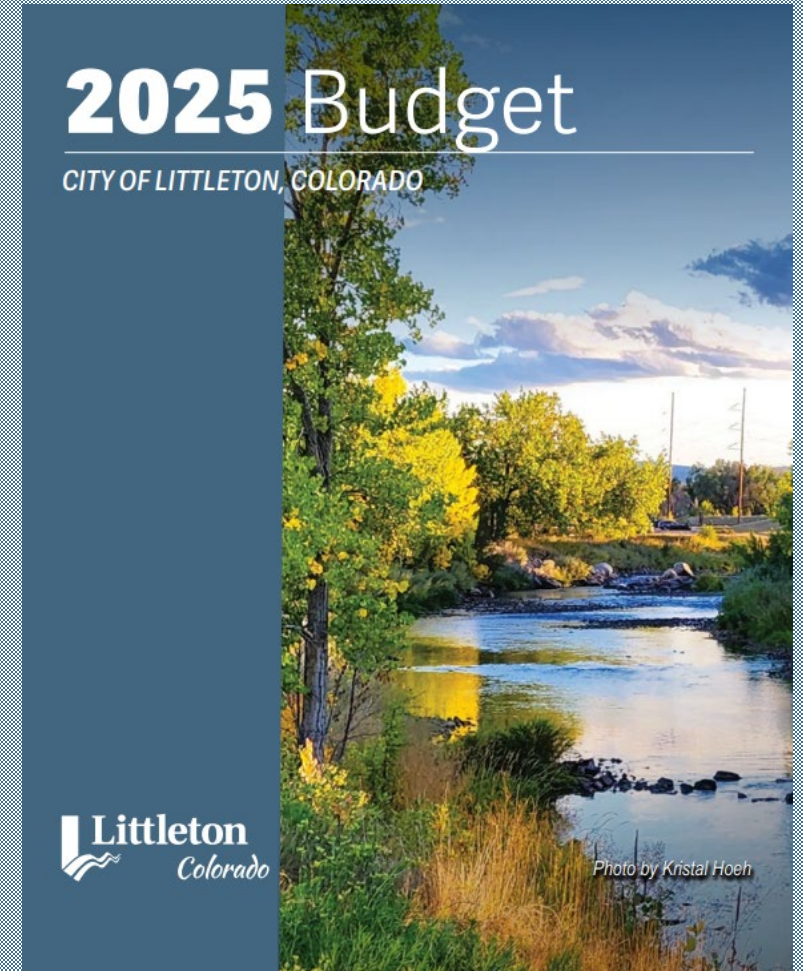


2025 BUDGET AMENDMENT #1 & GENERAL FUND UPDATE

Kevin Orton, Budget Manager

MAY 20, 2025



AGENDA

Actions necessary to update 2025 budget based on 2024 results

- Purchase Orders
- Capital Project Adjustments
- Grant Fund Adjustments

General Fund Update and Outlook

ORDINANCES

- **Ordinance 04-2025:** An ordinance on second reading amending Ordinance No. 23, Series of 2024, Appropriating Funds for the 2025 Annual Budget for all municipal purposes of the City of Littleton, Counties of Arapahoe, Douglas, and Jefferson, State of Colorado for the fiscal year beginning January 1, 2025, and ending December 31, 2025
- **Ordinance 05-2025:** An ordinance on second reading of the City of Littleton, Colorado as the governing body of the City of Littleton Sewer Utility Enterprise, amending the 2025 Sewer Budget
- **Ordinance 06-2025:** An ordinance on second reading of the City of Littleton, Colorado, as the governing body of the City of Littleton, Stormwater and Flood Management Utility Enterprise, amending the 2025 budget

2025 BUDGET AMENDMENT

2024 PURCHASE ORDERS

Purchase Orders

- City issues purchase orders to encumber funds for specific goods or services
- Funds not spent or completed by end of the fiscal year result in an open purchase order (PO)
- City Financial Policy, last amended in 2023, states that POs remaining open will be considered for reappropriation through supplemental budget ordinance

Fund	Amount
General Fund	\$431,089
Grants Fund	1,381,071
American Rescue Plan Act (ARPA)	303,029
Open Space Fund	27,273
Impact Fees Funds (Facilities, Transportation, Multimodal)	296,663
Lodger's Tax	9,140
Capital Projects Fund	1,376,648
Capital Sales Tax Fund	2,714,567
Fleet Maintenance Fund	314,979
Sewer Fund	2,336,625
Stormwater Fund	37,029
Total 2024 Purchase Orders	\$9,228,113

CAPITAL PROJECT ADJUSTMENTS

- Multi-year project balances carry forward from 2024 appropriations
- Projects rescheduled to 2026
- Additional projects/actions
 - Project Downtown Adjustment
 - Lee Gulch & Broadway Pedestrian Walkway
 - Santa Fe and Mineral Intersection
 - Interfund Loan Sewer to Storm for urgent repairs

CAPITAL PROJECTS ADJUSTMENTS

Adjustments to Capital Projects

- Multi-year project balances carry forward from 2024 appropriations
- Projects rescheduled to 2026 through 2029
- Major Project Highlights
 - **\$1.1 Million** – Redirect Fleet Transfer to Project Downtown (Capital Sales Tax Fund)
 - **\$5.1 Million** – Lee Gulch/Broadway Pedestrian Walkway
 - **\$3.1 Million** - Capital Contributions: Arapahoe Open Space and South Suburban Parks (Open Space)
 - **\$2 Million** - City Contribution (Capital Sales Tax Fund)
 - **\$2.3 Million** – Santa Fe and Mineral Intersection – Professional Services Agreement (Capital Sales Tax – amount to be reimbursed by possible COPs)

Fund	Amount
Conservation Trust	\$205,285
Open Space Fund	3,903,770
Facilities Impact Fees	(500,000)
Museum Impact Fees	(388,000)
Transportation Impact Fees	2,690,998
Multimodal Impact Fees	198,185
Capital Projects	5,597,719
Capital Sales Tax Fund	9,281,452
Total Capital Project Adj.	\$20,989,409

INTERFUND LOAN SEWER AND STORMWATER

Interfund Loan for Urgent Repairs

- March 2025 – City Council approved interfund loan to address urgent stormwater infrastructure repair
- Loan Terms
 - Total Loan: \$2.8 million
 - Interest Rate: 2.5%
 - Payment Terms: 7 years (beginning in 2027)
 - Terms mirror interfund loan issued in 2023


Fund	Amount
Sewer (transfer appropriation)	\$2,823,167
Stormwater (budget appropriation)	\$2,823,167

GRANT FUND ADJUSTMENT

Adjustments to Grant Funds

- American Rescue Plan Act (ARPA) – carrying forward remaining grant funds for council approved purposes
- Updated timeline of grant reimbursements and grant funded capital projects
 - \$14.4 million – Santa Fe and Mineral Intersection Project (CDOT Grant)

Fund	Amount
ARPA	\$969,250
Other Grants	17,259,979
Total Grant Adj.	\$18,229,229



GENERAL FUND UPDATE AND OUTLOOK

GENERAL FUND UPDATE

2024 BUDGET VS ACTUALS

(\$ in millions)	2024 Budget	2024 Estimate	2024 Actuals	Variance to Budget	Variance to Estimate
Revenues	\$59.0	\$57.4	\$56.5	\$(2.5)	\$(1.3)
Expenditures	\$59.2	\$56.7	\$56.8	\$2.4	\$(0.2)
Net Cash Flow into 2025					\$(1.5)

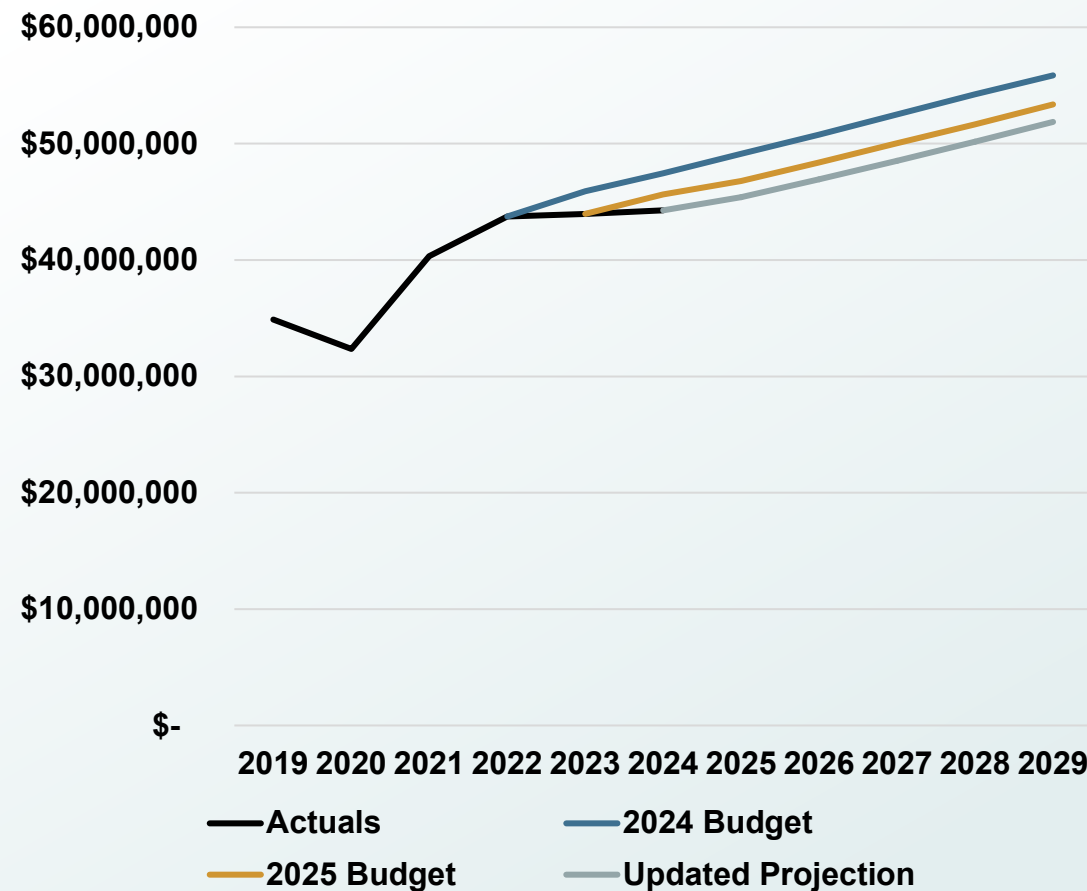
- Responded to lower revenues by reducing 2024 Estimate
- Beginning 2025 with \$1.5 million less than anticipated
 - No growth in sales tax from 2023 to 2024
 - Licenses and Permit revenue delayed to 2025 and 2026
 - Less vacancies / employee turnover than anticipated

ECONOMIC OUTLOOK - UNCERTAIN¹²

- Littleton Sales and Use Tax
 - 2024 Collections: 0.7% higher than 2023
 - January – March 2025 Collections: 4% higher than 2024
- Statewide Economic Outlook
 - 2025 projected sales tax growth: 3.9%
 - 2025 Denver-area inflation: 2.3%
 - Colorado retail sales lower than national retail sales
 - Economic uncertainty due to macroeconomic events
- Future Development Revenue
 - Mineral Place projections conservative?
 - Riverwalk development revenues not projected

SALES TAX TREND AND IMPACT

Sales and Use Tax (\$ in millions)	2024 Proj.	2025 Proj.	Revised Proj.
2024 – 2029 Total Revenue	\$310	\$296	\$287
Change from 2024 Proj.	\$0	\$(14)	\$(23)
Average Annual Change	\$0	\$(1.5)	\$(2.5)



GENERAL FUND UPDATE

FIVE YEAR REVENUE

(\$ in millions)	2025 Budget	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.
Original Revenues	\$59.4	\$59.6	\$61.7	\$63.6	\$65.6
<i>Sales and Use Tax Adj</i>	<i>\$(1.4)</i>	<i>\$(1.4)</i>	<i>\$(1.5)</i>	<i>\$(1.5)</i>	<i>\$(1.5)</i>
<i>Mineral Place Potential Sale Tax</i>	<i>0</i>	<i>\$1.2</i>	<i>\$2.7</i>	<i>\$3.0</i>	<i>\$3.3</i>
<i>Other Revenue</i>	<i>0.2</i>	<i>0.6</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
Revised Revenue	\$58.2	\$60.0	\$63.2	\$65.4	\$67.7

- Sales and Use Tax Adj. – Lowered projection to account for lower than anticipated 2024 growth
- Beginning in 2026, added Mineral Place (Costco) potential sales tax revenue
- Anticipated development fee revenue and adjusted interest revenue

GENERAL FUND UPDATE

2025 EXPENSE ADJUSTMENTS

(\$ in millions)	2025 Estimated Expenses	2026 Proj.
Original 2025 Estimated Expenses¹	\$62.7	\$62.8
<i>2024 Purchase Orders</i>	<i>0.4</i>	<i>0</i>
<i>Reduce One-Times</i>	<i>(0.15)</i>	<i>0</i>
<i>Redirect to new Marijuana Tax</i>	<i>(0.2)</i>	<i>(0.2)</i>
<i>Reallocate Personnel Expenses to Sewer Fund</i>	<i>(0.2)</i>	<i>(0.2)</i>
Revised 2025 Estimated Expenses¹	\$62.6	\$62.4

¹Includes historic unspent budget

PROCUREMENT SUPPORT URGENCY

Procurement Support Need

- Increase city contracts from 200 in 2019 to an estimated 600 contracts in 2025
- Infusion of new capital projects from 3A
- 2024 Procurement Policy created enhanced internal purchasing control of city funds
- Existing Support
 - 2.0 FTEs – City Attorney Positions
 - Partial support along with other duties
 - 2.0 FTEs – Procurement Positions
 - No change since 2019

Requested Resources

- **Contract Support**
 - New 1.0 FTEs – Assistant City Attorney II
- **Procurement Support**
 - New 1.0 FTEs –Procurement Specialist
- **Allocation Changes**
 - Allocate portion of new positions to 3A
 - Reallocate existing positions supporting utilities to utility funds
- **Annual Fund Impacts**
 - General Fund: \$73,000
 - Sewer Fund: \$165,000
 - No anticipated rate impact.
 - 3A Fund: \$33,000

GENERAL FUND UPDATE

2025 EXPENSE IMPACT WITH NEW POSITIONS

(\$ in millions)	2025 Estimated Expenses	2026 Proj.
Original 2025 Estimated Expenses¹	\$62.7	\$62.8
<i>2024 Purchase Orders</i>	<i>0.4</i>	<i>0</i>
<i>Reduce One-Times</i>	<i>(0.15)</i>	<i>0</i>
<i>Redirect to new Marijuana Tax</i>	<i>(0.2)</i>	<i>(0.2)</i>
<i>Reallocate Personnel Expenses to Sewer Fund</i>	<i>(0.2)</i>	<i>(0.2)</i>
<i>New Procurement & Contract Support Positions</i>	<i>0.1</i>	<i>0.2</i>
Revised 2025 Estimated Expenses¹	\$62.7	\$62.6

¹Includes historic unspent budget

GENERAL FUND UPDATE

FIVE YEAR PLAN IMPACT WITH RECOMMENDED STAFF

(\$ in millions)	2025 Budget	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.
Beginning Balance	\$21.5	\$17.0	\$14.4	\$12.8	\$11.1
Revenue	\$58.2	\$60.0	\$63.2	\$65.4	\$67.7
Operating Expenditures	59.1	60.7	62.9	65.1	67.4
<i>Operating Net Cash Flow</i>	<i>\$(0.9)</i>	<i>\$(0.6)</i>	<i>\$0.4</i>	<i>\$0.4</i>	<i>\$0.3</i>
One Time Expenses	\$1.8				
Transfer to Capital Projects Fund	\$1.8	\$1.9	\$2.0	\$2.0	\$2.1
Ending Balance	\$17.0	\$14.4	\$12.8	\$11.1	\$9.3
% of Fund Balance to Operating Expenses	29%	24%	20%	17%	14%

STRATEGY FOR REDUCING EXPENDITURES

- Reduce One-Time Expenditures in 2025
- Heightened Vacancy Management
 - Filling only when basic service levels at risk
- Reviewing GF project timing for potential delayed and reconsidered based on future economy
- 2026 budget likely status quo service and staffing levels

SUMMARY

- 2025 Budget Amendment #1
 - 2024 to 2025 purchase orders
 - Capital project adjustments
 - Grant adjustments
- General Fund Update
 - Economic uncertainty
 - Urgent need for 2.0 New FTEs for procurement and contract support
 - Strategies to control expenses
 - Sufficient fund balance to weather current uncertainty

STAFF RECOMMENDATION

- Approve budget amendments as presented
- Approve 2.0 FTEs as presented



QUESTIONS?