

***City Council
Budget Retreat
Meeting Minutes***

**July 18, 2023
Library Meeting Room
951 Spruce Street
6:00 PM**

Call to Order – Mayor Maloney called the meeting to order at 6:00 p.m. The following members were present:

City Council: ***Mayor Dennis Maloney
Mayor Pro Tem Deborah Fahey
Councilmember Caleb Dickinson
Councilmember Barbara Hamlington
Councilmember Dietrich Hoefner
Councilmember Chris Leh
Councilmember Maxine Most***

Staff Present: ***Jeff Durbin, City Manager
Kurt Kowar, Public Works Director
April Kroner, Economic Vitality Manager
Adam Blackmore, Parks, Recreation, & Open Space Director
Mahyar Mansurabadi, Tax Auditor
Ryder Bailey, Finance Director
Sharon Nemechek, Cultural Services Director
Rhonda Henger, Human Resources Director
Paulina Bennett, Information Technology Director
Rafael Gutierrez, Police Chief
Emily Hogan, Assistant City Manager
Meredyth Muth, City Clerk***

**BUDGET RETREAT: DISCUSSION/DIRECTION/ACTION 2023-2024 BIENNIAL
BUDGET – SUPPLEMENTAL YEAR**

***2023-2024 BIENNIAL BUDGET DEVELOPMENT PROCESS AND FINANCIAL
POLICIES, SUPPLEMENTAL YEAR***

Director Bailey reviewed the budget guidelines including: budget prioritization is given towards current functions and programs over adding new programs; one-time funding, if available, should fund one-time expenditures, not on-going expenditures; line-item

City of Louisville

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adjustments should be based on analysis and projections; and new staffing requests should include detailed and specific information defining the need for the position.

He noted the Marshall Fire continues to have a significant impact on the City's fiscal situation.

2022 YEAR-IN-REVIEW

Director Bailey reviewed the starting and ending fund balances for each of the major funds. He noted the General Fund increased significantly due to a transfer of ARPA funds.

Councilmember Dickinson asked for additional information to show what the year's original budget was along with the final budget as a point of reference. Councilmember Hoefner would like to also see the previous year actuals.

Councilmember Hoefner asked why we are planning so many water purchases. Director Kowar stated that last year staff determined we could sell some of the rights that we can't utilize. We did that and now we plan to buy rights that we can fully use.

REVENUE ASSUMPTIONS & EXPENDITURE TARGETS

Director Bailey reviewed revenue assumptions and tax revenue.

Auditor Mansurabadi noted the year-to-date revenue numbers. He noted the continued increase in taxes collected on the internet sales; in City sales are basically flat.

Mayor Maloney noted that the bag tax numbers are much higher than anticipated. This means people are not using reusable bags which is the hope of the program. Mansurabadi noted that all plastic bag sales will be banned statewide beginning in 2024.

Director Bailey reviewed property tax revenue estimates, sales tax revenue, and employee wages

Councilmember Hamlington asked if the proposed minimum wage changes would affect the City's payroll if approved. Director Henger stated there are over 100 positions currently paid lower than the proposed rate so it would impact costs.

Councilmember Dickinson asked if self-insuring might be an option for the City. City Manager Durbin stated insurance costs are going up across the board. The employee market is difficult and we need to remain competitive in benefits in the market.

Councilmember Dickinson asked if sales tax projections are taking historic growth into account or just staying conservative.

Mayor Maloney stated he thinks it might be a bit conservative but he feels that outside City sales won't continue to grow at this rate so this is a reasonable approach.

Councilmember Dickinson suggested using a slightly higher rate, perhaps 5%.

Mayor Maloney stated he would like a number informed by the historical data and what we anticipate for outside City sales.

Councilmember Leh agreed that out of City taxes may be reaching its peak.

2023-2028 CAPITAL IMPROVEMENTS PLAN (CIP)

Director Bailey stated the adopted CIP plan is being reviewed and new requests will be considered and included in the recommended budget in September.

2023-2028 FUND FORECASTS

Director Bailey discussed the preliminary Fund Financial Forecasts. He noted staff is proposing maintaining the turnback methodology for now. He reviewed the inter-fund transfers and the individual fund forecasts.

Councilmember Most suggested the fund balance reserve targets be increased to help be prepared for additional disasters or have a separate fund for that.

Mayor Maloney asked if Marshall Fire and sustainability project costs are included in the expenditure forecasts. City Manager Durbin stated fire costs are included and \$1.5M is included for sustainability projects this year.

Mayor Maloney asked that the Council have a further policy discussion on if a disaster fund is needed.

Director Bailey reviewed some potential fiscal impacts that will affect the 2024 budget including Marshall Fire recovery and mitigation costs; mill levy impacts and options; and the outcome of the Parks and Open Space ballot question.

Members discussed a possible mill levy credit for 2024 including using a formula to meet a revenue target to adjust for the anticipated increases in property values.

Members discussed issues around the Parks and Open Space Fund, how it is expected to be split into two funds, and the problems if the ballot question extending the tax does not pass this year.

Director Bailey noted the general trend of expenditures outpacing revenue.

Public Comments

Sherry Sommer, Louisville, asked if the ballot language didn't include the separating of funds if that would have to happen. City Manager Durbin stated that if the ballot question is approved we are going to be obligated to do that. It is something we have heard from the community that this is something people want.

Josh Cooperman, Louisville, asked if the generators being considered will be fossil fuel generators and if the decarbonization consultants have been involved in choosing those. Director Kowar stated they are fossil fuel back up as battery technology is not workable yet for this type of emergency situation. The consultants have been involved in the process and choosing of the technology.

ADJOURN

Members adjourned at 7:52 pm.

Dennis Maloney, Mayor

Meredyth Muth, City Clerk