-402(4)(d) Relating to Cybersecurity

CITY COUNCIL CHAMBERS
6:00 PM

1. CALL TO ORDER/ROLL CALL OF COUNCILMEMBERS
2. WORKSHOPS
   - A. 2022 First Budget Workshop
   - B. Staff Updates
3. ADJOURNMENT

CITY OF ARVADA

REPORT TO CITY COUNCIL WORKSHOP	AGENDA ITEM 2.A.

TO: THE HONORABLE CITY COUNCIL DATE: September 27, 2021

SUBJECT: 2022 First Budget Workshop

Report in Brief

The City adopts a two-year budget with historically small updates in the second year. This will be the first presentation on the proposed revised 2021-2022 Operating and Capital Budget. The City team will present an overview of the City Manager's recommended budget and the assumptions that went into the current 10-year financial plan.

With the challenges of the COVID-19 pandemic and the uncertainty in the economy, the City was forced to make substantial budget cuts in 2021. Now, over 18 months later, the City and the local economy have demonstrated their resiliency. The revised 2022 budget reflects these changes and restores many of the items that were cut along with new requests in specific focus areas. The Leadership team was asked to identify areas of concern and capacity as we observed our lean operation working very hard to manage major projects while responding to the ever-changing conditions imposed by the pandemic. Many of the budget requests are to address these concerns.

Background

This workshop will continue the budget conversation for the revised 2021-2022 budget process. On August 9, 2021, the Finance and CMO teams presented the revised 10-year models along with a detailed review of current and previous revenue estimates. This included changes related to the COVID-19 pandemic and how they would affect the 10-year model.

On August 23, 2021, members from the Infrastructure worksystem along with the Finance and CMO teams presented recommendations for funding the City's water and wastewater infrastructure. A follow-up meeting has been scheduled for September 20, 2021 to continue this much needed conversation.

On September 10, 2021, the budget document was provided to the Council and posted to the City's website. The budget document includes the City Manager's transmittal letter which is also included as an attachment to this agenda packet. The transmittal letter provides an overview of the budget document as well as the major changes and issues associated with the proposed expenditure of nearly $263 million of public funds.

The September 27 presentation will focus on the major changes between the 2021-2022 Biennial Operating and Capital Budget approved last year by the City Council and the proposed update that is presented this year. The City Manager's Office and Finance teams will facilitate the presentation in collaboration with Works Systems Leaders, who will provide additional details and information associated with the proposed changes. In addition to the September 27 workshop, additional time has been reserved to discuss the proposed budget on October 11.

Strategic Alignment

The workshop supports the Organizational and Service Effectiveness Priority Area within the City Council Strategic Plan. Specifically, consideration of the Proposed Revised 2021-2022 Operating and Capital Budget aligns with the following Priority Area Principle:

Provides a well-managed, fiscally responsible government that operates effectively and efficiently while identifying revenue requirements to sustain current service levels and achieve future requested levels of service.

Next Steps

The final series of budget presentations will occur on October 11. In addition to the above presentations, the Utility Rate Models will also be reviewed. Finally, the proposed pay plan will be presented.

The first reading of the 2021-2022 Proposed Budget will occur on October 4 with the second reading scheduled for October 18.

Prepared by:
Bryan Archer, Director of Finance

Reviewed by:

Approved by:

Rachel Morris, City Attorney	9/16/2021
Lorie Gillis, Deputy City Manager	9/16/2021
Mark Deven, City Manager	9/16/2021

Enclosure, exhibits & attachments required to support the report

September 10, 2021

Members of City Council
City of Arvada

8101 Ralston Road

Arvada, Colorado 80002

Members of City Council and the Arvada Community:

Transmitted with this letter is the City of Arvada's Proposed 2022 Biennial Operating and Capital Budget Update. As required by City Council Policy No. 300.4, Arvada Budget and Fiscal Policy, our team must develop a Biennial Operating and Capital Budget, which is to be presented within the FOCUS Arvada framework for consideration by the City Council. Each Biennial Operating and Capital Budget is presented in late August/early September and Council approval must be completed per state law by October 31 of the even-numbered year prior to the odd-numbered year the budget is implemented.

Council approval authorizes expenditure authority for only one year. Our team must develop and present a revised budget for the second year, which the Council will consider and approve in the same manner in order to authorize expenditures for the second year of the Biennial Operating and Capital Budget.

The Proposed 2022 Budget remains connected to the FOCUS Arvada framework, which provides the foundation for accomplishing the Council Strategic Results and other key results identified by each of the five work systems through the Strategic Planning process. This framework utilizes the following elements:

- **Work Systems** that align to the Priority Areas that are defined in the City Council Strategic Plan;
- **Principles** defined as high level strategies that form our business model and serve as pillars of excellence;
- **Strategic Results** defined as specific and measurable objectives directed by the City Council that provide guidance in supporting priorities and organizational transformation;
- **Milestones** defined as significant events or important achievements that indicate change or progress toward a strategic result; and
- **Performance Measures** that utilize the Specific, Measurable, Achievable, Relevant and Time-Based (SMART) goal framework to help focus our efforts and ability to achieve the identified targets.

The FOCUS Arvada framework defines the performance management process that creates alignment between the City Council Strategic Plan and the day-to-day work accomplished by Arvada team members. Specifically, performance management implemented through the FOCUS Arvada framework seeks to:

- Connect City Council Strategic Results to individual performance goals;
- Drive decisions and change used to inform budgets, set priorities and allocate resources;
- Hold all City team members accountable for achieving results; and
- Define value and transparency.

As stated herein, the work implemented by the City team is organized into five work systems that align to the Priority Areas, which are defined in the City Council Strategic Plan. The following information describes the purpose of each work system and lists their associated lines of business.

The purpose statement of the **Community and Economic Development Work System** is: *Arvada's future prosperity and quality of life will be significantly influenced by the City's ability to ensure that development meets design values and standards, safety requirements, infrastructure needs, and supports the local economy to implement the community's vision.*

Associated lines of business include Building, Economic Development, Development Review and Long Range Planning.

The purpose of the **Infrastructure Work System** is: *The community depends on a well maintained foundation of streets, sidewalks, and water, wastewater and stormwater facilities. Planned and steady population growth requires proper maintenance of existing infrastructure and additional capacity to support a thriving community.*

Associated lines of business include Engineering, Facilities Management, Fleet Services, Flood Control, Geo Data, Street Infrastructure, Utility Customer Information Services, Wastewater Collection and Disposal, and Drinking Water.

The purpose of the **Organizational and Service Effectiveness Work System** is: *The community depends on a well-managed, fiscally responsible City government to guide the organization in a manner that enhances quality of life. Performance based management practices, sustainable levels of resource use, efficient application of technology, a high performing workforce, and legal and ethical compliance will ensure the long term credibility and effectiveness of City government.*

Associated lines of business include Business Systems, City Attorney, Community and Civic Engagement, Compensation, Benefits and Wellness, Employment, Fair and Open

Government, Revenue, Accounting and Financial Analysis, Service Excellence, Economic Vitality and Infrastructure, Strategic Partnership, Technology Infrastructure and Operations, Technology and Project Management Services, and Workforce and Strategic Partnerships.

The purpose of the **Safe Community Work System** is: *Community based policing, connected neighbors, engaged local businesses, supportive community institutions, and a fair and impartial justice system, all working together, ensures that Arvada is a safe place to live, work, play and stay.*

Associated lines of business include the Judicial Branch (Municipal Court), and Field Services and Operations within the Police Department.

The purpose of the **Vibrant Communities and Neighborhood Works System** is: *A vibrant community is engaged in civic life, the arts and the outdoors. It comprises individuals and groups who are dedicated to their community, get involved with neighborhood associations and participate with local government to ensure responsiveness to changing needs and resulting in Arvada being the preferred place to live, work, play and stay.*

Associated lines of business include Parks, Golf, Housing Preservation and Resources, and Sustainable and Vibrant Community.

With full alignment of our work with the City Council Strategic Plan, implementation of a business model that defines high-level strategies for the completion of our work and performance measures that informs our progress and achievements, we will continue to honor our commitment to the following statement:

"The City desires to continue its efforts to achieve and maintain service excellence by building a Customer-Focused and Results-Driven organization."

With this commitment in mind, this letter summarizes the Proposed 2022 Budget and presents a summary of the budget and the updated 2021-2030 Ten-Year Financial Plan.

Background

The City Council approved the 2021-2022 Biennial Operating and Capital Budget on October 19, 2020. This approval authorized expenditures of $247,918,870 for 2021 as described in the budget document.

On April 19, 2021, the City Council approved an additional appropriation of $41,750,220, which consisted of $32,554,929 in carryover items primarily associated with continuing capital projects, $550,000 in one-time items primarily associated with unforeseen expenses, and $8,645,291 in new requests primarily associated with capital projects and service level issues that emerged following final approval of the 2021-2022 Biennial Operating and Capital Budget. The additional appropriation was funded through a combination of unexpended funds approved as part of the 2020 Budget, actual 2020 revenues collected over the original estimates and additional transfers from reserves in various City funds.

The additional appropriation was completed in a manner that maintained our fully balanced ten-year financial models, and allocated resources to programs and projects aligned to the City Council's direction as defined by the Strategic Plan and other relevant policy documents. The additional appropriation authorized expenditures of $289,669,090 for 2021.

In addition to presenting the ordinance that amended the 2021 Budget during the April 19 City Council meeting, the Finance team presented the 2020 Fourth Quarter Financial Report, which summarized the City's financial condition through the end of a year that started with the closures of businesses and other emergency actions associated with the COVID-19 pandemic. As the emergency measures were implemented, the City team and the City Council faced the uncertainty of economic impacts to Arvada, the Denver Metro region, Colorado and the United States.

The 2020 Fourth Quarter Financial Report and year-end summary of the City's financial condition demonstrated the resiliency of the Arvada economy and the remarkable support provided to the community through the collaboration of an array of resources. These resources included the business community, non-profit organizations, regional local government agencies and the City of Arvada government. The City Council and the City team collaborated to navigate this crisis in a manner that demonstrated our resilience, tested our financial resources and empowered our organization and community partners to "Dream Big" by implementing steps to help our community partners address the challenges associated with the pandemic.

As reported by Director of Finance Bryan Archer on April 19, total 2020 revenues ended the year positive as nearly all categories exceeded the original budgeted estimates. Total expenditures were within budgeted levels and over $9.4 million of Coronavirus Aid, Relief and Economic Security (CARES) Act funds helped to support City operations or were distributed to businesses, neighbors in need, non-profit partner agencies and others who the City collaborated with to mitigate the impacts of the pandemic. Despite the impacts of the COVID-19 pandemic, the City of Arvada persevered as demonstrated by the following performance metrics:

- Completed patching, milling, overlay and concrete work on 89.5 miles of local roads at a cost of $13.5 million;
- Processed over 41,500 sales tax returns from 7,660 businesses that produced over $67 million in total sales tax revenue; and
- Issued 285 building permits which generated over $6 million in building revenue.

There were a few indicators of the negative impacts of the COVID-19 pandemic, including the significant increase in unemployment, which rose to 7.8% and the fact that two of the City's fifteen funds failed to meet the Council approved fund balance goals identified in the Budget and Fiscal Policy. While acknowledging these facts, the financial condition of the City was much better than expected.

The City's positive financial performance in 2020 has carried over into 2021. As presented by Mr. Archer during the August 16 City Council meeting, which summarized the City's mid-year financial report, the collected sales tax revenue is currently 22.6% over the amount estimated for the 2021 budget with all major categories trending positive. Collections for auto use and general use tax are currently up over 30% and 36%, respectively, compared to the amounts estimated within the 2021 budget.

These results show that the majority of our General Fund revenues are significantly exceeding our projections by approximately $16 million in 2021 compared to the estimates developed a year ago. The 2021 actual revenue enabled the Finance team to reevaluate the General Fund Ten-Year Model. Given a nearly two-year trend of positive sales and use tax revenues, and continuation of a resilient local economy, the Finance team revised the baseline revenue assumptions and developed updated ten-year projections. While these projections remain conservative in terms of annual growth assumptions through 2030, resetting the base assumptions added approximately $102 million to the General Fund Ten-Year Model.

The assumption of the additional funds allowed the Leadership team to propose increased expenditures for the updated 2022 Budget that were not considered last year and address certain unmet needs that have been identified as high priorities. Examples include the unfunded mandate associated with body worn cameras imposed by the Police Integrity and Accountability Act (Senate Bill 20-217), and enhancements to our Information Technology Department that will support the City's continued reliance on technology platforms in order to safely, securely and efficiently support City operations.

In addition to addressing unfunded mandates and unmet needs, the Leadership team also reviewed the reductions approved in the 2021-2022 Biennial Operating Budget to determine the impact of restoring all or some of the reductions. As an example, the approved 2021-2022 Budget included a compensation freeze wherein there would be no salary increases for all City team members. In April, step increases were restored in response to the City's financial performance in 2020 as described herein.

As the City's financial performance carried over into 2021, market range adjustments will now be restored, which will allow all team members to receive compensation increases. The operating reductions of approximately 3% for nearly all line items were reviewed and many were restored. Finally, the compensation freeze proposed for implementation in 2024 has been eliminated within the updated Ten-Year Model for all funds. Maintaining competitive compensation packages as required by our Total Compensation Philosophy is critical given the current retention challenges impacting the organization.

It is important to note that the City Council expressed support for the compensation increases described above as we consulted with all of you prior to moving forward with this decision. The Council recognized the work our team completed during 2020 and into 2021. Over the last eight months our community, City Council and City team have endured the continuing impacts of the COVID-19 pandemic, and the losses of Officer Gordon Beesley and Park Maintenance Worker Joseph Herrin. Our team has implemented major strategic initiatives such as waste hauling, the bond-funded capital projects and our commitment to address homelessness on a regional level. Our actions, supported by the improved financial condition of our organization and community compared to the condition forecasted last year, continues to emphasize the following priorities that formed our response to the pandemic beginning in March 2020:

- **People First** – We will endeavor to maintain public service levels and avoid significant impacts to our entire City team, including furloughs, compensation reductions and layoffs.

- **Compliance with the City Council Budget and Fiscal Policy** – We will develop our two-year budget, updated second-year budget and ten-year financial models in compliance with Council policy, including meeting minimum reserve fund balances for every year of the ten-year (2021-2030) period, align expenditure priorities to the City Council Strategic Plan and continue strategic investments by funding capital projects.

- **Internal Service Funds** – We will maintain our projected contributions into Internal Service funds, including facilities, vehicles, technology and insurance.

Last year, our priorities included the implementation of operating budget reductions that averaged 3% across all work systems as well as the 2021 and 2024 compensation freezes. As summarized herein, the City's financial condition is vastly improved. In addition, the City has received approximately $11.1 million from the American Rescue Plan Act (ARPA) and is working on a plan for allocating those funds in a manner that will best support the community. While we must continue to be vigilant regarding the economy and the ever-changing conditions of the COVID-19 pandemic, the City's financial condition allows for a more flexible approach to expenditure requests that were reviewed by the Leadership Team as part of the 2022 Budget process.

Therefore, the proposed 2022 Budget update restores most of the reductions approved last year and addresses several unfunded mandates and unmet needs that are critical to empowering the City team to meet our mission. Our Leadership team collaborated to review the priorities described herein and proposes a responsible budget that is responsive to the needs and priorities identified by the City Council and the community.

Presentation of the Budget Document

The Proposed 2022 Budget begins with the **City Council Strategic Plan** as the foundational document that guides the allocation of resources. Inclusion of the Strategic Plan is intended to emphasize the strategic focus associated with the allocation of resources in a manner that is consistent with Council and community priorities.

The **Community Profile** provides a description of Arvada and summarizes the key demographics and characteristics of the community.

The next section summarizes the **Legal Requirements** and a high-level summary of the **Budget Process**. This section includes an explanation of the fund structure, financial management standards/policies and relevant state laws, including TABOR.

The **Introduction** section summarizes the connection of the budget to the FOCUS Arvada framework and the City Council Strategic Plan. This section also includes an overview of the national and local economies, and the impacts of both on City revenue sources. Analysis of these impacts generates revenue and expenditure assumptions that are used to develop the 2021-2022 budget and the Ten-Year Financial Models for each of the City's major funds. The Ten-Year Financial Models are the foundation of our

Ten-Year Financial Plan, which is a key requirement of the City Council Budget and Fiscal Policy. Minimum fund balance goals which must be maintained for each year of the Ten-Year Plan are summarized for each of the major funds. By meeting or exceeding the fund balance goal for each fund over the course of the ten-year planning horizon, the City is able to meet present and future financial challenges.

The **Revenue and Expenditure Summary** begins on page 61 and defines each of the City's major funds, including the General Fund, Internal Service Funds and Enterprise Funds. This section provides an overview of each fund by summarizing revenues, expenditures and changes to the fund balance for 2022. The Fund Highlights summary presents a brief description of the activity within each fund and related changes to the fund balance. Major differences between the 2021 Budget and the 2022 Budget are also summarized and include the following items:

- The total 2022 budget for all funds is $262,859,447 with $239,572,877 in revenues;
- Health insurance savings generated by no increase to the City health insurance program for the second consecutive year;
- A total of 27 additional positions to meet several impacts associated with a wide range of issues, including the unfunded mandate to implement body worn cameras, update and secure technology platforms, timely completion of the bond-funded capital projects, support Utilities operations and capital projects, and assist the City Manager and Deputy City Manager with the leadership of the City organization;
- Long-term funding for the four police officer positions, which are partially funded by a Federal COPS grant that will end in 2024 in order to address the increasing demand for police services;
- Other additions that will support operations, including an additional $125,000 allocated to snow and ice control, $175,000 to improve pavement markings, $101,000 to increase City Hall security, and $30,000 to complete sub-area planning; and
- Utility rate increases of 3% for water plus a $2 per month service fee and 3% for wastewater plus a $1 per month service fee in order to meet increased service costs and future capital replacement needs.

The charts beginning on page 67 present a detailed summary of the changes to the Proposed 2022 Budget, including new positions, increased operating expenditures and other expenditure increases. Presentation of the **Ten-Year Financial Models** begins on page 101, which summarizes financial assumptions for all funds, including for personnel expenses such as market based compensation increases, benefits costs and transfers into Internal Service funds. More specific assumptions for each of the City's major funds are presented prior to the actual tables showing the projected revenues and expenditures for each fund. Please note that two pages are required to show the projections for each year of the Ten-Year Models, 2021-2030.

All of the City's major funds are balanced for each year of the Ten-Year Financial Planning period and therefore are in compliance with the City Council Budget and Fiscal Policy with the exception of the Golf Fund and the Solid Waste Fund. Please note the following comments regarding these funds.

The **Golf Fund** was impacted significantly by the facility closure associated with the COVID-19 pandemic last year. Since that time, golf rounds have recovered and exceeded projections throughout 2021. The Pro Shop is also performing well. In general, golf operations are meeting or exceeding expectations each month.

Unfortunately, restaurant operations at West Woods and Lake Arbor, while improving, are not meeting the expectations that were set when the decision was made to improve the West Woods Clubhouse. While the actual project was a success from a facility improvement standpoint, the burden associated with the annual $400,000 debt service payment which financed the improvements have not been met by the revenue generated from restaurant operations.

As a result, the Golf Fund is not in compliance with the fund balance reserve goals established by the Budget and Fiscal Policy and is upside down through 2029. It is important to note that the Finance and Golf teams worked very hard to bring the Golf Fund into compliance with the Budget and Fiscal Policy in 2030. Nonetheless, and in recognition of the continuing challenge associated with this enterprise fund, it is recommended that the City Management, Finance and the Vibrant Community and Neighborhoods teams to collaborate to explore options to transition the restaurant operation to a qualified private sector operator.

The **Solid Waste Fund** is a new fund that was established to implement the City's organized waste hauling and recycling program in 2021. Two new utility technician positions are charged to this fund as well as the costs necessary to implement this new initiative, including the purchase of carts for the estimated 25,000 households. Internal borrowing from the Water Fund reserves will be used to stand up the Solid Waste Fund. This fund is expected to repay the Water Fund and meet the City Council Budget and Fiscal Policy requirements within five years.

The **Work Systems** section begins on page 130 with the Community and Economic Development Work System. This section provides additional revenue and expenditure details as well as the Strategic Results that are included within the City Council Strategic Plan for each work system. The Work Systems section is intended to illustrate the relationship of each work system to the Strategic Plan, demonstrate value and show transparency. Milestones and performance measures are included to help tell the story. Council and community members will be able to review this information and determine the performance measures that are meeting or exceeding the target, just under the target or not meeting the target.

Capital Improvement Projects (CIPs) are presented beginning on page 171. The CIPs are presented within the major functional areas of General Administration, Transportation, Facilities, Parks, Golf, Water, Wastewater and Stormwater. Consistent with the Council Budget and Fiscal Policy and focus on long-term planning, the CIPs are projected over a long-term planning horizon through 2030. All capital projects that require ongoing expenditures following completion include an estimate of Operations and Maintenance (O&M) costs that are allocated from the Ten-Year Financial Models of the appropriate fund.

The CIPs section summarizes the City's focus on **Taking Lasting Care (TLC)** and implementing the priorities and projects identified by the **Citizens Capital Improvement Project Committee (CCIPC)**, which was formed in 2015 at the direction of the City Council. This section also summarizes Strategic Results included in the 2020-2025 City Council Strategic Plan that determine funding priorities within the 2021-2030 Capital Improvement Plan.

The CIPs section also presents a summary of continuing capital projects, all projects currently funded in the Ten-Year Financial Model, and a detailed description of the funding and expenditures for the 2022 projects. All funded projects demonstrate alignment with the Strategic Plan, including the related strategic priority area and associated strategic principle. Over $507 million is committed to CIPs through 2030. Please note the following limited list of high-priority projects is highlighted below as a sample of the more than 70 projects scheduled for completion or implementation in 2022, and each is explained in more detail within the CIPs Section:

- Ralston Road Reconstruction, Phase II
- W. 72nd Avenue and UPRR Grade Separation
- Traffic Signal Replacement

- W. 58th and Ward Intersection Improvements
- Annual Street Maintenance Asphalt and Concrete Replacement
- Gold Strike Park Playground Equipment Replacement
- Lake Arbor and West Woods Golf Course Improvements
- Denver Water Moffat Project
- Various Water System Replacement\North Trunk Sewer Line
- Lake Arbor Dredging and Shoreline Stabilization

The CIPs section also includes a list of over $708 million in un-prioritized projects. These projects include W. 72nd Avenue improvements – Simms to Indiana ($33 million), Indiana Street widening, W. 64th to W. 86th ($42 million), Gibbs West Community Park ($29 million), Trail Gaps ($50 million), Lake Arbor USGA Recommended Improvements ($550,000), Ralston Creek Flood Prevention Improvements ($28.5 million) and Ralston Water Treatment Plan Storage Plant Tank Expansion ($32 million). Additional projects will be added in future years related to the Americans with Disabilities Act (ADA) improvements with an estimated price tag of over $220 million. Please also remember that we are approximately $8 million to $10 million underfunded in our annual asphalt and concrete replacement street maintenance program. As we evaluate project and program priorities, we must account for continuous revaluation of the un-prioritized projects described in the CIPs section.

A summary of **Debt Service Obligations** is presented beginning on page 276. This section summarizes the City's long-term debt obligations, reviews state laws that regulate debt obligations and presents the City's bond ratings. Debt service requirements for all outstanding long-term debt obligations are summarized for Council and community review. This of course includes the Series 2019 Sales and Use Tax Revenue Bonds that are funding the Ralston Road Phase II and W. 72nd - Kipling to Simms projects.

The **Pay Plan Schedules** section presents a summary of changes to the City positions within each Work System. The summary starts on page 282 with 27 titles for the added positions and continues with changes due to new titles or reclassifications for existing positions. The title and reclassification changes are primarily associated with changes in job requirements and/or positions that take on new duties. Updating the pay plan is an important component within the City's Total Compensation Philosophy wherein we strive to be an employer of choice within the Denver/Boulder region that attracts and retains highly talented and engaged employees.

The Pay Plan Schedules section also includes the total number of positions listed by fund, department and position, and the changes between 2020 Actual, 2021 Revised and the 2022 proposed budgets.

The final section of the budget is the **Glossary of Terms**, which is provided to assist those unfamiliar with budgeting terms and includes a few terms specific to the Arvada financial planning process.

Future Challenges

As we present the proposed 2022 Budget, the City organization is facing a critical shortage of team members in certain work units. The current shortage is most apparent in the Police Department, which is down by 26 sworn positions as this letter is being drafted.

The reasons associated with these vacancies vary from person to person. In some situations, the pandemic has caused some of our team members to reevaluate priorities associated with family and/or career interests and many have decided that public service is no longer appealing. This condition is not restricted to just Arvada or just public service. Professional sectors and employers across the entire economy are facing a shortage of highly qualified, talented and committed team members. All employers are scrambling to implement retention and recruitment strategies to address the current talent shortage.

Within the public safety sector, the retention and recruitment issues are even more critical. The current national narrative regarding policing, decriminalization of certain offenses, inability to admit offenders into the Jefferson County Jail, and the recent loss of a highly valued and respected colleague seem to be driving most of the decisions to leave.

The Police command team and City leadership have been working on enhancements to the compensation package and other initiatives as retention strategies for our current Police team. We will brief the City Council regarding the work we have done so far in order to receive your feedback. As a group and as individuals, each of you have expressed your concerns for our Police team members and encouraged City management to take the steps necessary to retain officers. Our decisions to implement the market range adjustments and timing of the risk pay bonuses were, in part, our response to your encouragement.

The Ten-Year Financial Models proposed herein allocate significant financial resources to address unmet needs and current challenges and to restore reductions that were approved last year. As stated previously herein, this includes the compensation freezes that were planned for 2024. Please note that this restoration is viewed as a retention strategy for all of our team members.

Our General Fund Ten-Year Model does show approximately $4 million above the minimum fund balance amount that is not allocated in 2030. As we consider the retention of our team members and significant vacancies within the Police Department, we should also consider the strategic application of these funds to address this need. Please note that the Leadership Team will seek to engage the City Council in discussions regarding this matter later this year.

Use of One-Time Funds for Strategic Opportunities

Over the last several years, the City has collected revenues that exceeded budgeted estimates while managing expenditures at or below budgeted levels. This result occurred as the regional and local economy generated building and sales tax revenue during the historic economic expansion that began in 2012 and continued through 2019. The growth economy allowed the City to generate surplus funds, which the Council considered for a supplemental allocation in order to fund strategic opportunities the following year. Examples of funded strategic opportunities include the Transit Hub, Olde Town Improvements, Ralston Road Phase I and contributions to the Street Maintenance Fund.

We anticipate the possibility for additional one-time funds in 2021 and will certainly engage the City Council in discussions regarding the application of these funds. In addition, the availability of the ARPA funds also presents an opportunity to pursue strategic priorities. Other funds that may be available for strategic priorities include payments associated with the opioid settlement negotiated by the Colorado Attorney General's Office.

As noted above, we have often applied these funds to strategic infrastructure projects. These projects must remain on the list for consideration as we continue to face deficits in the area of street maintenance and improvements necessary to make our building and public infrastructure more accessible.

We are also engaged on a regional level to address homelessness that is impacting Jefferson County and the entire Denver Metro Area. The ARPA funds allow recipients to allocate funds to address homelessness. The impacts of this issue are comprehensive and impact nearly all work systems within our organization. Homeless individuals are no longer confined to the Olde Town area as residents within neighborhoods are reporting more encounters.

Many of our residents believe the Police Department should conduct sweeps and arrest homeless individuals so they can be incarcerated in the Jefferson County Jail. That is impractical for many reasons; including the fact we must have a legal basis for arresting them and the Jail will not admit homeless individuals charged with minor offenses in order to control the transmission of COVID-19. While we certainly will arrest individuals who are committing an offense, we also need to carefully consider the opportunity for longer term solutions that may be available through the ARPA funds and regional collaboration.

Concluding Comments

As stated previously in this letter, the City of Arvada has faced the realities, challenges and impacts of a worldwide pandemic. The City Council and the Leadership Team have met these challenges while continuing to provide local government services and offer assistance and support to the Arvada community in a manner that has demonstrated our resilience. Our local economy has fared remarkably well through the nearly two years of the COVID-19 pandemic and enabled the City to address unmet needs, unfunded mandates and other challenges. The proposed 2022 Budget presents a responsible and responsive financial plan to meet these challenges. The addition of Federal CARES Act and ARPA funds lessened the City's financial burden and helped to improve our financial position as we prepared the 2022 budget.

Therefore, we are proud and fortunate to present the City Council and the Arvada community the Proposed 2022 Budget and updated Ten-Year Financial Model that meets the priorities established by our Leadership team when we began the budget development process four months ago. Specifically, the Proposed 2022 Budget funds all core government services at the present levels; retains all team members; restores compensation increases consistent with our Total Compensation Philosophy; funds strategic investments in capital projects; and continues projected contributions into internal service funds to support capital assets such as technology, vehicles and facilities, and to mitigate risk.

In closing, I want to thank the Leadership team for their amazing collaboration and teamwork in developing this Budget. This team worked diligently to overcome the challenges and uncertainty associated with the pandemic, continue City operations, advance strategic initiatives and complete projects. They collaborated across work systems and with their department teams in order to identify the strategies to meet the many and varied challenges. In addition, our Finance team developed excellent revenue and expenditure projections, reviewed and validated proposed expenditures, and presented alternatives for the Leadership team to consider as we finalized the allocation of $262,859,447 in public resources. In service to the Arvada community, through adversity and with resilience, we will continue to “Dream Big and Deliver!”

Respectfully submitted,

Mark G. Deven
City Manager

CITY OF ARVADA

2022 Revised Budget Overview

City Manager's Recommended Budget
September 27, 2021

Budget Themes

- **People First**
  - 2021 1.5% SRA, 2022 3% SRA
  - 2021 Steps restored
- **Compliance with Council Budget & Fiscal Policy**
  - 10-year must be balanced and meet 17% reserve
  - Revenues will be adjusted to match current experience
  - Fund highest priority items where we can
- **TLC**
  - Core Services, staffing
  - Equipment
  - Internal service funds
- **SB-217 mandate**

Commitment to Core Services -

We are dedicated to delivering superior services to enhance the lives of everyone in our community.

We Dream Big and Deliver

General Fund Recap - 10 year model

Starting Fund Balance	~ ($14,358,296)
2021 Model Updates	~ $14,074,000
Revenue Changes	~ $88,863,000
CIP Transfer	~($16,034,000)
Internal Service Funds	~ ($12,424,000)
Fund wide changes	~($16,326,000)
2022 Budget Adds - positions	~($21,544,000)
2022 Budget Adds - programs/ line items	~($18,851,000)
Current Fund Balance	$3,400,000

General Fund Revenue Changes - 10 Year Model

Sales Tax	$62,270,000
Property Tax	4,671,000
Auto Use Tax	23,450,000
Other Revenue	(1,528,000)
	$88,863,000

2021 General Fund 10 Year Model

2021 Budget Cuts	
2021 Steps	$13,000,000
2021 + 2024 SRA	16,400,000
Line Items	17,990,000
3 positions (2024)	2,400,000
	$49,790,000

2022 General Fund 10 Year Model

2022 Add Backs	
2021 Steps	$13,000,000
2021 + 2024 SRA	16,400,000
Line Items	9,778,000
3 positions (2024)	2,400,000
Health Care	(1,300,000)
	$40,278,000

We Dream Big and Deliver

2022 General Fund 10 Year Model

2022 New Budget Items	
Revenues	
2021 One-time	$6,000,000
AURA Ralston Fields	5,000,000
	$11,000,000
Expenditures	
SB-217 Body Worn Cameras *	$14,500,000
New Positions	13,030,000
Internal Service	12,424,000
CIP (98-101)	16,034,000
	$55,988,000
***** Includes 7 positions at $9,514,000***	

CIP - usage table

2021-2030 CIP Changes	
ADA + Transportation	$6,752,008
Signal Improvements	2,850,000
Bridge Program	2,739,300
Engineer Salary and Benefits	1,567,585
Golf	613,596
Facility Improvements	525,000
Guardrail Program	420,000
Park Improvements	293,000
Indiana Corridor Study	274,000
	$16,034,489

2022 Pay Plan

2021

- Steps 1.3% added back in April 2021
- SRA at 1.5% added back in September 2021

2022

- Steps are proposed at a cost 1.35%
- SRA, Reclass, other changes at a cost 3.47% (3% estimate)
- 27 new positions (actually 31)

2022 Position Adds (All Funds)

Positions by Program	
TLC/Operations	4
Housing/Homelessness	2
Technology	4
Body Worn Cameras	7
Temporary to Permanent	4
Capital Projects Support	6
	27

Positions by Worksystems	
Community & Economic Development	-
Infrastructure	13
Organizational & Service Effectiveness	7
Safe Community	5
Vibrant Community & Neighborhoods	2
	27

Positions by Fund	
General Fund	16
Community Development	1
CIP	1
Utilities Funds	8
Vehicle Fund	1
	27

10-YEAR MODEL FUND BALANCE RESERVE

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
General Fund	+	+	+	+	+	+	+	+	+	+	+
Parks	+	+	+	+	+	+	+	+	+	+	+
TI .21	+	+	+	+	+	+	+	+	+	+	+
TI .25	+	+	+	+	+	+	+	+	+	+	+
Water	+	+	+	+	+	+	x	x	x	x	+
Wastewater	+	x	x	x	x	x	x	+	+	+	+
Golf	x	x	x	x	x	x	x	x	x	x	+
Stormwater	+	+	+	+	x	+	x	x	+	+	+
Solid Waste		x	x	x	x	x	+	+	+	+	+
Insurance	+	+	+	+	+	+	+	+	+	+	+
Computers	+	+	+	+	+	+	+	+	+	+	+
Vehicles	+	+	+	+	+	+	+	+	+	+	+
Buildings	x	x	x	+	+	+	+	+	+	+	+

Ten-Year Financial Models
General Fund - Table 1

Pg 104-105

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Taxes	$ 78,867,246	$ 84,379,289	$ 85,100,460	$ 88,823,363	$ 91,861,114	$ 94,064,685	$ 100,959,893
Licenses, Permits and Fees	3,492,294	3,005,288	3,009,925	3,041,599	3,073,685	3,106,189	3,138,316
Intergovernmental	14,295,066	4,510,552	4,035,817	4,050,832	4,165,025	4,282,509	4,403,381
Charges for Services	4,408,737	4,139,800	4,260,821	4,495,375	4,744,163	5,008,057	5,287,965
Fines & Forfeits	960,719	1,019,059	975,206	996,532	963,317	984,546	1,006,277
Miscellaneous	5,340,113	3,749,319	3,755,951	4,073,431	4,243,719	4,321,114	4,588,438
Other Financing Sources	99,823	-	-	-	-	-	-
Revenue Transfer	1,286,831	307,866	317,102	336,413	356,901	378,635	401,693
Total General Fund Revenue	$ 108,750,828	$ 101,111,173	$ 101,455,282	$ 105,817,545	$ 109,407,924	$ 112,145,735	$ 119,785,963
EXPENDITURES							
Personnel	$ 46,801,823	$ 46,601,208	$ 51,530,588	$ 55,589,251	$ 59,082,111	$ 62,475,115	$ 65,626,208
Services & Charges	21,321,925	12,455,131	13,816,796	13,765,794	14,562,155	15,278,613	15,937,817
Supplies & Expenses	6,156,836	6,861,362	8,738,033	8,431,805	8,841,106	9,311,944	9,784,687
Contract & Leases	6,132,046	6,307,394	5,228,582	4,894,213	5,042,004	5,240,473	5,447,074
Inventory	166,432	-	20,000	-	-	-	-
Capital Maintenance	355,900	550,783	504,660	524,202	544,483	565,529	587,367
Capital Outlay	201,615	213,976	547,383	3,980	3,468	2,895	2,255
Transfers	22,408,161	24,333,186	22,374,640	23,134,086	24,467,434	25,599,661	27,070,595
Other	7,417	3,886	3,963	4,124	4,290	4,464	4,644
Total General Fund Expenditures	$ 103,552,155	$ 97,326,926	$ 102,764,645	$ 106,347,455	$ 112,547,051	$ 118,478,694	$ 124,460,647
Fund Balance, Beginning	$ 41,916,440	$ 47,115,113	$ 50,899,360	$ 49,645,937	$ 47,450,987	$ 40,038,003	$ 29,250,483
Fund Balance, Ending	$ 47,115,113	$ 50,899,360	$ 49,589,997	$ 49,116,027	$ 44,311,860	$ 33,705,044	$ 24,575,799
Fund Balance Goal (17% of Expenditures)	$ 17,603,866	$ 16,545,577	$ 17,469,990	$ 18,079,067	$ 19,132,999	$ 20,141,378	$ 21,158,310
Excess/(Deficiency)	$ 29,511,247	$ 34,353,783	$ 32,120,007	$ 31,036,960	$ 25,178,861	$ 13,563,666	$ 3,417,489

Ten-Year Financial Models
Parks - Table 2

Pg 106-107

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Licenses, Permits and Fees	$ 755	$ 62,988	$ 64,878	$ 68,829	$ 73,020	$ 77,467	$ 82,185
Intergovernmental	5,397,002	5,964,343	6,083,712	6,329,667	6,585,570	6,986,632	7,412,118
Charges for Services	20,322	68,590	70,648	74,950	79,514	84,357	89,495
Miscellaneous	325,155	656,251	656,153	1,265,364	1,336,498	1,411,947	1,491,972
Revenue Transfer	3,697,227	3,784,869	3,897,969	4,134,446	4,385,200	4,651,694	4,934,409
Total Revenues	$ 9,440,461	$ 10,537,041	$ 10,773,360	$ 11,873,256	$ 12,459,802	$ 13,212,097	$ 14,010,179
EXPENDITURES							
Personnel	$ 5,397,430	$ 5,510,041	$ 5,829,322	$ 6,292,967	$ 6,741,536	$ 7,190,100	$ 7,607,992
Services & Charges	1,889,461	2,221,028	2,559,363	2,455,688	2,589,204	2,731,262	2,881,438
Supplies & Expenses	1,786,238	1,991,047	2,163,126	2,270,882	2,450,781	2,625,982	2,777,248
Contract & Leases	147,535	222,887	432,618	408,629	430,829	454,272	479,031
Inventory	1,953	2,460	2,534	2,688	2,852	3,025	3,209
Capital Maintenance	103,064	167,626	222,634	183,102	194,206	205,985	218,480
Capital Outlay	-	-	-	-	-	-	-
Transfers	159,676	-	376,000	-	-	-	-
Other	-	100	100	100	100	100	100
Total Expenditures	$ 9,485,357	$ 10,115,189	$ 11,585,697	$ 11,614,056	$ 12,409,508	$ 13,210,726	$ 13,967,498
Fund Balance, Beginning	$ 6,100,352	$ 6,055,456	$ 6,477,308	$ 6,035,671	$ 6,445,143	$ 6,510,064	$ 6,526,250
Fund Balance, Ending	$ 6,055,456	$ 6,477,308	$ 5,664,971	$ 6,294,871	$ 6,495,437	$ 6,511,435	$ 6,568,931
Fund Balance Goal (11% of Expenditures)	$ 1,043,389	$ 1,112,671	$ 1,274,427	$ 1,277,546	$ 1,365,046	$ 1,453,180	$ 1,536,425
Excess/(Deficiency)	$ 5,012,066	$ 5,364,637	$ 4,390,544	$ 5,017,325	$ 5,130,391	$ 5,058,255	$ 5,032,506

Ten-Year Financial Models

Pg 108-109

Police Tax Increment .21 - Table 3

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Taxes	$ 5,116,472	$ 5,499,782	$ 5,528,104	$ 5,766,566	$ 5,954,199	$ 6,084,646	$ 6,384,177
Intergovernmental	297,507	226,667	216,667	50,000	50,000	50,000	50,000
Miscellaneous	625,167	120,000	100,000	94,800	110,000	90,000	60,000
Total Revenues	$ 6,039,146	$ 5,846,449	$ 5,844,771	$ 5,911,366	$ 6,114,199	$ 6,224,646	$ 6,494,177
EXPENDITURES							
Personnel	$ 3,603,760	$ 3,925,219	$ 4,645,816	$ 5,089,253	$ 5,441,478	$ 5,727,575	$ 6,021,707
Services & Charges	167,377	439,060	238,382	250,080	262,415	275,120	288,805
Supplies & Expenses	544,377	444,636	700,543	592,605	624,413	658,731	690,796
Contract & Leases	414,020	365,075	367,027	377,109	393,801	411,257	429,513
Capital Maintenance	14,886	9,110	9,384	9,954	10,559	11,202	11,885
Capital Outlay	288,073	-	-	-	-	-	-
Transfers	88,209	95,634	98,033	103,049	108,374	114,024	120,021
Total Expenditures	$ 5,120,702	$ 5,278,734	$ 6,059,185	$ 6,422,050	$ 6,841,040	$ 7,197,909	$ 7,562,727
Fund Balance, Beginning	$ 5,852,608	$ 6,771,052	$ 7,338,767	$ 6,913,364	$ 5,768,593	$ 4,240,349	$ 2,267,105
Fund Balance, Ending	$ 6,771,052	$ 7,338,767	$ 7,124,353	$ 6,402,680	$ 5,041,752	$ 3,267,086	$ 1,198,555
Fund Balance Goal (11% of Expenditures	$ 531,589	$ 580,661	$ 666,510	$ 706,426	$ 752,514	$ 791,770	$ 831,900
Excess/(Deficiency)	$ 6,239,463	$ 6,758,106	$ 6,457,843	$ 5,696,254	$ 4,289,238	$ 2,475,316	$ 366,655

Ten-Year Financial Models

Pg 110-111

Police Tax Increment .25 - Table 4

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Taxes	$ 6,218,797	$ 6,655,615	$ 6,689,333	$ 6,978,868	$ 7,208,121	$ 7,366,444	$ 7,669,746
Miscellaneous	307,045	134,000	117,000	110,601	139,820	110,000	70,000
Total Revenues	$ 6,525,842	$ 6,789,615	$ 6,806,333	$ 7,089,469	$ 7,347,941	$ 7,476,444	$ 7,739,746
EXPENDITURES							
Personnel	$ 5,109,008	$ 5,265,739	$ 5,628,046	$ 6,086,353	$ 6,394,073	$ 6,708,027	$ 7,037,708
Services & Charges	123,205	177,469	200,464	209,861	$ 219,756	$ 230,172	$ 241,142
Supplies & Expenses	566,315	634,255	837,135	736,888	780,939	825,537	870,662
Contract & Leases	112,228	154,689	153,697	156,346	162,731	169,378	176,297
Capital Maintenance	78,667	5,761	5,934	6,296	6,679	7,086	7,517
Capital Outlay	-	808	832	883	936	994	1,054
Transfers	127,046	135,636	139,235	146,761	154,747	163,222	172,215
Total Expenditures	$ 6,116,469	$ 6,374,357	$ 6,965,343	$ 7,343,388	$ 7,719,861	$ 8,104,416	$ 8,506,595
Fund Balance, Beginning	$ 7,232,712	$ 7,642,085	$ 8,057,343	$ 7,748,392	$ 6,521,378	$ 5,715,693	$ 4,391,607
Fund Balance, Ending	$ 7,642,085	$ 8,057,343	$ 7,898,333	$ 7,494,473	$ 6,149,458	$ 5,087,721	$ 3,624,758
Fund Balance Goal (11% of Expenditures)	$ 672,812	$ 701,179	$ 766,188	$ 807,773	$ 849,185	$ 891,486	$ 935,725
Excess/(Deficiency)	$ 6,969,273	$ 7,356,164	$ 7,132,145	$ 6,686,700	$ 5,300,273	$ 4,196,235	$ 2,689,032

Ten-Year Financial Models
Water Fund - Table 5

Pg 112-113

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Licenses, Permits and Fees	$ 5,837,986	$ 4,061,295	$ 3,907,339	$ 5,970,858	$ 6,180,439	$ 5,690,982	$ 4,650,373
Charges for Services	27,129,634	26,536,736	27,515,151	31,401,580	35,824,653	40,917,979	46,749,112
Miscellaneous	5,107,712	956,222	1,018,793	681,130	276,156	169,951	183,994
Revenue Transfer	549,238	460,390	473,752	501,690	691,249	732,432	776,122
Other Financing Sources	(373,789)	-	-	-	-	-	-
Total Revenues	$ 38,250,781	$ 32,014,643	$ 32,915,035	$ 38,555,258	$ 42,972,497	$ 47,511,344	$ 52,359,601
EXPENDITURES							
Personnel	$ 7,379,946	$ 7,642,827	$ 8,577,032	$ 9,281,887	$ 9,967,824	$ 10,651,177	$ 11,268,562
Services & Charges	9,120,840	9,647,770	10,057,151	10,635,500	11,267,134	11,690,426	12,131,376
Supplies & Expenses	1,440,408	1,540,820	1,840,861	1,913,669	2,024,998	2,136,438	2,252,738
Contract & Leases	548,859	3,353,454	905,028	962,200	1,023,752	1,080,876	1,141,268
Debt Service	2,247,420	-	-	-	3,900,000	3,900,000	3,900,000
Inventory	(6,439)	-	-	-	-	-	-
Capital Maintenance	4,171,664	6,030,393	4,871,873	5,110,880	5,417,300	5,742,185	6,086,653
Capital Outlay	7,967,409	49,483,866	23,556,637	7,926,912	12,642,890	6,776,358	8,811,389
Transfers	2,795,921	2,467,849	2,731,070	2,694,186	2,856,649	3,029,031	3,211,938
Other	839	6,337	6,447	6,675	6,911	7,120	7,335
Total Expenditures	$ 35,666,867	$ 80,173,316	$ 52,546,099	$ 38,531,909	$ 49,107,458	$ 45,013,611	$ 48,811,259
Working Capital, Beginning	$ 106,124,319	$ 108,708,233	$ 60,549,560	$ 16,110,790	$ 12,648,719	$ 3,388,112	$ 6,783,639
Working Capital, Ending	$ 108,708,233	$ 60,549,560	$ 40,918,496	$ 16,134,139	$ 6,513,758	$ 5,885,845	$ 10,331,981
Working Capital Goal (25%)	$ 6,924,865	$ 7,672,363	$ 7,247,366	$ 7,651,249	$ 9,116,142	$ 9,559,313	$ 9,999,968
Excess/(Deficiency)	$ 101,783,368	$ 52,877,197	$ 33,671,130	$ 8,482,889	$ (2,602,384)	$ (3,673,469)	$ 332,013

Ten-Year Financial Models
Wastewater Fund - Table 6

Pg 114-115

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Licenses, Permits and Fees	$ 1,169,171	$ 396,716	$ 396,819	$ 397,028	$ 397,241	$ 397,458	$ 397,680
Charges for Services	12,789,493	12,789,684	13,525,017	15,128,715	16,927,885	18,946,573	21,211,798
Miscellaneous	(345,066)	848,200	827,200	841,200	853,200	894,718	243,200
Revenue Transfer	-	-	-	-	-	-	-
Total Revenues	$ 13,613,598	$ 14,034,600	$ 14,749,036	$ 16,366,943	$ 18,178,326	$ 20,238,749	$ 21,852,678
EXPENDITURES							
Personnel	$ 1,551,014	$ 1,830,831	$ 2,006,889	$ 2,165,665	$ 2,320,582	$ 2,476,382	$ 2,616,629
Services & Charges	170,195	635,472	621,053	657,029	695,146	729,766	766,269
Supplies & Expenses	445,170	497,187	514,612	534,384	561,897	594,495	628,563
Contract & Leases	8,122,117	8,517,321	9,507,840	9,688,431	10,478,614	11,440,805	12,373,935
Capital Maintenance	580,265	3,820,910	2,561,997	853,887	905,888	961,057	1,019,585
Capital Outlay	5,834,907	3,358,705	1,239,154	582,597	618,078	655,718	3,695,652
Transfers	1,038,138	823,445	942,135	899,759	1,114,452	1,182,306	1,254,295
Other	418	-	-	-	-	-	-
Total Expenditures	$ 17,742,223	$ 19,483,871	$ 17,393,680	$ 15,381,752	$ 16,694,657	$ 18,040,529	$ 22,354,928
Working Capital, Beginning	$ 12,370,684	$ 8,242,059	$ 2,792,788	$ 626,127	$ 2,516,575	$ 5,637,995	$ 6,565,123
Working Capital, Ending	$ 8,242,059	$ 2,792,788	$ 148,144	$ 1,611,318	$ 4,000,244	$ 7,836,215	$ 6,062,873
Working Capital Goal (25% of Expenditures)	$ 4,435,556	$ 4,870,968	$ 4,348,420	$ 3,845,438	$ 4,173,664	$ 4,510,132	$ 5,588,732
Excess/(Deficiency)	$ 3,806,503	$ (2,078,180)	$ (4,200,276)	$ (2,234,120)	$ (173,420)	$ 3,326,083	$ 474,141

Pg 116-117

Ten-Year Financial Models
Golf Course - Table 7

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Charges for Services	$ 4,983,001	$ 5,704,760	$ 6,391,502	$ 6,824,373	$ 7,441,136	$ 8,114,140	$ 8,848,529
Miscellaneous	9,767	929	8,465	9,401	10,447	11,588	12,834
Revenue Transfer	1,473,544	366,262	274,294	291,098	300,181	300,803	301,464
Total Revenues	$ 6,466,313	$ 6,071,951	$ 6,674,261	$ 7,124,872	$ 7,751,764	$ 8,426,531	$ 9,162,827
EXPENDITURES							
Personnel	$ 3,139,306	$ 3,468,712	$ 3,839,516	$ 4,067,919	$ 4,330,028	$ 4,587,148	$ 4,857,741
Services & Charges	560,637	489,507	506,546	522,660	539,363	556,648	574,532
Supplies & Expenses	667,694	807,406	873,020	897,375	938,847	982,257	1,027,346
Contract & Leases	196,677	202,950	246,320	247,178	205,110	206,020	206,958
Debt Service	163,200	163,200	163,200	163,200	163,200	163,200	163,200
Inventory	469,869	778,789	873,461	790,763	830,164	867,686	907,099
Capital Maintenance	40,864	47,657	48,377	49,850	51,369	52,934	54,548
Capital Outlay	-	100,000	30,900	30,000	30,000	30,000	30,000
Transfers	407,311	421,082	433,636	437,878	447,843	454,429	461,125
Miscellaneous	20	100	106	100	100	100	100
Total Expenditures	$ 5,645,578	$ 6,479,403	$ 7,015,082	$ 7,206,923	$ 7,536,024	$ 7,900,422	$ 8,282,649
Working Capital, Beginning	$ (1,526,000)	$ (705,265)	$ (1,112,717)	$ (1,588,214)	$ (1,659,230)	$ (1,117,646)	$ 78,507
Working Capital, Ending	$ (705,265)	$ (1,112,717)	$ (1,453,538)	$ (1,670,265)	$ (1,443,490)	$ (591,537)	$ 958,685
Working Capital Goal (11% of Expenditures)	$ 558,257	$ 637,463	$ 702,608	$ 723,343	$ 758,448	$ 797,807	$ 839,116
Excess/(Deficiency)	$ (1,263,523)	$ (1,750,181)	$ (2,156,147)	$ (2,393,608)	$ (2,201,938)	$ (1,389,345)	$ 119,569

Ten-Year Financial Models

Stormwater Utility - Table 8

Pg 118-119

	2020 Actual	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES							
Licenses, Permits and Fees	$ 2,025	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	3,852,729	3,935,577	3,935,577	4,094,573	4,259,994	4,532,098	4,611,155
Miscellaneous	296,920	99,813	102,299	102,245	103,933	105,254	106,598
Revenue Transfer	37,099	-	-	-	-	-	-
Total Revenues	$ 4,188,773	$ 4,035,390	$ 4,037,876	$ 4,196,818	$ 4,363,927	$ 4,637,352	$ 4,717,753
EXPENDITURES							
Personnel	$ 726,069	$ 817,913	$ 1,170,580	$ 1,273,197	$ 1,363,918	$ 1,453,630	$ 1,527,807
Services & Charges	146,711	1,224,723	797,073	844,652	895,108	947,302	1,003,964
Supplies & Expenses	106,581	92,286	126,264	138,873	144,985	151,361	157,323
Contract & Leases	154,247	167,228	172,246	182,735	193,863	205,669	218,194
Capital Outlay	1,129,209	4,067,028	876,227	1,074,375	1,289,804	870,358	919,390
Transfers	1,599,128	1,514,861	1,760,954	1,571,256	751,668	797,443	846,006
Other	790	-	-	-	-	-	-
Total Expenditures	$ 3,862,735	$ 7,884,039	$ 4,903,344	$ 5,085,088	$ 4,639,346	$ 4,425,763	$ 4,672,684
Working Capital, Beginning	$ 7,026,194	$ 7,352,232	$ 3,503,583	$ 1,812,650	$ 848,384	$ 825,694	$ 1,116,752
Working Capital, Ending	$ 7,352,232	$ 3,503,583	$ 2,638,115	$ 924,380	$ 572,965	$ 1,037,283	$ 1,161,821
Working Capital Goal (25%)	$ 683,381	$ 954,253	$ 1,006,779	$ 1,002,678	$ 837,386	$ 888,851	$ 938,324
Excess/(Deficiency)	$ 6,668,850	$ 2,549,330	$ 1,631,336	$ (78,298)	$ (264,421)	$ 148,432	$ 223,497

Ten-Year Financial Models
Solid Waste Fund - Table 9

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	2021 Revised	2022 Budget	2024 Forecast	2026 Forecast	2028 Forecast	2030 Forecast
REVENUES						
Licenses, Permits and Fees	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	700,000	-	-	-	-	-
Charges for Services	3,039,485	6,078,968	6,368,771	6,772,405	7,204,614	7,667,419
Miscellaneous	266,400	532,800	532,800	532,800	532,800	532,800
Other Financing Sources	2,316,000	-	-	-	-	-
Total Revenues	$ 6,321,885	$ 6,611,768	$ 6,901,571	$ 7,305,205	$ 7,737,414	$ 8,200,219
EXPENDITURES						
Personnel	$ 124,836	$ 160,283	$ 176,914	$ 193,841	$ 211,109	$ 223,845
Services & Charges	-	5,826	5,974	6,127	6,283	6,443
Supplies & Expenses	3,066,594	72,571	72,398	72,946	73,521	74,122
Contracts & Leases	2,704,203	5,408,407	5,682,162	6,068,770	6,482,916	6,926,558
Debt Service	285,833	490,000	490,000	253,661	-	-
Capital Outlay	-	-	-	-	-	-
Transfers	98,650	101,160	106,407	111,973	117,879	124,144
Total Expenditures	$ 6,280,116	$ 6,238,247	$ 6,533,855	$ 6,707,318	$ 6,891,708	$ 7,355,112
Working Capital, Beginning	$ -	$ 41,768	$ 786,431	$ 1,518,785	$ 2,965,219	$ 4,655,782
Working Capital, Ending	$ 41,768	$ 415,289	$ 1,154,147	$ 2,116,672	$ 3,810,925	$ 5,500,889
Working Capital Goal (25.0% of Expenditures)	$ 1,570,029	$ 1,559,562	$ 1,633,464	$ 1,676,830	$ 1,722,927	$ 1,838,778
Excess/(Deficiency)	$ (1,528,261)	$ (1,144,273)	$ (479,317)	$ 439,843	$ 2,087,998	$ 3,662,111

Future Challenges (from 2021 budget)

Uncertainty Regarding Future Impacts Associated with COVID-19

$740 Million in Unfunded Capital Projects

Financial Impacts Associated with Utility Master Plans

ADA Public Infrastructure Improvements

Annual Street Maintenance Investment Deficit ($8-$10 million)

Jefferson Parkway

Cost to Implement the Enhance Law Enforcement Integrity Act

Current Challenges (2022 Budget)

Retention of employees

Capacity for new programs

Continuation of COVID-19

Capital Projects

American Rescue Plan Act - ARPA

Total Allocation	$11,075,818
Public Health/Negative Economic Impacts	$1,500,000
Revenue Recovery	$0
Premium Pay	$1,000,000
Infrastructure	$0
Remaining Funds	$8,575,818

Areas of opportunity, leverage funds

Back in October to discuss further


Any Questions ?

CITY OF ARVADA

REPORT TO CITY COUNCIL	AGENDA ITEM 2.B.

TO: THE HONORABLE CITY COUNCIL DATE: September 27, 2021

SUBJECT: Staff Updates

Report in Brief

The purpose of this workshop is for staff to provide City Council with brief updates on projects and issues that do not require a full workshop.

Prepared by:
Chris Koch, CCO Admin

Reviewed by:

Approved by:

Enclosure, exhibits & attachments required to support the report