

City of Aurora 2011 Budget in Brief

Prepared by the Office of Budget and Financial Planning



2011 Budget Acknowledgements

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Introduction

The 2011 Adopted Budget for the City of Aurora is the product of the cooperative process carried out by City staff with the guidance and direction of City Council. The purpose of this document is to provide both summary-level and detailed information on the 2011 budget as adopted by City Council in the fall of 2010.

This summary document is divided into nine sections. While reading this document, some key terms to keep in mind are:

Appropriation. Authority to spend budgeted City funds;

Fund. An independent fiscal and accounting entity with a self balancing set of accounts;

Revenue. Income received by the City, including all types of taxes, fees, gifts, grant, reimbursements, intergovernmental revenues, and interest earnings.

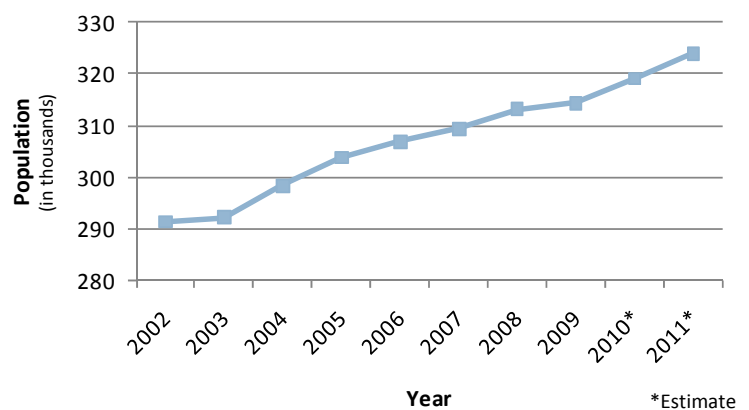
1. Profile of Aurora

Aurora is the third largest city in the State of Colorado (2010 est. population 319,127) and is one of the most dynamic cities in the Denver-Aurora metropolitan area.

The City is structured on a council/manager form of government. This system combines the political leadership of elected officials with the managerial expertise of an appointed, professionally trained manager. Aurora operates as a “home rule” city, allowing the City to draft and amend its own charter.

The Aurora City Council is composed of ten members and the Mayor. Of the ten members, six are ward Council members, each representing one of the six wards in the City. The remaining four Council members are elected at-large, like the mayor, and represent the entire City.

Exhibit 1.1
City of Aurora Population



2. City Vision and Goals

The 2011 budget provides funding for services, programs, and projects that support City Council's established goals. The updated Goals and Objectives adopted by the City Council in 2010 collectively outline the City's vision for the future. This vision encompasses eleven major areas of focus:

1. Ensure that Aurora is a fiscally strong and financially well-managed city;
2. Develop an effective transportation system for moving people and goods;
3. Make Aurora the best city in which to locate, expand, and operate a business;
4. Enhance Aurora's identity and raise awareness of the City's many qualities;
5. Ensure a safe community for people;
6. Ensure that every child and young person in Aurora will have access to the fundamental resources she or he needs to succeed;
7. Implement a vision for growth and the effective delivery of services to stakeholders;
8. Continually improve the City of Aurora's relationship with its public school districts, private and charter schools, post secondary and higher education institutions in Aurora;
9. Provide an excellent water management and utility system;
10. Serve as leaders to shape policy that benefits the Aurora community; and
11. Support effective efforts to integrate/orient an increasingly diverse community.

References to these goals and to specific activities supporting these goals are included throughout the budget document.

3. Aurora's Economic and Revenue Outlook

Economic Outlook

- The national economy entered into recession in December 2007, lasting 18 months until June 2009. Economists concur that the Colorado economy lagged the nation in both entering and exiting the recession. Although Aurora's revenue performance will return to a positive trend beginning in 2010, protracted economic growth will result in limited revenue growth of 2.0 percent for 2011,

followed by modest gains throughout the rest of the forecast timeframe.

- **2009 employment** data for Aurora declined 4.9 percent due to significant losses in the construction, manufacturing, and retail industries. Job losses are expected to taper off in 2010 to conclude the year with a less severe decline. Employment in Aurora will turn around in 2011, but will lag the state recovery due to the composition of employment opportunities. Employment is expected to recover slowly, taking several years to regain the pre-recession level of employment.
- **Wage income** growth in Aurora for 2009 declined 3.7 percent. With the most significant wage declines occurring in lower income jobs such as construction and retail, Aurora's recovery will be more prolonged than the state recovery. Wages will be relatively flat for 2010 followed by several years of modest growth as construction and retail make a gradual recovery.
- **Retail sales** in the metro region declined 12.7 percent in 2009, just over the state decline of 11.3 percent. Growth of 5.1 percent is expected for the state in 2010 followed by sustained growth in future years.
- From 2007 to 2009, the number of **housing permits** declined 83.7 percent in Aurora. The housing construction projection for 2010 incorporates an increase of 216 permits which equates to a 50.8 percent increase on a record low base. Estimates for 2011 assume the housing industry will continue a restrained recovery with an increase of 117 permits or 18.3 percent followed by continued increases in each of the years throughout the forecast period.
- The 2011 **property reassessment** for Aurora is expected to reveal a 20 percent decline in the value of commercial and industrial properties and a 5 percent decline in residential, finally capturing the bottom of the housing market. This 2011 assessment will result in a 13.1 percent reduction in property tax collections for 2012. Property valuations are not expected to fully recover over the forecast period.

Revenue Outlook

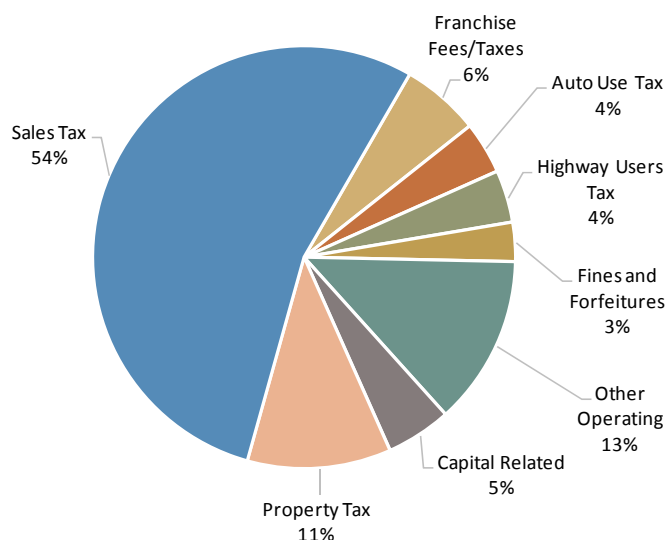
- The projection for 2010 **sales tax** collections reflects a return to a positive trend after 2009 registered the second decline in annual revenue over the last 23 years. The projected rate of increase is in line with that experienced in 2003, after the previous recession. With additional

federal stimulus an unlikely prospect, a sales tax increase at slightly less than inflation is forecasted for 2011. Future years reflect a much slower growth rate than the average rate experienced over the last 10 years as consumer confidence is restored to a dampened level, reflecting a gradual recovery in employment, higher saving rates, and less consumer tolerance for debt.

- 2009 reassessed property valuations resulted in an overall decline in property values in Aurora which, in turn, will reduce **property tax** receipts for 2010 below the 2009 level. Minimal growth is expected in collections for 2011, stemming from an assumed conservative increase in base properties. An additional decline in property valuations is expected as a result of the 2011 reassessment data with a corresponding decline in tax revenue for 2012. Future years beyond 2012 are forecast to reflect slow recovery in the real estate market.
- Following 2009's energy rate declines, reduced demand, and mild seasonal temperatures, collections for **franchise fees and taxes** will increase in 2010. A return to more seasonal temperatures, increasing demand, and effective electricity rate increases are the drivers behind the increase. 2011 is projected to reflect an additional increase as demand continues to recover and natural gas rates adjust upward in response.
- Historically, **auto use tax** has been a volatile source of revenue. After significant declines in both 2008 and 2009, an increase in auto use tax revenue is projected for 2010. An additional increase is expected in 2011 as consumers continue to replace their vehicles after a prolonged period of constraint. Growth for future years is forecast at a conservative rate with the exception of 2013, when auto sales may increase as anticipated new technology could yield more affordable and accessible fuel efficient alternatives.
- Construction related **building materials use tax** and **other (equipment and consumables) use tax**, the majority of which is transferred to the Capital Projects Fund, has declined each year beginning in 2006. After several years of declines, the projection for 2010 is for half the record high collections of 2005. 2011 marks a return to positive growth with an uninspiring turnaround in residential construction, while commercial construction is expected to remain at depressed levels. Continued overall recovery in construction activity is reflected in the forecast for future years although collections will not reach the levels seen in 2005 during the forecast period.

- With the passage of Senate Bill 09-108 Funding Advancements for Surface Transportation and Economic Recovery (FASTER), **highway users tax** collections for 2009 posted the first notable increase since 2000. Collections will increase again in 2010 for the first full year of FASTER fee collections and as fuel consumption returns to more historical levels. Conservative annual increases are assumed for future years.

Exhibit 3.1
General Fund Revenue
Total Revenue: \$232.7 million



General Fund Revenues

Exhibit 3.1 illustrates the sources of revenue within the General Fund. Retail sales remain the backbone of Aurora's General Fund, accounting for 54 percent of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Nearly two-thirds of all General Fund revenue is dependent on purchases when use tax revenues are included.

General Fund revenue, excluding transfers and reserves, is estimated to grow at a conservative overall rate of 2.0 percent (\$4.5 million) in 2011. \$1.8 million of this increase is from sales tax; nearly a million will be generated by increases in capital related use tax, with the remaining \$1.7 million of increased collections from the other sources of operating revenue. The projected 2.0 percent increase in 2011 follows a projected 1.2 percent increase in 2010 over 2009 actual revenue, and a 3.3 percent decrease in 2009 compared to 2008 actual revenue. These changes are detailed in Exhibit 3.2.

The five year forecast for 2011 through 2015 suggests conservative growth. Each of the forecasted years beyond 2011 remains well below the twenty year average with limited growth in excess of average projected inflationary increases.

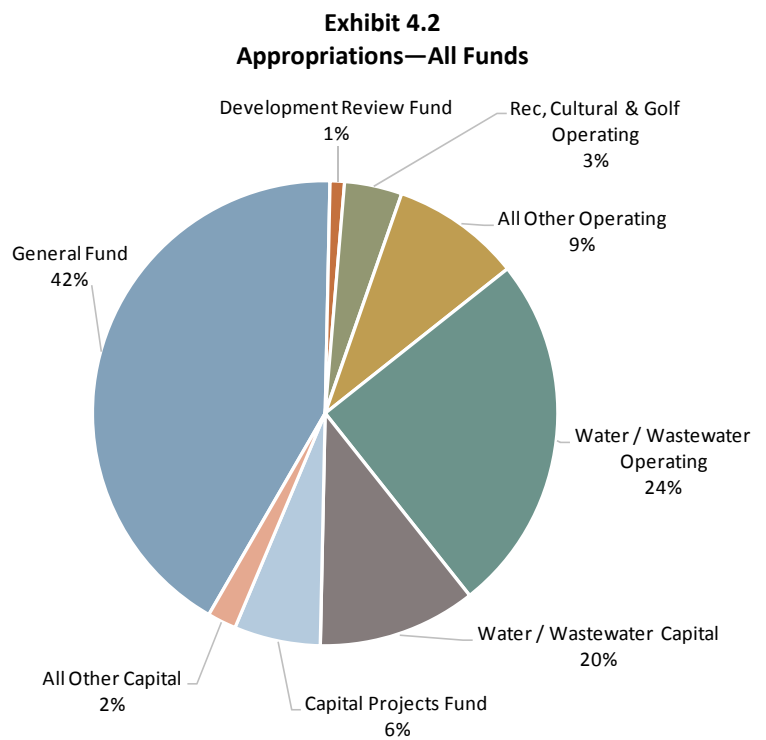
Exhibit 3.2 Key General Fund Revenues (Projected) Percent Change, 2009-2010 and 2010-2011		
Revenue Source	2009-2010 Percent Change	2010-2011 Percent Change
Sales Tax	1.7%	1.5%
Property Tax	-5.5%	0.7%
Franchise Fee/Taxes	10.2%	4.5%
Auto Use Tax	2.7%	3.0%
Highway User's Tax	12.0%	2.0%
Fines & Forfeitures	0.0%	3.2%
Capital-Related	-6.5%	8.6%
Other Operating	0.6%	0.9%
Subtotal	1.2%	2.0%
Transfers and Reserves	410.2%	-92.4%
Total w/ Transfers, Reserves	12.1%	-9.5%

4. Budget Overview

The City's budgeted funds include the General Fund, the Capital Projects Fund, the Water and Wastewater funds, the Recreation and Golf funds, the Development Review Fund, and various other internal service, special revenue, and debt service funds. Appropriations for these funds provide for operating, debt service, and capital costs. Different funds are used to manage money intended for particular purposes or to demonstrate compliance with finance-related legal requirements as well as to aid fiscal management by separating out transactions related to certain functions.

The 2011 Adopted Budget includes a total of \$554,750,143 in appropriations for all funds. This compares with the 2010 Original Budget of \$615,342,133 and the 2010 expenditure projection of \$574,837,468. The significant change from the

Exhibit 4.1 Expenditure and Budget Summary All Funds			
Category	2009 Actual	2010 Projection	2011 Adopted
General Fund	\$229,370,195	\$226,589,035	\$232,686,439
Capital Projects Fund	37,041,897	21,117,242	36,763,429
Community Development Fund	10,808,627	7,001,529	6,047,744
Debt Service Funds	16,757,151	29,301,745	8,028,770
Development Review Fund	8,430,973	6,896,889	7,585,037
Fleet Management Fund	7,079,286	7,333,850	7,931,740
Golf Courses Fund	9,212,168	9,498,921	9,522,871
Recreation and Cultural Funds	11,455,538	9,821,650	10,956,215
Risk Management Fund	10,298,215	7,765,160	8,340,851
Wastewater Fund	67,829,134	66,053,227	73,172,672
Water Fund	320,327,681	109,960,918	124,174,044
Other Funds	39,512,433	73,497,302	29,540,331
Total Budget	\$768,123,298	\$574,837,468	\$554,750,143



2010 Original Budget to the 2011 Adopted Budget is due to reduced levels of capital spending in the Water Fund as the Prairie Waters project is completed and project savings are recognized, offset by increased spending in the Capital Projects Fund for Colfax/I-225 intersection improvements.

Base Budget Adjustments

The 2011 Adopted Budget incorporates changes in ongoing personal services and operating costs. These changes include cost increases that apply citywide as well as other non-discretionary increases. Collectively, these adjustments reflect changes in the "base budget."

In addition to personal services adjustments, technical adjustments, such as elimination of one-time costs, are incorporated into the base budget. Base adjustments also reflect necessary funding for increased costs related to ongoing maintenance contracts, changes in existing debt service, changes in expected gifts and grants, and other non-discretionary funding needs. Significant base budget adjustments in 2011 include:

- No pay or health benefit increases;
- Elimination of two furlough days from 2010;
- Elimination of sick leave buyback in 2011;
- Decrease of \$2.5 million in the debt service payment schedule for the Water Fund; and

Exhibit 4.3 Operating Appropriations by Category All Funds			
Category	2009 Actual	2010 Projection	2011 Adopted
Salaries and Benefits	\$219,552,893	\$219,335,410	\$225,829,774
Supplies and Services	103,943,213	110,894,789	116,860,178
Interfund Charges	12,594,322	15,456,497	13,975,665
Debt Related	65,981,189	91,032,387	57,427,803
Capital Related	2,581,007	1,997,768	4,733,425
Operating Transfers*	41,831,178	67,729,493	28,419,061
Total Budget	\$446,483,802	\$506,446,344	\$447,245,906

*includes capital funding

- Adjustments for “mandated cost items” including risk management, natural gas, electricity, and fleet fuel and maintenance costs. The total adjustment for these items is a decrease of \$2.1 million, including a \$1.5 million decrease in the General Fund.

5. General Fund

The General Fund is the primary source of funding for most City operations, including public safety, transportation, parks, libraries, and other City services. In addition, annual transfers from the General Fund to the Capital Projects Fund pay for many of the City’s infrastructure projects.

General Fund appropriations for 2011 total \$232,686,439, a 0.5 percent increase from the \$231.6 million expenditure budget for 2010. The primary increase is in Police as staffing is increased to meet 2 per 1,000 mandate. Maintaining public safety is a high priority, as reflected in the fact that it makes up the largest share of the General Fund budget. Public Safety functions, including Fire, Dispatch, Police, and the Courts account for 59 percent of total General Fund appropriations.

Significant changes from the 2010 Adopted Budget include:

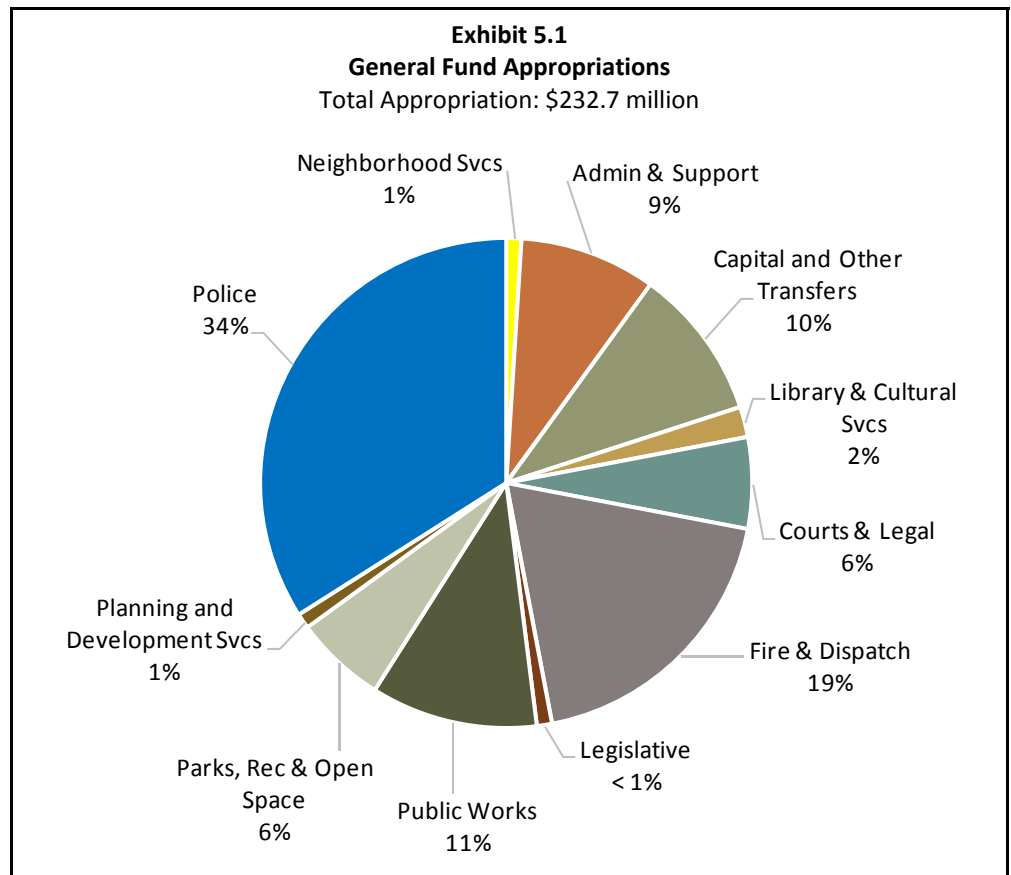
- Increase for additional Old Hire Pension liability costs of \$1.4 million for Police and \$1.7 million for Fire;

- \$1.1 million increase for 10.0 additional uniformed police officers, 3.0 sworn overhires, equipment, and vehicles to maintain 2 per 1,000 mandated staffing;

- Allocate \$2.0 million to purchase replacement vehicles in various General Fund departments (in addition to the continuation of the existing appropriation of \$0.3 million for the lease-purchase of heavy equipment) and \$0.5 million for personal computer (PC) replacement. The City last funded the PC and Fleet replacements in 2007;

- Reduce \$2.3 million associated with the refinancing of the building lease for the Aurora Municipal Center;

- Reduce \$2.0 million of personnel cost associated with collective bargaining agreements with the Aurora Police Association and the International Association of Fire Fighters, Local 1290, as well as corresponding reductions to career service employees;
- Reduce \$1.5 million of costs associated with risk and fleet management activities; and
- Reduce \$2.1 million of costs from the Green Office Initiative and other department reductions.



6. Other Funds

The City's other funds include the Water and Wastewater Funds; the Golf Fund; the Development Review Fund; and various other internal service and governmental funds. Since many of these funds operate as enterprise or internal service funds, the appropriation adjustments often reflect the need to increase or decrease spending in response to changes in the level of demand for various services. Exhibit 6.1 below lists the amendments in the City's other funds in 2011.

Uses of Fund Balance

For 2011, \$40.3 million of the total fund balance is expected to be drawn down, primarily due to capital spending. Of the 21 funds tracked by the City, 14 have planned draw-downs of fund balance, four are expected to increase fund balance, and three have no change. Of the \$40.3 million that is expected to be drawn down, \$35.4 million (87.8 percent) is associated with capital spending in the Wastewater, Water, Capital Projects, and Enhanced E-911 Funds. Exhibit 6.2 on the following page lists the significant uses of fund balances.

7. Staffing

The 2011 Adopted Budget eliminates 12.6 FTE in all funds. This is offset by the addition of 19.5 FTE for a net increase of 6.9 FTE. In addition, a number of positions are transferred between funds. Exhibit 7.1 on the following page outlines the staffing changes for all funds.

Total General Fund staffing increases by a net of 6.9 FTE. This is the result of the addition of 13.0 Police civil positions, 1.0 Detention Officer Technician funded from budget savings, 2.0 Library Clerks funded by the conversion of 1.0 Library Technician, and 1.5 FTE added as a Council adjustment for the limited opening of Mission Viejo Library, offset by 9.58 net reductions and transfers to other funds. The total number of FTE (public safety, civil service, and career service) in the General Fund declined 7.0 percent (143.1 FTE) over the last eight years. The change has been offset by growth in Aurora Water, up 48.1 percent (137.0 FTE) for the same period.

The ratio of civil FTE (police officers and firefighters) to career FTE has changed significantly from 2003 to 2011.

Exhibit 6.1 Amendments in Other Operating Funds		
Fund	Description	Amount*
Abatement	Transfer in 1.0 FTE from the General Fund	\$ 67,442
Community Development	Transfer in 3.3 FTE from Gifts and Grants fund; allocate appropriation to match federal grants	4,547,744
Conservation Trust	Transfer in a net of 4.25 FTE from General Fund, Arapahoe County Open Space Fund and Parks Development Fund	580,660
Cultural Services	Eliminate 1.0 Vacant FTE offset by a decrease in the General Fund subsidy	-
Designated Revenues	Transfer out net of 5.56 FTE to match new accounting requirements; add 1.0 FTE victim advocate; transfer programs and revenue to other funds to match new accounting requirements	432,803
Fleet Management	Add 2.0 FTE and equipment purchase offset by reduction in fleet repair budget	675
Gifts and Grants	Increase in appropriation for anticipated library donations; Transfer 4.75 Police FTE offset by federal grants; transfer out 3.3 FTE to Community Development Fund	30,172
Golf	Eliminate 7.0 vacant FTE, reduce supplies and services	(620,939)
Open Space	Transfer out a net of 0.35 FTE and portion of maintenance expenses to Conservation Trust Fund; update programs' funding sources to match new accounting requirements	(546,478)
Parks Development	Transfer 0.25 FTE to Conservation Trust Fund	(25,254)
Print Shop	Transfer 3.0 FTE and supplies and services funding to General Fund as part of the Green Office Initiative; this fund will close as part of the 2011 Budget process	(211,789)
Recreation	Transfer in 2.24 FTE as required for the new Designated Revenue Fund accounting requirements; allocate expenditures to other funding sources; increases in revenue reduce General Fund subsidy	(33,786)
Risk Management	Eliminate 1.0 vacant FTE; one-time transfer for Fleet and PC replacement; one-time transfer for the limited opening of Mission Viejo Library	1,448,525
Wastewater	Transfer 2.0 FTE to Water Fund for conversion of Prairie Water Project positions; eliminate 0.50 FTE; reduce in-house printing costs with Green Office Initiative; lease savings; reduce Metro Wastewater charges for services; increase funding for fleet, computer and equipment replacement	(2,147,411)
Water	Conversion of seven existing positions to Prairie Waters Project positions; eliminate 0.50 vacant FTE; reduce printing budget for Green Office Initiative; increase funding for fleet and computer replacement; increase in prairie waters operations and pump operations; reductions in: professional services, temporary salaries, water leases and temporary storage and legal services	(2,602,474)
Total Amendments		\$ 919,890
*Expenditure Appropriation Net of Revenue from Budget Amendments		

Exhibit 6.2 Significant Uses of Fund Balance in 2011		
Fund	Use (in millions)	Anticipated Uses
Wastewater	\$18.8	Planned draw-down of funds available for capital projects, including construction of Tollgate Interceptor North, Curative in Place Pipe (CIPP) rehabilitation project and Upper Piney Creek Stabilization.
Water	8.1	Funds available decrease due to spending on capital projects, including water rights acquisition; line replacement; and capital projects and channel improvements for Homestake.
Capital Projects	6.5	Draw-down of funds available for capital projects, including the I-225/Colfax interchange.
Enhanced E911	2.1	Funds available decrease primarily due to capital expenditures for the replacement of the Computer-Aided Dispatch (CAD) system.
Risk Management	1.8	Planned draw-down of funds available for one-time fleet and PC purchases and for the restoration of Mission Viejo Library in the General Fund.
Designated Revenue	1.3	Funds available decrease primarily due to expenditure of incentive proceeds.

Exhibit 7.1 Staffing Summary by Fund In Full-Time Equivalents (FTEs)			
Fund	2009 Actual	2010 Projection	2011 Adopted
Abatement	4.00	7.90	8.90
Community Development	26.20	21.90	25.20
Conservation Trust	5.90	10.65	14.65
Cultural Services	19.00	19.00	18.00
Designated Revenue	32.00	34.81	30.25
Development Review	86.20	72.75	72.75
Enhanced E-911	5.00	5.00	5.00
Fleet Management	37.34	37.50	39.50
General	2,012.53	1,893.23	1,904.15
Gifts & Grants	0.50	4.80	6.25
Golf Courses	52.00	52.00	45.00
Open Space	17.95	18.65	18.30
Parks Development	-	0.75	0.75
Print Shop	3.00	3.00	-
Recreation	66.75	60.96	63.20
Risk Management	10.00	10.00	9.00
Wastewater	158.34	155.09	152.59
Water	267.66	267.91	269.41
Totals FTE	2,804.37	2,675.90	2,682.90

Police civil service has grown 12.9 percent (75 FTE) while career service FTE has dropped 19.1 percent (222.6 FTE). Fire is relatively unchanged over the past eight years. Exhibit 7.2 shows the details of the staffing level by fund over time. Population in the City increased an estimated 9.2 percent (27,000) from 2003 to 2011.

Exhibit 7.2 Historical Staffing Changes 2003-2011 (All Funds)					
	2003	2005	2007	2009	2011
Police Civil GF	580.0	603.0	635.0	640.0	655.0
Fire Civil GF	302.5	288.0	311.0	305.0	307.0
General Fund Career	1,164.7	1,089.1	1,091.5	1,067.5	942.2
Total General Fund	2,047.2	1,980.1	2,037.5	2,012.5	1,904.2
Police/Fire Civil Non GF	2.5	1.0	2.0	2.0	7.8
Aurora Water	285.0	329.0	403.0	426.0	422.0
Development Review Fund	112.0	115.9	119.3	86.2	72.8
Golf Fund	57.0	56.0	52.0	52.0	45.0
Rec/Cultural Services Funds	90.8	86.3	86.0	85.8	81.2
All other FTE	108.4	107.3	137.9	139.9	150.1
Total	2,703.0	2,675.6	2,837.7	2,804.4	2,683.1

8. Capital Improvement Program

The City of Aurora's five-year Capital Improvement Program (CIP) identifies the capital needs of the City and allocates existing funds and projected revenues for projects of \$25,000 or more. All projects must have a long-term benefit of at least five years. The CIP is the funding program for:

- Public facilities construction, remodeling, and renovation;
- Street overlay and reconstruction;
- Major water and wastewater infrastructure projects;
- Park land acquisition, development, and improvements;
- Major facilities repair and enhancement;
- Technology improvements and infrastructure;
- Traffic signal installation;
- Sidewalk and ADA improvements;
- Major equipment purchases; and
- Art in Public Places.

The CIP functions as a capital-spending plan for all five years. The CIP is updated annually as part of the budget process. It includes appropriations to support approved capital projects for the current budget year and reflects the input received from citizens and staff. It also contains appropriations for new projects and any requests to revise

prior year appropriations. Unlike the operating budget, which authorizes expenditures for only one fiscal year, capital budget appropriations are multi-year and continue until the project is completed or changed by City Council, or until three fiscal years have elapsed without any expenditure or encumbrance of project funds.

There are multiple funds in the City that include at least some expenditure within the CIP. The adopted \$543.2 million, five-year capital improvement program draws from a total of eight separate funds. The Capital Projects Fund provides for general government infrastructure and facilities, including streets, parks, information systems, and facilities. The Parks, Recreation, and Open Space Department’s capital plan receives the majority of its funding from dedicated revenue funds, including the Open Space Fund and Conservation Trust Fund. The Water and Wastewater Funds include planned five-year capital spending totals in excess of \$392.7 million. Exhibit 8.1 illustrates the distribution of the CIP appropriations by fund for 2011-2015.

Capital Projects Fund

The Capital Projects Fund (CPF) provides support for general government capital projects. Historically, the CPF received a transfer equal to 100 percent of all Building Materials and Equipment Use Taxes plus 4.0 percent of all other General Fund revenues, less revenue from the 0.25 percent sales and use tax dedicated to the 2 per 1,000 police officer program. Consistent with prior budgets, the 2011 projected budget retains the transfer of all use taxes, but reduces the transfer of all other General Fund revenues from 4.0 percent to approximately 1.0 percent. A supermajority vote by City Council is required to approve this adjustment.

The net change in the CPF five-year plan is an increase in expenditures of \$13.0 million. The largest adjustment is an \$18.9 million increase in expenditures in 2011 related to the remaining phases of the I-225/ Colfax Interchange. This increase is net of \$16.3 million in CDOT funds and \$4.0 million in funds from Designated Revenue, offset by \$1.5 million that was already budgeted. Offsetting this increase is a decrease of \$6.0 million due to a significant reduction in use taxes over the five-year plan, which reduces the transfer from the General Fund noted earlier.

To balance the fund, several expenditure reductions were focused in 2014 and 2015 in Public Works, where several projects that were originally projected to increase in budget will now be held constant, most notably Street Asphalt Overlay and Concrete Repair. The original 2011 through 2013

budgets remain basically intact in this five-year plan, save the budget associated with the additional I-225/Colfax funding mentioned above. Small adjustments make up the remainder of the \$13.0 million increase.

Appropriations for the CPF are \$36.8 million in 2011, with a total of \$108.5 million in capital projects planned between 2011 and 2015. As Exhibit 8.2 shows, with completion of most of the City’s major facilities projects in recent years, the funding in the Capital Projects Fund is primarily dedicated to ongoing street maintenance, reconstruction, improvements, and other capital maintenance projects.

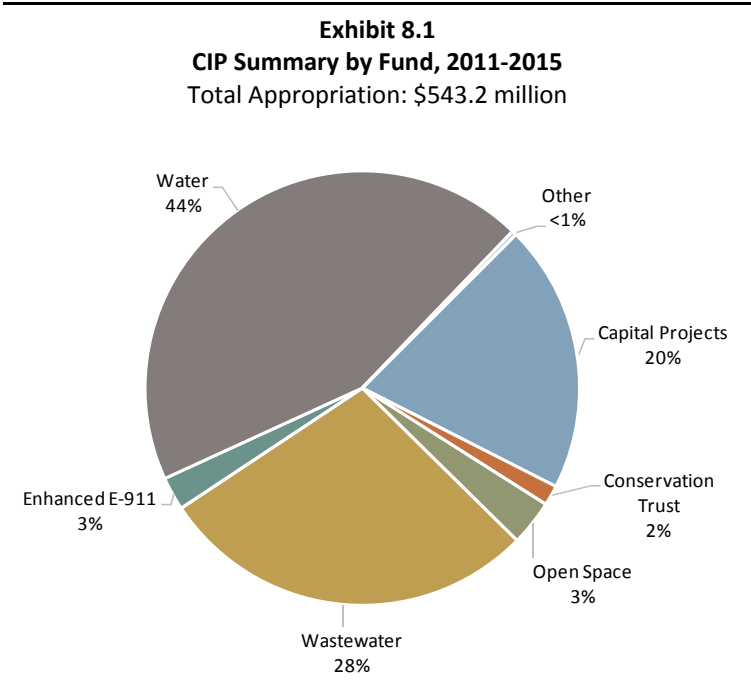
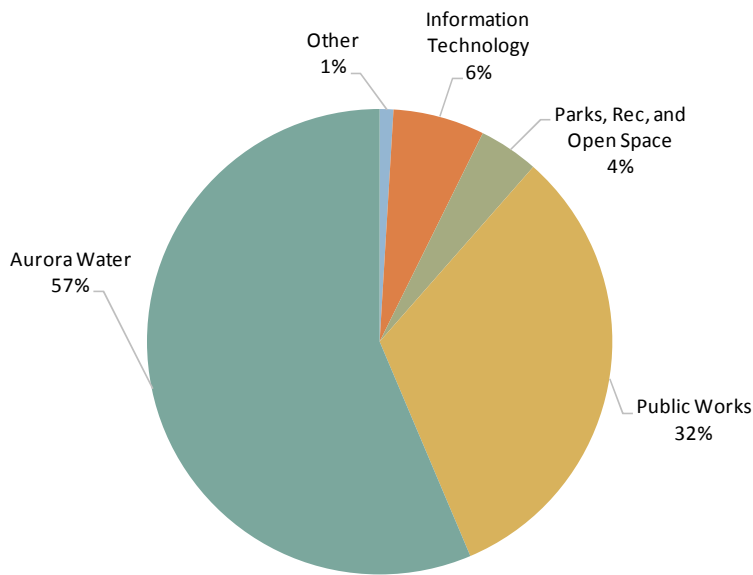


Exhibit 8.2		
Summary of Capital Project Fund Projects, 2011-2015		
Project	Total cost (in millions)	Percent of Total
Street maintenance, reconstruction & improvements	\$59.8	55.1%
Transportation Improvement Program (TIP)	21.3	19.6%
Building repair projects	8.8	8.1%
Direct costs - Public Works design & engineering	5.5	5.1%
800 MHz radio system debt service (transfer to E911 Fund)	5.1	4.7%
Traffic signal component replacement	2.4	2.2%
Systems, telephone infrastructure and network and replacement	2.1	2.0%
Direct costs - Purchasing Services	2.1	1.9%
All other project costs	1.4	1.3%
TOTAL	\$108.5	

Exhibit 8.3
2011 Capital Projects Fund Expenditures
 By Department



9. Budget Process and Financial Planning

The budget process for the City involves teamwork and cooperation among many groups and individuals within the City, including: citizens; elected officials; other government entities; neighborhood associations; Council-appointed boards and commissions; and City staff. The process provides opportunities for the public to gain information and understanding about the City's budget and operations. In addition, citizens are given a forum to provide input regarding how the City allocates its resources.

Citizen Involvement

Budget town meetings are conducted by each Ward Council member early in the budget development process. At that time, citizens receive information about the budget and are given the opportunity to inform City Council about their issues and priorities. Citizens are encouraged to express their opinions about the budget, and members of the public can make requests of City Council.

In addition, two public hearings are scheduled during City Council's formal weekly meetings. One hearing is held in the spring before budget preparation begins; and the other is scheduled in the fall just prior to Council meeting(s) to consider the proposed budget.

The Citizens' Advisory Budget Committee (CABC) meets monthly to become familiar with City operations, priorities, and budget needs. The CABC meets prior to the proposed

budget submission to form its own recommendations to present to Council. Other commissions directly involved in making budget recommendations to the City Council are the Citizens' Advisory Committee on Housing and Community Development (CHCD) and the Citizens' Water Advisory Committee (CWAC).

City Staff Involvement and the Basis of Budgeting

Each year, the Office of Budget and Financial Planning projects revenues for the next five years. The first year of the five-year projection is used as the basis for the annual operating budget. The annual operating budget balances operating expenditures with operating revenues.

For expenditures, the baseline for the development of the 2011 budget during 2010 is the projected amount approved by City Council when they adopted the 2010 budget less one-time items and various adjustments. These changes may include: items approved in the 2010 Spring Supplemental ordinance; utility, water, and fuel rate adjustments; risk management adjustments; and fleet service adjustments. Personal services costs are calculated by the Office of Budget and Financial Planning to reflect current staffing levels and cost factors. These amounts are provided to the departments on a line-item basis.

Any new funding request that is not tied to the items noted above must be requested and specifically justified within a budget amendment request (an "add"). This process applies to requests to fund expanded or additional services. Similarly, departments submit budget reductions (a "cut") when lower revenue projections necessitate such items. Each council appointee and department director submits the budget for his or her department. Working with their program managers and budget coordinators, department directors and appointees compile and submit their budget. This information is submitted to the Office of Budget and Financial Planning in June. The budget submission includes line-item allocations.

After significant review of additions and reductions by the Deputy City Managers, the City Manager, and other council appointees, the Office of Budget and Financial Planning consolidates prior year actual expenditures, the current year budget projections, and department budget submissions into the City Manager's proposed budget document. Items in the proposed budget are presented to City Council, both in one-on-one settings and formal presentations, for their consideration and approval. The City Council convenes a workshop in the fall to discuss the proposed budget. At this time, the City Council makes any desired adjustments to the proposal and forwards it to a formal meeting for a vote.

In accordance with the City Charter, the budget is adopted by December after appropriate public notices and readings. After the budget is adopted, City Council may adjust the budget by way of one or more supplemental appropriation ordinances during the year. These are normally considered in the spring and fall.

Budget Document

The Office of Budget and Financial Planning annually prepares two formal documents:

- The Proposed Budget is a recommended budget using the current year budget with adjustments as approved by the City Manager.
- The Adopted Budget is formally adopted by the City Council in the annual budget ordinance. It is the result of refinements made to the proposed budget by Council after analysis of overall City needs, priorities, and available resources.

Budget Calendar Summary

The City's fiscal year is January 1 through December 31. The budget is developed and considered from February through November. Monitoring of the budget occurs throughout the year. A calendar of the budget process can be found on the below.

Summary of Key Events

The City's fiscal year is January 1 through December 31. The budget is developed and considered between May and November. Monitoring and adjustment of the budget occur throughout the year. The following is a typical calendar.

January – May

- Final revenues and expenditures for the previous year are reported and analyzed;
- First quarter review of current year expenditures and revenues;
- Appropriation amendments are requested and the spring supplemental ordinance is presented;
- Departments meet with Council for discussions about department issues;
- Goals and priorities for the next year are defined; and
- City Council members host "Budget Town Meetings."

May – September

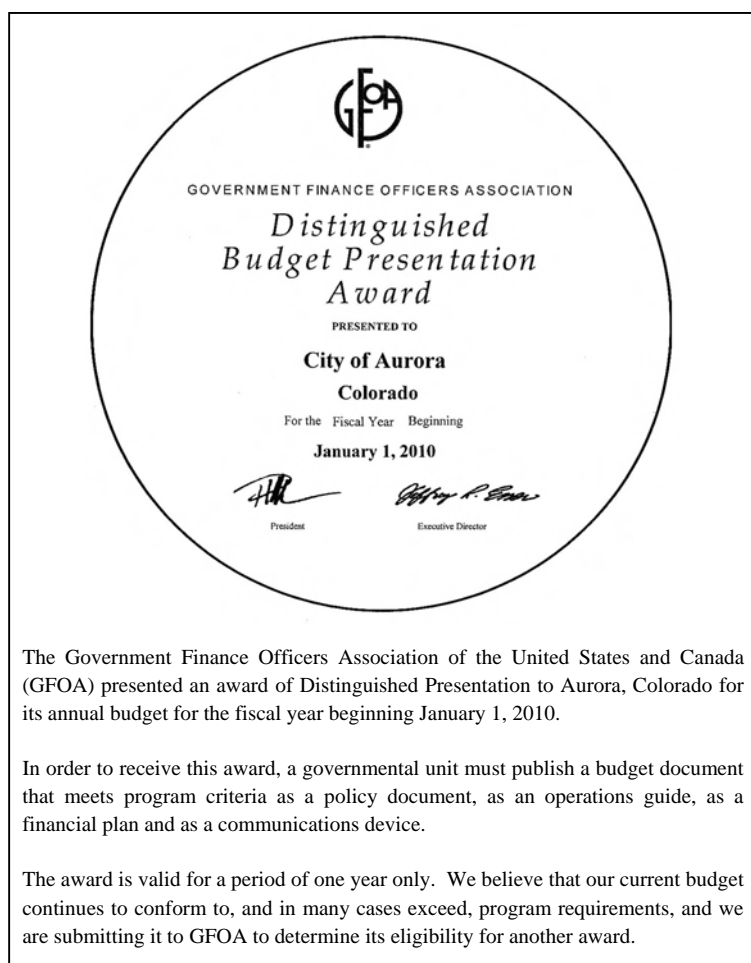
- Second quarter review of current year expenditures and revenues;
- Departments and Council Appointees prepare proposed

budgets/adjustments;

- Executive staff evaluate projections and determine budget adjustments;
- Departments present budget adjustments to City Manager;
- Administrative fee changes are reviewed by the Management and Finance Committee;
- The Citizens' Advisory Budget Committee reviews and comments upon the City's budget proposals; and
- The proposed budget is produced and delivered to City Council.

September – December

- Aurora Water, the Citizens' Water Advisory Committee and the Citizens' Advisory Committee on Housing and Community Development present their budgets to Council;
- City Manager presents proposed budget to Council;
- City Council reviews the proposed budget and makes budget decisions;
- Administrative fees are approved;
- Budget ordinances are introduced and adopted;
- Third quarter review of current year expenditures and revenues; and
- Appropriation amendments are requested and the fall supplemental ordinance is presented.





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