



STAFF REPORT

To: Honorable Mayor and Members of Town Council

From: Trish Muller, Finance Director

Title: An Ordinance Approving the First Amendment to the 2017 Budget and Authorizing Changes in Appropriations for Year 2017

Discussion

Total requested changes to appropriations referred to in **Attachment B** net to an increase in total expenditures for 2017 of **\$3,523,269**. In terms of identified supplemental expenditure items, description of some of the more significant amounts requested are as follows:

Supplemental appropriation of funds totaling \$714,580 is requested for the Finance Non-Department Division related to the expenditure of 2015 Taxpayer Bill of Rights (TABOR) surplus revenue. In the November 2016 election, Castle Rock voters approved the Town to retain these surplus revenues to be used for public safety and transportation expenditures. Approval of items to be purchased with these funds will occur at a future Town Council meeting.

The Fire and Rescue Department requests supplemental appropriation totaling \$94,759 related to a vehicle and supplies for the Emergency Vehicle Technician position. The amount consists of a transfer out to the Fleet Fund for a vehicle purchase as well as other necessary supplies, equipment and training. This position was approved and budgeted in 2016 however was not filled due to limited qualified candidates that applied for the position. The position was reevaluated at the end of 2016 and is expected to be filled in 2017. At the time the position is filled, the necessary vehicle and supplies will be required.

The Facilities Department requests supplemental appropriation totaling \$252,910 to accommodate a portion of the design costs for a new Parks & Facilities Maintenance building. Half of the funding for these design costs is provided through the General Long-term Planning Fund. Accordingly, a transfer from the General Long-term Planning Fund to the Municipal Facilities Capital Fund totaling \$126,455 is also requested as part of this budget amendment.

The Public Works Department requests expenditure increases of **\$314,030** in the Transportation Fund and \$270,000 in the Transportation Capital Fund. Of this, \$164,030 is requested to meet obligations budgeted for and approved in 2016. Remaining items in the Transportation Fund include an increase of \$150,000 for additional bridge repair needs. Requested items within the Transportation Capital Fund include additional design and planning costs for improvements at Highway 86 and 5th Street and additional

construction costs for an additional left turn lane at Highway 85 and Meadows Parkway. Early estimates for these projects were included in the 2017 Budget adopted in September 2016. As project estimates have been refined, additional funding needs have been identified to accommodate project completion. A total of \$480,000 in supplemental appropriation for the Meadows Parkway reconstruction project was included for first reading, but has been removed for second reading due to delay of the project to 2018, as identified at the March 28 Council meeting.

The Fleet Department, within Public Works, requests the supplemental appropriation of \$83,899 for the purchase of vehicles for Development Services and for the Community Center. The Development Services vehicle was approved for purchase in 2016 using available funds, but the vehicle was not available by year end. The Community Center requested an additional vehicle in 2018 as part of the Balanced Financial Plan to accommodate growth in the Adaptive Recreation program for individuals with special needs. Due to recent program growth, it is requested to purchase this vehicle in 2017 rather than in 2018. For each vehicle, the corresponding department will provide offsetting revenue to the Fleet Department as identified in this budget amendment.

The Finance Department requests an increase of 2017 budgeted expenditures in the Downtown Development Authority TIF Fund of \$1,131,900. This amount includes \$900,000 to accomplish a loan to the The Move, according to an economic development agreement presented to Council in 2016 with a follow-up to Council on January 2, 2017. A total of \$900,000 of corresponding revenue is also included to offset the loan to The Move. In addition, \$231,900 of remaining 2016 TIF is requested for yet to be identified downtown development projects. The Town typically budgets expenditure authority at full capacity in this fund in order to have the ability to address projects that may arise throughout the year.

Castle Rock Water requests that the Water, Water Resources and Stormwater Fund budgets be increased by a total of \$287,686. Of this, the majority is requested to meet encumbered obligations, including well repair and maintenance and funds for completion of a corrosion control. These funds were previously budgeted and approved in 2016. This request also includes \$61,987 for reimbursement to Castle Rock Development Company for relocation of a raw water line and \$10,000 is requested to complete McMurdo Gulch stream stabilization work. These supplemental items were identified after adoption of the 2017 Budget in September 2016.

The Development Services Department requests supplemental appropriation of funds totaling \$21,151 to continue contract labor that began in 2016 and will continue into 2017. This contract labor is utilized for utilities plan review and construction permit inspection. Additionally, the department requests supplemental funding for the purchase of a vehicle that was approved in 2016, but not purchased due to the necessary vehicle not being available. Requested funds will be transferred to the Fleet Fund, which will be used to purchase this vehicle on behalf of the Development Services Department in 2017. Funding for a Historical Preservation Grant that was approved in 2016, and will be distributed in 2017, is also requested as part of this budget amendment in the General Fund.

The Parks and Recreation Department requests supplemental appropriation of \$135,000 for easements to extend Sellars Gulch and East Plum Creek Trails. Offsetting

revenue from developer contributions is also included to fund these trail expenses. Additionally, \$55,000 is requested in the Community Center Fund for the purchase of a van for the Adaptive Recreation (special needs) program. This vehicle was included in the Balanced Financial Plan for 2018. Participation in this program has increased, requiring an additional vehicle to transport program participants to related activities. Requested funds will be transferred to the Fleet Fund, which will be used to purchase this vehicle in 2017 on behalf of the Parks and Recreation Department.

The Special Events Fund has been adjusted within existing appropriations of the 2017 Budget. The oversight of the fund has been transitioned from the Deputy Town Manager's Office to Parks & Recreation for 2017. The Adopted 2017 Budget included salary allocation within the Special Events Fund, however, this allocation has been moved to the General Fund Parks division at this time. No additional funds are requested at this time related to this change.

A listing of all requests for supplemental appropriations for the First Amendment to the 2017 Budget, including written justification is included in **Attachment B**.

In addition to the supplemental appropriations requests, departments will carry forward unspent appropriations, referenced in **Attachment C**, for capital improvement projects (CIP) which were planned and funded as approved by Town Council in 2016. The total amount of CIP funding in 2016 requested to be re-appropriated into the 2017 budget is \$85,156,932.

The following chart identifies these requests by fund:

Fund	CIP Amount for Carryover	<i>Significant Projects Included in the Carryover Amount</i>
General Fund	\$ 220,782	Finance is carrying over \$83,282 for completion of design for Festival Park redesign project, \$112,500 for a new Human Resources software, and \$25,000 for the purchase of a new sales tax software. These items were budgeted in 2016 and continue into 2017.
Transportation Fund	\$ 519,099	Public works projects requiring that funds be reappropriated include continued improvements to the traffic signal system and design of a roundabout at 3rd and Perry Streets that began in 2016 and continue into 2017.
Conservation Trust Fund	\$ 105,000	Parks & Recreation is reappropriating 2016 funds for park improvements including pickleball court resurfacing, dugout covers and trail improvements that were budgeted but not complete in 2016.
Parks & Recreation Capital Fund	\$ 5,887,705	Parks & Recreation is carrying over funds that were approved and budgeted in 2016 for the Festival Park redesign project and Philip S. Miller Park signage and irrigation improvements.
Fire Capital Fund	\$ 274,144	The Fire & Rescue Department is reappropriating funds budgeted in 2016 for design of the Crystal Valley Fire Station. The design process began in 2016 and continues into 2017 related to the new fire station.

Fund	CIP Amount for Carryover	<i>Significant Projects Included in the Carryover Amount</i>
Transportation Capital Fund	\$ 4,136,494	Public Works is carrying over funds for projects budgeted and approved in 2016 that continue into 2017. Projects include the completion of the North Meadows Extension project punch list items, Plum Creek Parkway work at Wilcox and Perry, and continuation of design for improvements to Highway 86 and Allen Way and Highway 86 and Crowfoot Valley Road.
Water Fund	\$ 13,910,645	Castle Rock Water is reappropriating unspent funds that were approved and budgeted in 2016. Funds include \$12 million for groundwater rights purchase, \$951,845 in water tank rehabilitation and replacement plus multiple well and waterline replacement projects.
Water Resources Fund	\$ 51,634,349	Castle Rock Water is carrying over approved 2016 funds into 2017 for continuation of several items including \$16 million for WISE water distribution infrastructure construction, \$10.8 million for Canyons pipeline construction, \$10.4 million for PV, LLC water rights purchase, \$2.2 million for Keenesburg pipeline purchase, \$10.5 million for water infrastructure purchase in Douglas County and \$740,154 for water treatment improvements at the Plum Creek Water Purification Facility.
Stormwater Fund	\$ 1,805,761	Castle Rock Water is carrying over funds to accommodate the ongoing bridge improvement program and stream stabilization at East Plum Creek and Sellars Gulch. These funds were approved and budgeted in 2016 with work continuing into 2017.
Wastewater Fund	\$ 1,503,021	Castle Rock Water is reappropriating 2016 funds into 2017 for Plum Creek wastewater interceptor upsize construction, work related to the Plum Creek Water Reclamation Authority, completion of improvements at the Utilities O&M Building, and security improvements.
Golf Course Fund	\$ 155,721	Parks & Recreation is reappropriating approved 2016 funds for continued Red Hawk Ridge Clubhouse and Course Improvements, including bunker renovations. These projects began in 2016 and continue in 2017.
Development Services Fund	\$ 4,818,854	Funds for completion of the Town Hall addition project that was budgeted and approved by Town Council in 2016 are being carried over to 2017.
Fleet Services Fund	\$ 185,357	Public Works is carrying over \$110,000 to upgrade the FASTER fleet management software and \$73,357 for completion of vehicle purchases that were budgeted, but did not occur, in 2016.

As per section 9-15 of the Town Charter, appropriations for capital expenditures do not lapse and are automatically re-appropriated into the next year's budget. Therefore, these continuing appropriations are provided for Council's review. It is requested that Town Council adopt the capital projects carry over amounts as presented in ***Attachment C.***