

Resourcing our Future

HOUSE IN ORDER

Since 2005:

- Cut nearly \$24 million of planned and existing expenses
- Eliminated more than 150 city jobs
- Aligned employee salaries with market
- Restructured & reduced employee benefit plans
- Ongoing commitment to efficient service delivery

APPROPRIATE ROLE IN THE ECONOMY

- Supporting job creation through:
 - Enabling start-ups and entrepreneurs
 - Supporting target industries
 - Business retention/expansion
- Implementing Economic Action Plan
- Retail retention & expansion
- Improved Development Review process
- Created North College Urban Renewal Authority

RESOURCING OUR FUTURE

- Immediate and pressing needs in:
 - Street Maintenance
 - Police
 - Fire
 - Parks & Recreation
- Second lowest sales tax rate among comparable cities
- Base sales tax rate has not increased in 28 years (1982)

The City of Fort Collins has pressing, immediate needs and a long-term vision for a stronger, sustainable community.

Although we have significantly cut costs and are operating more efficiently, City revenues are not keeping pace with the demand for basic City operations and services.

AS A COMMUNITY, WE MUST DETERMINE HOW TO ADDRESS THESE CRITICAL NEEDS:



STREET MAINTENANCE

Need: Additional resources needed to maintain streets, fill potholes and make basic repairs

Cost: Approximately \$6.5 million annually for street maintenance to maintain current pavement quality. *This cost does not include resources to meet other pressing needs: bridge repair and replacement; new roads, interchanges and other capital improvements; improvements in safety at school zones; neighborhood traffic calming; new bike lanes and sidewalks; transit service*

Impact to Community:

- Overall pavement conditions are deteriorating; more potholes are prevalent. Funding for street maintenance has been reduced by more than \$2 million in recent years.
- As conditions deteriorate due to delayed maintenance, replacement and repair costs become significantly more expensive.

Resourcing our Future (continued)



POLICE SERVICES

Need: An additional 48 officers & civilians needed to provide the level of service expected by the community

Cost: Approximately \$4.6 million per year

Impact to Community:

- Maintain appropriate staffing levels for basic police protection and dispatch
 - Shorter response times to emergencies
 - Shorter investigation turnaround times
 - More neighborhood patrolling
 - Increased traffic patrol
 - More party and noise enforcement
 - Safer Downtown during day and evening
 - Reduced overtime expense
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POUDRE FIRE AUTHORITY

Need: More firefighters and other resources needed to serve growing demands in south Fort Collins, as well as enhanced Emergency Management

Cost: Approximately \$3.2 million per year

Impact to Community:

- Reduced response times to emergencies
 - Maintain appropriate staffing
 - Improved emergency scene management to better protect citizens and their property, and businesses
 - Increased ability to respond to simultaneous alarms
 - Increased preparedness, mitigation, response and recovery for emergencies, threats and disasters
 - Improved firefighter safety through better safety oversight and emergency coordination
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PARKS AND RECREATION

Need: Additional resources for parks maintenance and to preserve recreation services

Cost: Approximately \$2 million per year (*\$1 million for parks maintenance and \$1 million for recreation*)

Impact to Community:

- City parks are beginning to deteriorate; additional resources are needed to keep our parks clean and well maintained.
- We are currently using \$900,000 of reserves to fund Recreation, which will run out in 2013. If General Fund support for Recreation is not restored, service levels will be severely impacted. Either a major facility, like the Senior Center or the Northside Aztlan Center, will need to close entirely, or staffing and programming will need to be drastically cut and hours of operation at facilities dramatically reduced. Cuts would have to be made to programs for lower-income residents because these programs receive the greatest General Fund support.

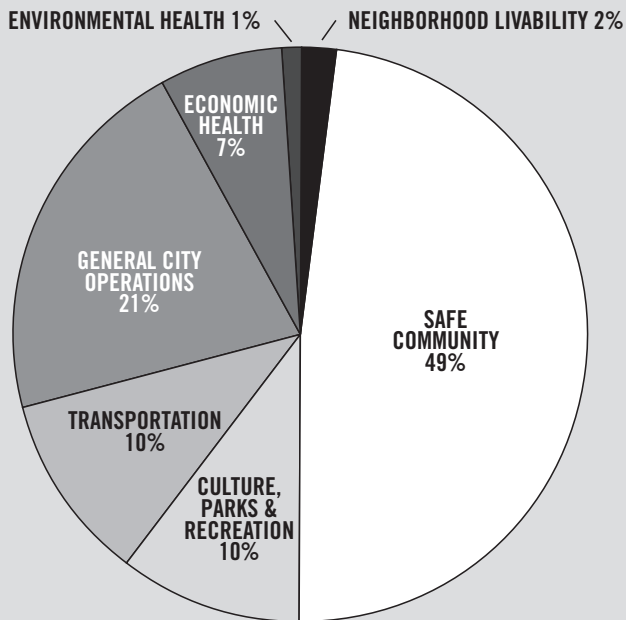
For more information: fcgov.com/resourcingourfuture

Financial Overview

GENERAL FUND REVENUE

In 2010, the City's General Fund revenues are \$102 million. Sixty percent of those revenues come from sales and use tax.

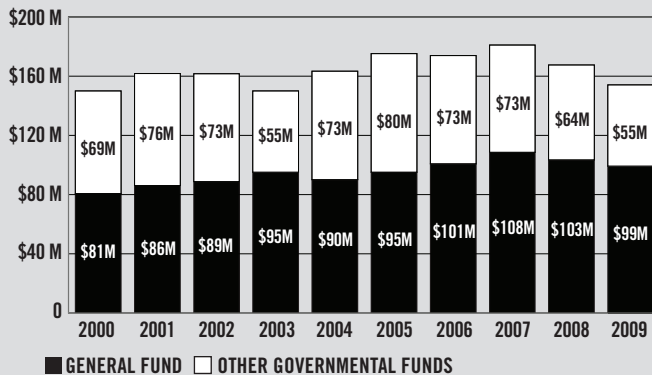
HOW THE GENERAL FUND MONEY IS SPENT



REVENUE

Despite cutting costs and operating more efficiently, City revenues are not keeping pace with the demand for basic City operations and services.

NET CITY REVENUE - GOVERNMENTAL FUNDS



In 2009, net City revenue in the governmental funds (such as general fund, transportation/street oversizing, recreation, cultural services, transit) was down \$14 million, reaching its lowest point since 2003.

BUDGET HISTORY

Over the last five years, the City has eliminated lower-priority services and aggressively pursued ways to make our local government more efficient.

We've cut nearly \$24 million of planned and existing expenses.

Following are a few specific examples of cuts that have been made and efficiencies:

- Eliminated more than 150 jobs: 106 FTE in 2006; 48 FTE in 2010
 - Reorganized top management, eliminated top and mid-level management positions and created efficiencies
 - Created the one-stop development shop
 - Consolidated Information Technology staff into a centralized organization
 - Eliminated policy and finance positions within several departments
- Restructured City employee health benefits; employees bear greater out-of-pocket cost burden
- No pay raises in 2004, 2005 (except sworn police) & 2010
- Reduced Street Maintenance by \$2 million
- Using \$900,000 of reserves to fund Recreation; reserves run out in 2013
- Cut \$400,000 from Parks Maintenance
- Reduced night-time paratransit/Dial-a-Ride Service
- Eliminated Human Rights Office
- Automating payroll and paying contractors and vendors electronically to save processing time
- Developing "Open Book" to ease access to financial data
- Raised purchasing thresholds to focus more on higher dollar transactions where more money can be saved
- Dramatically improved financial reporting through automation
- Significantly lowered power costs in city buildings
- Implemented server consolidation to save costs for replacement and power

Revenue Options

The Resourcing our Future community conversation begins with this question:

How does the community want to address the unfunded needs in street maintenance, police, fire, parks and recreation?

There are several options to consider. One option is to make deeper cuts to existing services. Another option is to consider new revenue such as increased sales tax, property tax, or fees.

INCREASE SALES TAX

A 1% sales tax increase is the equivalent of 1 penny on a 1-dollar purchase. A sales tax increase would not apply on groceries and prescription drugs.

IMPACT TO AVERAGE HOUSEHOLD

% SALES TAX INCREASE	REVENUE GENERATED	MONTHLY	ANNUAL
1 %	\$22.2 M	\$11	\$132
.85 %	\$18.9 M	\$9.35	\$112
.75 %	\$16.6 M	\$8.25	\$99
.5 %	\$11.1 M	\$5.50	\$66

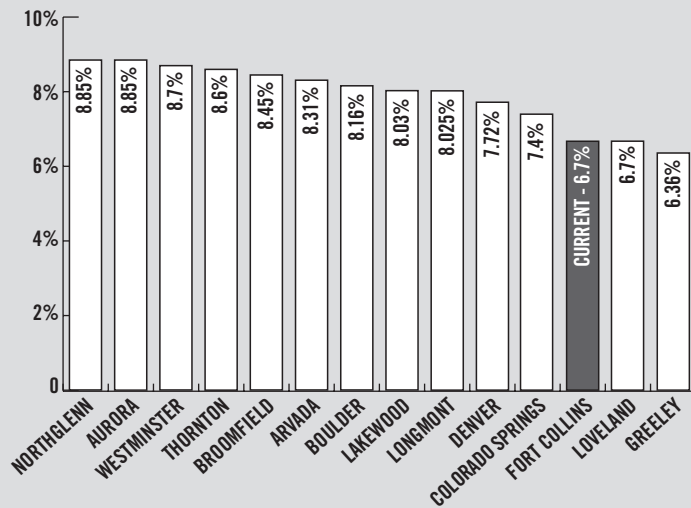
INCREASE FEES- STREET MAINTENANCE ONLY

A Street Maintenance Fee has been discussed as a possible revenue source to generate \$6.5 million in revenue for streets maintenance.

INCREASE FEES- PARK MAINTENANCE ONLY

A Park Maintenance Fee has been discussed as a possible revenue source. Generating \$4 million in revenue would cover the cost of maintenance at community parks and free up resources to help meet other needs.

SALES TAX RATE COMPARISONS



INCREASE PROPERTY TAX

To raise the \$20 million necessary to fund our most basic needs in street maintenance, police, fire, parks and recreation, a mill levy increase of 11.41 mills (more than twice our current rate of 9.797) would be required.

PROPERTY TAX DISTRIBUTION

CITY 11% LARIMER CTY 26% Poudre SCHOOL DISTRICT 59% OTHER 4%*



*Poudre Health Services District & N. Colorado Water Conservancy District