

TOWN MANAGER'S OFFICE

# PROPOSED 2023 BUDGET

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SEPTEMBER 6, 2022



# BUDGETS REFLECT PRIORITIES



Per Council direction, staff has used the same priorities from 2022 in crafting the Proposed 2023 Budget.

The Town held a telephone town hall in June 2022, along with Council district open houses, in arriving at these recommended priorities. Input from the 2021 community survey, which reinforced that residents appreciate the high quality of services provided in Castle Rock, was also considered.

# ENSURE OUTSTANDING PUBLIC SAFETY



The Town’s ability to hire additional police and fire personnel is related to the ability of sales tax growth to be significantly above the costs of compensation and pension cost growth. Over the next five years, we anticipate the Police Department budget to grow 35% and the Fire Department budget to grow 39%, as detailed in the following table:

## ***Proposed Fire and Police department annual budgets over the five-year financial planning period***

	2023	2024	2025	2026	2027
<b>Fire Department budget</b>	\$21.9 million	\$23.8 million	\$26.0 million	\$28.2 million	\$30.5 million
<b>Police Department budget</b>	\$22.9 million	\$24.7 million	\$26.7 million	\$28.7 million	\$31.0 million

## ***Fire and police full-time equivalent positions***

	2016	2017	2018	2019	2020	2021	2022*	2023**	2024***	2025***	2026***	2027***
<b>Fire</b>	80.50	81	93	94	94	94	98	102	105	108	111	114
<b>Police</b>	95.38	97.50	104.75	109.75	111.75	111.75	118.75	122.75	125.75	128.75	131.75	134.75

*\*includes four Police positions added at midyear; \*\*recommended; \*\*\*recommended five-year plan*

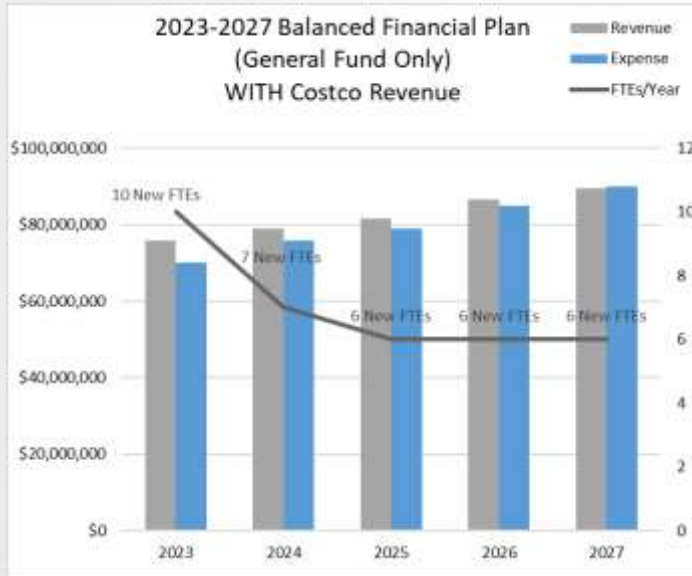
# SHIFT IN SALES TAX ALLOCATION PROPOSED

- Many options were considered to balance the five-year financial plan
  - The most effective solution was to adjust the current sales tax allocation from:
    - 70.29% General Fund
    - 24.46% Transportation Fund
    - 5.25% Community Center Fund
  - to
    - 74.75% General Fund
    - 20.00% Transportation Fund
    - 5.25% Community Center Fund
- This move will provide approximately \$3 million in additional resources annually to help fund the Town's public safety needs

# ENSURE OUTSTANDING PUBLIC SAFETY

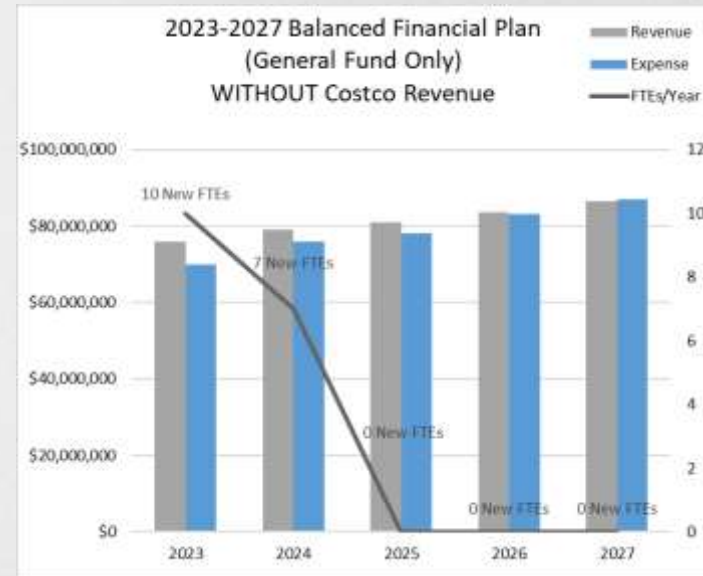


Without Costco revenue, General Fund sales tax collections are projected to grow \$13.8 million between 2022 and 2027. Police and Fire expenditures increase \$19.3 million during the same period, with no new public safety personnel added after 2024.



With Costco, the Town can hire 32 Public Safety and 3 General Gov't FTEs in 2023-2027

FTEs With Costco	FTEs W/O Costco
<b>2023</b> DoIT (1) Town Atty (1) PD (4) Fire (4)	<b>2023</b> DoIT (1) Town Atty (1) PD (4) Fire (4)
<b>2024</b> Facilities (1) PD (3) Fire (3)	<b>2024</b> Facilities (1) PD (3) Fire (3)
<b>2025</b> PD (3) Fire (3)	<b>2025</b> -
<b>2026</b> PD (3) Fire (3)	<b>2026</b> -
<b>2027</b> PD (3) Fire (3)	<b>2027</b> -



Without Costco, the Town will reduce hiring plan by 18 Public Safety FTEs to balance the financial plan

# ENSURE OUTSTANDING PUBLIC SAFETY



- Add four Fire and Rescue positions: three firefighter/EMTs and a training officer – these positions eventually would serve the future Fire Station 156
- Add four Police positions – one sergeant, two officers and a felony filing technician – along with two part-time civilian community service officers
- Address additional needs of CRFD including \$134,200 annually for stipends for those with specialty certifications that have not been recognized to date and \$90,000 in 2023 for the HAAS alerting system that lets drivers know an emergency vehicle is approaching
- Address additional needs of CRPD including \$349,987 for continued use of body-worn cameras, upgraded in-car cameras, Tasers and related services; and \$230,000 annually for implementation of a Master Patrol Officer program and for differential pay for those working the graveyard shift, both intended to increase employee retention rates

# PROPOSED 2023 BUDGET OVERVIEW

- Proposed Townwide budget is \$315.3 million
  - Includes \$115.1 million for capital improvements; \$24.9 million for debt, interfund loans and transfers between funds; and \$175.3 million for operations, including \$18.5 million for annual pavement maintenance
- Expected revenues are \$272.9 million
  - The difference between expected revenues and expenditures is attributable to the planned use of \$42.4 million in capital reserves, which is a common and sound practice
- Proposed 2023 operating budget is 5.0% greater than the 2022 amended operating budget of \$166.9 million

# MANAGE TOWN FINANCES CONSERVATIVELY



- For 2023, a projected 6% sales tax increase equates to \$3.4 million Townwide
- Property tax mill levy would remain at 1.139 mills based on preliminary valuation
- Inflationary increases are planned for development impact fees; water rates and fees will be discussed in detail on Sept. 20
- Staff is monitoring the administrative cost-recovery fee within the Development Services Fund, which may need to be adjusted as permit volumes change
- \$5/round increase for most golf green fees
- Continued strong growth, with 900 single-family units, 415 multifamily and roughly 50,000 square feet of commercial projected in 2023
- Budget team reviews each line item with departments to identify savings opportunities; then, multiple scenarios are created/analyzed to determine budget capacity



# ENHANCE OUR TRANSPORTATION



- Begin construction on the Town’s top infrastructure priority, a new interchange on Interstate 25 at Crystal Valley Parkway, including accommodating any additional funds needed to contract up to \$118 million
  - Because funding is still coming together on this project, the Proposed 2023 Budget does not reflect related revenues nor expenditures; staff’s intention is to present a budget amendment for Council consideration once the funding is fully set
- Complete an aggressive Pavement Maintenance Program, focused in 2023 on eastern Castle Rock, at an estimated 2023 cost of \$18.5 million
- Invest \$18.5 million to widen Fifth Street from Gilbert Street to the “Four Corners” intersection
- Complete construction of the following projects, for which contracts were awarded in 2022:

**CONTINUED...**

# ENHANCE OUR TRANSPORTATION



(CONTINUED)

- Widen Plum Creek Parkway from Eaton Street to Ridge Road
  - Widen Ridge Road from Plum Creek Parkway to the “Four Corners” intersection
  - Improve “Four Corners” intersection
  - Improve the intersection of Crystal Valley Parkway and Plum Creek Boulevard
  - With Douglas County, Improve Crowfoot Valley Road
- 
- Update the Town’s Transportation Master Plan
  - Add one new position within the Signs and Markings Division to oversee fieldwork

## 2024-2027 planning

The following slide shows projects planned for the remainder of the five-year planning period, based upon the following single-family residential growth projections:

2024: 900 units

2025: 650 units

2026/7: 830 units each

## 2023-2027 Transportation Capital Improvement Program (5-Year CIP)

The following table lists projects recommended as the highest priority over the next five year period that fit within revenue forecasts. This priority list was based on several considerations: 1) Capacity needs as outlined within our approved Transportation Master Plan, 2) Geographical distribution across the town, 3) Coordination with maintenance needs, and 4) Staff perspective on needs from observations and stakeholder feedback. Forecasted revenue has been utilized to place respective project phases into the various years in order to provide a balanced combined Transportation, and Transportation Capital funds balance for each year. **Part of the revenue forecast is based on the projected number of residential permits per year. Those projections are 900 for 2023, 900 for 2024, 650 for 2025, 830 for 2026, and 830 for 2027.** Program estimate updates occur each year based on inflation review and/or new design information.

Project	Description	Design		ROW		Construction	
		\$ Est.	Year	\$ Est.	Year	\$ Est.	Year
<b>Crystal Valley Interchange</b>	Provide a total of \$20 Million in combined preconstruction services, and cash to allow for construction to begin by 2023 if partner funds are available. Property acquisition and design is currently underway using funds received to date.	In-progress	N/A	In-progress	N/A*	TBD	2023**
<b>Wolfsberger Rd Widening (Design &amp; ROW) - Prairie Hawk Dr to Miller Park Entrance</b>	Construct two new through lanes to bring the total to four (two in each direction) between Prairie Hawk Drive and the Town limits to the west. Construct a roundabout at Red Hawk Drive. Add bike lanes and sidewalks along stretches that don't currently have any.	In-progress	N/A	\$1.14M	2023	18.7M	2025
<b>Fifth Street Multimodal Improvements</b>	Provide additional vehicle lanes between Woodlands Blvd and the Founders Pkwy intersection. Add additional sidewalk on the south side of the street between Gilbert St and Founders Pkwy. Add a traffic signal at Valley Drive, add on-street bike lanes, and roundabout at Woodlands	In-progress	N/A	N/A	N/A	\$18.5M	2023
<b>Prairie Hawk Drive Widening - Wolfsberger Rd to existing 4-Lane segment @ Melting Snow</b>	Construct two new through lanes to bring the total to four (two in each direction).	\$577,000	2023	N/A	N/A	\$5.20M	2024
<b>Plum Creek Parkway Widening - Wolfsberger Rd to existing MAC entrance</b>	Widen to two lanes in each direction. Design & construction years advanced to match revenue forecast adjustments. This project may need to adjust to be in coordination with adjacent developer's responsibility to widen Plum Creek Parkway from I-25.	\$813,000	2023	N/A	N/A	\$5.85M	2024
<b>Prairie Hawk Drive Widening - Plum Creek Pkwy to new roundabout</b>	Design four through-lane section and roundabout. Construct first two lanes and full roundabout to support Town's planned Recreation Center. Reimbursement from the Millers Landing development will be sought per their Development Agreement obligation.	\$606,900	2023	N/A	N/A	\$4.05M	2024
<b>Prairie Hawk Drive Widening - Topeka to Wolfsberger</b>	Make multimodal improvements to the existing street segment to aid in the operations and safety of adding the extension of this road to Plum Creek Parkway.	\$444,500	2024	\$50,000	2025	\$2.96M	2026
<b>Hwy 86 Widening - Ridge to Enderud (State Highway)</b>	This widening to four lanes is included in the Master Plan as a project to be completed by 2030 in order to accommodate continued growth within the Town. The project would need to be completed with CDOT and Douglas County.	\$1.06M	2024	\$200,000	2025	\$8.3M	2026
<b>I-25/Plum Creek Pkwy - Southbound Offramp Right Turn Lane</b>	Adjacent developer has responsibility to construct a new right turn lane with their development. The Town is obligated to participate at 40% of the cost. This year may adjust as development timing is better known.	N/A	N/A	N/A	N/A	\$1.05M	2025
<b>Perry Street Extension - Connection to East Frontage Road Roundabout</b>	Extend Perry Street from where it ends to the south of Plum Creek Pkwy across Plum Creek and over to the east Frontage Road. This extension project is included in the Master Plan as a project to be completed by full build out of the Town in order to accommodate continued growth within the Town.	\$1.4M	2025	N/A	N/A	\$9.5M	2027
<b>Roundabout - Location TBD</b>	There is a growing community interest in constructing more roundabouts as the traveling public is realizing the efficiencies, and safety benefits of these intersection controls. The location is to be determined. Construction beyond 5 year plan.	\$275,000	2026	\$75,000	2027	N/A	N/A
<b>Roundabout - Location TBD</b>	There is a growing community interest in constructing more roundabouts as the traveling public is realizing the efficiencies, and safety benefits of these intersection controls. The location is to be determined. Construction beyond 5 year plan.	\$325,000	2026	\$75,000	2027	N/A	N/A
<b>East Frontage Road Improvements - North of Crystal Valley Pkwy</b>	The Town's Transportation Master Plan has identified the need to improve the East Frontage Road by completing pedestrian, bike, and intersection improvements. This widening is included in the Master Plan as a project to be completed by 2030 in order to accommodate continued growth within the Town, bring the road to Town standards, and improve multi-modal mobility. Construction beyond 5 year plan	\$1.02M	2027	N/A	N/A	N/A	N/A

\* Previous design efforts have allowed for ROW to be identified

\*\*Requires balance of construction funding from partners, and approval from FHWA to begin construction in 2023

Combined forecasted Transportation and Transportation Capital funds balance	\$(Millions)	2023	2024	2025	2026	2027
		\$6.54	\$4.18	\$2.14	\$1.12	\$1.04

# MAINTAIN STRONG PARKS AND RECREATION



- Continue renovations at Butterfield and Mitchell Gulch parks; and construct Plum Creek North Park
- Complete the Colorado Front Range Trail within Castle Rock
- Add a bike zone at Ridgeline Open Space with technical features, ramps and jumps
- Replace cardio equipment at the Recreation Center
- Replace the synthetic turf at Matney Park and improve the dugouts and field fencing at Paintbrush Park
- Using revenue from the new lodging tax, add a position in Parks Planning
- Add a putting green at Red Hawk Ridge Golf Course

# SUPPORT ECONOMIC DEVELOPMENT



- Fulfill existing economic incentive agreements and allow capacity for new ones

# PRESERVE OUR COMMUNITY CHARACTER



- Continue historically and naturally sensitive enhancements at Metzler Family Open Space, including trail openings, an accessible parking lot and other improvements
- Continue to explore possibilities for open space acquisitions and historic enhancement opportunities

# OTHER ITEMS & ISSUES OF NOTE

- Fund employee compensation at an average 4% performance-based increase for general employees, with an average 7.5% budgeted for public safety personnel
- The Town has successfully managed its health care plan to the point that the 2023 Budget does not include any premium increases – neither for the Town, nor for employees
- Add two general government positions: an infrastructure technician in the Division of Innovation and Technology and an administrative assistant in the Town Attorney’s Office
- The Town exceeded its TABOR revenue cap for 2021 by \$14.6 million
  - Town Council approved transferring funds from three tax- and impact-fee receiving funds into the TABOR Fund to spend as voters approved:
    - Funds toward Fire Station 156: \$6 million
    - Funds toward Police basement buildout: \$2 million
    - Funds for wildfire mitigation: \$1 million

**CONTINUED...**

# OTHER ITEMS & ISSUES OF NOTE

(CONTINUED)

- Funds for roads/transportation: \$5.6 million
- **TOTAL:** \$14.6 million
  
- Council and the community have been exploring a potential private-public partnership that would bring a sports development center of roughly 100,000 square feet with aquatics, fitness and gym facility as part of the Brickyard development proposed at the former Acme Brick facility on Prairie Hawk Drive
  - The facility could open as soon as 2025 and would be paid for with existing Town revenue sources
  - No decisions have been made to date, but a \$15 million partial construction payment is included within the five-year plan in 2025

# SECURE OUR WATER FUTURE

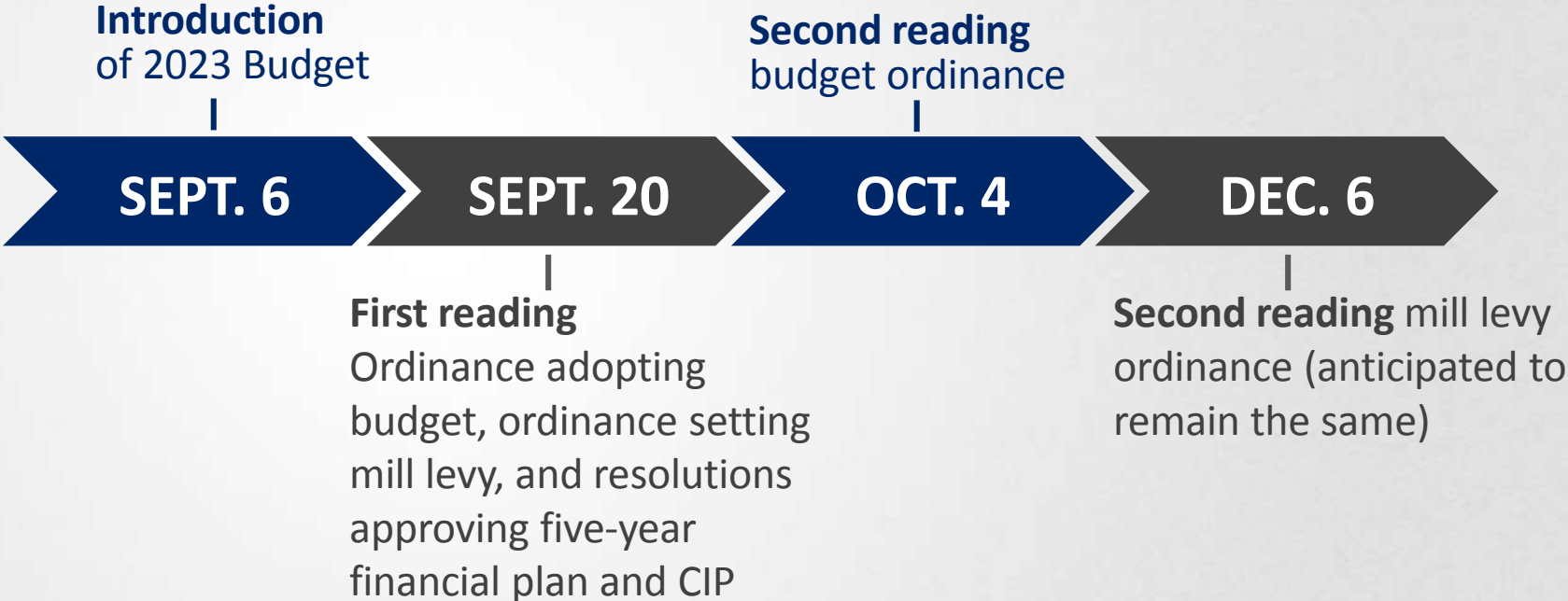


Continue projects, program and policies to advance the goal of securing 75% renewable water by 2050; reducing per-capita consumption to 100 gallons per day; and maintaining affordable rates and fees, including:

- Continue advancing long-term water renewable efforts including the WISE imported water project
- Continue advancing advanced metering infrastructure
- Continue water and sewer line rehabilitation projects and upgrades to security, controls and network
- Add five new positions: a stormwater inspector, a water conservation technician, a SCADA instrumentation technician, a collections operator and an office assistant



# BUDGET CALENDAR





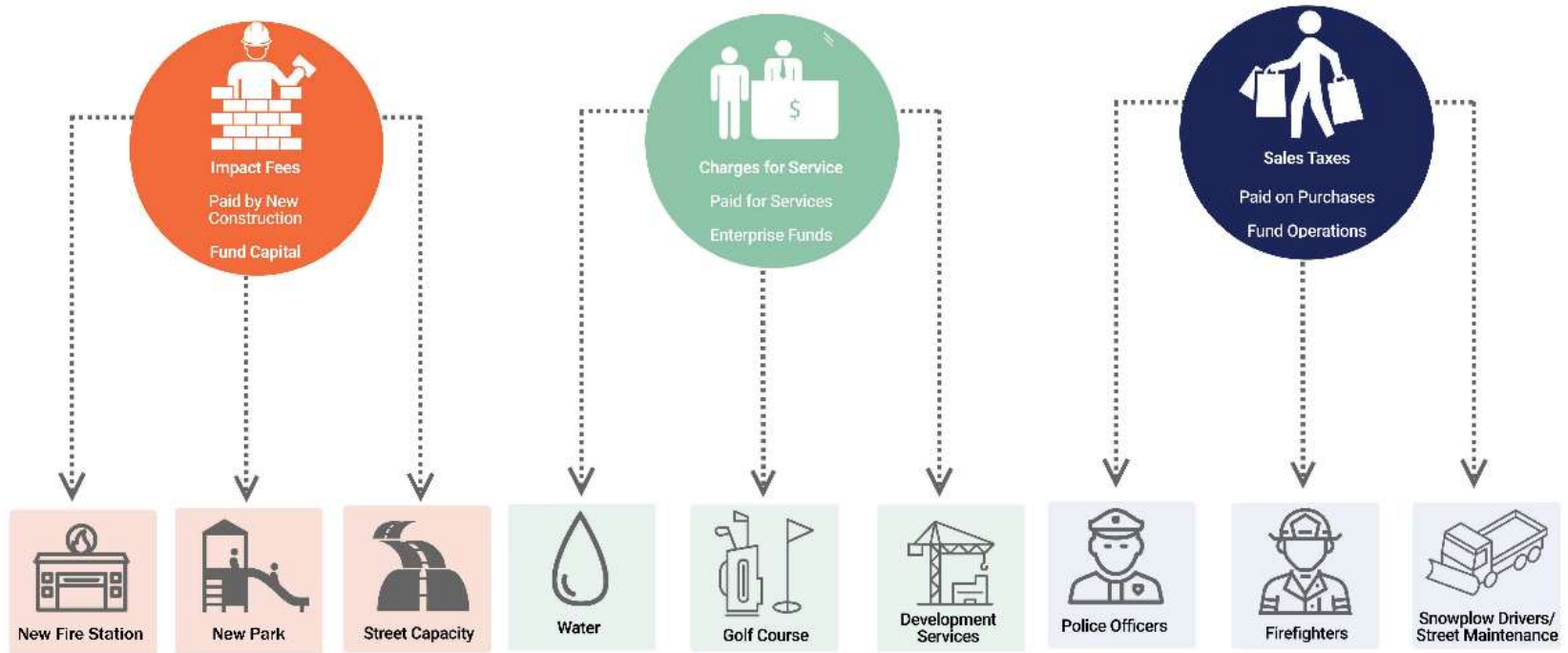
# QUESTIONS?

Thank you for your time – staff looks forward to your discussion and direction

Potential motions will be presented when this item comes back on first reading on Sept. 20

# TOWN OF CASTLE ROCK

## Review of the Town's finance structure:



[Watch a video that explains this slide](#)

\* The Community Center Fund, which supports the Rec Center and MAC, receives both charges for service and sales tax revenue