



CITY OF LONE TREE



# 2015 Annual Budget



# CITY OF LONE TREE

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# CITY OF LONE TREE

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## **Using the Budget Document**

Each year, the City Manager and staff prepare an Annual Budget that serves as the funding plan for the policies, goals, and service-levels as determined by City Council. This document is a comprehensive decision-making tool that provides detail for the 2014 estimated Budget and the 2015 adopted Budget.

The City of Lone Tree prepares a modified programs-based Budget. The main Budget document and Budget Message found on pages 54-80, provide fund summary information, revenue details, as well as program budgets that identify activities and financial detail for each City department based on generally accepted accounting principles. Additionally, Council's Budgeting for Outcomes (BFO) seven outcomes are revisited and confirmed on an annual basis for the purpose of guiding the organization. For each of the seven outcomes, detailed information is provided stating the outcome, vision statement, goals and highlights for the upcoming year as well as the related 2015 expenditures assigned to each outcome. This presentation is provided to help citizens better understand how the City's costs relate to the overall goals that Council has defined. The BFO information can be found on pages 24-52 of the Budget document.

The City utilizes a decentralized "bottom up" approach in the development of the Annual Budget. Each Department is responsible for developing the financial data and narratives that are to be incorporated into the Budget document. Guidelines and instructions are established by the Finance Department in cooperation with the City Manager's office and City Council's policy direction. The Finance Department coordinates and compiles all the Budget information from the Departments into the final Budget document that is presented by the City Manager to City Council.

There are seven main sections to this document including: Introduction, Budget Process and Overview, Budgeting for Outcomes (BFO), Fund Summaries, Budget Message, Schedules and Statistical Tables and Financial Policies.

### **Introduction**

This section provides general information about the City including:

- Budget Highlights from the City Manager
- List of Principal Officials
- Citywide Organizational Chart
- City Fact Sheet

### **Budget Process and Overview**

This section provides the reader with information on the Budget process as well as a snapshot of the City's total Budget, including revenues and expenditures for all funds.

## **Budgeting for Outcomes (BFO)**

This section provides the reader with detailed information related to the City's seven outcomes including an overview, 2014 outcomes and accomplishments, 2015 goals and highlights, funding sources and expenditure detail by outcome.

## **Fund Summaries**

This section provides the reader with supporting detail for the revenues and expenditures for all funds requiring appropriation.

## **Budget Message**

This section provides detailed information about the City and each fund, as well as information on each revenue type, department expenditure information, capital expenditure information, debt and leases, compensation, benefits and staffing, as well as reserve funds.

## **Schedules and Statistical Tables**

This section provides debt schedules, as well as employee counts by function/program.

## **Financial Policies**

This section provides the reader information on the various accounting, budgeting and financial policies of the City.



# INTRODUCTION



## CITY OF LONE TREE

9220 Kimmer Drive, Suite 100  
Lone Tree, Colorado 80124  
303-708-1818  
www.cityoflonetree.com

To the Citizens of Lone Tree and other interested parties:

I am pleased to present the 2015 City Budget. This Budget is the result of many hours of work by City staff and City Council who jointly participated in the budget process. The Budget was adopted by the City Council by Resolution No. 14-23 on December 16, 2014.

The City's financial position remained strong during 2014 as the City continued to see the local economy improve with increases in both consumer spending as well as increased home prices. The City also continued to benefit from significant private investments within the community with the opening of the Charles Schwab campus as well as the Sky Ridge Medical Center expansion. Nevertheless, even with the positive results in 2014, the City remains prudent in the projects that are planned and the level of services provided to the public.

### **Budget Highlights**

The City's 2015 Budget reflects Council's objective to develop a fiscally responsible budget – a budget built on conservative revenue projections, prudent expenditure levels, and required and reasonable reserves and designations. Highlights of the City Budget include:

- Total budgeted revenues for all City funds are approximately \$41 million.
- Taxes make up approximately 65% of total revenues. The primary source of this revenue is sales and use tax which is projected to increase by 2% in 2015. The City does not assess a mill levy for the collection of property taxes.
- Total budgeted expenditures for 2015 for all City funds are approximately \$43.6 million. Budgeted expenditures are projected to be paid from projected 2015 revenues received as well as prior years' accumulated fund balances.
- The operating Budget maintains the same high quality level of service as 2014.
- 2015 anticipates hiring two new positions within the City:
  - Planner II position in the Community Development Department
  - Emergency Manager position in the Police Department, shared with the Town of Parker
- In January 2015, the City paid off the 2007 Series Certificates of Participation which were incurred to finance the Municipal Building and which are being paid off three years early as a result of prepayments in earlier years.
- Major Capital improvement projects for 2015 include:

- Entertainment District Improvements
- Lincoln Avenue Pedestrian Bridge
- Annual Street Overlay and Construction including Parkway Drive, Town Ridge Drive and relocation of the Arts Center driveway
- C-470 Coalition with Douglas County
- Website redesign
- A new dedicated turn lane at Yosemite and Park Meadows Drive
- A 25% working reserve has been included in the 2015 Budget. This is a 3% increase from 2014, which was at 22%. This reserve is set aside for unanticipated revenue shortfalls and unanticipated expenditures.
- Capital reserves have been established for capital replacement and new capital projects based on the City's 10-year capital plan.

Priorities and issues for the upcoming year include setting a strong vision for the City and outlining a long-term fiscal analysis that ensures stability and success. The City will soon begin a growth stage different from any previous period with the development on the east side of I-25 as well as several large capital project initiatives planned in the near future. With the City being highly dependent on sales tax revenues, careful consideration and long-term planning is even more critical. Work began on several of these projects in 2014 but will continue into 2015 and future years. Specific projects planned for next year include:

- Evaluating capital needs for the next several years and planned funding options for these projects including the light rail extension, library building repurpose and reuse, Lincoln Avenue pedestrian bridge, Entertainment District enhancements and Lone Tree Arts Center plaza improvements. Since the City has very limited bonding capacity, these projects are funded with a pay-as-you-go approach. The City also actively works with our partners for opportunities for joint funding on these larger projects.
- Engaged an outside consultant to complete a cost to serve analysis for the RidgeGate area on the east side of I-25. The long-term development for this area is an urban-style mixed-use area with capacity for approximately 7,000 to 8,000 housing units, 11 million square feet of office space, 2.3 million square feet of retail, hotels, school and university space, and parks and recreational amenities. This development is estimated to result in a potential population increase of 17,000 residents and an increase in jobs located in the City of approximately 43,000.
- The Planning Commission began work on updating the City's Comprehensive Plan. As part of this process, a new Vision Statement will be approved by City Council in 2015.
- During 2015, several other strategic planning documents are planned to be developed including an Economic Development Plan and City-wide Long-Term Fiscal Analysis, which will all be developed in conjunction with the City's overall strategic planning initiative.

The 2015 Budget still maintains the Budgeting for Outcomes (BFO) methodology and the seven outcomes remain the same. City staff and Council are committed to maintaining this standard and feel the outcomes and vision statements help ensure guidance during the budget process to achieve this goal. The table below summarizes the outcomes along with related vision statements.

<b>Outcome</b>	<b>Vision Statement</b>
Economic Vibrancy	A diverse, dynamic and prosperous local economy that sustains our community
Safe Community	A community that feels and is safe and secure anytime, anywhere
Multimodal Transportation	A comprehensive transportation network that provides reliable options to move people and goods to their destinations
Enriched Community	A community that promotes a culture of social belonging and healthy lifestyles
Attractive and Sustainable Environment	A distinctive and well-designed community that respects and preserves our natural resources
Municipal Stewardship	A responsive, professionally managed and collaborative government that provides services with excellence, integrity and care
Capital Investment in the Future	A proactive and forward-thinking government that addresses multi-generational needs through strategic investments

The *Budget Overview* section provides more detailed information on the budget process, highlights, as well as budgetary trends, while the *Budget Message* section details information about revenues and expenditures included in the 2015 Budget.

Finally, I would like to acknowledge City staff for their hard work, dedication and innovation and thank the Mayor and City Council for their direction, leadership and commitment. This Budget is truly reflective of a group effort.

The Council and I welcome any questions or comments concerning the 2015 Budget and budget process.

Sincerely,



Seth Hoffman  
City Manager

**PRINCIPAL OFFICIALS OF THE CITY OF LONE TREE, COLORADO  
December 31, 2014**

**CITY COUNCIL**

Mayor ..... James D. Gunning, At-Large  
 Mayor Pro-Tem..... Jacqueline Millet, District 1  
 Council Member ..... Harold Anderson, District 1  
 Council Member ..... Kim Monson, District 2  
 Council Member ..... Susan Squyer, District 2

**MUNICIPAL JUDGE** ..... Louis Gresh

**CITY OFFICIALS**

City Manager ..... Seth Hoffman  
 Deputy City Manager..... Steve Hebert  
 Acting City Attorney..... Neil Rutledge  
 Finance Director..... Kristin Baumgartner  
 Public Works Director ..... John Cotten  
 Community Development Director..... Kelly First  
 Chief of Police ..... Jeff Streeter  
 Lone Tree Arts Center Executive Director ..... Lisa Rigsby Peterson  
 Economic Development Director ..... Jeff Holwell  
 City Clerk..... Jennifer Pettinger

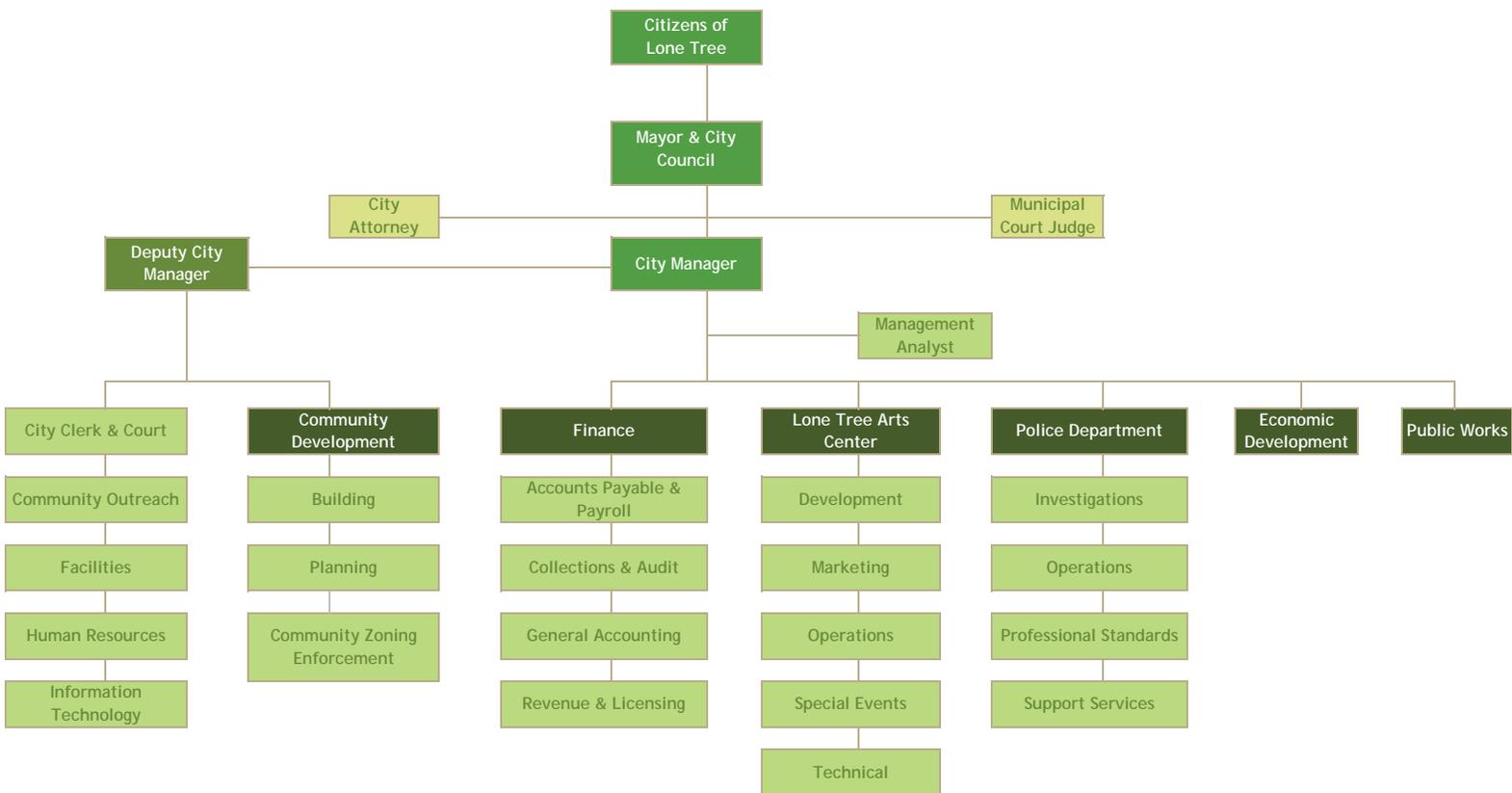


The Lone Tree City Council

# City of Lone Tree

## Departmental Structure

January 2015



# LONE TREE FACTS

## Overview

- ❖ Incorporated in November 1995
- ❖ Became a Colorado Home Rule City on May 5, 1998
- ❖ Council-Manager form of government where Council sets the City policy and the City Manager is responsible for City operations
- ❖ City Council is made up of five Council members, including the Mayor, elected in non-partisan elections. Each member serves a staggered four-year term and represents one of the two districts within the City except for the Mayor, who serves as an at-large member
- ❖ The City provides a full range of services including public safety, construction and maintenance of streets and other public infrastructure, planning and building permit and inspections, arts and cultural activities, financial management and municipal court services

## Location

- ❖ Located in the southern Denver metropolitan area at the junction of C-470/E-470 and I-25
- ❖ Comprises approximately 6,162 acres or 9.6 square miles
- ❖ Located in northern Douglas County

## General Population

- ❖ Population estimated at 12,779 as of December 31, 2014 (with a daytime population estimated at 25,216)
- ❖ Average household income of \$149,232
- ❖ Median Age – 39.4

## Economy

- ❖ Lone Tree is located within the boundaries of the Denver South Economic Development Partnership which includes 39 million square feet of office space and employment of more than 300,000 people
- ❖ The City is home to the Park Meadows Retail Resort, Colorado's only retail resort with over 185 unique retailers and restaurants including American Girl, Nordstrom and a Microsoft Store. During 2014, new vendors including Seasons 52, Perry's Steakhouse and L.L. Bean opened at Park Meadows, with their first locations in the state
- ❖ RidgeGate is a 3,500-acre master planned community located within the City and is home to the Lone Tree Recreation Center, the Lone Tree Arts Center as well as diverse retail, dining, office space and home offerings
- ❖ During 2014, Charles Schwab opened a new Colorado campus in the RidgeGate development. The campus features a retail banking center just west of I-25 and south of

Lincoln Avenue, as well as two five-story buildings, an amenities facility and a 1,000-space parking garage. A third office building and a second parking garage are under construction and expected to be completed in 2015. Charles Schwab also became the largest employer in Lone Tree with an estimated 2,200 employees

- ❖ The Lone Tree Entertainment District includes a movie theater, miniature golf, bowling, indoor skydiving and numerous restaurants
- ❖ Sky Ridge Medical Center opened in the City in 2003 and is a state-of-the-art regional medical facility located on 42 acres. In 2013, Sky Ridge began an estimated \$117 million expansion plan which will add 90 beds, a women's center, a new medical office building, additional spine/ortho operating rooms and a parking structure. The expansion is expected to be completed in 2015
- ❖ The City sales tax rate of 1.8125 percent is among the lowest in Colorado

## Parks, Recreation and Culture

- ❖ The City has an extensive trail system comprised of 34.5 miles in City limits and numerous parks totaling 243.79 acres including the Bluffs Regional Park and Prairie Sky Park
- ❖ Lone Tree Golf Club and Tennis Center includes a championship Arnold Palmer-designed 18-hole public course, two championship/teaching tennis courts with terraced seating, four-court tennis complex with lighted courts and a pavilion with picnic tables and children's playground
- ❖ Cook Creek pool features a 4,600-square-foot outdoor leisure pool, 23-foot tower slide, zero depth entry, basketball and lesson area and interactive water feature
- ❖ Lone Tree Arts Center includes a 500-seat main stage theater with orchestra and balcony seating, an adaptable 150-225 seat event hall for intimate performances and events and a 300-350 seat outdoor terrace theater
- ❖ Each summer the City features free summer concerts at Sweetwater Park as well as free outdoor movie nights with food and fun activities at Prairie Sky Park
- ❖ The Annual Independence Day celebration at Sweetwater Park features music, trampolines, climbing walls, face painters, caricature, inflatables, clowns, petting zoo, fireworks and much more

## 2014 Honors and Awards

- ❖ For the last eight years, the City has been awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports
- ❖ In 2014, the Transit Alliance Carla Madison Award for Outstanding Leadership by an Individual was awarded to Mayor Jim Gunning. Mayor Gunning was recognized for his efforts to find consensus strategies to increase transportation funding for all of Colorado as

well as his leadership for transportation as 2014 Chair of the Metro Mayors Caucus, and his crucial role in pulling together the Southeast Extension Partners to provide up to \$30 million in local matching funds to enable RTD to compete for a Federal Transit Administration New Starts grant to fund the Southeast Light Rail Extension, which is planned to open in 2019

- ❖ The City's Chief Building Official, Matt Archer received two recognitions in 2014 from the Colorado Chapter of International Code Council for his "valuable contributions and dedication" as committee chair and as a member of the Board of Directors
- ❖ The Lone Tree Arts Center continued to receive awards in 2014 including Four Henry Award nominations for *Sylvia* and *Big River*, as well as a "Best of" Westword award for *Sylvia* demonstrating LTAC's growth in artistic achievement. The Lone Tree Arts Center was also voted "Best Performing Arts" and "Best Place for Live Music" by readers of the Lone Tree Voice and Highlands Ranch Herald and recognized as "Best of the Area" for children's programs by Macaroni Kid Highlands Ranch/Parker/Lone Tree/Castle Rock
- ❖ The Lone Tree Arts Center successfully achieved the Scientific and Cultural Facilities District (SCFD) Tier II status during 2014, resulting in increased funding and regional recognition



# BUDGET PROCESS AND OVERVIEW

# **Budget Process and Overview**

## **The City Budget**

The City of Lone Tree's 2015 Budget provides the framework for providing services and programs to its approximate 12,800 citizens based on the delivery of core services and BFO priorities. Municipal services for the City are financed through a variety of taxes, fees, intergovernmental revenues, charges for services and fines. In order to provide the services needed as well as efficiently allocate the revenues that support the services, the City adopts an annual budget.

Guidance for the budget process comes from many sources. The Colorado Constitution and the City Charter provide the basic legal requirements and time lines for the process while City Council and constituent input provide the policy direction to respond to community needs.

## **Budget Process**

The fiscal year of the City is the calendar year and the budget process occurs throughout most of the year.

The intent of the budget process is more than just a financial presentation of revenues and expenditures; instead, the most important step in the process is to formulate a sound operational plan to serve the residents of the City. The timeline for adoption of the budget is designed to meet the City Charter and state mandates as well as allow active and early participation by City staff and City Council. Additionally, City policies guide preparation and long-range planning during the budget process.

In May, City Council holds a budget retreat to discuss policy decision for the year with City staff. From May through August, the Management Team (consisting of the City Manager's Office, department directors and finance) hold meetings and collect information, and a draft budget is compiled. In late August or early September, Council work sessions are held and a public draft of the budget is available on the City's website October 15<sup>th</sup> of each year. In November, a budget public hearing is held and in December the budget is adopted by City Council.

If during the year it is decided that a budget amendment is needed either due to budget transfers between funds, unanticipated revenues or revenues not assured at the time of budget adoption or revenues coming in lower than anticipated requiring revised appropriations pursuant to State Statute 29-1-109, the City will publish notice as required and conduct a public hearing and adopt a resolution for the budget amendment.

A chart showing the budget schedule is on the following page.

Budget Task:	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Council Retreat with City staff to discuss policy decision topics					■							
City staff collaborate and draft proposed Budget for City Council						■	■	■	■			
City Council work sessions with staff to review the Budget draft in detail								■	■	■		
Budget draft made available to the public on the City's website										■		
Budget public hearing											■	
Budget adoption												■
Budget booklet published and made available to the public	■											

## Total Budget Summary

### Revenues

The 2015 Budget has been prepared with no tax rate increases. Total budgeted revenues for all City funds are \$40,978,428. This is an increase of 9.7 percent from 2014. This increase includes anticipated contributions from partners for the Lincoln Avenue pedestrian bridge as well as funds related to the Certificates of Participation (COPs) reserve account which will be utilized to pay off the COPs in early 2015. Additionally this increase assumes a 2 percent increase in tax revenue which makes up approximately 65 percent of total revenue. The primary source of the City's tax revenue is sales tax and use tax.

The rate for sales and use tax for general operations remains at 1.5 percent. The total sales and use tax rate for the City is 1.8125 percent of which .125 percent is pledged to bond repayment related to park and recreation improvements and .1875 percent is pledged to bond repayment related to the construction of the Lone Tree Arts Center. These sales and use tax increases which are pledged to the current City bonds will end December 1, 2023, or after full payment of the bonds, whichever occurs first. The City's comparative low sales tax rate makes it attractive for consumers to visit and shop in the City. The following table compares the City's sales tax rate with other communities along the Front Range:

Municipality	Local Sales Tax Rate
Lone Tree	1.8125%
Greenwood Village	3.0%
Centennial	2.5%
Parker	3.0%
Castle Rock	4.0%
Denver	3.65%
Lakewood	3.0%
Broomfield	4.15%
Boulder	3.86%
Colorado Springs	2.5%

### Sales Tax Distribution



The total sales tax rate in the City of Lone Tree is 6.8125 percent. For every dollar you spend on retail purchases, you pay 6.8 cents in sales tax. Only 1.8 cents of this comes back to the City.

### Expenditures

The total budgeted expenditures for all City funds for 2015 is \$43,622,845. The net operating budget, which represents the funds needed for operating day-to-day services, excluding debt service and capital projects, increased by 4.9 percent in 2015 from 2014. Included in this increase were two new positions including a Planner II for the Community Development Department as well as an Emergency Manager position in the Police Department shared with Town of Parker. Also included in this increase were funding to start radio replacements in the Police Department, increased dispatch costs with Town of Parker Police due to the need to hire additional staff, as well as a citizen survey which is planned to be conducted in 2015. The increase in capital funding from 2014 to 2015 includes a redesign of the City's website, the Lincoln Avenue pedestrian bridge, improvements to several roads including Parkway Drive and Yosemite Street, a contribution to

Douglas County for the continuance of the East/West Trail and continued analysis of improvements to the Entertainment District. The change in fund balance between 2014 and 2015 in the General Fund is primarily a result of the large capital projects planned for 2015 with the use of fund balance coming from the City's capital reserve. The use of the capital reserve is pursuant to the City's 10-year capital improvement plan.

The following table compares the 2013 actual, 2014 estimated and 2015 budgeted amounts for revenues, expenditures and fund balance:

**Total Budget**

	2013 Actual	2014 Estimated	2015 Budget	% Change 2014 to 2015
Revenues	39,147,640	37,342,154	40,978,428	9.7%
Use of Fund Balance	2,096,928	-	2,644,417	
Total	41,244,568	37,342,154	43,622,845	16.8%
Expenditures:				
Operating	18,475,842	20,241,408	21,226,047	4.9%
Debt	2,368,756	2,434,819	2,505,000	2.9%
Capital	16,206,114	11,523,087	19,891,798	72.6%
Total	37,050,712	34,199,314	43,622,845	27.6%
Ending Fund Balance	15,797,988	18,940,829	16,296,413	(14.0%)

**Change in Ending Fund Balance (2014 Estimated compared to 2015 Projected)**

	2014 Estimated Ending Fund Balance	2015 Projected Ending Fund Balance	Change in Fund Balance	% Change
General Fund	17,462,720	14,608,904	(2,853,816)	(16.3%)
RidgeGate Fund	52,601	52,601	-	0.00%
Cultural and Community Services Fund	-	-	-	0.00%
Arts and Cultural Facilities Debt Service Fund	649,141	766,141	117,000	18.0%
Park and Recreation Improvements Debt Service Fund	776,367	868,767	92,400	11.9%
Total	18,940,829	16,296,413	(2,644,416)	(14.0%)

## 2015 Revenue Outlook

The 2015 Budget includes a wide variety of funding sources, some with restrictions that limit how the funds can be used. This section provides an overview of some of the key revenue sources which make up the overall budget. For additional information regarding 2015 projected revenue, refer to pages 54-57 and 71-73.

Taxes make up approximately 64.6 percent of the total revenue for the City. Each tax type is described below:

- **Sales Tax and Use Tax on Retail**

Sales tax and use tax on retail make up approximately 59 percent of total revenues. The Budget assumes a 2 percent increase in sales tax revenue and a 2 percent increase in use tax revenue in 2015 based on the addition of new retailers and store remodels.

- **Use Tax – Building Materials**

The Budget assumes a slight increase in 2015 for this revenue source with continued new construction in the RidgeGate area including the Morningstar senior living campus and New Town Builders townhomes.

- **Lodging Tax**

Lodging tax, which is charged on the renting and leasing of lodging accommodations, is anticipated to increase 2 percent in 2015.

- **Admissions Tax**

Based on historical trends, admissions tax is anticipated to remain constant in 2015. 2014 included a one-time voluntary disclosure payment from a vendor that discovered an error in its accounting system.

Franchise fees account for 2.6 percent of the total revenue for the City. Franchise fees include both fees charged on electric and gas utilities as well as on cable TV. These fees directly correlate to the number of homes in the City. Franchise fees are estimated to increase by approximately 2 percent in 2015 due to additional homes anticipated to be built.

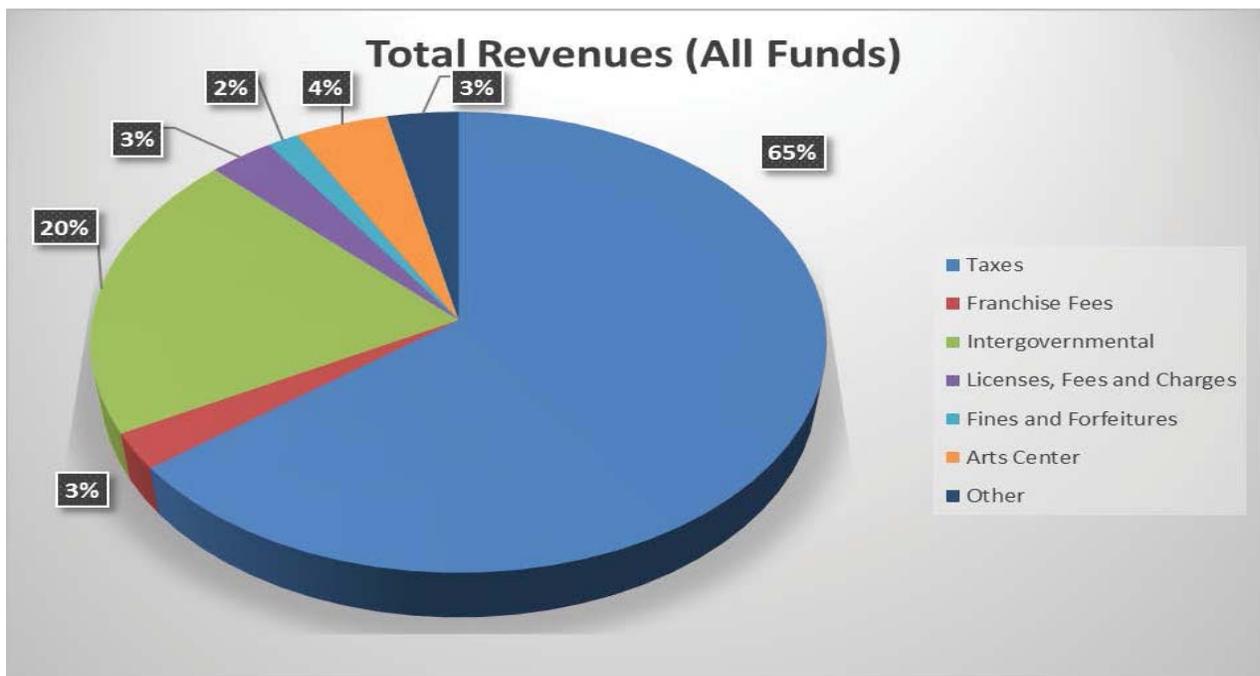
Intergovernmental revenue is the City's second largest revenue source consisting of 20.3 percent of the total budgeted revenues. Items in this category are made up of various sharebacks with the State of Colorado and Douglas County for road and transportation improvements as well as funding from other governmental entities for capital improvements within the City. The 2015 increase is mainly due to the anticipated funding from partners for the Lincoln Avenue pedestrian bridge project.

Licenses, fees and charges make up 3.1 percent of the total budgeted revenues including items such as building permit fees, engineering fees as well as business and liquor license fees. These revenues are anticipated to decrease slightly in 2015 due to the large projects in 2014, including Charles Schwab and the Sky Ridge Medical Center expansion, not occurring again in 2015.

Fines and forfeitures, which are comprised of court fees and vehicle and other violation fines, are anticipated to comprise 1.5 percent of total revenues in 2015.

Arts Center revenues make up approximately 4.5 percent of total City revenues for 2015. This revenue source is made up of all revenues received and collected by the Arts Center including ticket sales, handling fees, rental fees, concession and catering fees, donations and grants.

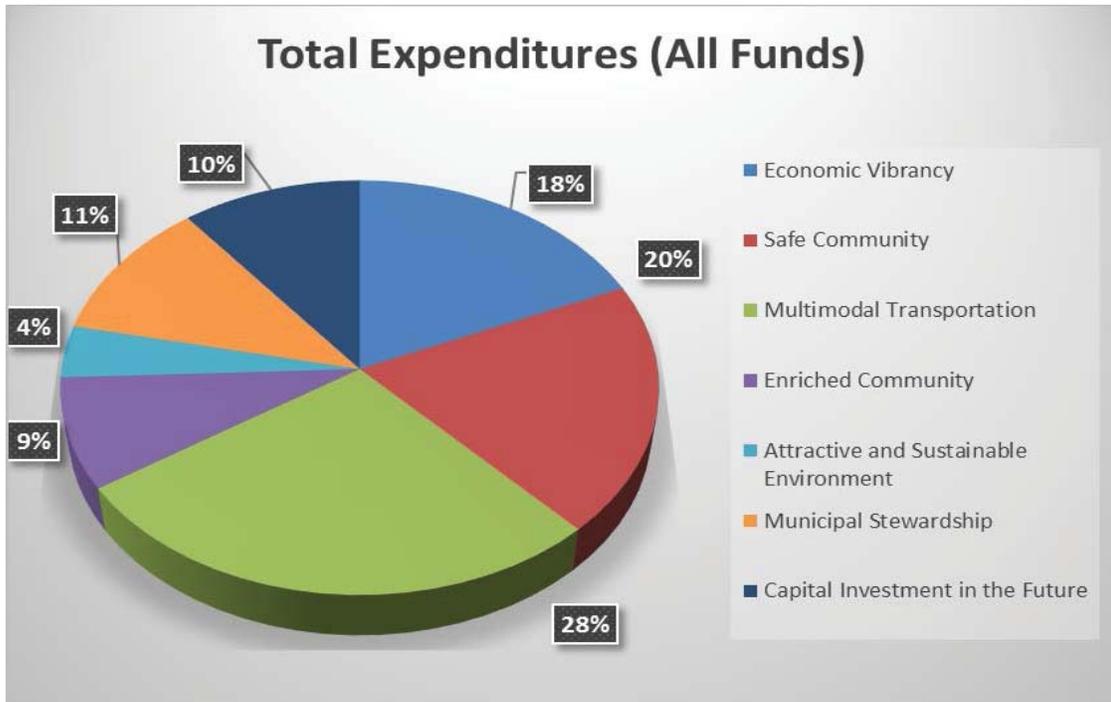
Additionally, other items such as investment earnings, Municipal Building tenant revenue as well as various other revenue sources make up the remainder of the 2015 budgeted revenue totaling approximately 3.4 percent of the total revenues.



## 2015 Expenditure Outlook

The 2015 Budget evaluates available resources and allocates revenues to City priorities. The objective is to fund services and programs that are the most likely to achieve the seven outcomes identified by City Council. For 2015, the percent breakdown between the seven outcomes is as follows:

- Economic Vibrancy – 18.3%
- Safe Community – 19.7%
- Multimodal Transportation – 27.7%
- Enriched Community – 8.7%
- Attractive and Sustainable Environment – 4.1%
- Municipal Stewardship – 10.9%
- Capital Investment in the Future – 10.6%



For detailed information on what comprises the above categories, refer to pages 24-52.



## BUDGETING FOR OUTCOMES (BFO)

# Economic Vibrancy

A diverse, dynamic and prosperous local economy that sustains our community



## **Economic Vibrancy**

A diverse, dynamic and prosperous local economy that sustains our community

### **Overview**

The City has worked diligently to attract and expand local and national businesses through partnerships with the Metro Denver Economic Development Corporation, local chambers of commerce and the Denver South Economic Development Partnership, to name a few. Additionally, the Lone Tree Arts Center (LTAC) serves as an economic development driver for the City by offering unique and affordable meeting services to businesses and civic groups and by serving as a convening spot for regional leaders to discuss important issues facing our community. City staff also offers a streamlined approach to internal Building Department procedures, ensuring that the economic vibrancy of the City is not delayed by bureaucratic processes.

### **2014 Outcomes and Accomplishments**

- Hired Jeff Holwell as the City's first full-time, dedicated Economic Development Director.
- Leveraged a significant private-sector investment to launch free circulator shuttle service as part of public-private partnership with major employers along Park Meadows Drive.
- Developed and began implementation of a City economic development strategy.
- The LTAC continues to serve as a complement to the City's economic development efforts, hosting over 75 business meetings in 2014 including Sky Ridge Medical Center, Charles Schwab, South Metro Chamber, Denver South Economic Development Partnership, the State of the City, Digital Health Summit and the Realtor's Summit among others. In addition LTAC has been cited as an important factor in business relocation to the area.
- The City renegotiated an amendment to the RidgeGate Annexation Agreement on the west side of I-25. This amendment simplifies the prior agreement and clearly defines City obligations for the future.

### **2015 Goals and Highlights**

- Redesign the economic development piece of the City's website to better and more professionally communicate the City's business climate and site selection options to the business community interested in moving to and expanding in Lone Tree.
- Plan ahead for increased tourism development and outreach, with a special focus on retail tourism, and begin implementation.

- Strategize how to position Lone Tree as a leader in transit-oriented development, and begin implementation.
- Plan for and lead strategic public relations initiative to minimize the impacts on the business community from major transportation construction projects in area in 2015-2019.
- Continue increased Economic Development efforts in 2015 by leveraging our strong partnerships with the Metro Denver Economic Development Corporation, Denver South EDP, and the South Metro Chamber to recruit out-of-state companies to this region and to Lone Tree.
- Lead and coordinate internal and regional economic development efforts to the benefit of Lone Tree residents, businesses, and employers.
- Solicit feedback from employers in the City on our business climate and practices to celebrate and publicize what works well, and search for areas of continuous improvement.
- Create mutually-beneficial relationships with local businesses to sponsor City events and promote local vendors.
- Promote the LTAC to the business community as a venue that provides high quality space for meetings, training and presentations.
- Highlight the cultural amenities the LTAC provides to the community in our business recruitment and retention efforts.
- Promote community events and related sponsorship opportunities to businesses as a way to develop local partnerships and increase visibility.
- Continue to meet and exceed expectations of all customers and facilitate the economic development goals of Lone Tree by providing expeditious processing of projects and quick turn-around times for plan review; demonstrating innovative, pro-active thinking; providing informative, professional work product; and, offering outstanding, responsive service.

### **Funding Sources**

- Tax revenues
- Link partner contributions
- Arts Center rental fees

**ECONOMIC VIBRANCY**

2015 ADOPTED
-----------------

Dues and memberships		
DSEDP (Denver South Economic Development Partnership)	\$	35,000
Economic development		
Business development and ED Director		250,000
Lone Tree Chamber of Commerce		12,500
Metro Denver ECO Development		12,500
South Denver Metro Chamber		5,000
Marketing/Public relations		100,000
Taste of Lone Tree		5,000
LTAC Community usage grant		10,000
Liberty Dash sponsorship		1,000
Capital Outlay		
Lone Tree Link		500,000
Retail retention agreement		75,000
Service provider shareback agreement		10,000
Retail shareback RidgeGate		567,162
Developer revenue shareback RidgeGate		681,636
Annexation shareback agreement		30,000
Reimbursement property taxes-PMBID for PMMD		215,000
Reimbursement of sales taxes to PMBID		5,479,000

<b>TOTAL ECONOMIC VIBRANCY</b>	<b>\$</b>	<b>7,988,798</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>18.3%</b>
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# Safe Community

A community that feels and is safe and secure  
anytime, anywhere



## **Safe Community**

A community that feels and is safe and secure anytime, anywhere

### **Overview**

The City is dedicated to protecting, defending, and serving the residents and businesses of, and visitors to, Lone Tree. A commitment to maintaining a safe community can be seen through the City's support of human and social services and the implementation of local laws backed by the Police Department and Municipal Court and a commitment to community policing concepts. Furthermore, pedestrian lighting along major roadways and residential streets offers a network of safe routes around the City. The Building Department monitors the correct interpretation of the International Code Council's building codes to remain current and assure safe buildings and sound construction techniques.

### **2014 Outcomes and Accomplishments**

- The Police Department added the rank of Corporal to their organizational structure. This position is assigned to each team creating opportunity for leadership advancement and a new career path. It allows for development of Corporals to take on the role of leadership, specifically in the absence of a Sergeant. This has led to a higher level of accountability on day-to-day issues.
- The Police Department continued the effort of adding body cameras to be worn by patrol officers. This project began with a trial by putting into use nine cameras for a test period. The department is now 100% in the use of body cameras on each officer. The use of body cameras allows for the ability to assess the department's effectiveness as well as efficiency and provides a higher level of accountability. To date, our department is the only department along the front-range to be 100% use of the cameras. The success of the body cameras has been such that it has deterred many complaints by citizens of officer misconduct, and many internal affairs complaints have not been substantiated due to the use of the cameras. Another advantage and cost savings is the ability for the Municipal Court to view the videos for defendants prior to trial. The result has been to expedite many court trials, along with a cost savings for fewer requests for discovery when viewed in court. The District Attorney's office is currently seeking opportunities to be able to view the same in district court as well.
- Developed and launched a new Building Permit software.
- The City continued to improve its performance scores with CIRSA, our member-owned self-insurance pool, reaching a score of 100 for our Workers Comp program and 99 for our Property/Casualty program. This promotes safety for our staff and customers as well as keeps insurance premiums in check.

## **2015 Goals and Highlights**

- The focus for the Police Department will be a continued mantra from 2014 from the Chief that “we can do better”. Once settled into the job, Chief Streeter has observed the need for the department to work on internal processes and the proficiency that needs to be improved. When taking an introspective look at the organization at all levels the following processes are being improved upon:
  - Reduce response times
  - Better report writing
  - More efficient preliminary investigations
  - Better case management and tracking
  - More timely and thorough investigations
  - Implementation of Bair Analytics, crime analysis software, to detect hot spots and criminal activity in the community
  - More efficient budgeting and concise accounting practices
  - Increase directed traffic enforcement
  
- Hire an emergency manager position to develop and maintain an ongoing program of prevention, mitigation, preparedness, response and recovery from an incident and to mitigate the risks associated with large scale disasters and provide for safety of the citizens and community.
  
- Relocate the mall substation which will double the square footage and make for a safer more conducive work environment at the Park Meadows Mall.
  
- Install backup battery power supply at the LTAC to enhance reliability in the event of an emergency, thereby enhancing safety of our patrons and staff in the event of a power outage.
  
- Install and maintain an external email storage and recovery system that will ensure continued email communications during catastrophic events, disasters or other emergencies, making the community safer.

## **Funding Sources**

- Tax revenues
- Fines and forfeitures
- Licenses, fees and charges
- Grants

**SAFE COMMUNITY**

2015 ADOPTED
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Community Support		
Women's Crisis Center	\$	8,000
Arapahoe/Douglas Mental Health		8,000
Community Education Programs		1,000
Municipal Court		
Municipal Judge		30,000
Legal		36,000
Administration		140,966
Office supplies and software		3,000
Victims assistance		20,000
Community Development		
Building Division		472,728
Public Works		
Street lighting		396,000
Capital Outlay		
Software packages		15,000
Police substation		60,000
Police Department		
Salaries and benefits		5,651,088
Office and administration		189,600
Uniforms and equipment		64,200
Vehicles and equipment		538,575
General equipment		135,950
Dispatch		554,000
Training		127,888
Community Outreach and Miscellaneous		130,420

<b>TOTAL SAFE COMMUNITY</b>	<b>\$</b>	<b>8,582,415</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>19.7%</b>
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# Multimodal Transportation

**A comprehensive transportation network that provides reliable options  
to move people and goods to their destination**



## **Multimodal Transportation**

A comprehensive transportation network that provides reliable options to move people and goods to their destinations

### **Overview**

The City's continued investment to improve the transportation network throughout the City can be highlighted in several large projects, including continuing improvements on Lincoln Avenue, Yosemite Street, Parkway Drive and the County Line and Park Meadows Center Drive intersection, along with leadership positions on the expansion of C-470 and the RTD light rail system. The Public Works Department oversees the City's snow removal needs and offers roadway inspection, maintenance, and repair in addition to traffic signal operations. These operations maintain the necessary flow of people, products and services to ensure a vibrant community.

### **2014 Outcomes and Accomplishments**

- Applied for and received a \$99,999 Walk and Wheel grant from Kaiser Permanente Colorado and managed the resulting study for implementation of "complete streets" into the City's street system.
- Completed the repairs on the Lincoln Avenue bridge over I-25.
- Represented the City on the C-470 Coalition Technical Working Group and CDOT's Project Management Committee for the implementation of the C-470 Express Lane project.
- Applied for and received approval to add the Lincoln Interchange reconstruction and the widening of RidgeGate Parkway east of Peoria street to the DRCOG 2040 Regional Traffic Plan, making those projects eligible for future federal funding.
- Managed the acquisition of the property necessary to construct a pedestrian bridge across Lincoln Avenue.

### **2015 Goals and Highlights**

- Manage the design and construction of the Lincoln Avenue pedestrian bridge to further the objective of Multi-modal Transportation.
- Continue to invest in keeping the City's infrastructure system in good condition including improvements on the following streets:
  - Parkway Drive Reconstruction west of Acres Green Drive
  - Yosemite Turn Lane from Maximus to Park Meadows Drive

- Lincoln/I-25 Ramp Improvements
- County Line and Park Meadows Center Drive Improvements
- LTAC Driveway Relocation
- Town Ridge Drive Construction

**Funding Sources**

- Tax revenues
- County sharebacks
- Motor vehicle registration fees
- County contributions
- Park Meadows Metropolitan District contributions
- Licenses, fees and charges

**MULTIMODAL TRANSPORTATION**

2015 ADOPTED
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Dues and Memberships		
Transit Alliance	\$	500
Denver South TMA		51,156
Public Works		
Public Works Department		520,000
Street maintenance		650,000
Traffic signal energy cost and maintenance		135,000
Signal timing		19,000
Snow removal		902,000
Engineering		525,000
Materials and equipment		14,000
Signage and striping		120,000
Accident repairs		20,000
Public Works Facility operations and equipment		45,000
Software and support		17,000
Miscellaneous		3,000
Capital Outlay		
Overlay/reconstruction projects		1,200,000
Traffic signalization		145,000
Concrete panel replacement		250,000
Yosemite turn lane		850,000
Lincoln I-25 ramp improvements		430,000
Lincoln Pedestrian Bridge		4,000,000
County Line/PMCD intersection improvements		450,000
LTAC road construction		133,000
Parkway Drive Reconstruction		1,200,000
Town Ridge Drive Construction		300,000
Transportation Study		50,000
Parkway Drive crossing Willow Creek		50,000

<b>TOTAL MULTIMODAL TRANSPORTATION</b>	<b>\$</b>	<b>12,079,656</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>27.7%</b>
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# Enriched Community

**A community that promotes a culture of  
social belonging and healthy lifestyles**



## **Enriched Community**

A community that promotes a culture of social belonging and healthy lifestyles

### **Overview**

Exciting cultural, community and recreational amenities offer visitors and residents of Lone Tree countless opportunities for fun including performing and visual arts presentations, affordable programs for children and family, community celebrations in local parks, and cultural heritage events evoking a sense of belonging in the City. Additionally, the Lone Tree Arts Center provides programming to residents of all ages and attracts wide recognition to the City by drawing audiences from throughout the region in a beautiful, state-of-the-art, yet intimate setting.

### **2014 Outcomes and Accomplishments**

- Concluded negotiations to transfer privately-owned 'pad sites' at the Lone Tree Arts Center to the City of Lone Tree.
- Concluded negotiations to enable the transfer of a \$1.4 million parcel in RidgeGate for a new Douglas County Library.
- Concluded the negotiations for the acquisition of the existing library on Lone Tree Parkway.
- Produced quarterly Timberlines newsletter and sent to 4,973 households and 845 businesses in Lone Tree.
- LTAC presented 59 distinct performances in 2014, including acclaimed artists such as Randy Newman and Judy Collins; critically successful theatrical productions including Big River; popular shows including Rhythmic Circus and Yesterday & Today: Beatles Tribute; and five Tunes on the Terrace concerts. LTAC's production of Big River was recognized with four Henry nominations, Colorado's equivalent of the Tony Awards. The season also included national touring artists and ongoing collaborations with the Colorado Symphony and the Colorado Jazz Repertory Orchestra. Additionally, LTAC hosts community performances by groups such as the Lone Tree Symphony Orchestra and Christian Youth Theatre.
- City events in 2014 included Arbor Day activities, a new KidsFest in early June, a full capacity Independence Day celebration and summer concerts and movies.
- Programming for children and seniors continued to flourish at the LTAC. Several of the popular daytime offerings were expanded to accommodate demand including Passport to Culture, Seedlings, Arts in the Afternoon and the senior matinee performances.

- Public art accomplishments included the presentation of two noted artists in the Commissioners' Choice Program; placement of several pieces from the donated art collection acquired by the City in 2012; continued participation in the county-wide Art Encounters program; a curated art exhibit at the LTAC; successful Photo Show and Art Exhibition programs; and well-received rental exhibits by the Watercolor Society of Colorado and the Continental League.
- Staff successfully applied for and achieved Tier II Status in the Scientific and Cultural Facilities District (SCFD), effectively doubling the amount of money allocated to Lone Tree cultural activities from this metro-area funding mechanism.
- LTAC partnered with Developmental Pathways to provide ten community workshops for children and adults with developmental disabilities. The culmination of the weeklong residency of magician/therapist Kevin Spencer was a resource fair at the Arts Center that was attended by 200 families.

### **2015 Goals and Highlights**

- Booking touring artists with significant international reputations such as Nathan Gunn and the Yellowjackets.
- Continuing to self-produce distinctive theatrical works at the LTAC, and maintaining high levels of artistry and quality as demonstrated by audience feedback, reviews, and award nominations.
- Working with the highest caliber of local artists through partnerships with groups such as the Colorado Symphony, Colorado Jazz Repertory Orchestra, Wonderbound and others.
- Refining KidsFest and Arbor Day events to fulfill Tree City USA goals and provide sustainable, entertaining activities for residents.
- Offering an affordable rental program at LTAC with discounts for amateur and community performing groups to present their work to the community.
- Programming responsively to meet desires of various community segments. Examples of this include the continuous improvement and expansion of Seedlings programs for the very youngest children, Arts in the Afternoon for seniors, and professional mainstream entertainment for general audiences.
- Expanding partnerships to explore sensory-friendly performances and other arts or event opportunities to engage those with special needs and individuals with disabilities.

- Presenting and enhancing a dynamic series of free community events accessible to all, such as KidsFest, Schweiger Ranch Fall Festival, Wag n Romp and outdoor concerts and movies in our parks and public spaces.
- Producing events that showcase our public parks and facilities such as Fall Festival at Schweiger Ranch, Independence Day and free pool, tennis and golf events.
- Completing placement of the donated art collection in appropriate sites throughout the City.
- Participating in the planning and design process of LTAC grounds and adjoining areas to create an enhanced community gathering place.

### **Funding Sources**

- Tax revenues
- Conservation trust funds
- Arts Center ticket and subscription sales
- Arts Center handling and rental fees
- Individual, corporate and foundation contributions
- Grants

**ENRICHED COMMUNITY**

2015 ADOPTED
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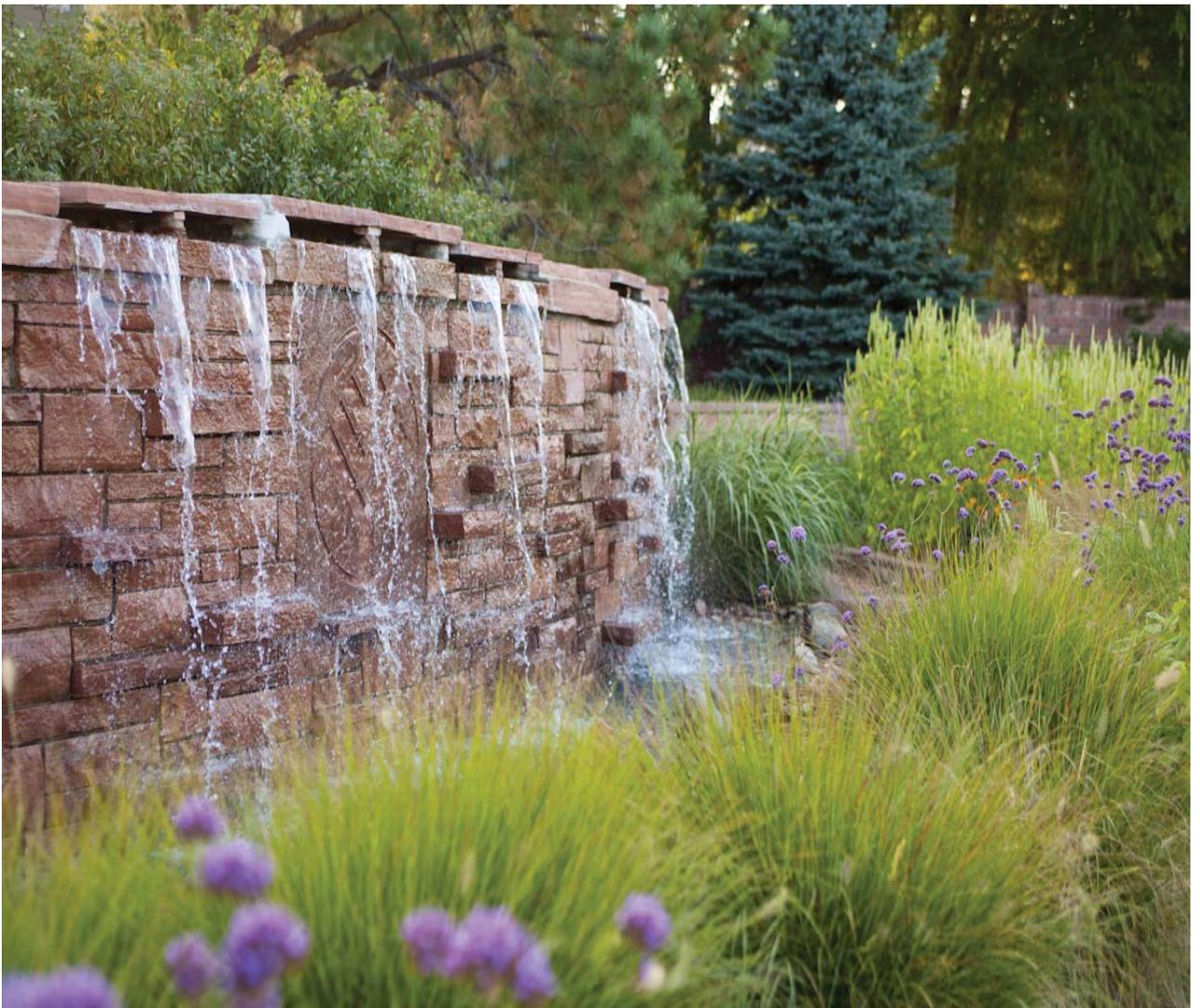
Annual Events		
Summer Events	\$	47,000
Independence Day		80,000
Hearts Across Miles		9,500
Arbor Day		6,000
Schweiger Ranch Fall Event		13,000
Fall Heritage Celebration		30,000
Wag 'n Romp		4,000
KidsFest		10,000
Miscellaneous		12,336
Community support		
Wildlife experience annual charity event		2,500
Leadership Douglas County		2,000
Douglas County Task Force		8,000
Youth Commission		8,000
City boards and commissions / miscellaneous		6,000
Arts Center rental for civic engagement		7,500
Miscellaneous		3,000
Arts and Cultural events		77,900
Communications and newsletter		68,000
Citizen survey		27,800
Special Events Coordinators		69,896
Youth initiatives		19,800
Housing Partnership		35,000
Arts Center repairs and maintenance		106,000
Arts Center capital improvements		52,500
Arts Center operations		
Administration		160,217
Programming		1,682,014
Marketing		432,308
Facilities		21,000
Development		153,995
Contingency		40,000
Parks and Recreation		
Joint Recreational projects with South Suburban		65,000
Recreational activities and support		15,000
Public Works		
Street amenities		5,000
Holiday lighting and decorations		20,000
Capital Outlay		
Schweiger Ranch Preservation		75,000
Schweiger Ranch Preservation RidgeGate		75,000
LTAC pad enhancements		25,000
Public Art Projects		210,500

<b>TOTAL ENRICHED COMMUNITY</b>	<b>\$</b>	<b>3,785,766</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>8.7%</b>
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# Attractive and Sustainable Environment

A distinctive and well-designed community that respects and preserves our natural resources



## **Attractive & Sustainable Environment**

A distinctive and well-designed community that respects and preserves our natural resources

### **Overview**

The City continually demonstrates its commitment to sustainability through subsidizing the household hazardous waste curbside pickup program, providing residential recycling for homes in Lone Tree and water conservation support. Noxious weed management and drainage maintenance provided by the Public Works Department help to beautify the community and recent amendments to the Zoning Code helped identify key aesthetic and quality criteria for future land development.

### **2014 Outcomes and Accomplishments**

- The Community Development Department reviewed numerous major land use projects including the Charles Schwab office campus retail building, Sky Ridge Medical Center expansion, Morningstar Senior Living and New Town Builders Townhomes as well as several Park Meadows Mall projects including LYFE Kitchen, Perry's Steakhouse, Seasons 52 and L.L. Bean.
- Comprehensive Plan update review with the Planning Commission.
- Community Sign Plan RFQ, selection, input process and plan development.
- Community garden planning.
- Increased emphasis on improving the visual quality of city-owned properties through upgrades, repairs, annual flower plantings and more frequent maintenance, thereby promoting an attractive and sustainable environment.
- Managed the bidding and construction of landscape improvements in the medians on Park Meadows Drive west of Acres Green Drive and at Park Meadows Center Drive and Yosemite Street.

### **2015 Goals and Highlights**

- Continue to facilitate growth and development of the community as envisioned by the City Council and as articulated in the City's Comprehensive Plan and other regulatory tools, ensuring that Lone Tree remains a desirable place to live, work and play.

- Facilitate the successful completion of major land use projects including:
  - Charles Schwab office campus
  - Sky Ridge Medical Center
  - Morningstar Senior Living
  - Lone Tree Library
  - RidgeGate Tract GG single-family development
  - Kaiser Phases 2 and 3
- As directed, update the City’s Comprehensive Plan. Staff will continue to work with the Planning Commission, Council, and staff to refine issues identified in the 2014 review process, draft proposed updates, and seek community input. Estimated adoption of the updated Plan is mid-2015.
- Facilitate implementation of the City’s first Community Garden. This project has the potential to be a model garden in partnership with the Douglas County School District. If executed correctly, it could generate additional interest and be the first of other gardens in the City. Staff is working with stakeholders and residents to ensure the proper design and operational framework is in place to make the garden project successful over the long term.
- Video inspect all steel storm sewer lines within the City – developing a proactive repair and replacement program for these lines.

**Funding Sources**

- Tax revenues
- Licenses, fees and charges

**ATTRACTIVE AND SUSTAINABLE ENVIRONMENT**

2015 ADOPTED
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Dues and Memberships		
Regional Air Quality Council	\$	600
Community support		
Household Hazardous Waste Program		6,500
Community garden		3,000
Community Development		
Planning Division		372,575
Code Enforcement Division		67,939
Public Works		
Landscaping maintenance		50,000
Fence maintenance		80,000
Street and sidewalk sweeping		50,000
Drainage maintenance		60,000
Restroom maintenance		8,500
Noxious weeds control		20,000
EPA Phase 2 Drainage		110,000
Trash and recycling service		512,000
Mutt mitts contract		10,500
Fountain maintenance		23,500
Capital Outlay		
Monumentation and signage		250,000
Yosemite landscaped medians		10,000
Storm Sewer Improvements		135,000

<b>TOTAL ATTRACTIVE AND SUSTAINABLE ENVIRONMENT</b>	<b>\$</b>	<b>1,770,114</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>4.1%</b>
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# Municipal Stewardship

**A responsive, professionally managed and collaborative government that provides services with excellence, integrity and care**



## **Municipal Stewardship**

A responsive, professionally managed and collaborative government that provides services with excellence, integrity and care

### **Overview**

The City continues to exhibit a professionally managed and collaborative government through several of partnerships with local county, municipal and state agencies. These partnerships are integral to project management, cost-sharing, and regional leverage regarding many of the City's functions. The City Manager's Office executes the direction and guidance of the City Council by developing and implementing the details of Council's goals and policies. The City Manager provides leadership in all areas of municipal services to the community in accordance with the City Charter and provides strategic vision and priorities for the organization through intergovernmental relationships and community outreach. Additionally, the Administrative Services Department strives to provide seamless and effective services to fellow employees, citizens and businesses in the community and includes Human Resources, Facilities Management, Information Technology and the City Clerk. The Finance Department's focus is to the meet the needs of internal and external customers, as well as keeping the City compliant with the various state and federal requirements related to having up-to-date, accurate financial information.

### **2014 Outcomes and Accomplishments**

- Reorganized the City Manager's office and the Community Development Department for greater efficiency, capacity, and productivity, keeping within previously-established staffing levels.
  - Promoted Steve Hebert to Deputy City Manager after competitive national search process.
  - Promoted Kelly First to Community Development Director.
- Oversaw a Municipal Services Analysis to help prepare for development in RidgeGate east of I-25. The analysis is a joint effort with the Rampart Range Metropolitan District.
- Prepared and conducted significant and well-received public outreach presentations, including the 4th Annual Lone Tree Realtor's Summit and the Mayor's State of the City presentation.
- Planned and organized a 2014 Council retreat to facilitate discussion among City leadership of City's long-term strategy, development, and outlook.
- Drafted a Charter amendment regarding election of a Mayor that was overwhelmingly supported by Lone Tree voters.

- Posted over 300 timely and informative social media updates to 2,622 followers of the City government on Twitter and Facebook.
- Expanded and enhanced in-house employee training to maintain a professional staff that can provide excellent customer service with integrity and care.
- Offered our employees more choice in health care benefits and continued our wellness programs, promoting employee well-being, which in turn promotes a workforce that is responsive and professional in service to all of our customers.
- Implemented an in-house intranet website that provides a one-stop knowledge and information hub for city employees, keeping them well informed of City policies, programs and benefits.
- Upgraded and improved our record management system that enhances our electronic recordkeeping and retrieval system. This process allows for quicker access to records for all departments, reduces storage requirements and reduces the overall cost for record management. The improved records management allows us, as municipal stewards, to continue to provide professional services, with integrity and care.
- Successfully transitioned the Finance Department to an in-house staff with the addition of the accountant position at the end of 2013. As part of this transition, in 2014 Finance reviewed and implemented changes to the internal control structure for the City which were recommended by the external auditor with the transition in-house. Finance also has completed a full cross training initiative in the department to ensure seamless functioning during times of staff vacations.
- The Finance Department implemented several new systems to improve efficiency and customer service including an online sales tax payment option for vendors, electronic import of sales tax returns into the City's accounting system as well as an electronic pay stub option for employees.

## **2015 Goals and Highlights**

- Continue to provide internal and external communication outreach using a variety of communication tools including meetings and forums, print and online platforms, social media and media relations.
- Conduct a Citizen Survey to assess perceptions of quality of life and services provided by City and partnering organizations, and to search for areas of continuous improvement.
- Coordinate the creation of the City's first organization-wide strategic goals and priorities.

- Continue to develop, evaluate and implement internal policies and procedures that improve the efficiency, ease and cost-effectiveness of doing business in Lone Tree. For example, consider expanding new Building Permit software to activate the Code Enforcement module, thereby offering greater consistency and expediency associated with electronic submittals, record-keeping, data manipulation and reporting. Additionally, evaluate other ways to reduce paper and costs such as scanning archive planning files, accepting electronic signatures and pursuing paperless recordation and retention of plans.
- Implement a Public Works, tablet-based work order system for field personnel to better communicate, track and document infrastructure repairs, project status and citizen/staff requests improving staff's efficiency in managing the City's assets.
- Create a Public Works policy manual with policies documenting standards, processes and procedures for all Public Works operations – documenting the standards and policies related to Public Works operations will help to improve decision making related to operations.
- Complete a Human Resources strategic plan of one, three, and five years. Due to the very changing landscape of both compensation and benefits, in addition to the anticipated growth of the City, it is important that we develop a longer term plan to ensure we are using City resources, both human and otherwise, effectively.
- Continue to build upon our current wellness program, focusing on the overall well-being of our employees.
- Identify an appropriate employee assessment tool (i.e., DISC, StrengthFinders, etc.) to further develop our employees, teams, and overall organization.
- Implement an internship program.
- The Finance Department and City Manager's office will work on developing a citywide long term fiscal analysis to further ensure financial stability for the City.
- The Finance Department will implement changes to the City's budget document and process to apply for the Distinguished Budget Award from GFOA. This will be approached in two phases over the next two years. This award encourages and assists local governments to prepare budget documents of the very highest quality promoting better communication to citizens and other stakeholders.

## **Funding Sources**

- Tax revenues
- Fines and forfeitures
- Licenses, fees and charges

**MUNICIPAL STEWARDSHIP**

2015 ADOPTED
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City Council expenditures	\$	48,000
City Council stipend		61,300
Administrative Services - salaries and benefits		640,409
City Clerk		40,000
City Manager's Office - salaries and benefits		596,266
Dues and memberships		
Metro Mayor's Caucus		890
DRCOG		5,400
CML		4,965
Colorado Communication and Utility Alliance		550
Miscellaneous		750
Finance - salaries and benefits		422,635
Administration and overhead costs RidgeGate		200,000
Human Resources		81,270
Information Technology		403,950
Legal - general		490,000
Legal - special		100,000
Audit		30,000
Consulting		80,000
Insurance		405,300
Municipal office building		409,050
Civic Center maintenance & utilities		74,700
LTAC maintenance & utilities		301,910
Miscellaneous		53,250
Public Works		
Geographic Information System (GIS)		140,000
CarteGraph/ArcServer Upgrade		50,000
Capital Outlay		
Municipal Office building capital improvements		25,500
Civic Center capital improvements		25,000
Website redesign		100,000

<b>TOTAL MUNICIPAL STEWARDSHIP</b>	<b>\$</b>	<b>4,791,094</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>10.9%</b>
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# Capital Investment in the Future

A proactive and forward-thinking government that addresses multi-generational needs through strategic investment



## **Capital Investment in the Future**

A proactive and forward-thinking government that addresses multi-generational needs through strategic investments

### **Overview**

The City places a strong emphasis on making sound investments for the future that enhance amenities for businesses and improve the quality of life for residents. Early investments in transportation infrastructure have paid dividends to the community as a whole and continued planning and emphasis on these investments will ensure a bright future for Lone Tree in the years to come.

### **2014 Outcomes and Accomplishments**

- Provided leadership in securing regional financial plan and RTD Board approval for Southeast Light Rail Extension acceleration. This 2.2 mile extension will bring three new light rail stations to the City and create an estimated \$700 million increase in property values in Lone Tree and 20,000 new jobs over the next 25 years.

### **2015 Goals and Highlights**

- Provide support and assistance in planning for redevelopment of the Entertainment District. Coordinate with staff and property owners on issues including land use, public spaces, access, circulation, parking, property maintenance and signage.
- In January 2015, the City will pay off the 2007 Certificates of Participation (COPs) which were used to finance the City Municipal Building. This debt is being paid off three years early from the original schedule based on City Council's decision to prepay on the COPs as excess funds were available in prior years, saving the City three years' worth of interest and other related financing fees.
- The City continues to be accruing extra funds in the two debt services funds related to financing the Lone Tree Arts Center as well as various recreation projects including the Cook Creek Pool and the tennis courts at the Lone Tree Golf Course. These bonds are being paid back with the voter approved sales tax increases that will sunset in 2023 or when the bonds are paid off, whichever is sooner. Due to sales tax revenues coming in higher than estimated, the City currently is in a good financial position. If this trend continues, prepayments on the bonds would be anticipated in future years once prepayment requirements are met starting in 2019.

### **Funding Sources**

- Tax revenues

**CAPITAL INVESTMENT IN THE FUTURE**

2015 ADOPTED
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Bond Interest - Arts Center	\$ 471,756
Bond Interest - Parks and Recreation	394,713
Bond Principal - Arts Center	985,000
Bond Principal - Parks and Recreation	645,000
Paying agent fees - Arts Center	200
Paying agent fees - Parks and Recreation	200
Contingency - Arts Center Debt	3,044
Contingency - Parks and Recreation Debt	5,087
Capital Outlay	
Entertainment District improvements	730,000
C-470 Coalition - Douglas County	100,000
City Office building - capital leases	1,290,000

<b>TOTAL CAPITAL INVESTMENT IN THE FUTURE</b>	<b>\$ 4,625,000</b>
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<b>PERCENT OF TOTAL EXPENDITURES</b>	<b>10.6%</b>
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# FUND SUMMARIES

**CITY OF LONE TREE**  
**SUMMARY**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>BEGINNING FUND BALANCES</b>	\$ 13,701,060	\$ 15,797,988	\$ 18,940,829
<b>REVENUE</b>			
TAXES	25,333,948	26,150,000	26,449,900
FRANCHISE FEES	973,986	1,038,000	1,059,200
INTERGOVERNMENTAL	7,317,985	5,523,887	8,310,712
LICENSES, FEES AND CHARGES	1,743,385	1,911,000	1,286,500
FINES AND FORFEITURES	648,298	519,000	626,300
ARTS CENTER	1,369,871	1,649,128	1,834,730
OTHER	1,760,167	551,139	1,411,086
Total revenue	39,147,640	37,342,154	40,978,428
<b>TRANSFERS IN</b>			
General Fund	1,024,170	999,758	632,823
Special Revenue Fund - RidgeGate	-	-	-
Special Revenue Fund - Arts Center	717,851	924,496	1,029,436
Total transfers in	1,742,021	1,924,254	1,662,259
Total funds available	54,590,721	55,064,396	61,581,516
<b>EXPENDITURES</b>			
GENERAL GOVERNMENT	4,775,878	4,931,773	5,173,452
MUNICIPAL COURT	210,388	213,170	229,966
COMMUNITY DEVELOPMENT	1,222,385	1,047,360	913,242
POLICE DEPARTMENT	6,142,980	6,786,230	7,391,721
PUBLIC WORKS	3,962,754	4,386,750	4,430,000
ARTS AND CULTURAL	2,143,423	2,871,124	3,022,666
PARKS AND RECREATION	18,034	5,000	165,000
CAPITAL OUTLAY	16,206,114	11,523,087	19,791,798
DEBT SERVICE	2,368,756	2,434,819	2,505,000
Total expenditures	37,050,712	34,199,314	43,622,845
<b>TRANSFERS OUT</b>			
General Fund	717,851	924,496	1,029,436
Special Revenue Fund - RidgeGate	887,569	824,758	505,323
Debt Service Fund - Arts and Cultural Facilities	136,601	175,000	127,500
Total transfers out	1,742,021	1,924,254	1,662,259
Total appropriation	38,792,733	36,123,568	45,285,104
<b>ENDING FUND BALANCES</b>	\$ 15,797,988	\$ 18,940,829	\$ 16,296,413

**CITY OF LONE TREE**  
**SUMMARY**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
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**FUNDS RESERVED FOR:**

Emergency reserves (TABOR)	795,975	793,000	835,000
Emergency maintenance and repair	52,601	52,601	52,601
Prepaid items	295,760	300,000	300,000
Emergency disaster management	89,730	99,273	108,077
Capital projects - County - transportation	414,198	-	-
Bond proceeds - Park and Rec Improvements	934,020	934,020	794,020
Park fee in lieu of land	46,125	74,194	74,194
Conservation Trust Fund	115,118	177,118	240,118
Brick fence replacement reserve	986,200	986,200	986,200
Lone Tree Link Partnership funds	-	283,305	-
Kaiser Walk/Wheel grant	-	-	-
Debt Service - Arts and Cultural Facilities	568,947	649,141	766,141
Debt Service - Park and Recreation Improvements	682,980	776,367	868,767

**FUNDS DESIGNATED FOR:**

Working reserve	2,805,000	3,848,000	4,577,000
Capital reserve - capital projects	4,412,000	7,600,000	6,535,000
Capital reserve - vehicles replacement	-	92,000	133,333
Subsequent year's expenditures	2,561,001	2,252,417	-

**UNDESIGNATED AND UNRESERVED FUNDS**

	1,038,333	23,193	25,962
<b>\$</b>	<b>15,797,988</b>	<b>\$ 18,940,829</b>	<b>\$ 16,296,413</b>

**CITY OF LONE TREE**  
**GENERAL FUND**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

REVENUE DETAIL

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>BEGINNING FUND BALANCE</b>	\$ 12,927,111	\$ 14,447,335	\$ 17,462,720
<b>REVENUE</b>			
<b>TAXES</b>			
Sales tax	17,533,355	18,130,000	18,577,000
Use tax-retail	282,421	270,000	275,400
Use tax - building materials	143,259	191,000	195,000
Lodging tax	616,644	720,000	734,000
Admissions tax	357,294	514,000	374,000
<b>TOTAL TAXES</b>	<b>18,932,973</b>	<b>19,825,000</b>	<b>20,155,400</b>
<b>FRANCHISE FEES</b>			
Electric and gas	674,777	710,000	725,000
Cable TV	184,726	199,000	202,000
<b>TOTAL FRANCHISE FEES</b>	<b>859,503</b>	<b>909,000</b>	<b>927,000</b>
<b>INTERGOVERNMENTAL</b>			
Highway Users Tax (HUTF)	229,850	222,137	206,106
Conservation Trust Fund (Lottery)	62,006	62,000	63,000
Cigarette tax	202,452	193,000	193,000
County Road & Bridge shareback	978,642	1,085,000	1,169,460
Douglas County Shareback - transportation	2,274,156	2,400,000	2,435,000
Motor vehicle registration fees	39,404	44,000	45,000
Regional improvements contribution - RRMDs	91,518	104,400	126,258
Reimbursable costs	3,332,376	1,127,400	3,863,600
Grants	23,128	118,000	18,000
<b>TOTAL INTERGOVERNMENTAL</b>	<b>7,233,532</b>	<b>5,355,937</b>	<b>8,119,424</b>

**CITY OF LONE TREE**  
**GENERAL FUND**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

REVENUE DETAIL - Continued

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>REVENUE (Continued)</b>			
<b>LICENSES, FEES AND CHARGES</b>			
Sales and use tax and business license fees	22,645	23,500	23,500
Liquor license fees	22,100	12,000	13,000
Building permit fees	291,228	315,000	322,000
Planning and zoning fees	17,580	22,000	25,000
Engineering fees	64,305	33,000	35,000
Other	39,300	37,000	38,000
TOTAL LICENSE, FEES AND CHARGES	457,158	442,500	456,500
<b>FINES AND FORFEITURES</b>			
Court fees	70,038	72,000	73,400
Vehicle and other code violation fines	534,619	402,000	507,000
Victims assistance surcharge	43,641	45,000	45,900
TOTAL FINES AND FORFEITURES	648,298	519,000	626,300
<b>OTHER</b>			
Net investment income	16,744	11,150	13,970
Miscellaneous	1,443,809	247,000	1,141,000
Police Department fees and other charges	22,958	30,000	25,000
Tenant rental income	249,904	223,000	218,000
OTHER	1,733,415	511,150	1,397,970
Total revenue	29,864,879	27,562,587	31,682,594
<b>TRANSFERS IN</b>			
Special Revenue Fund - RidgeGate	887,569	824,758	505,323
Debt Service Fund - Arts and Cultural Facilities	136,601	175,000	127,500
Total transfers in	1,024,170	999,758	632,823
Total funds available	\$ 43,816,160	\$ 43,009,680	\$ 49,778,137

**CITY OF LONE TREE**  
**GENERAL FUND**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

EXPENDITURE DETAIL

2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
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**EXPENDITURES**

GENERAL GOVERNMENT

City Council expenditures	\$ 27,482	\$ 33,000	\$ 48,000
City Council stipend	56,757	59,500	61,300
Administrative Services - salaries and benefits	582,688	544,359	568,081
City Clerk	15,056	29,575	40,000
Human Resources	50,241	88,300	81,270
Information Technology	265,757	382,155	403,950
Municipal office building	344,971	328,900	409,050
Civic Center maintenance & utilities	56,105	56,300	74,700
LTAC maintenance & utilities	205,537	199,360	301,910
Restroom maintenance	5,433	7,000	8,500
Fountain maintenance	-	-	23,500
Insurance	343,212	305,000	320,250
Finance - salaries and benefits	285,989	360,999	372,510
Finance - consulting	256,287	12,000	-
Audit	13,658	27,935	25,000
City Manager's Office - salaries and benefits	571,658	712,924	631,317
Dues and memberships	84,038	99,666	99,811
Legal - general	539,313	633,700	480,000
Legal - special	216,623	20,000	100,000
Consulting	23,238	20,000	80,000
Community support	46,808	51,200	53,000
Community garden	-	-	3,000
Youth initiatives	19,800	19,800	19,800
Housing Partnership	35,000	35,000	35,000
Community education programs	694	1,025	1,000
Citizen survey	-	-	27,800
Communications and newsletter	61,810	65,000	68,000
Economic development	144,952	268,500	276,000
Miscellaneous	13,641	48,801	52,251
<b>TOTAL GENERAL GOVERNMENT</b>	4,266,750	4,410,000	4,665,000

**CITY OF LONE TREE**  
**GENERAL FUND**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

EXPENDITURE DETAIL - Continued

2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
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**EXPENDITURES (Continued)**

**MUNICIPAL COURT**

Municipal Judge	23,986	23,000	30,000
Legal	36,000	36,000	36,000
Administration	133,677	136,170	140,966
Office supplies and software	3,932	3,000	3,000
Victims assistance	12,792	15,000	20,000
<b>TOTAL MUNICIPAL COURT</b>	<b>210,388</b>	<b>213,170</b>	<b>229,966</b>

**COMMUNITY DEVELOPMENT**

Salaries and benefits	572,445	476,642	545,440
Contract services	-	3,878	1,500
Field supplies	3,228	4,200	3,625
Planning Commission	1,799	2,500	2,500
Document scanning	6,735	6,500	6,500
Plan review and other inspections	32,359	25,000	25,000
Elevator inspections	17,982	41,960	43,560
Engineering	56,480	28,000	30,000
Sustainability program	362	500	3,000
ROW mowing	-	-	7,100
Miscellaneous	7,563	10,356	12,048
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>698,952</b>	<b>599,536</b>	<b>680,273</b>

**POLICE DEPARTMENT**

Salaries and benefits	3,848,765	4,159,498	4,341,307
Office and administration	175,052	136,676	144,627
Uniforms and equipment	38,115	47,852	48,972
Vehicles and equipment	379,700	447,324	410,824
General equipment	12,740	20,669	103,702
Dispatch	366,154	389,268	422,590
Training	76,177	86,897	97,553
Community outreach and miscellaneous	91,314	75,316	99,484
<b>TOTAL POLICE DEPARTMENT</b>	<b>4,988,017</b>	<b>5,363,501</b>	<b>5,669,059</b>

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUALS AND 2014 ESTIMATED**

EXPENDITURE DETAIL - Continued

2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
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**EXPENDITURES (Continued)**

**PUBLIC WORKS**

Public Works Department	485,760	520,000	520,000
Street lighting	380,078	385,000	390,000
Street maintenance	565,269	650,000	650,000
Drainage maintenance	5,414	90,000	60,000
Street & sidewalk sweeping	35,702	50,000	50,000
Traffic signal energy cost and maintenance	123,382	130,000	135,000
Signal timing	-	-	19,000
Snow removal	968,042	1,044,500	832,000
Landscaping maintenance	137,807	83,000	50,000
Trash and recycling service	533,938	510,000	512,000
Household hazardous waste program	3,067	6,000	6,500
Engineering	237,440	240,000	275,000
Fence maintenance	7	-	80,000
Geographic Information System (GIS)	142,785	140,000	140,000
Website mapper	5,000	5,000	-
Materials and equipment	355	14,000	14,000
EPA Phase 2 Drainage	54,260	65,000	110,000
Noxious weeds control	9,733	22,000	20,000
Signage and striping	52,383	130,000	120,000
Accident repairs	35,917	20,000	20,000
Public Works Facility operations and equipment	26,216	45,000	45,000
Software and support	11,954	16,000	17,000
Street amenities	1,587	5,000	5,000
Mutt mitts contract	10,727	10,500	10,500
Habitat control	-	-	-
Holiday lighting and decorations	17,473	20,000	20,000
Miscellaneous	-	3,000	3,000
<b>TOTAL PUBLIC WORKS</b>	3,844,296	4,204,000	4,104,000

**ARTS AND CULTURAL**

Arts Center repairs and maintenance	-	122,500	106,000
Arts Center capital improvements	55,701	175,000	52,500
<b>TOTAL ARTS AND CULTURAL</b>	55,701	297,500	158,500

**PARKS AND RECREATION**

Recreational activities and support	10,696	-	-
Joint recreational projects with South Suburban	7,337	5,000	65,000
Park and recreation capital improvements	-	-	100,000
<b>TOTAL PARKS AND RECREATION</b>	18,034	5,000	165,000

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUALS AND 2014 ESTIMATED**

EXPENDITURE DETAIL - Continued

2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
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**EXPENDITURES (Continued)**

**CAPITAL OUTLAY**

Software packages	59,824	76,610	15,000
CarteGraph/ArcServer Upgrade	-	-	50,000
Website redesign	-	-	100,000
Overlay/reconstruction projects	1,555,338	1,215,000	1,200,000
Traffic signalization	65,210	70,000	145,000
Traffic and other improvements - joint projects	4,140	-	-
Pedestrian lights	234,468	206,000	-
Monumentation and signage	7,302	80,000	250,000
City Office building	1,535,258	19,000	25,500
City Office building - capital leases	951,972	1,015,000	1,290,000
City Office - letter of credit fees/remarketing fees	48,428	31,000	-
Civic Center capital improvements	59,153	69,000	25,000
Concrete panel replacement	344,808	472,000	250,000
Entertainment District improvements	103,674	20,000	730,000
Park Meadows Dr. traffic improvements	81,112	-	-
Park Meadows Drive median improvements	3,459	4,000	-
Park Meadows Dr. regional pond upgrade	-	-	-
Landscaping PM Center Dr/County Line	4,542	32,500	-
Transportation study	-	-	50,000
Landscape improvements	10,779	57,000	-
County Line improvements	40,000	-	-
Yosemite landscaped medians	-	1,000	10,000
C-470 Coalition - Douglas County	100,000	-	100,000
Storm sewer improvements	95,685	40,000	135,000
Park Meadows Reconstruct (W of Acres Green)	1,698,888	-	-
Park Meadows Medians (W of Acres Green)	-	10,000	-
Parkway Drive crossing Willow Creek	-	-	50,000
Light Rail Extension	-	-	-
Lone Tree Link	-	250,000	500,000
Walk and Wheel Study	-	90,000	-
Brick fence	13,800	-	-

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUALS AND 2014 ESTIMATED**

EXPENDITURE DETAIL - Continued

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>EXPENDITURES (Continued)</b>			
<b>CAPITAL OUTLAY (Continued)</b>			
Lincoln Pedestrian Bridge	-	-	4,000,000
Parkway Drive Reconstruction	-	-	1,200,000
Yosemite Turn Lane (Maximus to PMD)	-	-	850,000
Lincoln/I-25 Ramp Improvements	-	-	430,000
County Line/PMCD Intersection Improvements	-	-	450,000
LTAC Road Construction	-	-	133,000
LTAC Pad enhancements	-	-	25,000
Town Ridge Drive Construction	-	-	300,000
Public art project	-	14,500	210,500
Police Department substation	-	-	60,000
Schweiger Ranch preservation	-	75,000	75,000
Retail retention agreement	75,000	75,000	75,000
Service provider shareback agreement	-	10,000	10,000
Annexation shareback agreement	732	27,188	30,000
County public improvements shareback	2,200,000	-	-
Reimbursement of sales taxes to PMBID	5,090,889	5,360,000	5,479,000
Reimbursement property taxes-PMBID for PMMD	184,379	209,962	215,000
<b>TOTAL CAPITAL OUTLAY</b>	<b>14,568,838</b>	<b>9,529,760</b>	<b>18,468,000</b>
 Total expenditures	 28,650,974	 24,622,465	 34,139,798
<b>TRANSFERS OUT</b>			
Special Revenue Fund - Arts Center	717,851	924,496	1,029,436
Special Revenue Fund - RidgeGate	-	-	-
Total transfers out	717,851	924,496	1,029,436
 Total appropriation	 29,368,825	 25,546,961	 35,169,234
 <b>ENDING FUND BALANCE</b>	 <b>\$ 14,447,335</b>	 <b>\$ 17,462,720</b>	 <b>\$ 14,608,904</b>

**CITY OF LONE TREE  
SPECIAL REVENUE FUND - RIDGEGATE  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUALS AND 2014 ESTIMATED**

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>BEGINNING FUND BALANCE</b>	\$ (273,873)	\$ 98,726	\$ 52,601
<b>REVENUE</b>			
Sales tax	1,396,339	2,039,000	1,895,000
Use tax-retail	384,846	410,000	420,000
Use tax - building materials	1,761,686	904,000	944,000
Lodging tax	149,586	190,000	195,000
Franchise fees - electric and gas	110,007	125,000	128,000
Franchise fees - cable	4,476	4,000	4,200
Highway Users Tax (HUTF)	84,453	92,950	116,288
Building permit fees	1,140,934	1,381,000	717,000
Planning and zoning fees	18,359	12,500	13,000
Engineering fees	126,934	75,000	100,000
Schweiger Ranch grants and contributions	-	75,000	75,000
Net investment income	2,256	1,520	1,716
Developer reimbursement	-	-	-
Reimbursable costs	-	-	-
Other	23,552	37,069	10,000
Total revenue	5,203,428	5,347,039	4,619,204
<b>TRANSFERS IN</b>			
General Fund	-	-	-
Total transfers in	-	-	-
Total funds available	\$ 4,929,555	\$ 5,445,765	\$ 4,671,805

**CITY OF LONE TREE  
SPECIAL REVENUE FUND - RIDGEGATE  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUALS AND 2014 ESTIMATED**

2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
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**EXPENDITURES**

City Administration - salaries and benefits	\$ 167,699	\$ 193,475	\$ 207,401
Legal	39,298	6,300	10,000
Finance - consultant	50,709	-	-
Administration and overhead costs	157,284	200,000	200,000
Insurance	89,340	81,000	85,050
Audit	4,799	5,000	5,000
Engineering	323,291	250,000	250,000
Community Development	200,142	197,824	232,970
Consulting	-	35,000	-
Police Department	1,154,963	1,422,729	1,722,662
Street lighting	5,137	5,500	6,000
Snow removal	113,322	177,250	70,000
Schweiger Ranch Preservation	-	75,000	75,000
Retail shareback	353,512	556,041	567,162
Service provider shareback	-	200,000	-
Developer revenue shareback	1,283,765	1,162,286	681,636
Reimbursement related to annexation agreement	-	-	-
Miscellaneous	-	1,000	1,000
Total expenditures	3,943,260	4,568,406	4,113,881

**TRANSFERS OUT**

General Fund	887,569	824,758	505,323
Total transfers out	887,569	824,758	505,323

Total appropriation	4,830,829	5,393,164	4,619,204
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**ENDING FUND BALANCE**

	\$ 98,726	\$ 52,601	\$ 52,601
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**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES FUND**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	\$ -
<b>REVENUE</b>			
<b>LONE TREE ARTS CENTER</b>			
Operating			
Ticket sales	684,923	956,997	1,060,180
Handling fees	93,296	93,500	93,000
Rental fees	108,951	108,900	100,900
Labor fees	78,508	65,943	59,500
Concessions and catering	86,826	87,000	91,000
Miscellaneous	4,128	5,000	3,000
Education	20,546	-	-
Non-Operating			
Individual, corporate and foundation contributions	137,925	151,500	210,000
Government grants	110,625	137,288	197,150
Fundraising	-	-	-
<b>TOTAL LONE TREE ARTS CENTER</b>	<b>1,325,728</b>	<b>1,606,128</b>	<b>1,814,730</b>
<b>OTHER</b>			
Annual Events	26,820	34,000	11,000
Arts and cultural events	17,323	9,000	9,000
<b>TOTAL OTHER</b>	<b>44,143</b>	<b>43,000</b>	<b>20,000</b>
Total revenue	1,369,871	1,649,128	1,834,730
<b>TRANSFERS IN</b>			
General Fund - Lone Tree Arts Center	425,340	650,424	674,804
General Fund - Annual events	169,011	191,000	270,732
General Fund - Arts and cultural events	118,188	68,072	68,900
General Fund - Park and recreation	5,312	15,000	15,000
Total transfers in	717,851	924,496	1,029,436
Total funds available	\$ 2,087,722	\$ 2,573,624	\$ 2,864,166

**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES FUND**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>EXPENDITURES</b>			
<b>LONE TREE ARTS CENTER</b>			
Administration	119,419	158,860	160,217
Programming	1,170,687	1,617,747	1,682,014
Marketing	359,214	407,802	432,308
Education	42,666	5,772	-
Miscellaneous	15,889	19,741	21,000
Development	43,193	46,630	153,995
Contingency	-	-	40,000
TOTAL LONE TREE ARTS CENTER	1,751,068	2,256,552	2,489,534
<b>OTHER</b>			
Annual events	195,831	225,000	281,732
Arts and cultural events	135,511	77,072	77,900
Recreational activities and support	5,312	15,000	15,000
TOTAL OTHER	336,654	317,072	374,632
Total expenditures	2,087,722	2,573,624	2,864,166
<b>TRANSFERS OUT</b>			
Total transfers out	-	-	-
Total appropriation	2,087,722	2,573,624	2,864,166
<b>ENDING FUND BALANCE</b>	\$ -	\$ -	\$ -

**CITY OF LONE TREE**  
**DEBT SERVICE FUND - ARTS AND CULTURAL FACILITIES**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>BEGINNING FUND BALANCE</b>	\$ 450,224	\$ 568,947	\$ 649,141
<b>REVENUE</b>			
Sales tax	1,577,027	1,624,000	1,658,000
Use tax - retail	29,804	25,000	25,500
Use tax - building materials	17,897	20,000	20,400
Net investment income	352	600	600
Total revenue	<u>1,625,080</u>	<u>1,669,600</u>	<u>1,704,500</u>
<b>TRANSFERS IN</b>			
General Fund	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>2,075,304</u>	<u>2,238,547</u>	<u>2,353,641</u>
<b>EXPENDITURES</b>			
Bond interest	524,556	499,206	471,756
Bond principal	845,000	915,000	985,000
Paying agent fees	200	200	200
Contingency	-	-	3,044
Total expenditures	<u>1,369,756</u>	<u>1,414,406</u>	<u>1,460,000</u>
<b>TRANSFERS OUT</b>			
General Fund	136,601	175,000	127,500
Total transfers out	<u>136,601</u>	<u>175,000</u>	<u>127,500</u>
Total appropriation	<u>1,506,357</u>	<u>1,589,406</u>	<u>1,587,500</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 568,947</u>	<u>\$ 649,141</u>	<u>\$ 766,141</u>

**CITY OF LONE TREE**  
**DEBT SERVICE FUND - PARK AND RECREATION IMPROVEMENTS**  
**FORECASTED 2015 BUDGET AS ADOPTED**  
**WITH 2013 ACTUALS AND 2014 ESTIMATED**

	2013 ACTUAL	2014 ESTIMATED	2015 ADOPTED
<b>BEGINNING FUND BALANCE</b>	\$ 597,598	\$ 682,980	\$ 776,367
<b>REVENUE</b>			
Sales tax	1,051,984	1,082,000	1,105,000
Use tax - retail	19,881	17,000	17,300
Use tax - building materials	11,925	14,000	14,300
Net investment income	592	800	800
Total revenue	<u>1,084,382</u>	<u>1,113,800</u>	<u>1,137,400</u>
<b>TRANSFERS IN</b>			
General Fund	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,681,980</u>	<u>1,796,780</u>	<u>1,913,767</u>
<b>EXPENDITURES</b>			
Bond interest	443,800	420,213	394,713
Bond principal	555,000	600,000	645,000
Paying agent fees	200	200	200
Contingency	-	-	5,087
Total expenditures	<u>999,000</u>	<u>1,020,413</u>	<u>1,045,000</u>
<b>TRANSFERS OUT</b>			
Total transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriation	<u>999,000</u>	<u>1,020,413</u>	<u>1,045,000</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 682,980</u>	<u>\$ 776,367</u>	<u>\$ 868,767</u>



# BUDGET MESSAGE

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

##### **Services Provided**

On November 7, 1995, a majority of the qualified voters at a general election voted to incorporate the City of Lone Tree (the City). Following incorporation, on May 5, 1998, a majority of the qualified voters adopted a Home Rule Charter thereby granting the City all powers accorded to cities by the laws of the State of Colorado. The City provides numerous services to its residents including general government, municipal court, community development and building regulation, public safety, public works, arts and cultural and capital improvements.

In 2000, RidgeGate, formerly known as Rampart Range, was annexed into the City by voter approval. The annexation agreement with the developers of RidgeGate require accounting for revenue and expenditures related to the RidgeGate development in a separate Special Revenue Fund. Subsequent to the Budget being adopted, an amended annexation agreement was entered into which does not require a Special Revenue Fund beginning in 2015. A budget amendment for the City will be approved in February 2015.

Starting with the 2011 fiscal year, the City has elected to account for all revenue and expenditures related to the Lone Tree Arts Center in a separate Special Revenue Fund. In 2013, City Council decided to expand the use of this fund to account for not only the Lone Tree Arts Center but also include other City programs focused on the arts and other types of community activities. Beginning with the 2014 budget, this fund is now referred to as the Cultural and Community Services Fund.

In addition to the General Fund and two Special Revenue Funds described above, the City also has two separate Debt Service Funds. The Debt Service Funds segregate monies related to the sales tax increases that were approved by City voters on May 6, 2008. Pursuant to that election, City voters authorized the issuance of indebtedness in an amount not to exceed \$18.5 million by increasing the rate of sales and use tax levied by the City by .1875 percent to be used to finance the cost of cultural facilities. Additionally, City voters authorized indebtedness in an amount not to exceed \$12.5 million by increasing the rate of sales and use tax levied by the City by .125 percent to be used to finance various park and recreational improvements. The increase in the sales and use tax rate for both initiatives commenced on July 1, 2008.

The City's Budget does not include any component units, such as the Entertainment Business Improvement District, the Lone Tree Building Authority or the Park Meadows Business Improvement District. A separate budget has been prepared for these entities.

Currently, the majority of the services related to legal and public works are contracted by the City. City Council has determined it to be economically prudent to outsource these

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

services rather than incur the payroll, benefit costs and related liabilities associated with maintaining permanent city employees.

The Budget is in accordance with the TABOR Amendment limitations that were modified by the citizens at elections held in November 1999 and May 2008. Emergency reserves, required under TABOR, have been provided for.

#### **Revenues**

The City diligently works to maintain a strong, diverse revenue base recognizing that a dependence upon any individual source makes revenues more vulnerable to economic cycles. All revenues are conservatively projected and are monitored and updated as necessary. The City uses historical trends, current trends, judgmental forecasting, and unique adjustments (i.e. new retail, new fees, data from a specific source, etc.) for its revenue projections.

#### **Taxes**

The primary sources of revenue for the City are sales and use tax. The City assesses a 1.8125% sales or use tax on all taxable retail transactions and a 1.8125% use tax on building construction materials (1.5% base tax, .1875% for cultural facilities, and .125% for park and recreational improvements). 2015 sales and use tax revenue is estimated for 2015 using historical trends, current economic conditions, as well as projections based on expected new retail openings in the City.

In addition to sales and use taxes, the City also collects lodging and accommodations tax and an admission and event tax, which were approved by election in November 1998. Lodging and admissions tax is a tax assessed on guest lodging in hotels and motels located within the City limits at a rate of 6.0% to be charged on renting or leasing lodging accommodations for a period of sixty consecutive days or less since February 2001. In November 2001, the City initiated a 4.0% admissions and event tax to be charged on each taxable transaction, as defined by City Ordinance. Lodging taxes are estimated to increase by 2% in 2015 based on historical trends and admissions taxes are estimated to remain flat in 2015.

#### **Franchise Fees**

Franchise fees are revenues derived from fees levied on companies in exchange for the right to use public right of way and otherwise operate as a franchise. Franchise fees for the City are generated from a negotiated franchise license with Xcel Energy for gas and electric service in the City as well as cable franchise fees with Comcast and Century Link.

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

The electric and gas franchise fee is based on 3.0% of gross revenue collected from customers in the City. Fees are estimated based on historical trends and new building permits issued in the prior year. The cable franchise fee with Comcast is at the rate of 5.0% for cable service provided to City residents, not including residents within the RidgeGate development. A Century Link franchise fee of 5.0% is collected for cable service provided to City residents within the RidgeGate development boundaries and was initiated in May 2005. Franchise fees are estimated to increase by 2% in 2015 due to utility cost increases as well as anticipated residential development.

#### **Intergovernmental Revenue**

Intergovernmental revenue, which is the second largest revenue source for the City consists of various sources of revenue that are received by the City from the State or County including the Highway Users Tax (HUTF), Cigarette tax, County sharebacks for road and bridge, as well as transportation and conservation trust funds. These revenues are budgeted each year based on set factors and formulas and are somewhat stable for the City unless legislature is revised. The HUTF is a state tax shared locally based on gas tax, various vehicle registration, title and license fees. Cigarette tax is a tax assessed by the state government and a percentage of the tax is allocated to the City based on sales tax receipts as a percentage of state sales tax receipts. The County Road and Bridge Shareback is based on the County mill levy of 4.493 which is assessed against the City's assessed value for the purpose of maintaining roads and bridges. The County Shareback for Transportation, effective as of January 1, 2011, provides that 75% of 0.4% of gross sales and use tax (building materials) generated within the City's boundaries (with the exception of the Park Meadows Mall) is to be reimbursed to the City by the County for transportation projects. This agreement will be in effect until December 31, 2030. Finally the Conservation Trust Funds are lottery revenues from the State that are allocated to municipalities based on population estimates.

In addition to the State and County revenue items above, the City also partners with other governmental entities including the Park Meadows Metropolitan District, Rampart Range Metropolitan District and Douglas County for capital projects and shared maintenance costs. These amounts are reflected under reimbursable costs for amounts received for City contracted projects and services.

#### **Licenses, Fees and Charges**

Licenses, fees and charges consist of various fees including business license, liquor license, building permit, planning and zoning and engineering fees. Many of these fees are based on residential and commercial development within the City and are estimated based on permit information as well as information received from developers within the City.

**CITY OF LONE TREE**  
**2015 BUDGET**  
**BUDGET MESSAGE**

**Fines and Forfeitures**

Fines and forfeiture revenue include court fees as well as vehicle and other code violation fines including Red Light ticket revenue. 2015 amounts reflect an increase due to the red light cameras not being used during part of 2014 due to construction projects.

**Lone Tree Arts Center**

The revenues listed in the Special Revenue Fund – Cultural and Community Services Fund are associated with the operations of the Lone Tree Arts Center and include various ticket sales, handling fees, rental fees, concessions and catering revenue as well as various estimated contributions and grants.

**Other**

Various other revenue sources are anticipated to be received by the City including interest income and tenant rental income received by parties leasing space in the City Hall. Additionally, included in this amount in 2015 are funds held in a reserve account related to the Certificates of Participation which were paid off in January 2015 partially with funds held in the reserve.

**Expenditures**

Though the City began implementing the Budgeting for Outcomes (BFO) process in 2012, the Budget has also been presented in this report based on generally accepted accounting principle requirements.

**General Government**

This area of the Budget includes the Administrative Services department, Finance and the City Manager's Office. The Administrative Services Department is responsible for providing and maintaining technology, risk management, facilities management, court services and personnel related services to the various City Departments. The success of Administrative Services is measured by how seamlessly and effectively employees are able to provide services to citizens and businesses in the community. The Administrative Services Department is divided into four divisions including Human Resources, Facilities, Information Technology, and City Clerk. Additionally, the City's Finance department includes sales tax administration and auditing, payroll processing and accounts payable as well as financial statement reporting and accounting records management. The goal of the Finance Department is to keep the City compliant with various state and federal requirements related to having up to date, accurate financial information.

**CITY OF LONE TREE**  
**2015 BUDGET**  
**BUDGET MESSAGE**

The City Manager's Office facilitates the work of the City Council by developing and implementing the details of City Councils' goals and policies. The City Manager provides leadership in all areas of municipal services to the community in accordance with the City Charter and provides strategic vision and priorities of the organization through intergovernmental relationships, community outreach, and economic development. The City Manager's Office staff also serves as liaisons between the City Council and City staff for carrying out service requests and supporting the many activities in which the City Council and the City Manager are engaged.

Other costs reflected under General Government include legal, insurance, economic development and other City programs, including Community Support which consists of various contributions to local groups and other community related events.

2015 estimates for General Government have been determined based on historical costs, anticipated cost increases related to salary and benefits as well as known contract price changes. Additionally, in 2015, the City anticipates completing a citizen survey as well as contributing some funds toward the first community garden in the City.

**Municipal Court**

Municipal court expenditures are based on the City's creation of a municipal court in 2002. Costs in this area consist of judge fees, legal fees, court clerks salaries and benefits as well as office supplies and software. Municipal Court expenditures are estimated to increase slightly in 2015.

**Community Development**

The Community Development Department consists of the Planning Division, the Building Division and the Code Enforcement Division.

The Planning Division administers land use projects including site improvement plans, subdivision plats and zoning changes. The Planning Division also provides long-range planning services including the preparation and periodic update of various planning regulations and tools, as well as other services including those related to historic preservation, signage and identification programs, streetscape programs and community facilities. The Building Division serves the community by administering the City's building codes to ensure all buildings are safe for occupancy. This is accomplished through reviewing building plans, issuing building permits and conducting inspections. The Code Enforcement Division is responsible for working with our residents, business owners and property owners to achieve a clean, safe and attractive community through

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

enforcement of the City's zoning and nuisance regulations. This division also issues sign, banner and temporary use permits.

It should also be noted that a majority of these costs are offset with building permit fees as well as licenses, fees and other charges. This area of the budget shows an increase in 2015 due to a full time Planner II position starting early in the year. This position was vacant most of 2014 due to restructuring and reevaluating the needs in the Community Development Department.

#### **Police Department**

The Police Department is dedicated to protecting, defending, and serving the residents, businesses and visitors of, Lone Tree. A commitment to maintaining a safe community can be seen through the City's support of human and social services and the implementation of local laws backed by the Police Department's commitment to community policing concepts.

The 2015 Budget includes payroll and related benefit expenditures for a total of 57.5 employees including one new position for an Emergency Manager which will be shared 50% with the Town of Parker. The 2015 Budget also includes costs related to the contract with the Town of Parker to provide dispatch services, crime scene and analysis services, as well as evidence processing and storage. Additionally, costs related to vehicle purchases are included based on the City's vehicle replacement plan.

#### **Public Works**

The Public Works Department is responsible for maintenance and repair of streets, storm drainage and open space, design, bidding and construction management of the City's capital improvement projects, the City's snow removal services, to review plans and issue permits for all work within City rights-of-way and City owned property, maintain and operate the traffic signals within the City, coordinate improvements and construction with related entities including Douglas County, Park Meadows Metropolitan District, Southgate Districts, South Metro Fire Department, CDOT and respond to citizen requests and concerns and represent the City on technical committees of numerous regional organizations. Additionally, solid waste pickup as well as recycling is provided to all single-family residents in the City.

#### **Arts and Cultural**

The Lone Tree Arts Center serves as a community resource, providing cultural and entertainment programming to residents of all ages, offering unique and affordable meeting services to local businesses and civic groups, and encouraging community

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

participation by hosting a wide range of local performing arts groups. The Arts Center helps bring wider recognition to the City by drawing audiences and meeting attendees from throughout the seven-county metro Denver region. Additionally, Lone Tree Arts Center staff oversees the City's robust public art programs as well as implement community-wide events for Lone Tree residents including summer concerts, the Independence Day celebration and Arbor Day.

#### **Parks and Recreation**

Parks and recreation services for the City are provided by the South Suburban Parks and Recreation District (SSPRD). The 2015 Budget includes City funds for several events including day events at Cook Creek pool for City residents, tennis events at the tennis and park facility at the golf course, as well as a contribution to the County for continuance of the East/West Trail.

#### **Capital Outlay**

The City defines capital expenditures to be a purchases over \$5,000 that have a useful life of over one year. To the extent funds are available and the need is established, the 2015 Budget provides for reoccurring capital expenditure costs including software packages, street construction and overlay, City-owned building improvements, landscape improvements, traffic signalization improvements and storm sewer improvements. Additionally, significant nonrecurring capital expenditures are described below:

- CarteGraph/ArcServer Upgrade - \$50,000 – Public Works software system to efficiently handle the creation, tracking and archiving of work orders. This benefits the community by having the ability to more efficiently respond to citizen and staff requests and schedule repairs necessary for the proper functioning of the infrastructure of the City.
- Website Redesign - \$100,000 – These funds are set aside to update the City's website.
- Monumentation and Signage - \$250,000 – These funds are budgeted to allow City Council to consider options based on the recommendations from the Community Sign Plan Study which was conducted in 2014.
- Entertainment District Improvements - \$730,000 – This amount is to begin evaluating to start improvements in the Entertainment District area, specifically related to having a full movement signalized intersection at Kimmer and Park Meadows Drive.
- Lincoln Avenue Pedestrian Bridge - \$4,000,000 – This amount is for the Lincoln Avenue pedestrian bridge design and construction. A significant portion of this will be reimbursed from project partners.

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

- Yosemite Turn Lane (Maximus to Park Meadows Drive) - \$850,000 – This project adds an additional right turn lane on Yosemite Street between Maximus and Park Meadows Drive.
- Lincoln and I-25 Ramp Improvements - \$430,000 – This is a contribution by the City to Douglas County related to the overall improvements in this area.
- County Line Road and Park Meadows Center Drive Intersection Improvements - \$450,000 – This is a placeholder for improvements to be made at this intersection based on a transportation study that is being conducted on County Line Road.
- LTAC Driveway Relocation - \$133,000 – These funds are to be used to realign the Lone Tree Arts Center driveway with a newly constructed street serving the new library to the east.
- Town Ridge Drive Construction - \$300,000 – These funds are for construction of the new road being built east of the new library site.
- Police Department Substation Relocation - \$60,000 – These funds are for the build out costs of the substation relocation including walls, paint, flooring, doors, HVAC, restrooms, electrical and basic wiring for phones and computers as well as the storefront. The Park Meadows Mall will be providing the new space with the City paying for the remodel costs only.

Also included in this section of the budget are lease payments and certain associated costs related to the Certificates of Participation (COPs) issued by the Lone Tree Building Authority in January 2007. The 2007 COPs were paid off in January 2015. These amounts also include reimbursement of sales taxes to Park Meadows Business Improvement District associated with the annexation of Park Meadows Mall, as well as pursuant to the RidgeGate annexation agreement.

#### **Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the Series 2008A Sales and Use Tax Revenue Bonds (Recreation Projects) as well as the Series 2009 Sales and Use Tax Revenue Bonds (Cultural Facilities Projects). The City's current debt service schedules are attached.

#### **Debt and Leases**

On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000, for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation respectively. The voters also authorized a temporary sales and use tax rate increase of .1875 percent for arts and cultural facilities and .125 percent for park and

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

recreation improvements effective July 1, 2008 through December 31, 2023 or until the full payment of such debt if occurring earlier. At December 31, 2014, the City had authorized but unissued bond indebtedness totaling \$3,120,000 of which \$1,620,000 is for arts and cultural facilities and \$1,500,000 is for park and recreation improvements.

On November 19, 2008, the City issued \$11,000,000 in Sales and Use Tax Revenue Bonds for park and recreational improvements. The Series 2008A Bonds are due annually in various amounts beginning December 1, 2008 through December 1, 2023, with interest rates from 3.50% to 5.25%, payable semiannually on June 1 and December 1. The Series 2008A Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. The Series 2008A Bonds maturing on and after December 1, 2019 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the Series 2008A Bonds is payable solely from and secured by an irrevocable pledge of the 2008A pledged revenues which primarily consist of the revenues derived from the City's recreation sales and use tax imposed at a rate equal to .125 percent.

On August 11, 2009, the City issued \$16,880,000 in Sales and Use Tax Revenue Bonds for cultural facilities projects. The Series 2009 Bonds are due annually in various amounts beginning December 1, 2009 through December 1, 2023, with interest rates from 2.50% to 4.25%, payable semiannually on June 1 and December 1. The Series 2009 Bonds maturing on or before December 1, 2019 are not subject to redemption prior to maturity. The Series 2009 Bonds maturing on and after December 1, 2020 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the Series 2009 Bonds is payable solely from and secured by an irrevocable pledge of the 2009 pledged revenues which primarily consist of the revenues derived from the City's cultural facilities sales and use tax imposed at a rate equal to .1875 percent.

The City entered into a Lease Purchase Agreement with the Lone Tree Building Authority in January 2007 in which the City will lease a certain building purchased by the Lone Tree Building Authority to be used as City Hall. The Lone Tree Building Authority issued Certificates of Participation (COPs) for the purchase of the City Hall. The City will be responsible for the scheduled lease payments due under the Certificates of Participation. The 2007 COPs were paid off in full in January 2015.

Debt service schedules as well as scheduled lease payments related to the COPs are attached.

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

##### **Compensation, Benefits and Staffing**

Personnel-related expenses account for the largest portion of the City's Budget; therefore, maintaining this investment is a high priority. In 2013, the City hired Mountain States Employers Council to develop a compensation and benefits study to better define a compensation philosophy for the City. This study determined that the City was competitive with the surrounding market with its salary and benefit packages offered.

The City of Lone Tree's objective is to compensate employees for their performance and contribution to the City's goals. The City considers a number of factors in compensation, including overall organizational effectiveness and the need to attract and retain qualified, talented employees. The City recognizes that employees are critical to the success of the City and must attract and retain competent, professional, and results-oriented staff. Therefore, the City's total compensation package of pay and benefits, within our ability to pay, is competitive or exceeds the market of other governmental and private employers in the Denver/Boulder area. The City supports skill development, increased knowledge, flexibility, customer service, communication, teamwork, and job results. The City rewards employees who meet the above performance objectives to help achieve the mission and adhere to the City's stated values.

The City of Lone Tree had a total of 117 employees or total full-time equivalents (FTE) of 100.25 at the end of 2014. The voluntary turnover rate for the City in 2013 was 6.59% compared to the Denver/Boulder voluntary turnover rate of 12%. During 2014, several compensation changes were implemented to meet the City's total compensation objective including:

- Instituted a new salary grade and range structure to better align salaries among all positions within the City. As positions have been added or restructured in 2014, our salary grade and range structure has been a valuable tool to ensure consistency both in terms of aligning salaries as well as with the execution of salary adjustments.
- The Police Department developed a Career Level program for its Police Officer, Corporal and Sergeant positions to provide development opportunities.
- The merit promotion program methodology was revised to allow Department Directors more discretion when determining annual merit increases, further supporting the pay for performance goal.
- The medical plan offerings were enhanced to include a High Deductible Health Plan with a Health Savings Account (HDHP, HSA) option. With the addition of this plan, the City now offers two distinct medical choices for employees.

## **CITY OF LONE TREE**

### **2015 BUDGET**

#### **BUDGET MESSAGE**

- In conjunction with the change to the health plan options, the City incorporated a health advocate program which includes Teladoc, Health Advocate and eDOCAmerica. These three programs provide our employees with additional resources to make informed decisions regarding their health care.

Utilizing the 2014 Mountain States Employers Council survey data, the 2015 Budget includes a 3% merit pool based on the current Denver/Boulder market data.

#### **Reserve Funds**

The City has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2015, defined under TABOR. Additionally, the City has provided for emergency maintenance and repair reserves in 2015 as defined per the RidgeGate Annexation and Development Agreement, and an emergency disaster management reserve pursuant to an intergovernmental agreement with Douglas County estimated at .02% of the City's assessed value. Pursuant to bond restrictions, reserves are also set aside for remaining bond proceeds related to park and recreation bonds issued in 2008 as well as revenue received from the sales tax increases approved in 2008 by City voters which are pledged for payment of interest and principal payments on the 2008A and 2009 Bonds. Additionally, funds are also reserved for park and recreation improvements and related maintenance costs with City funds received from the State's Conservation Trust Fund as well as park fees which have been collected by developers in lieu of land dedication as a requirement under certain site improvement plans.

In addition to the funds reserved by the City pursuant to laws or other contractual obligations outlined above, the City also has designated 25% of its operating costs as a working reserve to account for unanticipated revenue shortfalls, unanticipated expenditures as well as to ensure stable tax rates for the City. The City also has designated certain funds as capital reserves specific to future capital maintenance costs, new capital projects and economic development projects.



# SCHEDULES AND STATISTICAL TABLES

**CITY OF LONE TREE  
ESTIMATED BASE RENTALS SCHEDULE  
COPS - CITY OFFICE BUILDING**

**\$9,230,000 Taxable Adjustable  
Rate Certificates of Participation  
Series 2007, Dated January 9, 2007  
Monthly Rate Mode Assumed at 5.75%  
Principal Due December 1**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 1,290,000	\$ -	\$ 1,290,000
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
	<u>\$ 1,290,000</u>	<u>\$ -</u>	<u>\$ 1,290,000</u>

Note: Assumes early prepayment of principal on January 1, 2015. Reserve amount of \$923,000 will be applied to final payment.

**CITY OF LONE TREE  
DEBT SERVICE REQUIREMENTS TO MATURITY  
ARTS AND CULTURAL BONDS**

**\$16,880,000 Sales and Use Tax Revenue Bonds  
Series 2009, Dated August 11, 2009  
Interest Rate at 2.50% to 4.25%  
Interest Payable June 1 and December 1  
Principal Due December 1**

	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2015	\$ 985,000	\$	471,756	\$	1,456,756
2016	1,060,000		439,744		1,499,744
2017	1,140,000		403,044		1,543,044
2018	1,225,000		363,481		1,588,481
2019	1,325,000		314,481		1,639,481
2020	1,425,000		261,481		1,686,481
2021	1,535,000		204,481		1,739,481
2022	1,645,000		143,081		1,788,081
2023	1,770,000		75,228		1,845,228
	<u>\$ 12,110,000</u>	<u>\$</u>	<u>2,676,777</u>	<u>\$</u>	<u>14,786,777</u>

Note: The 2009 Bonds maturing on or before December 1, 2019 are not subject to redemption prior to maturity. The 2009 Bonds maturing on or after December 1, 2020 are subject to redemption prior to maturity at the option of the City with no redemption premium.

**CITY OF LONE TREE  
DEBT SERVICE REQUIREMENTS TO MATURITY  
PARK AND RECREATION BONDS**

**\$11,000,000 Sales and Use Tax Revenue Bonds  
Series 2008A, Dated November 19, 2008  
Interest Rate at 3.50% to 5.25%  
Interest Payable June 1 and December 1  
Principal Due December 1**

	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2015	\$ 645,000	\$	394,713	\$	1,039,713
2016	695,000		365,687		1,060,687
2017	750,000		332,675		1,082,675
2018	805,000		295,175		1,100,175
2019	870,000		254,925		1,124,925
2020	940,000		209,250		1,149,250
2021	1,005,000		162,250		1,167,250
2022	1,080,000		112,000		1,192,000
2023	1,160,000		58,000		1,218,000
	<u>\$ 7,950,000</u>	<u>\$</u>	<u>2,184,675</u>	<u>\$</u>	<u>10,134,675</u>

Note: The 2008A Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. The 2008A Bonds maturing on or after December 1, 2019 are subject to redemption prior to maturity at the option of the City with no redemption premium.

**CITY OF LONE TREE  
FULL-TIME EQUIVALENT CITY  
EMPLOYEES BY FUNCTION/PROGRAM  
2013 Actual, 2014 Estimated and 2015 Projected**

<u>Function/Program</u>	<b>Full-Time Equivalent Employees</b>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government			
City Manager's Office	5.00	6.00	6.00
Administrative Services Department			
Internal Services Director	1.00	-	-
Human Resources	2.00	1.75	1.75
Facilities Manager	1.00	1.00	1.00
Information Technology	1.00	2.00	2.00
City Clerk	2.00	2.00	2.00
Finance			
Finance Director	1.00	1.00	1.00
Accountant	-	1.00	1.00
Accounting Technician	1.00	1.00	1.00
Revenue and Licensing Clerk	1.00	1.00	1.00
Sales and Use Tax Auditor	1.00	1.00	1.00
Municipal Court			
Court Clerk	2.00	2.00	2.00
Community Development			
Planning	3.00	2.00	3.00
Code Enforcement	1.00	1.00	1.00
Building	3.00	3.00	3.00
Arts & Cultural			
Administration	1.50	2.50	2.50
Programming	9.75	12.00	12.00
Marketing	1.00	1.50	1.50
Education	0.50	-	-
Development	1.00	1.00	1.00
Events Coordinators	1.50	1.00	1.00
Police			
Chief	1.00	1.00	1.00
Commander	2.00	2.00	2.00
Sergeant	9.00	9.00	9.00
Corporal - Investigations	1.00	1.00	1.00
Detective	4.00	4.00	4.00
Corporal - Patrol	7.00	7.00	7.00
Patrol	22.00	24.50	24.50
Community Resource	1.00	1.00	1.00
Police Service Coordinator	1.00	1.00	1.00
Support Services Manager	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00
Records Tech	3.00	3.00	3.00
Emergency Manager	-	-	0.50
Total	<u>94.250</u>	<u>100.250</u>	<u>101.750</u>

Note: Position changes between 2014 and 2015 included a Planner II position in Community Development and the Emergency Manager position in the Police Department. The City outsources Public Works and Legal.



# FINANCIAL POLICIES

# **Financial Policies**

## **Accounting, Budgeting and Financial Policies**

The City of Lone Tree, Colorado financial policies set forth the basic framework for the fiscal management of the City. These policies were developed within the parameters established by applicable provisions of the Colorado Revised Statutes and the City of Lone Tree City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

### **Basis of Accounting**

The City's finances are accounted for in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Under accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Modified accrual accounting recognizes revenues when they become measurable and available. Measurable means that the dollar value of the revenue is known. Available means that it is collectible within the current period, or soon enough after the end of the current period to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are sales, use, lodging and admissions taxes. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

### **Basis of Budgeting**

Basis of budgeting refers to the methodology used to include revenues and expenditures in the budget. The City of Lone Tree budgets on a cash basis. The City does not budget for non-cash items such as depreciation and amortization. The revenues and expenditures are assumed to be collected or spent during the period appropriated. Using this assumption, the current year revenues are compared to expenditures to ensure that each fund has sufficient revenues to cover expenditures during the budget year, or that there are sufficient cash reserves in the fund to cover a revenue shortfall. The City's operating and capital budget, all special revenue funds and all debt service funds are adopted on an annual basis (the fiscal year begins with the first day of January and ends on the last day of December) with all appropriations lapsing at fiscal year-end.

## **Basis of Budgeting vs. Basis of Accounting**

The basis of budgeting differs from the basis of accounting only by the assumptions that are made in regard to the timing of the recognition of revenues and expenditures. The budget assumes that all revenues and expenditures, as well as the associated cash, will be expended or received during the budget period. Conversely, the basis of accounting only recognizes revenues when they become both measurable and available, and expenditures when incurred. Cash is not necessarily received or expended at the same time. Additionally, compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees with GAAP as opposed to being expended when paid on the budget basis.

## **Basis of Presentation – Fund Accounting**

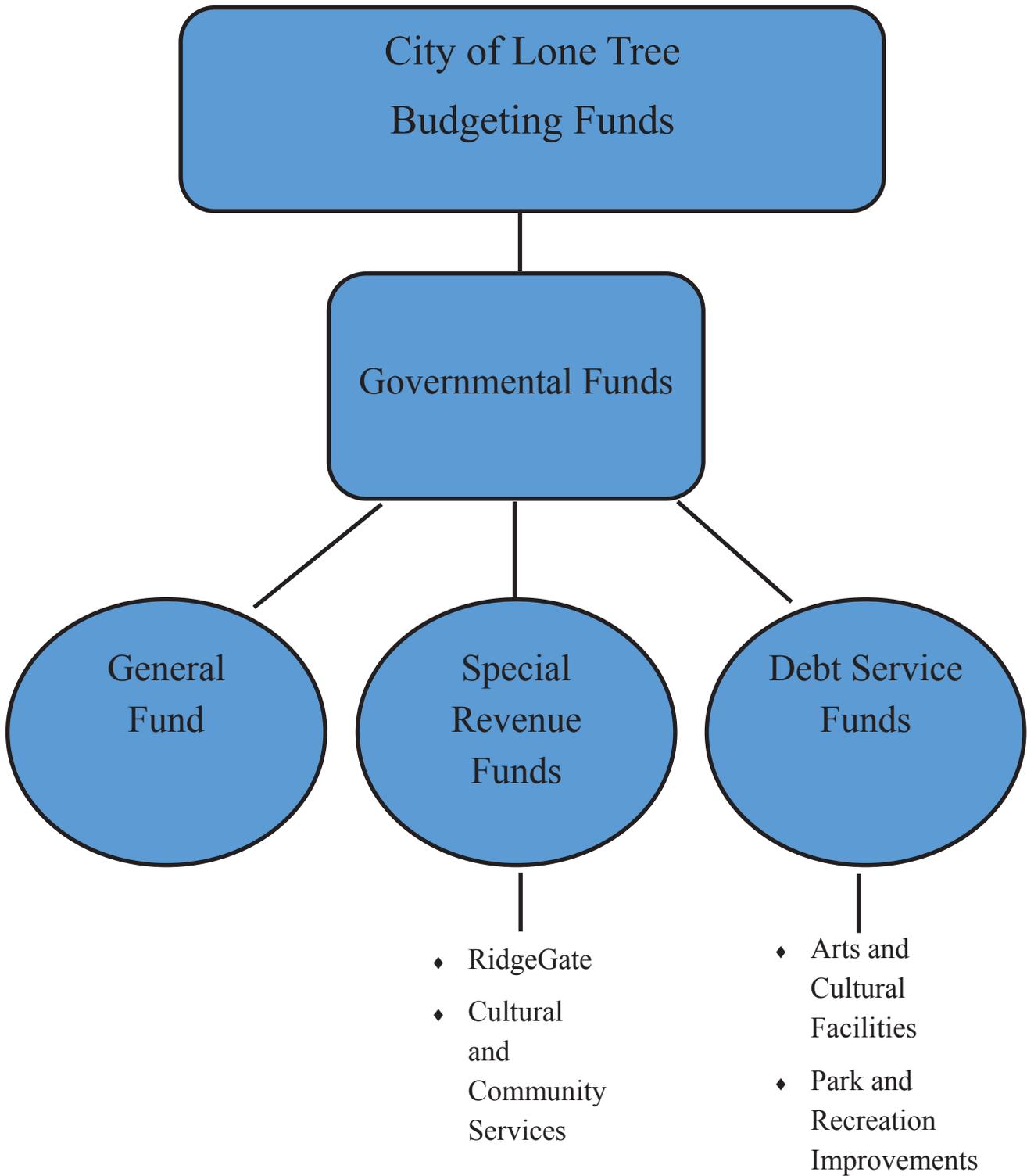
The activities of the City are organized into separate funds that are designated for a specific purpose or set of purposes. Each fund is considered a separate accounting entity, so the operations of each fund are accounted for with a set of self-balancing accounts that comprise its revenues, expenses, assets, liabilities, and fund equity as appropriate.

The number and variety of funds used by the City promotes accountability but can also make municipal budgeting and finance complex. Therefore, understanding the fund structure is an important part of understanding the City's finances. The City of Lone Tree currently has five funds. Each of the City's funds are major funds and each fund is appropriated for annually. Below is a description of each of the major funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The *Special Revenue Fund – RidgeGate* is used to account for revenues and expenditures related to the development pursuant to the 2000 RidgeGate Annexation Agreement. Subsequent to the budget being adopted, an amendment to the annexation agreement and related Special Revenue Fund was approved that will no longer require a separate fund as of January 1, 2015. A budget amendment will be completed in 2015 based on the new agreement.
- The *Special Revenue Fund – Cultural and Community Services* is used to account for revenues and expenditures related to the operations of the Lone Tree Arts Center, as well as other City sponsored events and cultural services. Revenue reported in this fund include all sales at the Lone Tree Arts Center, which include ticket sales and related fees, rental fees, concessions, donations, and grants.
- The *Debt Service Fund – Arts and Cultural Facilities* is used to account for the resources accumulated and payments made for principal and interest on long-term debt related to arts and cultural facilities improvements.
- The *Debt Service Fund – Park and Recreation Improvements* is used to account for the resources accumulated and payments made for principal and interest on long-term debt related to park and recreational improvements.

A chart depicting the City's Governmental Fund Types is included on the next page.

# BUDGET FUND STRUCTURE



## **Budget Philosophy**

The budget is the long-range plan by which financial policy is implemented and controlled. The City Charter, Colorado Constitution, and Colorado State statutes provide the basic legal requirements and time lines for the City's budget process. Council goals, ordinances, and resolutions provide policy direction that respond to the needs and desires of the community.

Municipal services are funded through a variety of taxes, fees, charges for service, and intergovernmental assistance. Generally, the City:

- Utilizes conservative growth and revenue forecasts
- Appropriates the budget in accordance with the City Charter, the Colorado Constitution, and Colorado laws
- Adopts financial management policies that establish guidelines for financial plans
- Establishes budgets for all funds based on adopted policies and practices
- Organizes the budget so that revenues are related to expenditures, as much as possible
- Prepares a multi-year financial plan for capital improvements
- Manages the operating and capital budgets, with City Council approval
- Provides department directors with immediate access to revenue and expenditure information to assist their efforts in controlling annual expenditures against appropriations

## **Budget Process & Timeline**

In accordance with the City Charter, the annual budget process and timeline is outlined in the Budget Process and Overview section of this budget document.

## **Procurement Planning**

All City purchases of goods or services are made in accordance with the State of Colorado Revised Statutes, City of Lone Tree City Charter and the City's Purchasing Guidelines.

## **Financial Reporting**

The City's accounting records are audited by an independent certified public accounting firm following the conclusion of each fiscal year in accordance with the City Charter and state law. The City Manager and Finance Director prepares a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP) as applicable to state and local governments established by the Governmental Accounting Standards Board (GASB) for governmental accounting and financial reporting principles. The CAFR shows the status of the City's finances on the basis of GAAP. The CAFR shows fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes.

## **Fund Balance Policies**

A top priority of the City Council is to maintain the fiscal health of the City. Revenue projections are conservative and authorized expenditures are closely monitored. In stable economic times, the combination of these two strategies lead to revenue collections higher than actual expenditures. The accumulation of these fund balances protects the City from uncontrollable increases in

expenditures or unforeseen reductions in revenue, or a combination of the two. It also allows for the prudent financing of capital construction and replacement projects. Fund balances provide for the temporary financing of unforeseen opportunities or needs of an emergency nature.

Within the governmental funds, fund balances are reported based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances can be classified as nonspendable, restricted, committed, assigned, or unassigned.

#### *Fund Balance Classifications*

- Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, City Council. City Council will either pass an ordinance or resolution as the highest level of decision making dependent on the subject matter.
- Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The City’s Working Reserve Policy as well as the Capital Reserve Policy are shown as assigned fund balance in the Budget. See below for more information on these policies.
- Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

#### **Working Reserve Policy**

The City Council adopted a Working Reserve Policy or Unrestricted Fund Balance Policy in January 2012. This policy is included on pages 93-94.

#### **Capital Reserve Policy**

The City Council adopted a Capital Reserve Policy in January 2013. This policy is included on pages 95-96.

**Debt Management Policy**

The City Council adopted a Debt Management Policy in July 2013. This policy is included on pages 97-100.

**Investments Policy**

The City Council adopted an Investments Policy in July 2013. This policy is included on pages 101-105.

**Vehicle Replacement Fund Policy**

The City Council adopted a Vehicle Replacement Fund Policy in July 2013. This policy is included on pages 106-107.

**CITY COUNCIL ADOPTED POLICY  
CITY OF LONE TREE**

**SUBJECT: Working Reserve Policy**

**CAP#: 11-01**

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**ISSUE DATE**

**December 20, 2011**

**EFFECTIVE DATE**

**January 1, 2012**

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**INTENT**

It is essential that the City of Lone Tree (the City) maintain an adequate working reserve in order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates. Furthermore, an adequate working reserve is a critical consideration to the City's long-term financial planning.

**POLICY:**

In this regard, the City has established the following fiscal policy related to its working reserve.

**Minimum and Target Levels**

The City will maintain a minimum working reserve balance of at least two months (16.7%) of the current year's budgeted operating expenditures. At the same time, the City will strive to achieve and maintain a 30.0% working reserve balance (which would include the 3% Emergency Reserve as required by TABOR) as part of its annual budget process.

**Use of Funds**

While targeting to maintain an annual working reserve of 30.0%, the City understands that there may be circumstances which warrant that the City use these funds temporarily. The City has established the following instances where it may elect to use these funds:

- An economic downturn in which revenues are below budget
- Unexpected and unappropriated price increases to service and maintain current City operations
- Early retirement of indebtedness
- Unexpected and non-budgeted emergencies, natural disaster costs, and/or litigation
- Capital asset acquisition, construction and improvement projects

The use of the working reserve for any of the permitted circumstances described above will require an affirmative vote of eighty percent (80%) by members of City Council.

**Terms for Replenishing**

In the event the City elects to use its working reserve in the aforementioned instances, the City will, concurrently in deciding to use its working reserve funds, establish a plan for replenishing the working reserve to its previous levels. When the working reserve is utilized, the City's priority will be to replenish the working reserve as soon as revenues are available.

**Policy Review**

The City's Finance Director will be responsible for reviewing the Working Reserve Policy semiannually in connection with the City's annual budgeting process and preparation of yearend financial statements to ensure that the City is maintaining an adequate working reserve level as established by this policy. Moreover, at least once every three years, the City Manager will review the policy and will make recommendations for revisions to the policy as deemed appropriate. Adoption and changes to this policy will require an affirmative vote of eighty percent (80%) by members of City Council.



*James D. Gunning*  
**James D. Gunning**  
Mayor

*Jennifer Pettinger*  
**Attest: Jennifer Pettinger**  
City Clerk

**CITY COUNCIL ADOPTED POLICY  
CITY OF LONE TREE**

**SUBJECT: Capital Reserves Policy**

**CAP#: 12-02**

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**ISSUE DATE**

**December 18, 2012**

**EFFECTIVE DATE**

**January 1, 2013**

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**INTENT**

The City of Lone Tree (the City) has determined that accumulating and maintaining capital reserves as part of its annual budgeting process helps ensure that the City maintains adequate cash fund balances to help offset costs of future capital replacement and project needs. The City believes that establishing and maintaining such reserves will assist the City to take greater advantage of the “pay as you go” philosophy versus relying entirely or mostly on debt financing. As such, the City will be able to minimize the costs related to debt borrowing which in turn will make future revenues available for other purposes rather than interest payments on debt. In this regard, the City has established the following fiscal policy as it relates to capital reserves.

**POLICY:**

**Capital Projects and Replacement Program**

On an annual basis and concurrently with the City’s budgeting process, City Finance will ensure that ten-year capital projections are compiled by soliciting information from the City staff which reflects significant, contemplated capital projects, the associated costs, and the projected timeframe for the projects. The projections will be used for long-term financial planning purposes only and will in no way be intended to obligate the City in any manner to building or constructing the capital projects contained within the projections.

**Budgeting for Capital Reserves**

Utilizing the ten-year capital projections, the City will strive to fund a designated capital reserves fund balance within its budget that will be equal to at least twenty-five percent (25%) of the amount of the average aggregate projected cost over the ten year period for all of the projects based on the scheduled timing of the projects. Moreover, the City will roll over any excess funds, subsequent to year-end closing, of unanticipated accumulated fund balances and will include any such excesses as part of the City’s capital reserves.

**Use of Funds**

Capital reserves will be utilized by the City for capital projects, as contained within the ten-year capital projections, as they are constructed. While it is the City’s intent to only utilize its capital reserves for planned projects as contained in its ten-year capital projections, it is understood that there may be unusual circumstances which may cause the City to desire to use its capital reserves for unplanned and unanticipated capital purposes. In instances where such an event may occur, an affirmative vote of eighty percent (80%) by members of City Council will be required. At no time shall accumulated capital reserves be used for City operational costs. Furthermore, should the City use its capital reserves for unplanned and unanticipated capital outlay purposes, the City will cause any such utilized reserves to be replenished within two years from the date of the reserves being drawn on.

**Investing Capital Reserve Balances**

As established in this policy, the City acknowledges that it will be accumulating capital fund balance reserves that may and/or will not be used for an extended period of time. In order to maximize the City’s investment earnings, City Finance will periodically, but no less than annually, analyze the capital reserves fund balance and recommend to Council various investment options available to the City. Any and all recommendations made by City Finance will adhere to state statutes regarding investments permitted by governmental entities. Investment revenue earned on capital reserve balances will be used for costs incurred under this policy.

**PROCEDURES:**

**Policy Review**

City Finance will be responsible for reviewing the Capital Reserves Policy on an annual basis in connection with the City’s annual budgeting process to ensure that the City is maintaining appropriate capital reserves as established by this policy. Moreover, on an annual basis, but at least once every three years, the City Manager will review the policy and will make recommendations for revisions to the policy as deemed appropriate. Adoption and changes to this policy will require an affirmative vote of eighty percent (80%) by members of City Council.



*James D. Gunning*  
James D. Gunning  
Mayor

*Jennifer Pettinger*  
Attest: Jennifer Pettinger  
City Clerk

**CITY COUNCIL ADOPTED POLICY  
CITY OF LONE TREE**

**SUBJECT: Debt Management**

**CAP#: 13-03**

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**ISSUE DATE**

**June 18, 2013**

**EFFECTIVE DATE**

**July 1, 2013**

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**INTENT**

The City of Lone Tree (City) understands the importance of long-range, financial planning in order to meet its capital asset needs. The following debt management policy establishes parameters on the issuance of debt to help ensure that the City maintains a sound debt position and that its credit rating is protected. As such, the policy allows for an appropriate balance between establishing debt limitations while also providing flexibility to respond to unforeseen circumstances and new opportunities. This policy applies to City derived revenues and revenues the City is entitled to receive. It is the intent of this policy to provide both a framework relating to current circumstances as they exist today as well as to address the City's future position relating to debt management.

**POLICY**

The City has established the following fiscal policy related to debt management.

**Development of Long-Term, Financing Recommendations**

The primary responsibility for developing long-term, financing recommendations rests with the City Manager. During the annual budget process, and at any other such times during the year in which the need may arise, the City Manager will work collectively with the City's Finance Director and any other deemed necessary City staff (the Internal Working Group) to determine if there is a need for long-term borrowing. As part of the determination process, the Internal Working Group shall review the financing needs outlined by the Capital Improvement Plan (see below) to analyze the future capital financing needs as compared with the City's currently available cash resources and projected revenues. The Internal Working Group will also provide recommendations regarding refunding and restructuring of existing debt.

Once determination is made by the Internal Working Group to pursue long-term financing, a refunding, or restructuring of debt, the City Manager or City Manager designee, shall prepare and present to City Council a resolution of intent to issue, refund or restructure debt and authorization of City staff to proceed with the necessary preparations.

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Approved on June 18, 2013 CAP# 13-03

Page 1

## **Capital Improvement Plan**

On an annual basis and as part of the City's budgeting process, the City will prepare and/or update a ten (10) year Capital Improvement Plan (CIP) identifying capital projects that are part of the City's long-term strategic vision and economic development plan. The CIP forecast process should include the associated, estimated ongoing operations and maintenance costs of such capital assets so that the total costs of the projects are considered for budgeting and projection purposes.

### **Purpose of Debt**

Incurrence of long-term debt will only be used for the purpose of financing capital assets, which include but are not limited to buildings, infrastructure, land acquisition and purchase of significant equipment. The City, under no circumstances, will issue debt or borrow funds to finance the City's on-going costs for operations and services.

The City will strive to maximize the pay-as-you-go approach for its capital projects expenditures (see Capital Reserves Policy). Debt financing will be considered when annual revenues and accumulation of capital cash reserves are not sufficient to provide the necessary funding for such projects within a timeframe deemed necessary or adequate by City Council.

### **Types of Debt**

The types of debt instruments to be used by the City will include:

- General Obligation Bonds
- Revenue Bonds
- Short-term Notes
- Special or Local Improvement Bonds
- Tax Increment Securities
- Any other legally recognized security approved by City Council and deemed advantageous to the City

In order to mitigate any uncertainty of annual debt payment amounts due, the City will strive, if deemed practical and beneficial, to secure a fixed rate structure when issuing debt. The City will consider a variable rate structure when market conditions favor this type of issuance, and when feasible, ensure there is a maximum interest rate provided within the variable rate structure. Credit enhancements will be used only in instances where the anticipated present value savings in terms of reduced interest expense exceeds the cost of the credit enhancement.

### **Level of Debt and Restrictive Provisions**

The City will strive to limit its general obligation debt (i.e., where ad valorem property taxes are the main and underlying security pledged on the debt) so as not to exceed fifteen percent (15%) of the City's total assessed valuation as shown by the last preceding assessment received from the Douglas County's Assessor's Office. Additionally, the City will strive to maintain its annual

general obligation debt service costs (principal and interest) for its governmental activities at a level of no greater than fifteen percent (15%) of the City's governmental expenditures. Any debt issued by the City, other than general obligation debt, wherein other revenue sources serve as security on the debt (e.g., revenue bonds), will not have any specific debt level restrictions, provided that each of such issuances will be evaluated on a case by case basis so as to ensure that the City has adequately provided for conservative revenue projections relating to principal and interest repayment purposes.

The repayment terms of all debt issued by the City will not exceed the useful life of the capital assets financed. Additionally, the City will seek level or declining debt repayment schedules and will not issue debt that provides for a balloon principal payment reserved at the end of the term of the issue. Furthermore, the City will strive to obtain redemption terms that allow for the prepayment of debt without paying a redemption penalty.

### **Debt Issuance Practices**

As part of its debt issuance process, the City will at all times manage its debt and sustain its financial position in order to secure and maintain an AA/Aa2 (long-term) or higher bond rating.

The City will market its debt through the use of a competitive bid process when issuing general obligation debt. The competitive bid process will also be used for other debt issuances unless time, interest rates and/or other factors make it more favorable for the City to use a negotiated process.

If needed, the City will hire an independent financial advisor, and any other professional service provider (e.g. bond counsel), to assist in the structuring of the debt transaction and to provide overall guidance throughout the process.

### **Guidelines for Refunding**

The City shall consider refunding (advance and current refunding) outstanding debt whenever an analysis indicates the potential for net present value (NPV) savings of at least three percent (3%) can be achieved. The City shall also consider restructuring its existing debt in order to extend the payment terms to meet cash flow needs if deemed beneficial to the City's long-term financial and strategic planning. The City may also consider refunding outstanding bonds to remove existing restrictive covenants.

### **Post Issuance Management**

The City will invest its debt proceeds in accordance with the City's investment policy and statutory requirements. Funds will be invested in instruments and with related maturities that will provide the liquidity needed to meet the cash flow needs of each project. In this regard, the City's Finance Director will prepare cash flow projections to determine the availability of funds to be invested and their respective required maturities.

The City will comply with all arbitrage rebate requirements as established by the Internal Revenue Service. Arbitrage will be calculated at the end of each fiscal year and interest earned on the investment of debt proceeds will be reserved to pay any penalties due. Secondary market disclosures requirements established within the terms of the debt transaction will be adhered to and filed on a timely basis.

The City's Finance Director will be responsible for managing the post issuance requirements listed above and/or cause any post issuance requirements to be completed.

### **Policy Review**

The City Manager and the City's Finance Director will review the Debt Management Policy in connection with the City's annual budget process as well as the year-end audit process to ensure that the City is adhering to the framework outlined in this policy and will make recommendations to revise the policy as needed. Adoption and changes to this policy will require an affirmative vote by City Council.



  
**James D. Gunning**  
Mayor

  
**Attest: Jennifer Pettinger**  
City Clerk

**CITY COUNCIL ADOPTED POLICY  
CITY OF LONE TREE**

**SUBJECT: Investments**

**CAP#: 13-02**

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**ISSUE DATE**

**June 18, 2013**

**EFFECTIVE DATE**

**July 1, 2013**

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**INTENT**

The City of Lone Tree (City) recognizes the need to adopt an investment policy to establish parameters and guidelines for the efficient management of the City's funds and for the purchase and sale of investments. This policy applies to the investments of all funds of the City. Except for funds held in trust or special funds that are otherwise specifically provided for, the City will consolidate the balances from all funds to maximize investment earnings and meet the liquidity requirements of the City subject to the primary objective of providing security of principal. Any and all investments made by the City must be allowable, as provided for, by state statute.

**POLICY**

The City has established the following fiscal policy related to investments.

**Objectives**

It is the policy of the City to invest idle public funds in a manner to meet the daily cash flow demands of the City with the primary objectives, in priority order, being: a) Safety of Principal b) Liquidity and c) Return on Investments.

**A.) Safety of Principal**

Safety of principal is the foremost objective of the City's investment activities. Investments will be undertaken in a manner that seeks to ensure the preservation of principal in the overall investment portfolio. The objective will be to mitigate the following risks:

*1.) Credit Risk*

The City will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer. As such, the City shall place reliance upon nationally recognized credit rating agencies in evaluating credit risk of obligations not issued by the U. S. government and Federal Instrumentalities (Agencies and Government Sponsored Enterprises). Credit risk shall be limited by restricting the credit ratings on securities that

may be purchased and through diversification in order to reduce exposure to any one security type or issuer.

### *2.) Interest Rate Risk*

The City will minimize its interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to the changes in market interest rates, by structuring the portfolio to meet the cash requirements of the City's ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity.

### *3.) Concentration Risk*

The City will minimize concentration of credit risk, which is the risk of loss due to having a significant portion of resources invested in a single issuer, by diversifying its investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

## **B.) Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all of the City's operating requirements that may be reasonably anticipated. Investments shall be managed in order to avoid, although not prohibit, the sale of securities before their respective maturities to meet anticipated cash flow needs. Since all possible cash demands cannot be anticipated, the investment portfolio should contain a significant quantity of active secondary or resale markets. As such, at least twenty percent (20%) of the investment portfolio will be invested in overnight instruments, money market funds, Colorado local government pools, or in marketable securities which can be sold to raise cash within one day's notice.

## **C.) Return on Investments**

The investment portfolio shall be designed and managed with the objective of attaining a market rate of return throughout interest rate cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety of principal and liquidity. The core investments are limited to relatively low risk securities in anticipation of earning a fair, although lower, return relative to the risk being assumed.

## **Delegation of Authority**

Authority to oversee and manage the City's investment program is granted to the City's Finance Director. Responsibility for the operation of the investment portfolio may be delegated to an investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except

as provided under the terms of this policy along with the procedures established by the investment officer. The investment officer will be responsible for all investment transactions undertaken and shall establish a system of controls to regulate the activities of any subordinate officials. Any investments with a maturity of two years or more shall be approved by Council.

### **Authorized Investments**

The City's authorized investments shall consist of the following:

- 1.) U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations that have a liquid market with a readily determinable market value.
- 2.) Any U.S. dollar denominated corporate or bank debt issued by a corporation or bank which is organized and operated with the United States and has a net worth in excess of two hundred fifty million dollars; except that the notes evidencing the debt must mature within three years from the date of settlement and, at the time of purchase, the debt must carry at least two credit ratings from any of the nationally recognized credit agencies and must not be rated below "AA- or Aa3" by any credit rating agency. These may comprise of up to thirty percent (30%) of the book value of the City's investments at the time of purchase, with no more than five percent (5%) of the book value concentrated in any single obligor regardless of investment type.
- 3.) Commercial paper rated A-1, P-1, or their equivalent by any nationally recognized credit rating agencies. Commercial paper shall not exceed thirty percent (30%) of the book value of the City's investment portfolio with no greater than ten percent (10%) exposure to any single issuer at the time of purchase.
- 4.) Bankers Acceptances, the issuers of which are banks organized under U.S. laws or their parent companies, are rated A-1, P-1 or their equivalent by any nationally recognized credit rating agencies. Bankers acceptances shall not exceed thirty percent (30%) of the total par value of the City's investment portfolio.
- 5.) Repurchase Agreements and Reverse Repurchase Agreements may be done only with approved dealers with whom the City has signed a master agreement governing such transactions, and must mature within 90 days. U.S. Treasury, agency, or instrumentality securities must collateralize any such transactions, the market value of which shall be at least 102% of the funds invested in the transaction at inception, and not less than 100% of the funds invested during its life. Securities collateralizing such transactions shall be delivered to the purchaser or their securities' custodian.
- 6.) General Obligations of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any such governmental entities. No security may be purchased pursuant to this paragraph unless, at the time of

purchase, the security is rated in one of the three highest rating categories by any nationally recognized organization that regularly rates such obligations. General obligations shall not exceed fifty percent (50%) of the total par value of the City's investment portfolio.

- 7.) Guaranteed Investment Contracts of domestically-regulated insurance companies having a claims-paying ability rating AA or its equivalent by any nationally recognized credit rating agencies.
- 8.) Money Market Mutual Funds and Local Government Investment Pools as permitted by Colorado statute, provided that such funds are either registered with the SEC or rated AAA by any nationally recognized credit rating agency.

### **Interest Earnings**

Investment income will be allocated to the various funds based on the respective participation of principal in the overall investment portfolio.

### **Investment Limitations**

The City will adhere to the following investment limitations:

#### **A.) Diversification**

The City's investments shall be diversified by:

- 1.) Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities)
- 2.) Limiting investment in securities with higher credit risks
- 3.) Investing in securities with varying maturities, and
- 4.) Continuously investing a portion of the City's investment portfolio in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet the City's ongoing obligations

#### **B.) Maturity**

To the extent possible, the City shall attempt to match its investments with anticipated cash flow needs. Unless matched to a specific cash flow, the City will not directly invest in securities with maturities of more than five (5) years from the date of purchase.

#### **C.) Sale of investments prior to maturity**

Investments may be sold prior to their maturity date if the City determines that it is in the best interest of the City to do so. Sales shall not be made to speculate upon future market trends. It is the City's intent to purchase and hold securities until maturity; however, from

time to time, it may become necessary to sell a security at a loss in order to meet cash flow requirements or to take advantage of certain exchange advantages.

#### **D.) Derivatives**

Securities which derive their value from an underlying asset, group of assets, reference rate, or index value are not permitted as an authorized investment under this policy.

#### **Reporting of Investments**

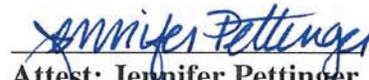
A report containing current investment activity and balances will be provided to City Council on a monthly basis.

#### **Policy Review**

The City's Finance Director and City Manager will review the Investment Policy annually in concert with the preparation of the City's year-end financial statements to ensure that the City is adhering to the framework outlined in this policy and will make recommendations to revise the policy as needed. Adoption and changes to this policy will require an affirmative vote by City Council.



  
**James D. Gunning**  
Mayor

  
Attest: **Jennifer Pettinger**  
City Clerk

**POLICY MEMORANDUM  
CITY OF LONE TREE**

**SUBJECT: VEHICLE REPLACEMENT FUND POLICY**

**CAP#: 13-04**

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**ISSUE DATE**

**EFFECTIVE DATE**

**July 2, 2013**

**July 2, 2013**

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**Purpose**

The intent of this policy is to establish guidelines on funding and maintaining the City's Vehicle Replacement Fund. This fund will ensure vehicles are funded and replaced according to their anticipated lifecycle, reduce maintenance costs, and eliminate reliance on the operating budget and large cash outlays for vehicle purchases. This policy shall be used in conjunction with the Vehicle Replacement and Utilization Policy.

**Objective**

The objectives of this policy are as follows:

1. Provide a mechanism in which funding for vehicle replacements is available, in advance of the need, through the establishment of a Vehicle Replacement Fund.
2. Provide for the timely acquisition and disposal of vehicles, therefore maximizing the dollar resources available for meeting the needs of the fleet.

**Replacement Plan Funding**

Vehicle replacement criteria are determined by anticipated useful service life. Refer to the Vehicle Replacement and Utilization Policy for detailed information.

Funding for vehicle replacement shall be incrementally allocated from department operating funds to a restricted capital replacement fund – the Vehicle Replacement Fund. Future vehicle replacement will be funded from the Vehicle Replacement Fund, which receives accumulated operating fund transfers based on the vehicle depreciation schedule.

The annual set-aside is calculated by determining the future value of a vehicle and using a straight-line depreciation. This method determines the dollar amount that will be set aside each year throughout the vehicle's lifecycle.

The Vehicle Replacement Fund would be operated as follows:

- For each new vehicle purchased and associated equipment attached to the vehicle, a forecast replacement cost will be established based on its economic life.
- In order to replace existing vehicles that have not made a complete contribution to the Vehicle Replacement Fund equal to the full replacement cost (of the vehicle and associated equipment), a capital contribution to the Vehicle Replacement Fund shall be made equal to the new purchase cost minus all contributions previously made for the vehicle.
- The annual set-aside amount will be based upon a straight-line depreciation for each vehicle over the course of its lifecycle and budgeted as part of the annual budget process and charged to the using department/division.
- The annual set-aside amount will be credited to the Vehicle Replacement Fund.
- At the end of the vehicle's economic life, funding for its replacement will be provided by the Vehicle Replacement Fund.
- Proceeds received through the resale of any vehicle removed from City services will be deposited back into the Vehicle Replacement Fund to help defray unanticipated new vehicle cost increases.

### Policy Review

The City Manager and the City's Finance Director will review the Vehicle Replacement Fund Policy in connection with the City's annual budget process as well as the year-end audit process to ensure that the City is adhering to the framework outlined in this policy and will make recommendations to revise the policy as needed. Adoption and changes to this policy will require an affirmative vote by City Council.



*James D. Gunning*  
James D. Gunning  
Mayor

*Jennifer Pettinger*  
Attest: Jennifer Pettinger  
City Clerk