

City of Aurora

# 2012 Budget in Brief



## 2012 Budget Acknowledgements

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Stephen D. Hogan .....	Mayor
Barb Cleland .....	Mayor Pro-Tem and At-Large
Melissa Miller .....	Ward I
Renie Peterson .....	Ward II
Marsha Berzins .....	Ward III
Molly Markert .....	Ward IV
Bob Roth .....	Ward V
Bob Broom .....	Ward VI
Bob FitzGerald .....	At-Large (outgoing)
Debi Hunter Holen .....	At-Large
Bob LeGare .....	At-Large
Brad Pierce .....	At-Large (incoming)

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For other questions about the City, please call Access Aurora at (303) 739-7000.

## Introduction

The 2012 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 2012 budget as adopted by City Council in the fall of 2011.

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.

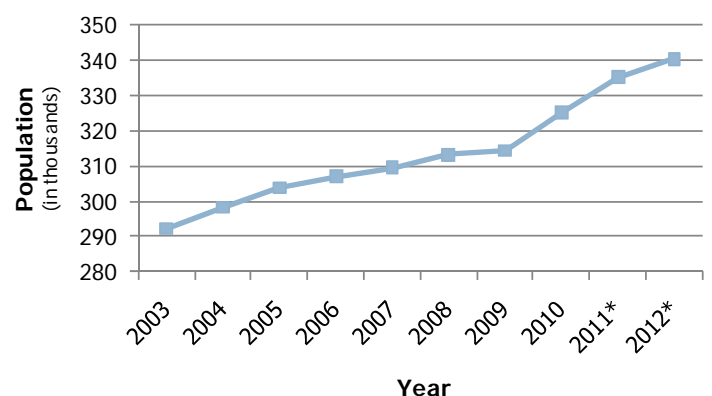
## 1. Profile of Aurora

Aurora is the third largest city in the State of Colorado (2011 est. population 335,105) 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**



\*Estimate

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## 2. City Vision and Goals

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The 2012 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 2011 collectively outline the City's vision for the future. This vision encompasses six major areas of focus:

1. Assure a safe community for people
2. Serve as leaders and partner with other governments and jurisdictions
3. Ensure excellent infrastructure that is well maintained and operated
4. Create a superior quality of life for residents making the city a desirable place to live and visit
5. Be a great place to locate, expand and operate a business and provide for well-planned growth and development
6. Provide well-managed and financially strong city

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

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## 3. Aurora's Economic and Revenue Outlook

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### 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 returned to a positive trend beginning in 2010, protracted economic growth will result in limited revenue growth of 0.4 percent for 2011 and 1.6 percent for 2012, followed by modest gains ranging from 2.2 to 2.8 percent throughout the rest of the forecast timeframe.
- Significant job losses during the recession in the construction and retail sectors drove Aurora's **unemployment rate** up to 10.8 percent in 2010. In Aurora's second year of job losses, employment declined 1.6 percent for 2010. Although retail jobs increased, construction jobs declined further. With a large part of Aurora's workforce employed in the construction and retail industries, the employment recovery in Aurora is expected to lag the state and metro area. The number of jobs created by Aurora's employers increased 0.7 percent

in 2010 after a 6.3 percent decline in 2009. The increase equates to 611 jobs added, while both the metro area and the state showed declines for the second consecutive year. Aurora's top three employer industries are Wholesale & Retail Trade, Education & Health Services, and Professional & Business Services. These top industry employers, which employ nearly 60 percent of all employees working in Aurora, all added jobs in 2010.

- **Wage income** paid by Aurora's employers grew by 2.0 percent in 2010, after declining 4.5 percent in 2009. Aurora's wages grew at a slightly higher rate of increase than the state and the metro area, after a steeper decline in 2009. The top three industries, which are the primary driver to the increase in employment, are also driving the increase in wages. Wages will continue to grow as employment improves slowly taking several years of modest growth as the local economy recovers.
- **Retail sales** in the metro region increased 7.5 percent in 2010, just over the state increase of 6.6 percent. Growth of 4.9 percent is expected for the state in 2011 followed by similar levels of growth in future years.
- From 2007 to 2009, the number of Aurora **housing** permits declined 83.7 percent or 2,190 permits. Although 2010 saw an increase of 156 permits, the 2011 housing construction projection incorporates another decline of 56 permits, or 9.6 percent. Estimates for 2012 assume the housing industry will continue a restrained recovery with an increase of just 50 permits followed by similar increases in each of the years throughout the forecast period.
- Preliminary property reassessment data for Aurora revealed a further decline in property values. This 2011 assessment will result in a 6.5 percent reduction in **property tax** collections for 2012. The Office of Budget and Financial Planning (OBFP) assumes the reassessment has captured the bottom of the real estate market and that property valuations will show an increase in the next reassessment period. Tax collections will begin to increase in 2013, although collections are not expected to fully recover to the level of collections seen prior to the real estate crisis over the forecast period.

### Revenue Outlook

- The **sales tax** budget estimate for 2012 is based on 1.75 percent growth over 2011 projected revenues. This conservative rate of growth is reflective of a sluggish economy, where sustained high unemployment and a heightened sense of economic and political uncertainty will result in tentative consumers.

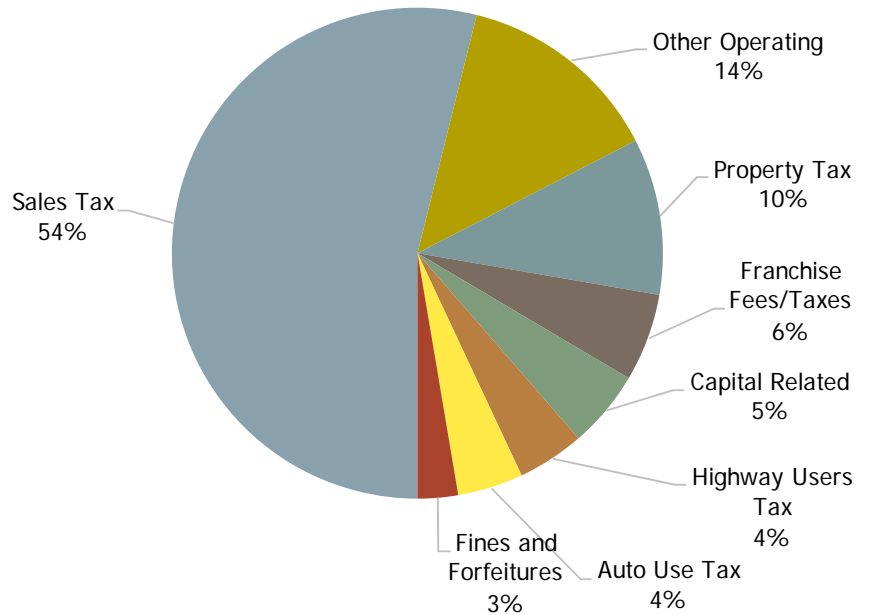


- 2012 **property tax** collections are based on the preliminary 2011 reassessment data, incorporating the anticipated decrease in commercial/industrial valuations, as well as the presumed bottom of the residential market. Using preliminary data from the counties and incorporating a discount factor to account for protest adjustments, a 6.5 percent decline in property tax collections is expected for 2012 compared to the 2011 projection.
- For 2012, the OBFP budget estimate for total **franchise fees & taxes** is for a 2.0 percent increase over 2011, primarily based on a 3.0 percent increase in natural gas and a 2.7 percent increase in electricity, representing a combined increase in usage and rates. The assumed increases are in line with May 2011 projections by the Energy Information Administration.
- Historically, **auto use tax** has been a volatile source of revenue. The full-year collections for 2011 are projected to increase by 7.8 percent as auto makers and dealers re-strategize efforts to encourage consumers in the face of a struggling economy. The 2012 estimate assumes that the economy will grow slowly and that with caution, consumers will replace their aging vehicles, leading the OBFP to assume a growth rate of 3.0 percent for the 2012 budget estimate.
- **Building materials use tax (BMUT) and other equipment & consumables use tax**, primarily applied to business capital assets and supplies, are the main sources of capital-related revenue and are closely aligned with construction activity. For 2012, residential construction in Aurora is expected to begin a slow ascent. Average estimated foreclosures in Aurora over the first half of 2011 are down 45 percent from the peak in early 2008, which will allow the inventory of homes to gradually return to a more healthy level and create incremental demand for new homes. Tighter lending standards are expected to restrict some prospective buyers from obtaining a mortgage, yet an increase in multi-family housing will likely accommodate new demand for rental living options. The 2012 budget estimate for BMUT incorporates 18.5 percent growth over 2011 while the estimate for other use tax shows a 5.0 percent increase, equating to a total capital-related estimated increase of 10.6 percent for 2012. This increase is on a significantly reduced base and equates to a 44 percent reduction from peak receipts in 2005.

### Exhibit 3.1

#### General Fund Revenue

Total Revenue: \$232.0 million (w/o transfers and reserves)



- With the passage of the FASTER legislation, Aurora began receiving additional **highway users tax** revenue in August 2009. This resulted in a 9.1 percent increase in the midst of the recession for 2009. 2010 was the first full year of FASTER collections, generating a 13.5 percent increase in collections. The OBFP projects that 2012 will increase an estimated 1.0 percent over 2011 as a result of a slowly improving economy

#### 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 1.6 percent (\$3.7 million) in 2012. \$2.2 million of this increase is from sales tax; \$1.1 million will be generated by increases in capital related use tax, with the remaining \$0.4 million of increased collections from the other sources of operating revenue. The projected 1.6 percent increase in 2012 follows a projected 2.0 percent increase in 2011 over 2010 actual revenue, and a 1.2 percent decrease in 2010 compared to 2009 actual revenue. These changes are detailed in Exhibit 3.2 on the following page.

**Exhibit 3.2****Key General Fund Revenues (Projected)**

Percent Change, 2010-2011 and 2011-2012

Revenue Source	2010-2011 Percent Change	2011-2012 Percent Change
Sales Tax	1.3%	1.7%
Property Tax	2.1%	-6.5%
Franchise Fee/Taxes	0.1%	2.0%
Auto Use Tax	7.8%	3.0%
Highway User's Tax	0.6%	1.0%
Fines & Forfeitures	-15.2%	7.0%
Capital-Related	-8.9%	10.6%
Other Operating	0.4%	3.5%
<b>Subtotal</b>	<b>0.4%</b>	<b>1.6%</b>
Transfers and Reserves	-90.9%	-49.0%
<b>Total w/ Transfers, Reserves</b>	<b>-10.7%</b>	<b>1.0%</b>

The five year forecast for 2012 through 2016 suggests conservative growth. Each of the forecasted years beyond 2012 remains well below the 20-year average and the average projected local inflationary increases.

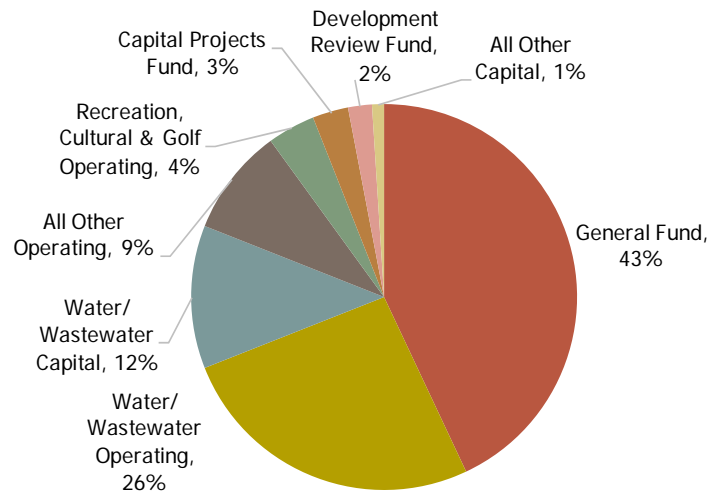
## 4. Budget Overview

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 2012 Adopted Budget includes a total of \$538,802,428 in appropriations for all funds. This compares with the 2011 Original Budget of \$554,750,143 and the 2011 expenditure projection of \$480,595,561. Total operating expenditures remain steady between the 2011 budget and 2012 budget. The majority of the fluctuation in expenditures between the 2011 budget, 2011 projection and 2012 budget is due to capital improvement program spending. The 2011 projection includes a lapse of remaining

**Exhibit 4.2****Appropriations—All Funds**

Total Appropriations: \$538.8 million



budget for the Prairie Waters Project. The 2012 budget is lower due to the large 2011 appropriation for the Colfax / I-225 interchange in the Capital Projects Fund.

### Base Budget Adjustments

The 2012 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

**Exhibit 4.1****Expenditure and Budget Summary**

All Funds

Fund	2010 Actual	2011 Projection	2012 Adopted
General	\$226,563,798	\$231,144,903	\$233,482,733
Capital Projects	9,495,354	21,174,975	17,160,934
Community Development	9,495,354	4,581,967	5,239,626
Debt Services	31,188,342	8,028,770	7,878,055
Development Review	6,875,583	7,332,786	8,155,107
Fleet Management	7,342,574	8,208,892	8,673,860
Golf Courses	9,256,880	8,075,290	8,957,774
Recreation; Cultural	10,106,887	10,403,594	10,552,743
Risk Management	7,406,705	7,870,231	6,852,021
Wastewater	63,078,962	63,766,235	63,312,769
Water	131,848,952	79,366,557	140,886,167
Others	89,256,481	30,641,361	27,650,639
<b>Total Budget</b>	<b>\$601,915,872</b>	<b>\$480,595,561</b>	<b>\$538,802,428</b>

<b>Exhibit 4.3</b> <b>Operating Appropriations by Category</b> All Funds			
Category	2010 Actual	2011 Projection	2012 Adopted
Salaries and Benefits	\$219,005,211	\$223,269,532	\$227,442,803
Supplies and Services	104,409,186	111,512,540	119,012,640
Interfund Charges	15,125,882	14,379,492	14,723,689
Debt Related	97,547,789	56,191,790	56,745,281
Capital Related	2,733,278	4,467,231	3,555,942
Operating Transfers*	64,713,073	26,966,431	26,298,158
<b>Total Budget</b>	<b>\$503,534,419</b>	<b>\$436,787,016</b>	<b>\$447,778,513</b>

\*includes capital funding

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 2012 include:

- Elimination of Police and Fire personal leave payout;
- One furlough day;
- Continued deferral of sick leave payouts;
- Fire holiday pay;
- 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 \$2.7 million, including a \$1.4 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 2012 total \$233,482,733, a 0.3 percent increase from the \$232.7 million expenditure budget for 2011. The primary increase is in Police. Maintaining public safety is a high priority, as reflected in the fact that it makes up the largest share of the General Fund budget. As Figure 5 illustrates, Public Safety functions, including Fire, Dispatch, Police, and the Courts account for 61

percent of total General Fund appropriations.

Significant changes from the 2011 Adopted Budget include:

- \$1.0 million for increased contributions for health insurance;
- \$1.6 million for Civil Service Step and Grade Costs and a one-time bonus for Police Sworn Staff;
- \$0.5 million for additional fuel costs;
- \$0.5 million reduction for estimated vacancy savings;
- \$0.5 million for an extra working day in 2012 due to the leap year;
- \$0.5 million for adding additional library materials and one day per week at Central, Tallyn's Reach, and MLK Libraries;
- \$0.6 million reduction for moving street sweeping costs to the Wastewater Fund; and
- \$3.0 million in net department reductions including one-time costs in 2011 not recurring in 2012.

### Exhibit 5.1 General Fund Appropriations

Total Appropriation: \$233.5 million

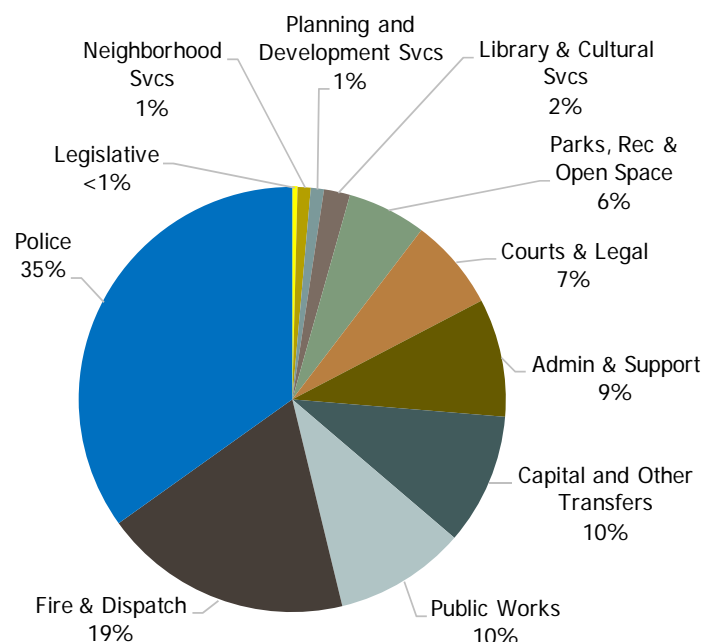


Exhibit 6.1 Amendments in Other Operating Funds		
Fund	Description	Amount *
Abatement	Restructure administrative staff to eliminate 0.40 FTE; transfer in 1.0 FTE offset by reduction elimination of vacant contingent employee position; reduce supplies and contract services	\$ (185,454)
Community Development	Transfer out 1.35 FTE to Gifts and Grants Fund; eliminate vacant contingent employee position; allocate appropriation to match federal grants	3,746,246
Conservation Trust	Allocate 0.12 FTE to Arapahoe and Adams County capital projects	-
Cultural Services	Eliminate 2.0 vacant FTE; reduce subsidy revenue to offset vacant 1.0 FTE elimination; increase for trolley storage costs	(69,469)
Designated Revenues	Transfer programs and revenue to other funds to meet new accounting requirements; additional revenue and expenses associated with the photo red light program expansion; reduce contingent salary; transfer in 1.46 FTE from General Fund	(1,041,620)
Development Review	Eliminate 1.0 vacant FTE; reduce travel and training; technical adjustment to transfer 2.0 FTE to General Fund	(290,375)
Fleet Management	Technical transfer to move Fleet Manager Operations from General Management to Internal Services	-
Gifts and Grants	Appropriate Justice Assistance Grants; transfer in 2.35 FTE	378,680
Golf	Eliminate 3.0 vacant FTE; reduce equipment replacement budget	(630,865)
Open Space	Transfer in 0.82 FTE from General Fund	47,120
Recreation	Eliminate 7.0 vacant FTE; eliminate 0.25 contingent employee; reduce budget for commissions; increase service fee revenue; increase lifeguard salary costs offset by increased revenue; reduce subsidy revenue to offset all revenue increases and expenditure reductions; extend opening of pools through Labor Day	-
Risk Management	Reduce supply budget; move Wellness Program in from General Fund	16,179
Wastewater	Eliminate 2nd and Sable building rent; reduce operating and maintenance, travel and training, and temporary salary; reduce personal services for vacancy savings; increase budget for one-time purchases of fleet and computer replacement and new software/ hardware; increase budget for service payments to Metro Wastewater; move portion of street sweeping costs from Public Works to Aurora Water; technical adjustments to transfer in 10.5 FTE and move watershed protection program from capital to operating	3,540,762
Water	Eliminate 2nd and Sable building rent; reduce short-term water and storage leases, operating and maintenance, travel and training, and temporary salary; reduce personal services for vacancy savings; increase budget for one-time purchases of fleet and computer replacement, operating equipment and new software/ hardware; reduction of legal expenses in City Attorney; technical adjustments to transfer in 0.5 FTE and move watershed protection program from capital to operating	(490,535)
<b>Total Amendments</b>		<b>\$ 5,020,669</b>
*Expenditure Appropriation Net of Revenue from Budget Amendments		

## 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 lists the amendments in the City's other funds in 2012.

### Uses of Fund Balance

For 2012, \$33.8 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, 15 have planned draw-downs of fund balance, five are expected to increase fund balance, and one has no change. Of the \$33.8 million that is expected to be drawn down, \$30.8 million (91.1 percent) is associated with capital spending in the Wastewater, Water, Capital Projects, and Open Space Funds. Exhibit 6.2 lists the significant uses of fund balances.

Exhibit 6.2 Significant Uses of Fund Balance in 2012		
Fund	Use (in millions)	Anticipated Uses
Water	\$18.3	Funds available decreases due to spending on capital projects, including Lower South Platte storage; water rights acquisition; line replacement; and improvements related to Homestake.
Wastewater	8.4	Planned draw-down of funds available for capital projects, including construction of the 2nd Creek Interceptor, Curative in Place Pipe (CIPP) rehabilitation and Hutchinson Channel rehabilitation.
Capital Projects	2.5	Planned draw-down of funds available for capital projects, primarily comprised of maintenance activities including street asphalt overlay, street chip/crack seal, and the building repair program.
Open Space	1.6	Funds available decreases due to spending on capital projects, particularly Springhill Park, Del Mar Pool, and Aurora Reservoir.

## 7. Staffing

The 2012 Adopted Budget eliminates 26.9 full-time equivalent positions (FTE) in all funds. This is offset by the addition of 8 FTE for a net decrease of 18.9 FTE. In addition, a number of positions are transferred between funds. Exhibit 7.1 outlines the staffing changes for all funds.

Total General Fund staffing decreases by a net of 16.4 FTE. This is the result of the addition of 7.0 Library and Cultural Services employees and 1.0 Court Administration employee, offset by 2.0 filled reductions, 11.0 vacant reductions and 11.4 transfers to other funding sources. With the 2.0 filled positions, the employees will be placed in other vacant functions within the City. The net of 11.4 positions are transferred out of the General Fund through the 2011 Spring Supplemental or 2012 budget process.

Exhibit 7.2 shows the details of the staffing level by fund over time. The total number of FTE in the General Fund declined 7.8 percent (159.5 FTE) over the last nine years, while this has been mostly offset by growth in other funds (mostly Water and Wastewater) up 18.4 percent (120.5 FTE) for the same period. The ratio of civil FTE (police officers and firefighters) to General Fund career FTE has changed significantly from 2003 to 2012. Police civil service has grown 11.8 percent (68.3 FTE) while career service FTE has dropped

19.9 percent (232.2 FTE). Fire is relatively unchanged over the past 10 years. Population in the City increased an estimated 16.5 percent (48,200) from 2003 to 2012.

<b>Exhibit 7.2 Historical Staffing Changes 2003-2012 (All Funds)</b>					
	<b>2003</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>2012</b>
Police Civil GF	580.0	603.0	635.0	640.0	648.3
Fire Civil GF	302.5	288.0	311.0	306.0	307.0
General Fund Career	1,164.7	1,089.1	1,091.5	1,066.5	932.5
<b>Total General Fund</b>	<b>2,047.2</b>	<b>1,980.1</b>	<b>2,037.5</b>	<b>2,012.5</b>	<b>1,887.8</b>
Police/Fire Civil Non GF	2.5	1.0	2.0	2.0	9.8
Aurora Water	285.0	329.0	403.0	426.0	432.0
Development Review Fund	112.0	115.9	119.3	86.2	69.8
Golf Fund	57.0	56.0	52.0	52.0	42.0
Rec/Cultural Services Funds	90.8	86.3	86.0	85.8	70.2
All other FTE	108.5	107.4	137.9	139.9	152.6
<b>Total</b>	<b>2,703.0</b>	<b>2,675.6</b>	<b>2,837.7</b>	<b>2,804.4</b>	<b>2,664.0</b>

<b>Exhibit 7.1 Staffing Summary by Fund In Full-Time Equivalents (FTEs)</b>			
<b>Fund</b>	<b>2010 Actual</b>	<b>2011 Projection</b>	<b>2012 Adopted</b>
Abatement	7.90	8.90	9.50
Community Development	21.90	24.20	23.85
Conservation Trust	12.65	16.65	16.77
Cultural Services	19.00	18.00	16.00
Designated Revenue	34.81	29.25	30.71
Development Review	72.75	72.75	69.75
Enhanced E-911	5.00	5.00	5.00
Fleet Management	37.50	39.50	39.50
General	1,889.48	1,904.15	1,887.75
Gifts & Grants	8.55	8.25	8.60
Golf Courses	52.00	45.00	42.00
Open Space	16.65	17.80	18.62
Parks Development	0.75	0.75	0.75
Print Shop	3.00	-	-
Recreation	60.96	61.20	54.20
Risk Management	10.00	9.00	9.00
Wastewater	155.09	152.59	163.09
Water	267.91	269.41	268.91
<b>Totals FTE</b>	<b>2,675.90</b>	<b>2,682.40</b>	<b>2,664.00</b>

## 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 \$544.4 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 \$422.3 million. Exhibit 8.1 illustrates the distribution of the CIP appropriations by fund for 2012-2016.

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 2012 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 a decrease in expenditures of \$3.7 million and creates a five-year plan that is below \$100 million for only the second time since 1997. The decrease is in response 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, cuts were taken in nearly all departments associated with the CPF, and several funds were spent down. There were several increases in budget related to specific projects, including \$2.5 million to fund the Peoria/Smith grade separation in 2011, as well as \$1.5 million to fund an 800 MHz infrastructure upgrade starting in 2016.

To balance the fund, several techniques were utilized, including revenue adjustments, using funds set aside for

specific purposes, and budget adjustments. Because of this effort, the five-year plan for the CPF is balanced. Even though the five-year plan is balanced, there is also a need for balancing in 2012 and 2013. These years were balanced using an internal loan from several projects that were previously housed in the Designated Revenue Fund.

Appropriations for the CPF are \$91.0 million in 2012, with a total of \$85.7 million in capital projects planned between 2012 and 2016. As Exhibit 8.2 shows, the funding in the Capital Projects Fund is primarily dedicated to ongoing street maintenance, reconstruction, improvements, and other capital maintenance projects.

Exhibit 8.1  
CIP Summary by Fund, 2012-2016  
Total Appropriation: \$544.4 million

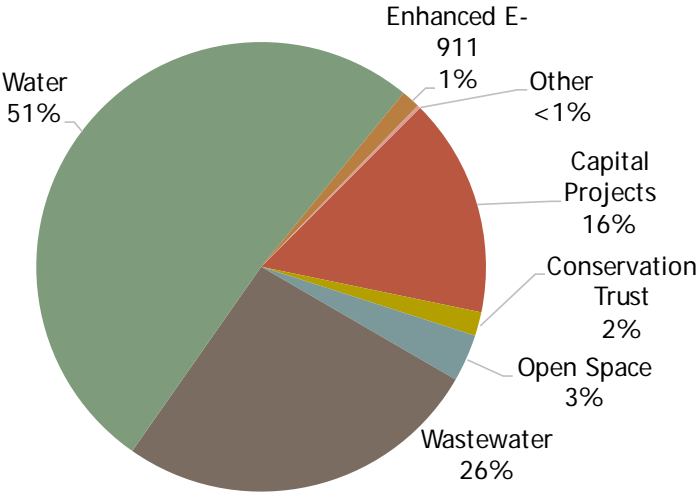
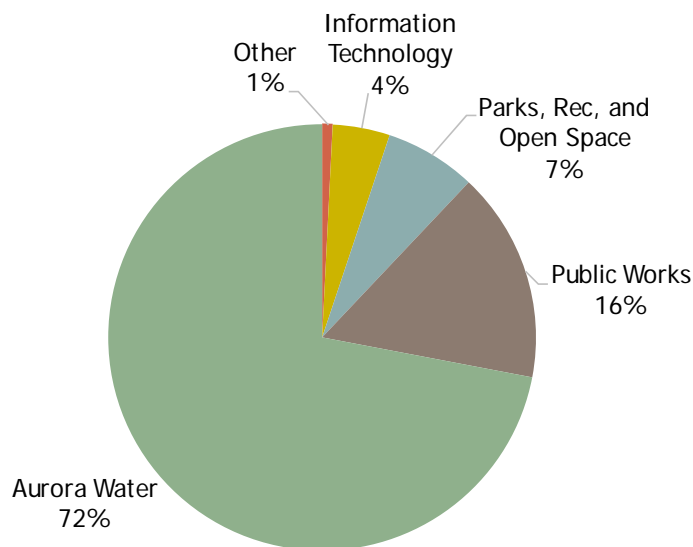


Exhibit 8.2 Summary of Capital Project Fund Projects, 2012-2016		
Project	Total cost (in millions)	Percent of Total
Street maintenance, reconstruction & improvements	\$55.4	64.7%
Building repair projects	\$8.9	10.4%
Traffic signal component replacement	\$5.9	6.9%
Direct costs - Public Works design & engineering	\$5.5	6.4%
800 MHz radio system debt service (transfer to E911 Fund)	\$4.9	5.7%
Systems, telephone infrastructure and network and replacement	\$2.0	2.3%
Direct costs - Purchasing Services	\$2.0	2.3%
All other project costs	\$1.1	1.3%
TOTAL	\$85.7	

### Exhibit 8.3

## 2012 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 2012 budget during 2011 is the projected amount approved by City Council when they adopted the 2011 budget less one-time items and various adjustments. These changes may include: items approved in the 2011 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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