

City of Englewood, Colorado Budget Advisory Committee

2020 Annual Report

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- I. **Introduction.**

- II. **Special Events.**
 - a. **General.**
 - b. **Cost Analysis.**
 - c. **Event-specific Suggestions.**

- III. **Reserves.**
 - a. **Reserve Policy.**
 - b. **Proposed Use of Reserves.**
 - c. **Ratcheting and Sliding.**

- IV. **Englewood Police Department.**
 - a. **Implementation of Body Cameras.**
 - b. **Community Policing.**

I. **Introduction.**

Over the last year, the Budget Advisory Committee (BAC) had the pleasure of hearing presentations from the Police, Parks and Recreation, Communications, Community Development, and Public Works departments of the City of Englewood. Each department director was asked to provide an overview of department operations and budget, identify areas of financial strain, and highlight opportunities for growth.

The BAC is pleased to offer the following recommendations to the Englewood City Council (Council) for the FY21 budget. It is important to note that many of the BAC's meetings with department directors took place prior to the COVID-19 pandemic and the ongoing efforts to slow the spread of the virus. With that context, the BAC makes the recommendations under an assumption that social events, public interactions, and city revenues will progressively trend toward a pre-COVID-19 state.

II. **Special Events.**

The City of Englewood's numerous special event offerings are remarkable and one of our most effective sources of community pride and engagement. The BAC commends the work and efforts of the city employees and volunteers who work countless hours to plan and successfully execute these programs. Over the course of several months, the BAC was fortunate to hear directly from the department leads for many of these events. In response, the BAC shares the following suggestions for consideration in planning and executing future events.

a. **General.**

Special Events Committee. Several department heads interviewed named limitations on staff manpower and hours as a key consideration when organizing special events. The BAC suggests that Council creates a standing committee of volunteer citizens on Special Events to assist departments in their duties related to city-sponsored events. In addition to helping with planning and execution of events, such a committee would promote civic engagement, increase citizen involvement with the community, and provide useful citizen input.

Food Trucks and Vendors. Food trucks and specialty vendors at events often improve the overall environment and 'special' feel of the occasion. These sales opportunities also encourage spending at an event (rather than in transit to or from the event), as well as an increased average time spent at the event. The BAC notes very limited vendor options at special events. And, anecdotally, the BAC is aware that the permitting and licensing process for food trucks in Englewood is much more costly and onerous than the corresponding process in any of our neighboring municipalities. We encourage Council to examine the city's food truck and vending licensing process and bring those processes in line with common practices in the Denver metro area.

Polling. We recognize that different types of events serve different purposes to our community and attract different audiences. For example, Englewood's 4th of July fireworks show, summer concert series, and Belleview Park Christmas train, each have passionate core supporters, with widely varying costs and personnel requirements. We recommend that Englewood utilize its new surveying program to learn more about citizens' participation in each of the city's special events, including which special events citizens attend, which events citizens would consider

attending in the future, and why they have not previously participated in a special event, if applicable. This data will be invaluable in determining public support for specific events, in considering the relative cost/value of those events, and in examining potential cuts to events in the case of a budget shortfall.

We commend the Communications Department's creativity and diligence in brainstorming ways to bring seasonal and unique events to our community, and advise Council to foster the implementation of new events that appeal to and are inclusive of Englewood's diverse population.

b. Cost Analysis.

After hearing from the Communications and Parks, Recreation, & Library Departments, the BAC identified a gap in cost analysis with respect to event planning. It remains unclear how much effort is required of staff to plan and coordinate events, how that time is shared across departments (or partners, as with the 4th of July event, and how this time and resource investment correlates to community attendance and participation.

Council cannot make informed budgetary decisions without adequate data from the previous fiscal year. Therefore, the BAC advises Council to request event-specific time and effort tracking of the Communications and Parks and Rec staff who coordinate events in 2021. This information would better inform Council as to which events are most costly in terms of staff FTE.

c. Event-specific Suggestions.

❖ **Bellevue Park Christmas Village and Train.** The BAC could not be more pleased with the initiative and efforts that have led to the development of this event over the last several years. We are proud that the event sold out nightly in 2019, and we are hopefully for similar or greater demand in 2020 due to positive word of mouth. We also appreciate that the event is designed to be revenue neutral and to be as affordable as possible for local families. We recognize that many people who participated in the event in 2019 came from surrounding communities, encouraged by the welcoming nature and low cost of the event. We suggest that event organizers look into the technology and methods that would be

required to implement a resident and non-resident price for the event, preserving low prices for Englewood families with slightly higher rates for those from neighboring towns.

- ❖ **Summer concerts.** We greatly appreciate the support of the Scientific and Cultural Facilities District and local sponsors of this event, and we appreciate the thought in locating the series near the Englewood Civic Center and Light Rail stop to encourage use of those public spaces. However, we have concerns as to whether the level of attendance justifies their relatively high cost. While we do not suggest any immediate changes to the summer concert series, we do encourage the City to utilize its new polling program to gather additional information concerning the public's interest in attending summer concerts near the Englewood Civic Center and at other locations in the city. As stated under the BAC's General recommendations (Section II. A. of this report), we also encourage Council to examine the city's policy with regard to food trucks in order to improve the event environment and to increase on-site spending.

- ❖ **Englewood Christmas Parade and Tree Lighting.** The BAC acknowledges an opportunity for growth with these events, both financially and with regard to public attendance. We suggest exploring ways to merge these separate events into a single effort, perhaps through a late afternoon/early evening parade that culminates in the tree lighting at the Englewood city building. As with other events, increased food and beverage, food truck, and craft vendor engagement are strongly encouraged.

- ❖ **4th of July.** The BAC has reviewed the budget for the annual 4th of July celebration at Cornerstone Park. While the BAC is receptive to the Communications Department's concerns over the event's financial sustainability, we feel that this event's importance to the community is significant enough to merit continuing. Englewood is well-known in the south suburban region for this event. However, we recognize that our *city* budget is disproportionately responsible for what has evolved into a *regional* event. The BAC advises the following, prior to the 2021 4th of July event:
 1. The city should reevaluate fireworks costs after the 2020 Presidential election, which election results may lead to changes in international tariffs.

2. Council should pursue formal cost-sharing agreements with Littleton, Sheridan, Arapahoe County, and the South Suburban Parks and Recreation District. Costs may be proportional to population for Littleton and Sheridan and may also be shared with respect to the FTE required to plan the event.
3. If neighboring municipalities and partners fail to enter into such an agreement, the BAC stresses the importance of branding and marketing the 4th of July celebration as an Englewood-sponsored event.
4. The BAC recommends points 1 and 2 be fully explored and employed for the 2021 event, and prior to council considering significant changes to the event, such as alternative dates or decreasing the scope of the fireworks display.

III. **Reserves.**

a. **Reserves Policy.**

In recent Annual Reports, the BAC has weighed in several times on the subject of the City's unallocated fund balance, commonly known as reserves. In 2016, Council agreed on financial policies that called for Englewood to set its budget target at a two-month cash reserve. Since the adoption of that policy in 2016, the unallocated fund balance has consistently exceeded the target amount. The May 2020 financial report projects a 2020 year-end unallocated fund balance that is nearly double the target amount stated in policy.

While growing reserves may be perceived as a sign of good long-term fiscal health, these moneys in excess of the City's target reserves are counter to many unmet capital needs in the city. As the BAC stated in last year's report, the BAC believes that taxpayer dollars collected to serve the needs of the community should be utilized for that purpose, rather than being retained in the City's accounts, losing purchasing power to inflation.

While the BAC recognizes the City's need to invest in Englewood's enterprises, including stormwater, fresh water, and sewer, the BAC opposes any direct transfer of reserve funds to the City's enterprises. However, the BAC does not oppose leveraging the City's reserves to support the City's enterprises through loans or bonds.

The BAC believes that enterprises are created and intended to be self-sustaining through fees charged for services. The BAC recognizes that corresponding fee increases may be necessary to successfully achieve this ideal. Further, the BAC believes that general fund money should serve the purpose for which it was collected: That is, general operations, police, library, fire services, and parks, rather than supporting fee-based enterprises.

b. Proposed Use of Reserves.

The BAC is aware that many of the City's enterprises suffer from years of neglected infrastructure. The BAC also recognizes that fee increases to support those enterprises and the necessary infrastructure improvements will disproportionately affect lower-income Englewood residents.

Because of the financial strain on those populations, the BAC supports the creation of a fund comprised of reserves collected above the City's reserve policy. Such a fund would be used to offset rate increases for Englewood's lower-income or fixed-income residents who might otherwise be unable to pay for rate increases. We expect the eligible population to be quite low; 2018 census data indicates that 13.4% of Englewood's population is above the age of 65, while 15.1% of Englewood households are below the federal poverty level. The BAC recommends capping any such expenditure at a set percentage of the available reserves above policy, and maintaining this fund as a one-time expense, rather than a routine transfer.

Beyond this suggested fund to support vulnerable rate-payers through service fee increases, Englewood's reserves remain well above the City's recommended reserve policy. The BAC recommends using these surplus reserves for improvements to the City's parks, pursuant to the City's master plan. While some of these parks improvements, such as upgrades to the parks' irrigation systems, may not be readily noticeable by the community, they will have positive long-term impacts on the quality and usability of our parks.

Should Council decide to make such an investment and to focus on a single park, the BAC suggests improvements to Cushing Park. The recommendations contained in the City's master plan would make Cushing Park much more attractive to nearby residents and less attractive to vagrants. The current design of Cushing Park makes monitoring the park difficult from any of the nearby roads. Thus, the area has become an attractive area for illegal activities and camping.

The location of Cushing Park near CityCenter and the northwest edge of the City place it in a prime zone to be a shining example of Englewood's parks. As it stands now, it is not. While we continue to recognize the right of all constituencies to use our parks, we believe that investment in the design of Cushing Park could ensure the park is more attractive and a comfortable, usable space for all residents.

c. A New Policy: Ratcheting & Sliding

The BAC renews the recommendation contained in its 2019 Annual Report to amend the City's reserve policy in such a way that the City's reserve target can be adjusted annually to account for the ebb and flow of revenue. The City's current policy of maintaining a fixed reserve of 16.7% of revenue does not consider times of relative prosperity or economic downturns, and, currently, the City regularly maintains reserves well in excess of this target.

The BAC recommends Council adopt a policy that allows for "ratcheting and sliding" reserves. For each budget year where revenue exceeds the projection, the reserve goal would increase by a to-be-determined ratio.

For example, in a prosperous year, the City's reserve goal could be increased by an amount equal to 50% of the revenue surplus. In such a case, if the budget projected \$50 million in revenue for 2020 and actual revenue was \$51 million, then the reserve balance going into 2021 would increase by \$500,000 and the new City's new reserve target would be increased by that amount. The \$500,000 end-of-year surplus not added to the City's reserves would be spent in 2021 or 2022.

Likewise, if end-of-year revenue is below projections, the reserves would be tapped and the reserve target would "slide down" by the deficit amount. This sliding could continue and the reserve target would decrease until the City's reserves reach a pre-set limit (possibly 16.7% of revenue). Cuts would be required to fill the gap.

By adopting a "ratcheting and sliding" approach to reserve policy, Council can demonstrate a thoughtful approach to the budget process that stabilizes the City's finances in the long term, while allowing tax revenue to be timely spent on the public needs for which they were collected.

IV. **Englewood Police Department**

a. **Implementation of Body Cameras**

The BAC has reviewed SB 20-217, which was signed into law Friday, June 19, 2020, requiring all sworn officers to wear body cameras when interacting with the public. Additionally, the BAC supports Chief Collins' request to Council of June 1, 2020, to provide bodycams to the Englewood Police Department (EPD). Both Chief Collins and the BAC acknowledge the costs associated with the implementation and administration of the equipment and technology. Of the two budgetary options Chief Collins outlined in his presentation, the BAC supports his suggestion to pursue the cloud-based solution (Option 1 of 2), which requests:

- \$443,400 in Year 01 for the purchase of cameras and docks;
- \$158,800 year-over-year for maintenance and support; and
- Salary/wages/benefits for 3.0 FTE required for technical support.

The BAC suggests the use of residual funds from the police building bond to meet this financial requirement. The BAC also recognizes the possibility of the City applying for available state and federal grants to support law enforcement equipment purchases.

The BAC further encourages Council and EPD to explore cost sharing with neighboring municipalities for initial hardware acquisition and year-over-year program costs, and further encourage Council and EPD to examine any technology cost-savings that might result from the contemporaneous installation of dashcams in EPD vehicles.

b. **Community Policing**

In addition to the implementation of bodycams, the BAC advises Council to secure EPD's ongoing proactive and community policing efforts by sustaining -- and in some cases, expanding -- the Impact Team, the Zone Team, and the partnership with the AllHealth Network. We find these efforts effective, preventive, and cost efficient.

The BAC applauds EPD's focus on proactive policing and values the Impact Team's role in reducing unfavorable activity in public areas and in collaborating with residents to improve Englewood's status as an attractive place to live and work.

The BAC also supports the City's effort to develop vibrant and attractive destinations in the Downtown District, along Broadway, and along the Englewood Parkway corridor. We view the EPD's Zone Team as a vital component to this mission and advise Council to ensure the Zone Team is, at the very least, sustained through FY21. Moreover, the BAC endorses expansion of the program to police business districts throughout the City.

The BAC appreciates the City's partnership with AllHealth as financially and socially advantageous to our police department and our community.

The BAC values the Englewood Police Department's services and the protection it provides to our community. Further, the BAC applauds EPD's proactive efforts to ensure safety and responsiveness while also building and maintaining positive relationships with Englewood's diverse population. The BAC supports EPD's current budget and upcoming budget request as presented.