

LARIMER COUNTY



SWOC ANALYSIS & INITIAL 2025 BUDGET TARGETS

MAY 20, 2024



AGENDA

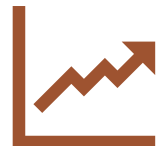
- Review Revenues and Expenses Through April 2024
- Strengths, Weaknesses, Opportunities & Challenges
- 2025 Budget
 - Budget Process
 - Legislative and Ballot Initiative Update
 - Initial 2025 General Fund Support Targets
 - New Property Tax Law
 - General Fund Forecast
 - Next Steps



ACTUALS THROUGH APRIL

Revenues

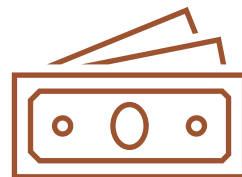
- **Property Tax** is up 21 percent over 2023.
- **Sales Tax** is forecasted to rise by 2 percent. This is slightly lower than budgeted.
- **Interest Earnings** are down 5 percent. (A 13 percent drop was budgeted so this is a positive.)
- **External Charges** are up 9 percent as a category:
 - Recording Fees have stabilized—up 4 percent.
 - Extension, Natural Resources Clerk and Recorder, Community Development, Solid Waste external charges are all up.



ACTUALS THROUGH APRIL

Expenses

- **Personnel** expenses are up 3 percent. Market increases went into effect January 1st. Many vacancies have been filled.
- **Operating** expenses are up 23 percent overall due to timing of Foothills Gateway passthrough, new Behavioral Health contract, one-time ARPA payments to partners, permitting the new landfill, and the election cycle. With these factors excluded operating is up 5%.
- **Capital** spending is down 46 percent due to timing of spending on facilities, especially at The Ranch.





SWOC – COUNTYWIDE PERSPECTIVE

- **Strengths (Internal):**
 - Experienced & dedicated leaders & workforce
 - Culture of improvement & creative solutions
 - Focus on customer service
 - Fiscally responsible - AAA bond rating
 - Collaboration between Staff, Depts, Community
 - **Interest & capability in using data for decisions**
 - **Focus on Equity**
 - Elected officials cooperate
 - Facility master plans

New Items



SWOC – COUNTYWIDE PERSPECTIVE

New Items

- Opportunities (External):
 - Behavioral health services at Longview
 - Regional cooperation
 - Educated population
 - Long-term capital & master plans
 - Community trust & support
 - Access to technology
 - Strategic Planning
 - Re-thinking work/life balance

SWOC – COUNTYWIDE PERSPECTIVE

- **Weaknesses (Internal):**
 - Conflict between standardization & customization
 - Knowledge & data sharing between siloes
 - Many experienced staff turning over
 - Increasing overhead costs charged to outside revenues
 - Internal communication
 - Manual processes

New Items



SWOC – COUNTYWIDE PERSPECTIVE

- **Challenges (External):**
 - Cost of living/inflation/supply chains
 - Economic downturn
 - Challenges to revenue stability
 - Growing/aging population
 - Unfunded mandates
 - Natural disasters
 - Childcare availability

New Items



SWOC – PUBLIC SAFETY

New Items

Strengths (Internal):

New Items

- Criminal Justice community has good internal & external relationships
- County is leader in resilience efforts & jail diversion/alternative programming
- Sharing data among County offices & departments, local agencies
- **County is a state leader in resilience efforts**
- **Flexibility in providing services, including remote**

Opportunities (External):

- **Expanded broadband will assist outreach to and from community**
- **Relocation of State & Local agencies to regional EOC**



SWOC – PUBLIC SAFETY

Weaknesses (Internal):

- Recruitment and retention of personnel
- **Gaps in access control responsibilities**
- **Constraints in data sharing**
- Lack of housing for competency docket clients

New Items

Challenges (External):

- Unfunded mandates & funding cuts
- Lawsuits/attitudes towards Law Enforcement
- Population growth & changes
- **Reliability on outside agencies for communication infrastructure**
- **CJA services being under-utilized**
- Continuing number & severity of disasters



SWOC – COMMUNITY PLANNING, INFRASTRUCTURE & RESOURCES

New Items

- Strengths (Internal):
 - Replacing asset management system
 - Understanding customer wants/needs & market
 - Positive employee survey results
- Opportunities (External):
 - Opportunities to connect with federal & state partners, universities & others
 - New Master Plans in process
- Weaknesses (Internal):
 - Strain on transportation infrastructure in rural areas
 - Resources for facility replacement & expansion
 - Inability to find seasonal, temporary workers & staffing off-hours
- Challenges (External):
 - Air regulation compliance
 - Gaps in training/experience for needed workers



SWOC – HUMAN & ECONOMIC HEALTH

- Strengths (Internal):

New Items

- Departments are nimble at responding to community needs
- Experienced & dedicated staff
- Effective conveners in the community to advance efforts
- Recognized leader among peers
- Mission-driven master plans

- Opportunities (External):

- Community, non-profits & service providers are well connected
- Better coordinated & aligned communication & outreach



SWOC – HUMAN & ECONOMIC HEALTH

New Items

- Weaknesses (Internal):
 - Transition planning & knowledge transfer
 - **Insufficient resources for bilingual staff**
 - **Multiple short-term funding sources are ending**
 - Reliance on unpredictable grants & outside funding
- Challenges (External):
 - Childcare & housing
 - **Transportation infrastructure for workers & clients**
 - **Economic uncertainty**
 - Changing needs of population & growth



SWOC – PUBLIC RECORDS & INFORMATION SERVICES

- Strengths (Internal):
 - Experienced, collaborative & accessible leaders & elected officials
 - Emphasis on customer service
 - **Increased cross-training is occurring**
- Opportunities (External):
 - **Public is interested in what we do & becoming more aware & engaged**
- Weaknesses (Internal):
 - **Management training happening after promotion**
 - **Uncertainty of future of in-person services**
 - Employee retention & recruitment
- Challenges (External):
 - **Lack of strong local media sources**
 - One-size fits all State mandates

New Items



SWOC – SUPPORT SERVICES

New Items

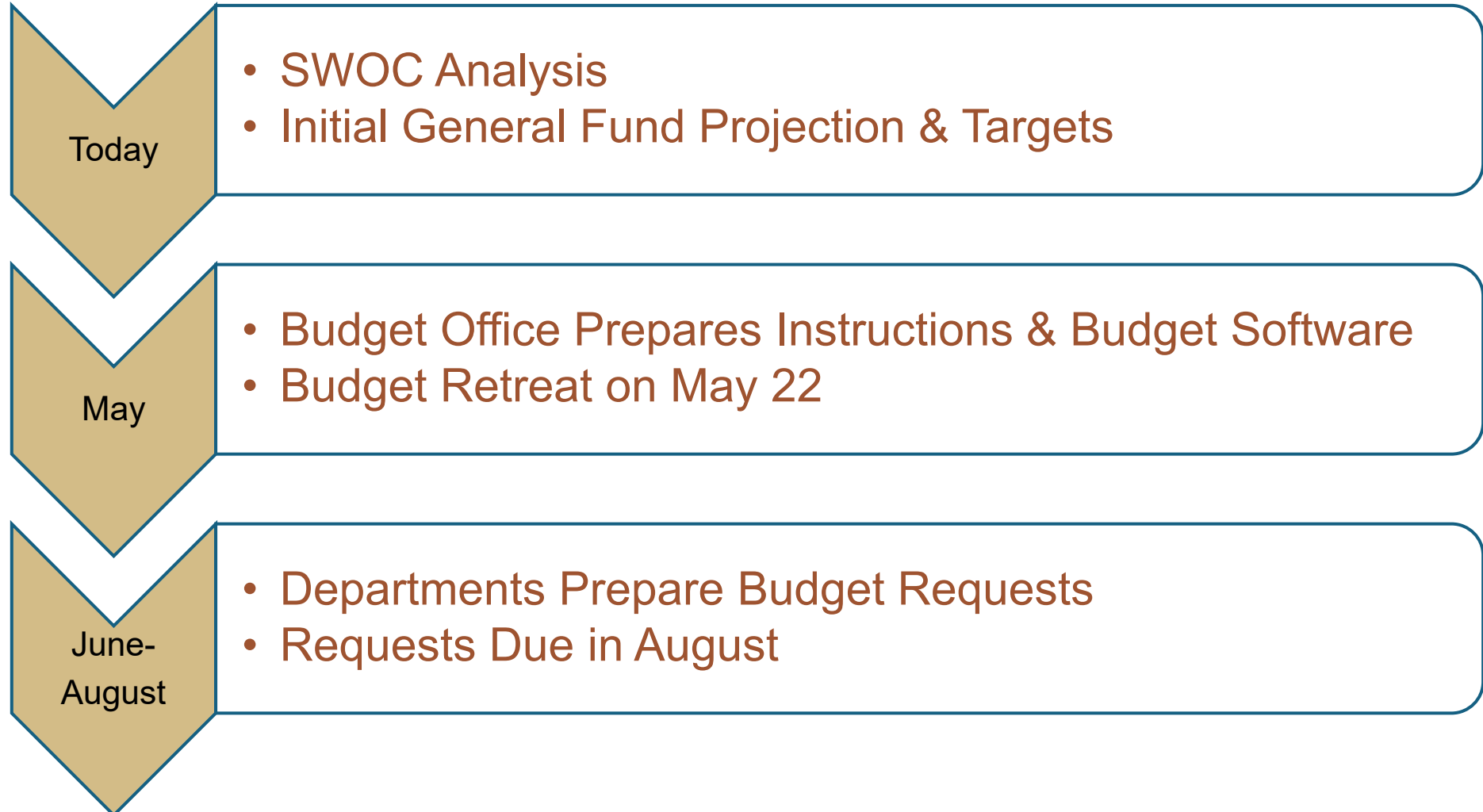
- Strengths (Internal):
 - Forward-thinking staff and leadership
 - **Innovative and adaptive**
 - Collaboration within Service Category
 - Master Plans & dedication to implementation
 - **Countywide project & change management**
 - Cybersecurity for remote work
- Opportunities (External):
 - **Collaboration with peers & community for inclusivity**
 - **Municipal broadband projects**

SWOC – SUPPORT SERVICES

- Weaknesses (Internal):
 - **Increasing complexity of customer departments**
 - Workforce planning in support services to keep up with growing service levels & needs in customer departments, connectedness
 - **Grant identification and management**
 - **Fiscal constraints to implement master plans**
 - Decentralized structure & geography of some facilities
- Challenges (External):
 - **Accessibility law compliance**
 - Cybersecurity
 - Rising insurance costs

New Items

2025 BUDGET PROCESS



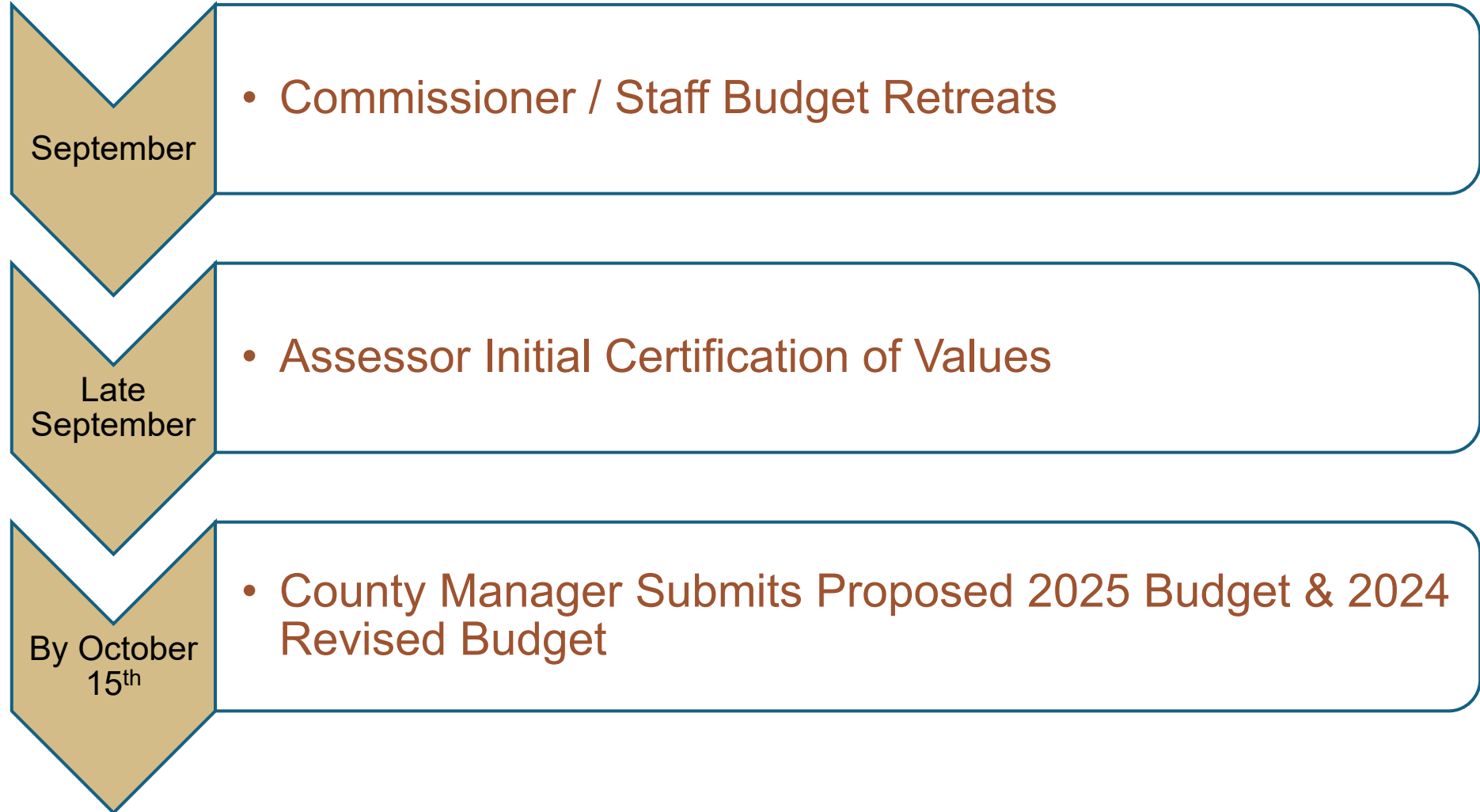


2025 BUDGET PROCESS



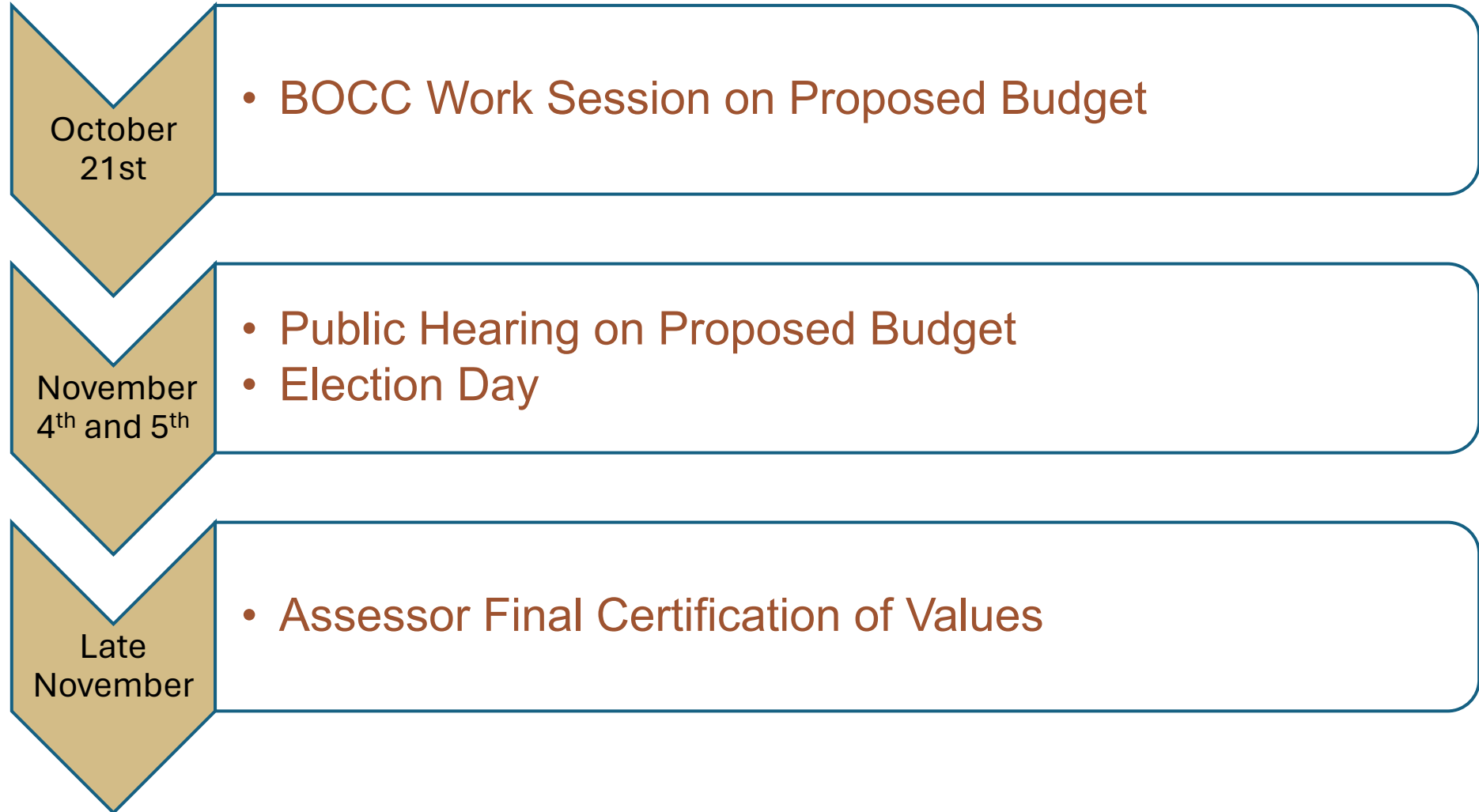


2025 BUDGET PROCESS





2025 BUDGET PROCESS





BUDGET PROCESS

December
11th & 15th

- Adopt 2025 County Mill Levies & Budget
- Taxing authorities' deadline to submit levies

December
22nd

- Deadline to Certify Mill Levies, Submit to Assessor & State

January 1st

- New Fiscal Year Begins

2025 INITIAL BUDGET TARGETS

2025 Budget Targets: REVENUES

- Property tax revenues forecasted to rise **4.8 percent**. With new construction only (no reappraisal). Remaining increase is due to the expiring temporary mill levy.
- Sales tax for jail operations is projected to be **flat** in 2025.
- Interest earnings are expected to **fall** in 2025.
- Charges for services, licenses and permits and other smaller miscellaneous revenues are projected to **rise by 2-3 percent**.



2025 INITIAL BUDGET TARGETS

2025 Budget Targets: EXPENSES

- Projecting a **3.4 percent increase** in personnel costs as a placeholder until compensation work session.
- A **2.5 percent** increase for operating costs
- Budget targets include approved costs for service proposals, carryover requests, and capital plans.
- Removes funding for one-time projects ending in 2024.
- Adjusted for off-cycle elections in 2025.
- Does not include additional funding for jail expansion staffing due to current number of vacancies.





2025 INITIAL BUDGET TARGETS

Office/Dept.		2025 Target	\$ Change	% Change	Notes
Assessor		6,201,000	763,810	14.0%	New appraisers approved at carryover
Clerk & Recorder	General	2,673,000	141,350	5.6%	
	Election Year Costs	2,081,000	(1,359,620)	(40%)	Off-year elections in 2025
	Board of Equalization	100,000	97,430	3791%	Assessment Cycle
Coroner		2,325,000	90,666	4.1%	Facility revenue reduction
County Attorney		1,658,000	64,604	4.1%	
County Manager/BOCC		2,428,000	160,740	7.1%	FEMA Climate Smart Grant Revenue Ends in 2024
Emergency Management		1,090,000	34,666	3.3%	
Human Resources		4,912,000	150,987	3.2%	
Strategic Plan		339,000	8,000	2.4%	
Performance, Budget and Strategy		2,202,000	191,440	9.5%	Budget Analyst position shifting to from ARPA Fund to General Fund
Public Affairs		763,000	23,844	3.2%	



2025 INITIAL BUDGET TARGETS

Office/Dept.	2025 Target	\$ Change	% Change	Notes
Community Development	3,605,000	61,134	1.7%	Removal of one-time small area plan funded in 2024
Engineering	5,482,000	(234,709)	(4.1%)	Adjustment for transportation master plan, B-dam agreement, GIS license reallocation
Community Justice Alternatives	13,009,000	1,212,863	10.3%	Adjustment for pay grade changes approved at 2024 carryover
District Attorney	12,054,000	768,556	6.8%	Adjustments for ending grants and full cost of phased-in FTEs
Financial Admin and Accounting	2,075,000	64,997	3.2%	
Purchasing	753,000	25,013	3.4%	
ADA Operating	105,000	3,410	3.4%	
ADA Capital	150,000	-	0.0%	We will ask for an updated plan.



2025 INITIAL BUDGET TARGETS

Office/Dept.	2025 Target	\$ Change	% Change	Notes
Human and Economic Health / Housing	1,232,000	36,044	3.0%	
Extension	1,213,000	36,416	3.1%	
Information Technology	11,525,000	405,353	3.6%	
Sheriff	69,723,000	2,546,632	3.8%	
Surveyor	33,000	(44,172)	(57.2%)	Reducing budget for 2024 error.
Treasurer	(12,539,000)	1,405,030	10.1%	Revenues are greater than expenses in the Treasurer's Office. (Reduction of forecasted interest earnings leads to increase in target.)



2025 INITIAL BUDGET TARGETS

Office/Dept.	2025 Target	\$ Change	% Change	Notes
Transfer to CJA	1,773,000	740,050	71.6%	Position Grade Changes
Transfer to EWD	2,159,000	62,601	3.0%	
Transfer to Ranch	264,000	6,640	2.6%	
Transfer to Parks	67,000	(67,081)	(50.0%)	Final year of three-year phase-out of General Fund support.
Transfer to Pest Control	108,000	2,851	2.7%	
Transfer to Jail COPs	5,931,000	(8,500)	(0.1%)	
Transfer to Facilities Capital	1,000,000	-	0.0%	Final transfer for new fleet campus
Transfer to Replacement Capital	1,230,000	30,000	2.5%	
Transfer to IT Capital	3,250,000	346,180	11.9%	Cameras and radios reallocated from Replacement Fund to IT Capital Fund
Transfer to Facilities	10,961,000	268,580	2.5%	
Transfer to Benefits	1,138,000	38,000	3.5%	
Transfer to Drainage	35,000	35,000	0.0%	
Health & Environment Mill Levy	5,098,000	173,370	3.5%	
Human Services Mill Levy	12,570,000	390,370	3.2%	
Road & Bridge Mill Levy	3,675,000	101,090	2.8%	

2025 INITIAL BUDGET TARGETS



Internal Services: 2025 budget targets will be increased to include costs projected to rise above the baseline 2.5 percent operating target increase.

Example: 2025 IT user and equipment estimate: \$80,000



Likely 2025 Issue: Impact of indirect cost rate increases on departments/elected offices.



2025 INITIAL BUDGET TARGETS

New Property Tax Law

SB24-233 caps annual property tax revenue growth at 5.5%. Exceptions for new construction and expiring TIF district revenue.

Can be exceeded with local voter approval.

Splits assessment rates into school districts and non-school categories.



Tax Year	2024	2025	2026
Residential	6.7% after \$55k value reduction	6.7%	6.95% after 10% reduction up to \$70k
Commercial	27.9% after \$30k value reduction	27%	25%
Agricultural	27.9%	27%	25%
Industrial, Vacant, State-Assessed	29%	29%	29%

2025 INITIAL BUDGET TARGETS

Initiative 50 Still Heading to the Ballot

“Shall there be an amendment to the Colorado constitution concerning mandatory statewide voter approval to allow local governments to retain property tax revenue that exceeds 4% growth from the total statewide property tax revenue collected in the preceding year?”

No exceptions for:

- high inflation of expenses
- high growth / new construction,
- expiring TIF district revenue,

Ratcheting effect possible during a recession.

School districts would be subject to this cap.

Unclear about the applicability of the cap with uneven statewide revenue growth. (Clarifying legislation and/or courts would decide.)

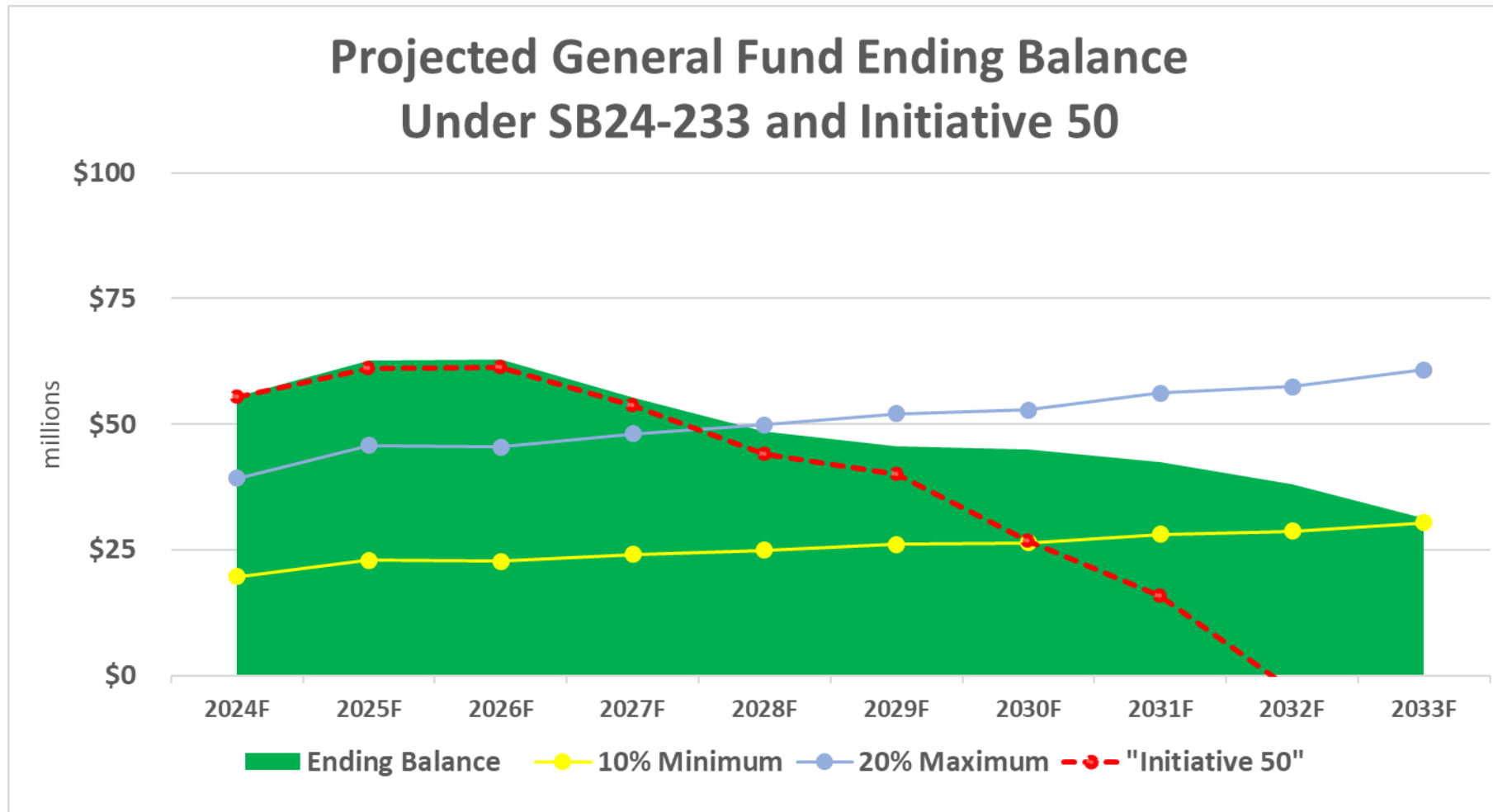
GENERAL FUND FORECAST

Fund Balance Forecast Assumptions:

- Includes \$4M as a placeholder for new annual service proposal costs
- Includes \$13.5M in broadband projects.
- Includes \$2M in one-time costs for Clark Lake dredging
- Includes \$1M to staff jail improvement project
- Does not include funding for a new justice center or emergency services building.
- Does not include new funding for county road capacity.



GENERAL FUND FORECAST





NEXT STEPS

- Budget Retreat With Commissioners: **May 22nd**
- Budget Kickoff With Staff: **May 31st**
- Compensation Work Session: **June 26th**
- Capital Requests Due: **August 2nd**
- Operating Requests Due: **August 9th**



QUESTIONS?

Thank you!