



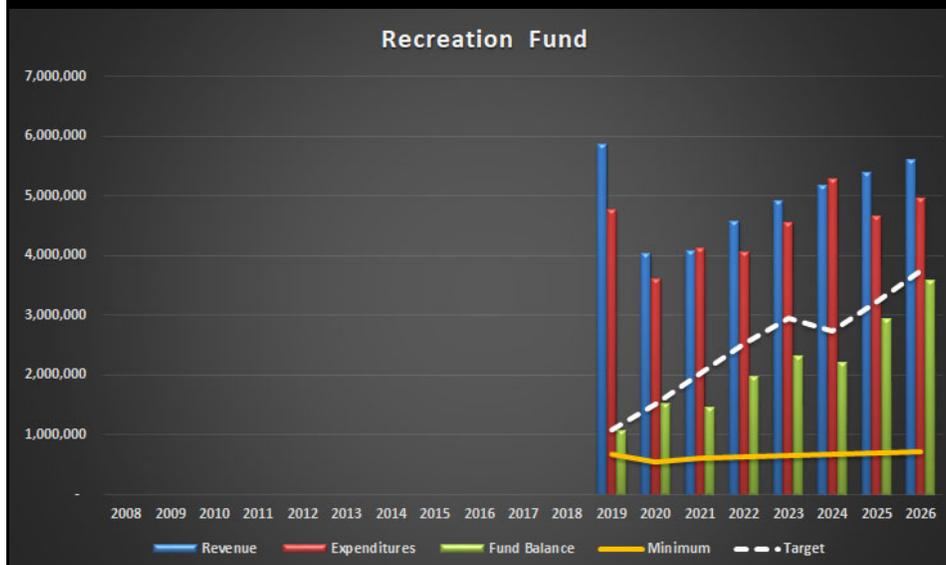
City Council
September 29, 2020

Addendum #1
Additional Packet Information

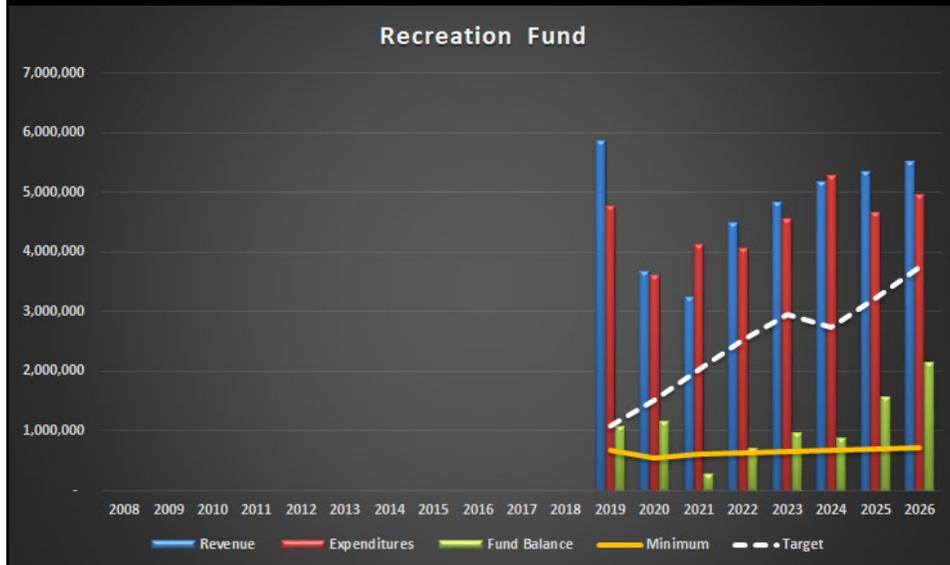
Changes to Recreation Fund Projections

- A 10% increase in revenues for 2021. This is an increase over our projected current 2020 revenue. The rationale for this is that we will have limited or no closures in 2021 compared to 101 days in 2020.
- A return to 80% of pre-COVID revenue (2019) in 2022. The rationale is that we would likely see a rapid return once a vaccine is widely available and felt that 70% was a little conservative.
- 2023 projection of a return to 90% of pre-COVID revenue
- 2024 projection of a return to 100% of pre-COVID revenue
- 2025 and 2026 would see moderate revenue growth of 3% annually.

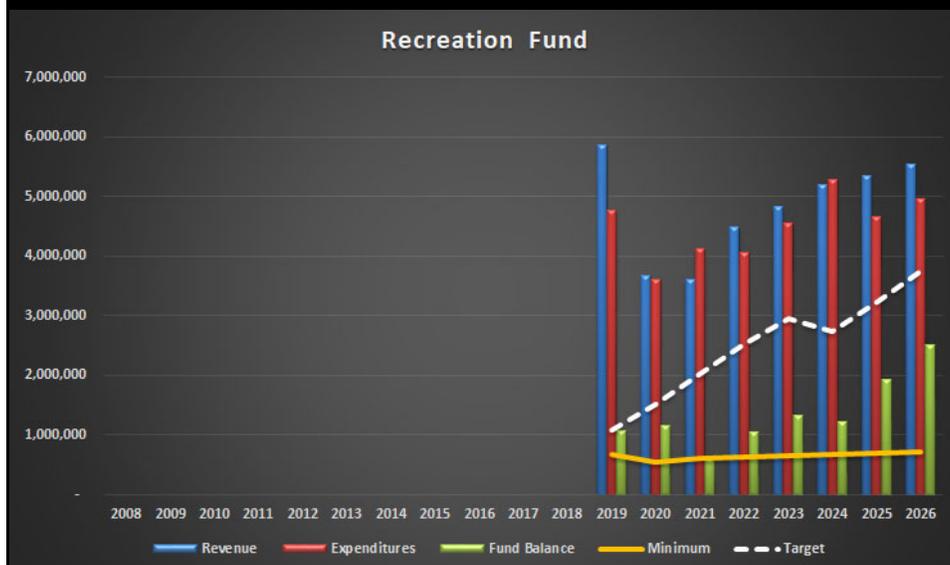
As Presented on September 22



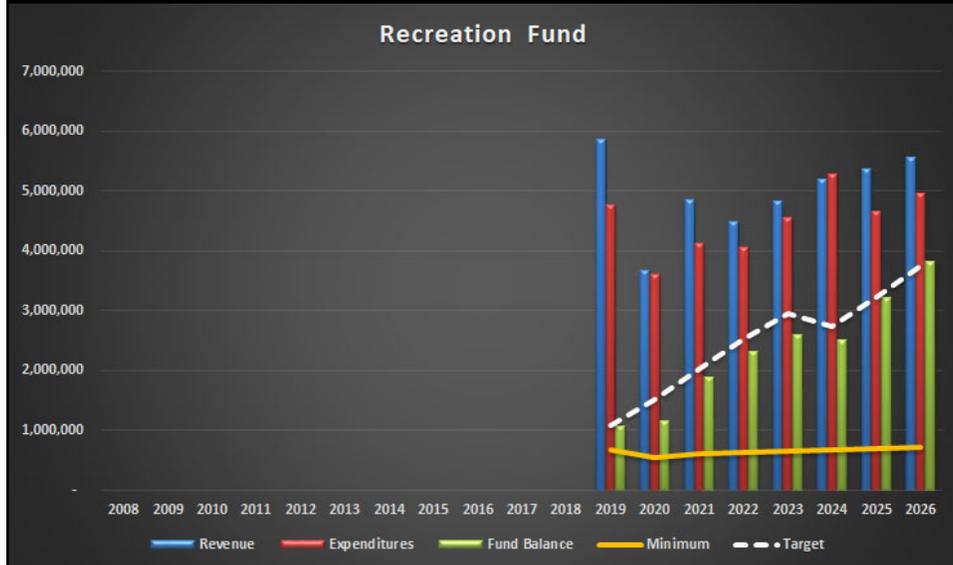
After Adjustment to Projected Revenue



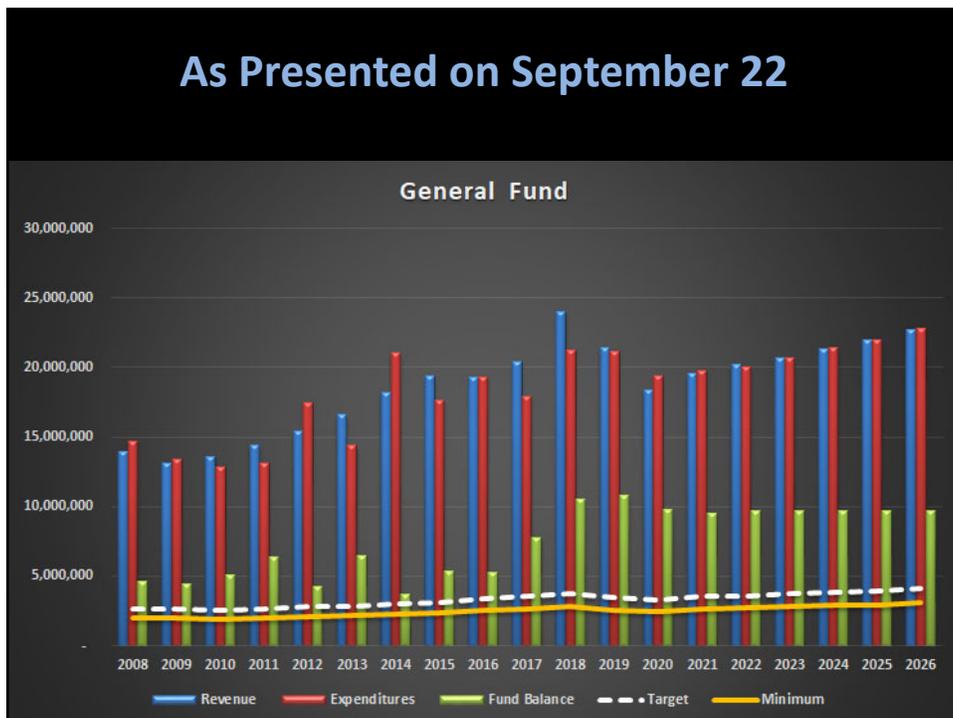
After \$350,000 General Fund Transfer



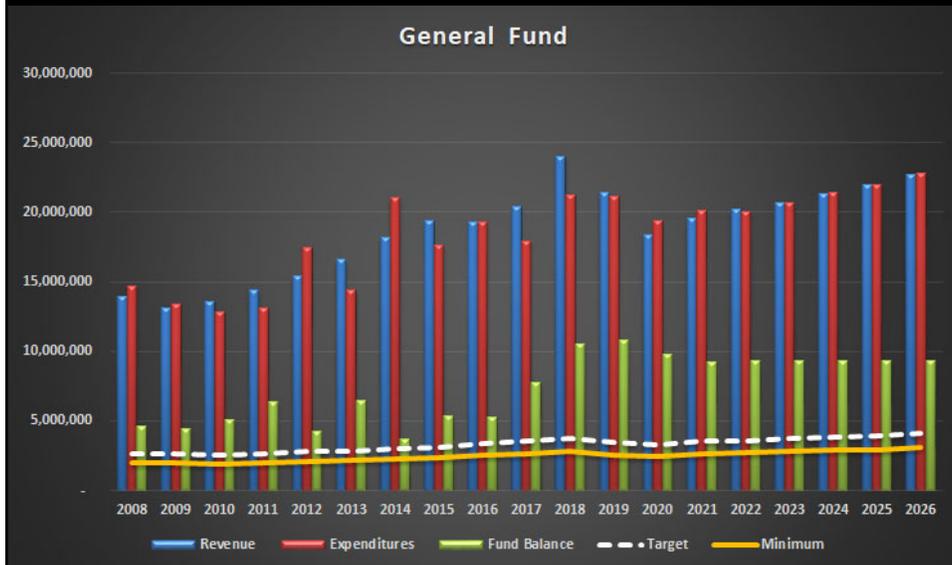
After \$1.6M General Fund Transfer



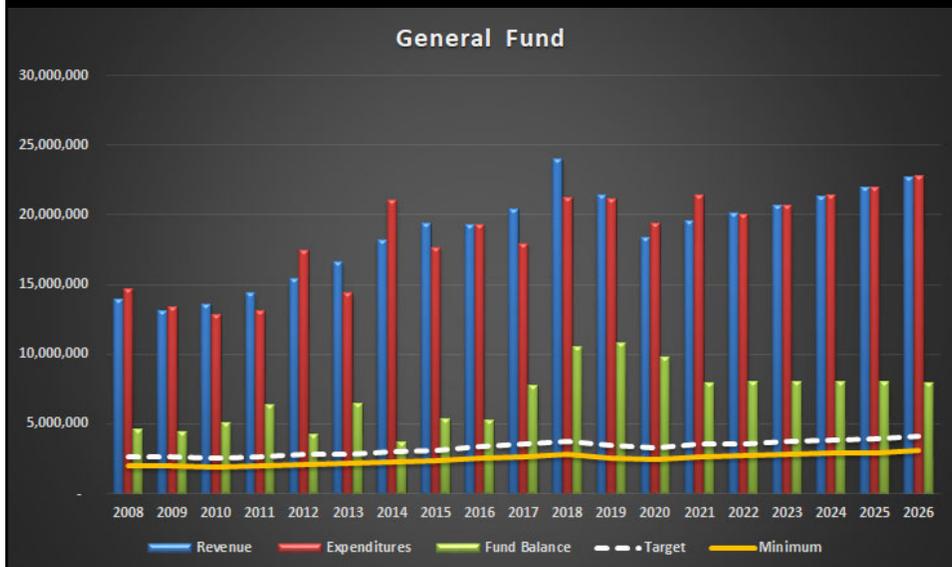
As Presented on September 22



After \$350,000 Transfer to Recreation Fund



After \$1.6M Transfer to Recreation Fund



Changes to Recreation Fund Projections

- At a minimum staff supports an **additional transfer** in 2021 of \$350,000 from the General Fund to the Recreation Fund to meet minimum fund balance requirements in the Recreation Fund. This will also allow for the inclusion of all CIP requests. Staff will continue to refine R&R annually (1st quarter) to extend R&R as warranted.
- City Council could also direct staff to increase the additional transfer in 2021 or future years from the General Fund to further close the gap to meet the R&R targets (which at a maximum would be \$1.6 million or an additional \$1.25 MM including the \$350,000 provided above) by 2026.
- A combination of reduction to CIPs and operations, deferral of R&R for the time being and forego future transfers meant to help maintain fund balance to cover R&R until the City has a better understanding of the long-term impact of the pandemic on the Recreation Fund.

FY 2021-22 Draft Budget Questions and Issues

Councilmember Jeff Lipton

General Questions:

Could we get an update on the Railroad Quiet Zone project (\$3,274,020)? This project has had a history of escalating costs over many years. These budgeted amounts have been getting stale and we need to decide whether we need additional funding (or at least contingency) before we fund new projects.

Update coming, waiting for some action by the PUC in the next 2 weeks.

Please explain where the additional funds are allocated to backfill for the elimination of the use of pesticides and herbicides on public lands. In addition, there was agreement that notwithstanding the desire to eliminate the use of chemicals, we wanted to improve our overall maintenance of public lands. Where are the additional allocations to make those improvements contained in the budget? Staff has requested additional funds to cover the cost of seasonal staff members whose primary focus will be on implementation of weed control using non-synthetic herbicides and horticulture practices (increase in variable hours).

Given the great interest in reducing the City facilities carbon footprint, there are several projects that would provide immediate energy and carbon savings that are pushed out several years. Why shouldn't we move those projects up in the six-year plan to gain the potential cost and emission savings?

Examples are included below in the CIP questions:

There are several improvements for Rec and Senior Center projects that are proposed for 2021. Given the likelihood that these facilities will be heavily Covid- impacted (assume mass vaccinations by mid-year at the earliest), why can't those projects be pushed back to FY 2022 to help balance cashflow in FY 2021? These were low cost projects and City Council requested they be moved up time wise at the July budget retreat.

There are several requests in the six-year plan to increase or update departmental back-up server capacity. Given the proposed large investments in middle-mile capability, should the City look towards consolidating departmental servers into a single site to consolidate capital and operating expenses? The middle mile fiber project work is different from City Staff's IT backup server needs. Best practice for data servers and services is to have the capability to bring all systems back up in an alternate site location to maintain disaster recovery and business continuity in the event that the primary site is down or destroyed. High-speed network capabilities provided through robust middle mile connectivity allow for to this, but are not a replacement for backup services. Consolidation to a single site would create a single point of failure for all data servers and systems. The backup CIP projects relate to the City's underlying server infrastructure which runs all of the business systems and applications for the City. These systems have a four (4) year replacement cycle. Staff currently extends the life of those systems by moving them into our backup site after four (4) years in production. Some of the CIPs also relate to staff's backup software and infrastructure that provides capability to protect and recover City data, storage and systems.

The City's Transportation Master Plan calls for long-term continuing investments over a long period of years. However, the CIP only indicated one-year funding (\$1.3-million) in FY 2022. Shouldn't our six-year plan have some annual placeholders for each year to make progress on the TMP. I would guess that we would want to invest at least \$500,000 each year and perhaps more when there are matching grant opportunities. Without the annual placeholders, we are likely inflating our overall fund balances over time since we will likely want to continue to make additional investments. **Staff is attempting to plan, design, and build at a fast pace. The City recently converted two major collectors to accommodate TMP goals. City Council may want to earmark additional money but staff is reaching capacity, and it's likely that some projects would not be able to be completed as scheduled which would drive carry-forward.**

Each of the projects below are implementing the TMP, but not all projects are identified within the TMP budget:

- **#1 104th Empire Trail: \$144,000 in 2021; \$852,333 of budget not grant funded. City budgeted portion of project is coming out of the Open Space and Parks Fund and is not identified in TMP funding.**
 - **#11 Open Space and Parks Signs: \$60,000 in 2021 and \$30,000 in 2022. This is part of implementing the TMP and is coming out of the Open Space and Parks Fund and Conservation Trust – Lottery fund and is not identified as TMP funding.**
 - **#77 South Boulder Road Pedestrian Surface Improvements: \$356,000 not grant funded. City budgeted portion of the project is coming out of the Capital Projects Fund and is not identified in TMP funding.**
- #79 Identifies multiple TMP projects for \$1.3M all in 2022: 1) Via Appia Improvements; 2) Bike Routes; 3) Enhanced Crossing; 4) US 36 Connections; 5) Fun Routes; and 6) Safe Routes. These projects likely cannot all be designed and completed in 2022, so we could spread this funding out over multiple years.**

Another consideration is that the current CIP proposal does not include funding for Highway 42 improvements because the design study that is planned to start this year is not yet complete. Once the design study is complete, timing and cost estimates could be added to the CIP. As this will be a very large and costly project, the City will also need to understand when state and federal funding may be available. Public Works is also reviewing every street that they work on each year in the paving plan from the perspective of the TMP and adding in features as each section of road is designed. This approach was recently used to convert two major collectors to accommodate TMP goals.

One of the significant takeaways from our Citizen Survey is that there was some community dissatisfaction with our current street maintenance and snow removal. Please explain how we will make progress in this area within the proposed budget. It appears that the "expenditure per resident" not including capital costs are being reduced. Also, explain what the funding gap would be to get from "average-to-good" in this basic city service. **Louisville is one of the few cities in the Front Range that plows every street over 2" of snow. The Citizen Survey took place at a time when we had one of the largest snowstorms in the last 10 years. It came in quickly over the course of just a few hours combined with extremely cold temperatures for many days that delayed melting and created ice layers on the roads that were extremely difficult to cut through without warmer temperatures.**

The City is not proposing any reductions to personnel or available equipment. The 2021 CIP provides for upgrading the deicer spreaders to larger units on the two trucks that service residential streets. This allows for longer times out plowing before needing to return to the City Services to reload deicer. The major operational budgetary impact for snow removal is ice slicer and overtime (limited at times by available driver hours). Neither of these items have been limited in the past by budgetary constraints. We buy more ice slicer if we have a larger winter and we expend additional overtime to keep plowing as needed.

If City Council would like an increased service level in response to extreme snow removal events, the City would need to add additional personnel and equipment. This would require addition of another two operations staff (\$120,000/yr) and two additional tandem snow plows (\$600,000 capital investment). The City could also increase its annual deicer budget from \$75k to \$125-150k if there were no constraints on use.

FICA expenses are assumed to increase by 13.1% in FY 2023. What is the cause of that spike? Staff uses a wage and benefit projection module within the City's ERP system to project all regular wages and all benefits for 2021 and 2022. This is a sophisticated projection process that takes into account the maximum Social Security cost by employee. The wage and benefit projection process is not available for 2023-2026, so for these years, staff adds together all regular, variable, and overtime wages and multiplies by 7.65% to get an estimate of total FICA costs. This is a known overstatement, because it does not take into account the employees that exceed the maximum social security wage amount, but is used a conservative estimate.

What is the Pay Equity Study (\$25,000) and Employee Survey (\$6,500). Why are these priorities for FY 2021? Pay equity study is a result of recent legislative action called the Colorado Equal Pay for Equal Work Act (Senate Bill 19-085) which was passed in 2019 and will take effect on January 1, 2021. It prohibits all employers in the State of Colorado (public and private regardless of size) from discriminating on the basis of sex (gender) or on the basis of sex in combination with another protected status, by paying an employee of one sex at a wage rate less than the rate paid to an employee of a different sex for substantially similar work.

Employees may bring a lawsuit within 2 years of an alleged violation and each time a paycheck is received could create a new violation. One of the ways to avoid liquidated damages is for an employer to conduct a "thorough and comprehensive pay audit of its workforce, with the specific goal of identifying and remedying unlawful pay disparities." Although, staff thinks it unlikely that this has occurred in Louisville, we think it is prudent to conduct the study to ensure our pay practices are equal as it relates to this law. We anticipate this costing \$25,000 and would send out an RFP to choose a vendor specializing in the compensation field.

The Employee Survey is scheduled every 2 years, which would occur in 2021, and is particularly important to complete in 2021 as it relates to how employees are feeling as it relates to the pandemic in 2020. It is also one of the tools we use to analyze and report the organization's Effectiveness Measures in our KPIs: City Employee Satisfaction Rating.

The Recreation and Senior Center budgets are based on revenue projections that were considered to be “likely-case” two months ago. The staff has indicated at the last Finance Committee meeting that they believe, based on usage since re-opening, that what was the “worst-case” is now the “likely-case” scenario. Has the overall City budget been updated to reflect the newest revenue scenarios and fund balance projections presented earlier this month to the Finance Committee? **Kevin has incorporated further revenue reductions and will discuss at the September 29 meeting. Given the uncertainty of the current situation, it’s difficult to accurately forecast revenues for the recreation center in out years. Staff will continue to update current year projections and apply a conservative approach to forecasting out year revenues with a return to pre-covid revenues in approximately 5 years. Please see #27-42 comments below.**

It is proposed to permanently eliminate the “Nite at the Rec” program, notwithstanding that in 2019 there were 4,230 participants. This seems to be a very popular program. It costs \$8.00 per participant, which I assume is recovered in fees. It is shown to be more popular than Youth Sports programs. So why are we eliminating it permanently? **As part of cost savings reductions, staff for this specific program has been eliminated. This program is not allowed under current health guidelines, requires density/high usage of facility and not sure what the future looks like with declining overall rec revenues under current capacity guidelines that will go into 2021.**

Is the Economic Vitality Committee considering any additional tranches of financial support to the business community this or next year? None are mentioned in the budget. Should there be any placeholder funding considered in at least the FY2020 or FY 2021 budgets? **In 2020, the Emergency Solutions Grant Program was funded by \$250,000 from the General Fund and \$100,000 from the Louisville Revitalization Commission. Also in 2020, the Recovery & Improvement Matching Grant Program is being funded by the General Fund but is also contemplated as reimbursable through the CARES Act. In terms of other pandemic business support in 2020, the City expended approximately \$23,000 on the Outdoor Dining program, which was added to the Economic Vitality budget and is supported by the General Fund. The 2021 Economic Vitality operating budget is a reduction in funds for business support and does not provide for any ongoing pandemic recovery programming. Any high priorities that result from the forthcoming Economic Vitality Strategic Plan will also need to be discussed regarding potential resources since they are not included in next year’s operating budget. The City continues to pursue all federal, state and regional grant opportunities, but as needs and future funding sources are uncertain, staff did not include a placeholder at this time.**

We have been waiting for some time for the results of the County study on senior services. What is the status of that study and should we consider any funding gaps in the City’s senior services at this point in time? **The County has put the AAA study on hold during the COVID pandemic. In terms of gaps, currently staff are projecting a \$69K shortfall for senior meals in 2021 if distribution continues at the same level seen during the pandemic. Staff is also seeking additional grant funds.**

There are large increases (\$69,000) proposed for Cultural Arts and Special Events for 2021. What are those increases for and given the pandemic situation, are we really going to need any or all of programming costs for FY 2021? The 2020 revised budget was used as the starting point, and the Special Events budget had been cut very significantly due to cancellation of almost all public events. **For**

special events, staff anticipates 4th of July returning (in smaller capacity), Fall Festival (as regularly planned), StreetFaire/downtown flowers & lights (as regularly planned). For cultural arts, staff reduced the LCC programming budget from \$20,000 to \$15,000. We can look at additional reductions depending on the pandemic and/or budget cuts (i.e. public art, arts grants).

Capital Improvements Program:

#4- Retaining wall replacement- Only one-year funding requested. There is a multiyear need for wall replacement or repairs. This covers what is currently projected for need. **This is what staff is currently aware of for wall replacement needs.**

11- Open Space and Park Signs \$50,000 (2021) and \$30,000 (2022)- Part of these funds will be used for another design study. Funds should be allocated over more than two years. A placeholder for continuous funding should be added to six-year plan. **This is in line with what OSAB is supportive of in order to keep this moving forward. This is also a TMP priority. Once updates to the plan are complete, staff will have a better idea of the implementation cost and can add into future years.**

#13- Prairie Dog Policy and Management Plan- \$45,000 (2023). This is a ridiculous and excessive amount to study prairie dogs and to come up with a plan for public lands. The City staff should study and adopt best practices that are available and move on. **Due to the controversial nature of this topic, most organizations hire a consultant to help with public process and current research trends. Could be doable as a staff project but may require additional resources. Staff could also do this as an amendment to the existing plan, or a consultant could do an update rather than a new plan that addresses new colonies (CTC, Hecla) as well as old. The staff and/or consultant would also need to develop protocol for passive relocation and other new methods.**

#17- Bench Replacement - \$15,000 (2026)- There are benches that need attention now and in the near future. There should be funds allocated every year to maintain the benches so extend their useful lives and avoid replacement costs later. **Could move up to 22/23 but at capacity given staffing levels and other work duties in 2021.**

#27-42, all these projects are currently on a replacement schedule. They do not move forward unless warranted, and this is flexible. With the new lower projected revenues for the Recreation Fund, staff is seeking direction on possible options for addressing Rec Fund CIPs at the September 29 City Council meeting. A supplemental power point regarding revised revenues and options is also attached and will be presented on the 29th.

#27- Fitness Equipment Replacement- \$70,000 (2021)- Given the effects of the pandemic on equipment usage during 2020 and likely continuous into 2021, why can't we extend the useful life of most of the equipment for one year and avoid some or much of this cost for 2021?

#28- Aquatics Amenity Updates \$15,000 (2021)- Given the projected low use of the pools due to the pandemic, why can't we postpone this project for one year? It was listed as a low priority.

#33- Memory Pool Heater \$40,000 (2023)- Given the opportunity to improve energy efficiency of the heating system and lower City's carbon emissions, why not move this project to 2021 or 2022?

#34- Rec Center Cameras- no justification provided on request sheet. **The request is to remove and replace some old cameras and add some new ones at the Rec Center and Memory Square to improve coverage and overall security/safety.**

#35- Pool Pace Clocks \$6,400 (2024)- These clocks have been requested by pool users for years and were supposed to be part of the Rec Center project. Couldn't we move this up to 2021?

#39- Hydroxyl Radicals \$71,000 (2024)- The addition of this equipment would improve pool chemical environment and provide a cost savings for pool chemicals. Why shouldn't we do this sooner than 2024 to take advantage of on-going cost savings?

#42- Recreation and Senior Center HVAC Replacement- \$720,000 (2024)- This project is supposed to improve energy efficiency of the heating and cooling systems and lower City's carbon emissions, why not move this project to 2021 or 2022?

#52- Downtown Streetlight Improvements- \$80,000 (2021)- Does the budgeted amounts include the URA committed contributions (\$142,000)?)? **Staff has completed a robust analysis of options for replacement in conjunction with Xcel. It's likely that staff will recommend revisions to this CIP.**

#57- Middle Mile Improvements and Enhancements \$1,017,000 over six years- Could we get a separation of the middle mile infrastructure costs from the patron WiFi components of the project so we could consider/prioritize them separately? **Currently we are including patron Wi-Fi costs dependent on middle mile build-out since this was in the original project scope of work. Staff has not had time to source alternate sources or solutions for extending, creating, or outsourcing stand-alone patron Wi-Fi at certain locations without the use of fiber infrastructure. Staff is currently working to determine one-time and ongoing operating costs based on this separate scenario.**

Police Department CIP Requests- most requests do not indicate priority ranking in packet materials.

High Priority

- Bi-directional 700-800 Amplifier for Public Safety Radio-\$187,000 in 2021
- Taser Replacement-\$78,099 in 2021
- Vehicle Replacement-\$136,776 in 2021, and \$150,454 in 2021

Medium Priority

- Additional features for Brazo's System-\$11,000 in 2021, and \$11,000 in 2022
- Stand-alone on-site server for Police Data Storage-\$55,000 in 2021

Future Priority

- Mobil Radios request replacement in 2026
- Portable Radios request replacement in 2026

#79- Transportation Master Plan- only one-year funding provided. We should have a "placeholder" amount placed in CIP (\$500,00 per year) to demonstrate continuing commitment towards projects. **See above.**

#81 Renewable Energy Credit (REC) Purchase- \$629,600 (2021)- This expenditure will provide only one-year carbon emission savings. It might provide some short-term notoriety to the City but after that, there is not guaranteed returns or continuing funding. There are plenty of energy improvement projects that the City could fund that will provide long-term cost and emission lowering results. As an alternative to simply writing a large check to Xcel Energy to make us feel good for a year, the City should consider

using this funding and perhaps additional funding in 2021- 2023 to support other energy conservation, alternative energy, and emission reduction projects for City facilities or to set-up a City revolving fund where projects could be funded and the funds paid back through energy savings. I would suggest that we allocate up to \$1,000,000 of our fund balances during FY 2021 toward that effort. **Staff is seeking direction on CIP priorities. Staff is also planning to continue analyzing renewable options and considering ballot measures around funding for the 2021 election.**

#83- Front Street Plaza Phases I and II- \$200,000 for Design and Engineering Studies- This is a totally new addition to the CIP and will eventually incur additional hard costs. There is also discussion of creating a “pedestrian mall” concept for Main Street. I think all of these projects are worthy of conversation as part of our City Council 2021 Work Plan so we can consider all of this in our overall priorities and needs. But, allocating funds at this point in the process is pre-mature. **Staff is seeking direction on CIP priorities.**