



OFFICE OF THE COUNTY MANAGER

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2010 REVISED AND 2011 PROPOSED LARIMER COUNTY BUDGET

As specified in the Policy Governance Manual, adopted by the Board of County Commissioners, it is the responsibility of the County Manager to prepare a proposed budget for presentation to the Board, based on the Board's expressed priorities and direction.

The 2010 revised and 2011 proposed Larimer County budget were both prepared in compliance with state statute, generally accepted budgeting principles, funding agency requirements, and the budget priorities and directions of the Board of County Commissioners.

Acting on recommendations from a Resource Allocation Committee, the 2010 budget was prepared using the concepts of Budgeting for Outcomes. In this system, county services are evaluated based on priorities set by the Board of County Commissioners.

Each service is assigned to one of seven key outcome areas. These outcome areas are also the key ends statements adopted under the policy governance model. The seven key outcomes/ends are:

- **Health and Well-Being** - We provide opportunities for our community members to be healthy and self sufficient
- **Statutory General Government Services** - We provide basic statutory county services in an efficient, responsive and effective manner and with accountability to our citizens
- **Environment** - We maintain and promote a healthy environment, protecting our natural resources for recreation, conservation and community well-being.
- **Preparing for Growth** - We grow in a manner that maintains and enhances the quality of life of our citizens.
- **Public Safety** - We contribute to community safety through prevention, emergency preparedness, responsiveness and community partnerships
- **Jobs and Economic Vitality** - We promote a strong economy and economic vitality
- **Transportation** - We have safe, efficient and adequately maintained transportation systems

Within each outcome area, the Board of County Commissioners ranked services with respect to receiving county financial support for the 2011 Budget. Services were prioritized using the six criteria recommended for determining financial emphasis:

- Promotes the Strategic Plan, Work plan or Special Priorities
- Promotes Partnerships & Collaboration
- Promotes Desired Results Statement
- Promotes Prevention or Problem Avoidance
- Public Perception of importance of this Service
- BOCC believes the Service Level Needs Emphasis

Overall, the gross 2011 Proposed Budget of \$310,568,259 is a 6.9% increase from 2010 Original Budget and a 1.9% decrease from the 2010 Revised Budget.

The 2011 Proposed Net Operating budget is \$247,050,638 which is a 0.7% decrease from the 2010 Original Budget and a 6.8% decrease from the 2010 Revised Budget.

In addition to the primary base budget, departments were instructed to prepare a budget with an average 20% reduction in expenses, based on the passage of the proposed Amendments 60 and 61 and Proposition 101. Based on county budget office analysis, the passage of these three propositions would reduce county revenue by an average of 20%. Impact on outside sources of revenue, particularly from the State of Colorado is unknown, so the 20% reduction was based on county revenue only.

The 2011 budget process can be characterized as a process of focusing resources to the highest priority services while limiting the requests for supplemental funding.

Based on current and projected economic conditions we will all have to "do more with less". It was the expectation that all departments and services be as imaginative and creative as possible, focusing on becoming more efficient and streamlined in delivering their services. Departments were encouraged to look at consolidation, cross-departmental collaboration, partnering, redesigning services, and business process improvements that are effective in helping to adapt to the resource constraints.

Based on the priorities set by the Board of County Commissioners, the services ranked in each outcome area were budgeted ranging from a 1% decrease in 2010 county support level (for the highest priority services) to a 6% decrease from the 2010 county support (for the lowest priority services). In addition, internal services were decreased by 3% and equipment replacement funding remained static. This conservative budgeting approach, along with maintaining adequate rainy-day reserves, will allow Larimer County to better manage during expected leaner times in the near future.

Supplemental Investment Proposals were considered with the following limitations:

- Only Proposals that directly improve capacity, efficiency or effectiveness were considered. Proposals must identify the specific results to be achieved.
- Proposal must show a positive return on investment within the near term.
- The County Manager will recommend those proposals (if any) to be included in the 2011 budget and may recommend that non-General fund resources be utilized to finance the recommended proposal.
- Six supplemental investment proposals were submitted. Four proposals are being recommended for funding at this time.

Highlights to the 2010 revised budget

- Sheriff Office moved the Alternative Sentencing Department to the Criminal Justice Division (under the Commissioners).
- Approved rolling into 2010 the remainder of the Oracle Financial System Upgrade Project funds in the amount of \$1,783,229
- Approved the transfer of \$9,577,505 General Fund Reserves to the Criminal Justice Fund to build an expanded Alternative Sentencing Facility. As of the date of this publication, the funding will remain the same but be moved to another fund best suited for capital construction.
- Transferred Criminal Justice Administration budget from the General Fund to the Criminal Justice Fund.
- Adjusted the Capital Expenditures Fund for \$3,447,000 in carry-over and new facility projects.
- Revised the Human Services Fund budget lower by \$2,713,000 due to changes in grant funding.
- Revised Facilities and Information Technology Division budgets by \$1,581,000 to reflect carry-over projects and moving HHS Business Analyst service budget.
- Revised the Self-Insured Risk fund by \$6,743,000 to recognize Ranch claim and adjust for other claims.

- Revised the Open Lands budget by \$1,824,000 for the Three Bell grant award
- Revised the Parks budget by \$2,597,000 for carryover and new projects (two swim beaches and other projects)

Highlights to the 2011 proposed budget

- In anticipation of a 6-8% drop in the assessed value of the county in 2012, the Board of Commissioners directed that the budget be prepared based on a 4% decrease in county tax support to programs & services.
- Total expenditures are \$310,568,259 this is a 6.9% increase from the adopted 2010 budget. After excluding for internal transfers, capital replacement and the Coal Creek project the 2011 “operating” budget is a 0.7% DECREASE from the 2010 budget
- Although General Fund revenues are less for 2011, **proposed spending is reduced such that General Fund reserves are increased by \$4,000,000 as directed by the BOCC. This reserve would be reduced to \$3,445,888 after financing the recommended Investment Proposals listed below.** The reserve will be “banked” for 2012 and beyond where property tax income is expected to fall. This increase in General Fund reserve is based on including \$589,172 in unspecified budget reductions that are yet to be determined.
- There is no increase in health insurance costs (medical & dental) for 2011.
- There are no salary or merit increases planned for county employees in 2011.
- Elimination of the county salary longevity program by 2012 reducing staffing costs by an estimated \$400,000 in 2011 and another \$400,000 in 2012
- 86 positions with salaries over the top of the adopted salary range had their salaries reduced to within their range for a savings.
- Staff changes recommended for the 2011 budget:
 - A total of 29.22 positions will be eliminated in 2011, saving approximately \$1,450,000.

▪ Cooperative Extension	0.5 FTE
▪ Planning and Building	4.0 FTE
▪ Facilities and Information Technology	5.7 FTE
▪ District Attorney	3.5 FTE
▪ Solid Waste	1.0 FTE
▪ County Attorney	1.0 FTE
▪ Sheriff	6.0 FTE
▪ Workforce Center	7.52 FTE

Highlights to the Secondary 2011 Proposed Budget (Proposition 101, Amendments 60&61 Pass)

- A total of 107.37 positions will be eliminated in order to reduce service costs

○ Cooperative Extension	2.25 FTE
○ Planning and Building	8.0 FTE
○ Finance	2.0 FTE
○ Purchasing	2.5 FTE
○ Facilities and Information Technology	14.5 FTE
○ Alternative Sentencing	2.0 FTE
○ Motor Vehicle	8.5 FTE
○ Human Services	20.0 FTE
○ District Attorney	3.5 FTE
○ Public Works Admin	0.6 FTE
○ Engineering	3.8 FTE
○ Road and Bridge	1.5 FTE
○ Open Lands	1.0 FTE
○ Solid Waste	1.0 FTE
○ County Attorney	1.5 FTE
○ Sheriff	20.0 FTE
○ Health	5.7 FTE
○ Workforce Center	7.52 FTE
- In addition to staff cuts, commensurate reductions in services are planned.

- Closure of satellite services in Loveland and Estes Park
- Elimination of support for Mental Health Center and Detox treatment
- All planning submittals would be required to be contracted with private consulting firms at the cost of the applicant
- Elimination of animal control program
- Final program adjustments will be made once the impact of state funding reductions is known.

County Manager recommended changes to the submitted budgets include:

- Continue 2010 funding level for the Larimer County Humane Society Contract in order to retain animal control services.
- Full funding of the annual State Emergency Fire Fund payment.
- Investment funding of \$509,112 for three efficiency projects in the District Attorney's Office. These three projects will save \$336,688 annually and reduce staffing needs by 5.55 FTE.
 - Electronic Content Management System
 - E-Discovery, an automated records sharing system
 - Law Enforcement Records Management System (LERMS) II to interact with the Loveland Police Department.

Future Concerns

Several critical requests were unable to funded, yet must be addressed in the near future:

- Funding for road and bridge infrastructure is still inadequate.
- There remains a need for 15-16 additional patrol officers, and support staff for those deputies, in the Sheriff's department to reach a staffing level similar to other Front Range counties. (Adjusted for population.)
- The County detention center population has been stabilized in 2010 due to increased effort to use alternative sentencing programs. The possible passage of the proposed Proposition 102 which would limit the viability of pre-trial services could have a major financial impact on the criminal justice system, immediately forcing jail populations to exceed our current capacity and moving up the need for expansion of the detention facility. The immediate fiscal impact of the loss of our aggressive pretrial program will be over \$2 million annually.
- There remains a critical need in the county for mental health and substance abuse treatment options. These are crucial in a comprehensive program to manage jail populations and the costs of the criminal justice system as a whole.
- The sales tax for the detention center became insufficient to cover the costs of operations in 2009, requiring additional general fund dollars being diverted from other services. This has grown annually and will become critical in 2014 when the tax expires and there will be approximately a \$15 million dollar operating deficit for the detention center. It is critical that the Board of County Commissioners plan for addressing this deficit in the near future.
- Although the county has a well developed capital replacement plan for equipment and vehicles, no plan exists for major software acquisitions and replacements. These are critical parts of the county infrastructure and a regimented plan for funding replacement of these tools is needed.

In summary, the budget as proposed complies with county policy and the policy direction given by the Board of Larimer County Commissioners.

Sincerely,



Frank T. Lancaster
Co. Manager

