

ADAMS COUNTY

COLORADO

BOARD OF COUNTY COMMISSIONERS

Eva J. Henry - District #1
Charles "Chaz" Tedesco - District #2
Erik Hansen - District #3
Steve O'Doriso - District #4
Jan Pawlowski - District #5

STUDY SESSION AGENDA TUESDAY May 17, 2016

ALL TIMES LISTED ON THIS AGENDA ARE SUBJECT TO CHANGE.

10:00 A.M.	ATTENDEE(S):	Jeanne Shreve / Kevin Doran
	ITEM:	2016 Legislative Wrap Up
10:30 A.M.	ATTENDEE(S):	Nancy Duncan / Pernell Olson / Raylene Taylor
	ITEM:	First Quarter 2016 Budget Report
11:00 A.M.	ATTENDEE(S):	Nancy Duncan / Pernell Olson / Raylene Taylor
	ITEM:	2017 Budget Kickoff
12:00 P.M.	ATTENDEE(S):	Dave Ruppel
	ITEM:	Front Range Airport Module 2
12:30 P.M.	ATTENDEE(S):	Todd Leopold
	ITEM:	Administrative Item Review / Commissioner Communications
1:00 P.M.	ATTENDEE(S):	Heidi Miller
	ITEM:	Executive Session Pursuant to C.R.S. 24-6-402(4)(b) and (e) for the Purpose of Receiving Legal Advice and Negotiation Discussions Regarding Tabor Case
1:30 P.M.	ATTENDEE(S):	Heidi Miller
	ITEM:	Executive Session Pursuant to C.R.S. 24-6-402(4)(b) and (e) for the Purpose of Receiving Legal Advice and Negotiation Discussions Regarding All Pending Litigation

(AND SUCH OTHER MATTERS OF PUBLIC BUSINESS WHICH MAY ARISE)

AGENDA IS SUBJECT TO CHANGE



STUDY SESSION AGENDA ITEM

DATE: May 17, 2016
SUBJECT: First Quarter 2016 Budget Report
FROM: Nancy Duncan, Budget Manager
AGENCY/DEPARTMENT: Budget Office
ATTENDEES: Budget Office Staff
PURPOSE OF ITEM: Present the First Quarter 2016 Budget Report
STAFF RECOMMENDATION: Informational Only-No Action Required

BACKGROUND:

Budget Office staff would like to present the First Quarter Budget Report for 2016 to the BoCC. To promote financial transparency, good fiscal practices, and keep the BoCC fully apprised of the County's financial position, budget vs. actual financial data will be analyzed and reported to the BoCC on a quarterly basis. As a companion piece, a First Quarter Capital Improvement Plan Status Report will also be presented.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

County Manager and Budget Office

ATTACHED DOCUMENTS:

First Quarter Budget Report for 2016
First Quarter CIP Project Status Report

FISCAL IMPACT:

Either mark X if there is no fiscal impact or provide the following information for the recommended action:

Fund(s):	
Cost center(s):	
Self-generated / dedicated revenues:	\$
Annual operating costs:	\$
Annual net operating (cost) / income:	\$
Capital costs:	\$
Expenditure included in approved operating budget:	\$
Expenditure included in approved capital budget:	\$
New FTEs requested:	

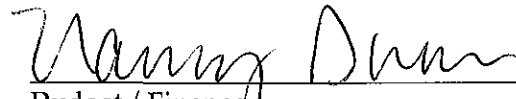
There is no fiscal impact. This is an informational item only.

APPROVAL SIGNATURES:

APPROVAL OF FISCAL IMPACT:



Todd Leopold, County Manager



Nancy Dunn
Budget / Finance

Raymond H. Gonzales, Deputy County Manager

Ed Finger, Deputy County Manager



County Manager's Office
4430 South Adams County Parkway, 5th Floor, Suite C5300
Brighton, CO 80601
PHONE 720.523.6110 FAX 720.523.6045

MEMORANDUM

DATE: May 17, 2016
TO: Adams County Board of Commissioners
FROM: Todd Leopold, County Manager
SUBJECT: 2016 First Quarter Budget Report

Background

The Board of County Commissioners (BoCC) adopted the 2016 Annual Budget on December 17, 2015. The Annual Budget serves as a policy document, operations guide, financial plan, and communications device. As needs arise, the budget is amended periodically throughout the year. For 2016, the first amendment was adopted on April 19, 2016. However, since this amendment was completed in April and not by the end of the first quarter, it is not reflected in this report.

To promote financial transparency, good fiscal practices, and keep the BoCC apprised of the County's financial position, budget vs. actual financial data is analyzed on a quarterly basis. This is the 2016 First Quarter Budget Report and includes the following information:

- Prior Year Data – Year-to-date actuals as of December 31, 2015.
- Current Year Data – 2016 Adopted Budget, year-to-date actuals as of March, 31, 2016, the percent of budget consumed by those year-to-date actuals, and the dollar variance to 2015 actuals.
- Summary of key findings and discussion points.

More detailed information is presented for the property tax funds (General, Road & Bridge, Social Services, and Developmentally Disabled) and the sales tax funds (Capital Facilities and Open Space Sales Tax). Higher level revenue and expenditure information is presented for all other funds. Please see the following pages for information presented by fund.

Attached to this report is the 2016 First Quarter Capital Improvement Plan (CIP) Summary. This summary contains the 2016 Adopted Budget, encumbrances, year-to-date actuals as of March 31, 2016, remaining budget, and percent of budget completed. This summary does not include items carried forward from 2015 to 2016 that were part of the first amendment adopted in April. Those items will be included in the second quarter summary.

General Fund

General Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues					
Taxes	\$ 42,184,725	\$ 122,655,988	\$ 48,548,980	39.58%	\$ 6,364,255
Licenses & Permits	365,110	1,840,136	558,106	30.33%	192,997
Intergovernmental	2,347,862	9,923,787	1,809,794	18.24%	(538,068)
Charges for Services	5,583,125	26,848,065	6,794,107	25.31%	1,210,982
Fines & Forfeitures	219,851	1,187,723	226,034	19.03%	6,183
Interest & Investments	1,372,772	1,429,941	673,202	47.08%	(699,570)
Miscellaneous	668,836	4,256,550	1,113,782	26.17%	444,946
Other Finance Sources	2,932,344	3,127,500	-	0.00%	(2,932,344)
Total Revenues	\$ 55,674,624	\$ 171,269,690	\$ 59,724,005	34.87%	\$ 4,049,381

Expenditures	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
	Personnel	\$ 24,088,905	\$ 105,880,761	\$ 25,257,417	23.85%
Operating & Maintenance	1,051,655	7,530,155	1,573,308	20.89%	521,653
Charges for Services	8,500,480	41,946,002	6,688,790	15.95%	(1,811,689)
Debt Service	-	-	-	-	-
Governmental Services	1,235,511	6,119,172	1,420,090	23.21%	184,579
Capital	918,566	6,918,629	468,204	6.77%	(450,361)
Other Finance Uses	-	1,485,943	-	0.00%	-
Total Expenditures	\$ 35,795,117	\$ 169,880,662	\$ 35,407,810	20.84%	\$ (387,306)

General Fund Summary

1. Revenues

- a. Total General Fund revenues are a net \$4.05 million or 7.27% higher through the first quarter of 2016 compared to 2015.
- b. Tax revenue is \$6.36 million or 15.09% higher.
 - i. Current Property Taxes are \$6.14 million or 14.58% higher. This is due to the higher property taxes expected as a result of the 2015 reassessment process and resulting property value increases. This increase is higher than in the other three property tax funds due to the inclusion of abatement revenue within the General Fund.
 - ii. Marijuana Sales Taxes are a new General Fund revenue source beginning in mid-2015. \$207,934 was collected during the first quarter of 2016.
- c. Licenses & Permits revenues are \$192,997 or 52.86% higher. The bulk of this is due to increased Building Permit and Electrical Inspection revenue, which is \$179,625 or 50.97% higher. Growth within the county is a key driver of this increase.
- d. Intergovernmental revenue is \$538,068 or 22.92% lower. This decrease is due to reduced Community Corrections program funding.
- e. Charges for Services are a net \$1.21 million or 21.69% higher.
 - i. Real Estate and Recording Fees are \$141,110 or 20.41% higher.
 - ii. Motor Vehicles Vendor Fee Sales Tax (Cities and State) is \$12,402 or 3.15% lower.
 - iii. Treasurer's Fees are \$196,162 or 20.76% higher.
 - iv. Broomfield revenue for DA's Office services is \$358,203 higher. This is due to additional 2015 year-end true-up and April 2016 revenue received and included during the first quarter of 2016.
- f. Fines & Forfeitures are \$6,183 or 2.81% higher.
- g. Interest & Investments are \$699,570 or 50.96% lower. Interest on Deposits are \$45,353 or 106.11% higher, however, this is netted against fair market value transactions required to record market to market accruals, which are \$744,923 or 56.01% lower.
- h. Miscellaneous revenue is \$444,946 or 66.53% higher. The two key areas driving this increase are Miscellaneous Revenues and Building Rent & Usage Charges.
- i. Other Finance Sources are related to interfund transfers and are \$2.93 million or 100.00% lower. Planned interfund transfers will occur later in the year.

2. Expenditures

- a.** Total General Fund expenditures are a net \$387,306 or 1.08% lower through the first quarter of 2016 compared to 2015.
- b.** Personnel expenditures are \$1.17 million or 4.85% higher. This is due to new FTEs included in the 2016 budget.
- c.** Operating & Maintenance expenditures are \$521,653 or 49.60% higher. This increase is primarily due to increased expenditures related to operating supplies, software and licensing, and computers.
- d.** Charges for Services expenditures are \$1.81 million or 21.31% lower. This decrease is primarily due to decreased expenditures related to inmate medical services, other professional services, and bank charges.
- e.** Governmental Services expenditures are \$184,579 or 14.94% higher. This is due to increased expenditures related to the District Attorney's Victim Compensation Grant and Tri-County Health.
- f.** Capital expenditures are \$450,361 or 49.03% lower. This is due to the timing of capital project expenditures.
- g.** Other Financing Uses expenditures are related to interfund transfers, which do not occur until later in the year.

3. FTE Changes

- a.** No FTE changes occurred during the first quarter of 2016.

Road & Bridge Fund

Road & Bridge Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues					
Taxes	\$ 6,028,033	\$ 30,613,753	\$ 6,486,538	21.19%	\$ 458,505
Licenses & Permits	64,739	100,000	56,846	56.85%	(7,894)
Intergovernmental	3,415,308	10,266,006	2,977,627	29.00%	(437,680)
Charges for Services	331,212	1,615,834	347,561	21.51%	16,348
Fines & Forfeitures	4,377	17,509	4,377	25.00%	-
Interest & Investments	317	1,200	1,604	133.67%	1,287
Miscellaneous	3,080	16,000	2,616	16.35%	(464)
Total Revenues	\$ 9,847,066	\$ 42,630,302	\$ 9,877,168	23.17%	\$ 30,102

Expenditures	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
	Personnel	\$ 1,335,976	\$ 5,848,914	\$ 1,284,371	21.96%
Operating & Maintenance	96,129	1,294,325	221,532	17.12%	125,403
Charges for Services	1,343,513	13,710,442	1,095,920	7.99%	(247,592)
Governmental Services	680,455	13,603,159	675,141	4.96%	(5,314)
Capital	536,602	4,000,000	66,979	1.67%	(469,623)
Total Expenditures	\$ 3,992,674	\$ 38,456,840	\$ 3,343,943	8.70%	\$ (648,731)

Road & Bridge Fund Summary

1. Revenues
 - a. Road & Bridge Fund revenues are \$30,102 or 0.31% higher through the first quarter of 2016 compared to 2015.
 - b. Tax revenue is a net \$458,505 or 7.61% higher
 - i. Property Taxes are \$372,001 or 15.72% higher. This is due to the higher property taxes expected as a result of the 2015 reassessment process and resulting property value increases.
 - ii. Specific Ownership Tax revenue is \$110,133 or 3.95% higher.
 - c. Licenses & Permits revenue is \$7,894 or 12.19% lower. This is due to decreased construction and oversize permit revenue collected in 2016 compared to 2015.
 - d. Intergovernmental revenue is \$437,680 or 12.82% lower.
 - i. Highway Users Tax revenue is \$446,314 or 48.76% higher, however, other local revenues are \$883,994 or 35.36% lower.
 - e. Charges for Services revenue is \$16,348 or 4.94% higher.
2. Expenditures
 - a. Road & Bridge Fund expenditures are trending lower for the first quarter of 2016. This is primarily due to the timing of capital project related expenditures.
3. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

Social Services Fund

Social Services Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues					
Taxes	\$ 4,288,416	\$ 12,320,874	\$ 4,962,954	40.28%	\$ 674,538
Intergovernmental	19,861,173	89,667,016	13,838,800	15.43%	(6,022,372)
Total Revenues	\$ 24,149,589	\$ 101,987,890	\$ 18,801,754	18.44%	\$ (5,347,835)

Expenditures	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
	Personnel	\$ 8,925,990	\$ 40,582,882	\$ 9,586,582	23.62%
Operating & Maintenance	183,274	1,920,175	209,338	10.90%	26,064
Charges for Services	13,379,087	59,838,799	9,710,547	16.23%	(3,668,541)
Total Expenditures	\$ 22,488,351	\$ 102,341,856	\$ 19,506,467	19.06%	\$ (2,981,884)

Social Services Fund Summary

1. Revenues
 - a. Tax revenues are higher in 2016 compared to 2015 by 15.7% as a result of the 2015 reassessment process and resulting property value increases.
 - b. Intergovernmental revenues are lower due to timing of March receipts. This will be an issue each month as Human Services closes their books approximately 3 weeks after normal close.

2. Expenditures
 - a. Personnel expenses are higher in 2016 due to additional FTEs added later in 2015.
 - b. Charges for Services are lower due to timing of March close. This will be an issue each month as Human Services closes their books approximately 3 weeks after normal close.

3. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

Developmentally Disabled Fund

Developmentally Disabled Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues					
Taxes	\$ 468,390	\$ 1,346,622	\$ 542,065	40.25%	\$ 73,675
Total Revenues	\$ 468,390	\$ 1,346,622	\$ 542,065	40.25%	\$ 73,675
Expenditures					
Charges for Services	\$ 7,028	\$ 18,040	\$ 8,131	45.07%	\$ 1,103
Governmental Services	-	1,201,538	-	0.00%	-
Total Expenditures	\$ 7,028	\$ 1,219,578	\$ 8,131	0.67%	\$ 1,103

Developmentally Disabled Fund Summary

1. Revenues
 - a. Developmentally Disabled Fund revenues are higher in 2016 compared to 2015 by 15.7% as a result of the 2015 reassessment process and resulting property value increases.
2. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

Capital Facilities Fund

Capital Facilities Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues					
Taxes	\$ 1,305,376	\$ 17,921,224	\$ 1,268,765	7.08%	\$ (36,611)
Interest & Investments	2,158	20,000	60,784	303.92%	58,626
Miscellaneous	-	10,000,000	-	0.00%	-
Total Revenues	\$ 1,307,534	\$ 27,941,224	\$ 1,329,549	4.76%	\$ 22,015
Expenditures					
Operating & Maintenance	7,697	189,132	13,789	7.29%	6,092
Charges for Services	8,800	-	29,521	-	20,721
Debt Service	-	15,014,566	-	0.00%	-
Capital	220,272	14,009,850	6,836,130	48.80%	6,615,858
Other Finance Uses	2,932,344	-	-	-	(2,932,344)
Total Expenditures	\$ 3,169,113	\$ 29,213,548	\$ 6,879,440	23.55%	\$ 3,710,327

Capital Facilities Fund Summary

1. Expenditures
 - a. Capital expenditures are \$6.6 million higher 2016 compared to 2015. This is due to expenses related to Park 1200 and also the purchases related to the Community Corrections facility.
 - b. Other Finance Uses expenditures are lower by \$2.9 million due to a change in process related to the COP payments. Payments are no longer transferred to the General Fund for payment. COP payments are now paid directly from the Capital Facilities Fund. The first payment is due in May 2016.
2. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

Open Space Sales Tax Fund

Open Space Sales Tax Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues					
Taxes	\$ 925,809	\$ 14,785,010	\$ 1,063,878	7.20%	\$ 138,069
Interest & Investments	25,182	30,000	41,061	136.87%	15,879
Total Revenues	\$ 950,991	\$ 14,815,010	\$ 1,104,939	7.46%	\$ 153,948

Expenditures	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
	Personnel	\$ 33,130	\$ 145,001	\$ 34,742	23.96%
Operating & Maintenance	1,349	9,800	484	4.94%	(865)
Charges for Services	2,278	86,582	1,209	1.40%	(1,069)
Governmental Services	1,680,324	19,146,793	2,593,767	13.55%	913,443
Other Finance Uses	435,247	869,359	491,030	56.48%	55,783
Total Expenditures	\$ 2,152,328	\$ 20,257,535	\$ 3,121,232	15.41%	\$ 968,905

Open Space Sales Tax Fund Summary

1. Revenues
 - a. Open Space Sales Tax Fund revenues are higher in 2016 compared to 2015 due to an increase of 14.9% in sales tax collections.
2. Expenditures
 - a. Governmental Services expenditures are higher compared to 2015 due to increased payments to other cities for Sales Tax and also increased grants to cities for completed projects.
 - b. Other Finance Uses expenditures are higher also due to the timing of distributions.
3. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

Other Non-Proprietary Funds

Conservation Trust Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 162,746	\$ 715,661	\$ 171,764	24.00%	\$ 9,018
Expenditures	\$ 192,447	\$ 575,426	\$ 168,206	29.23%	\$ (24,242)

Open Space Projects Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 658,783	\$ 869,359	\$ 505,664	58.17%	\$ (153,119)
Expenditures	\$ 178,177	\$ 3,112,800	\$ 2,838,376	91.18%	\$ 2,660,199

Waste Management Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 95,000	\$ 400,000	\$ 347,873	86.97%	\$ 252,873
Expenditures	\$ 112,167	\$ 376,255	\$ 145,306	38.62%	\$ 33,139

DIA Noise Mitigation Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 409	\$ 10,001,600	\$ 10,003,949	100.02%	\$ 10,003,541
Expenditures	\$ -	\$ 10,045,000	\$ 6,208,920	61.81%	\$ 6,208,920

Other Non-Proprietary Funds Summary

1. Revenues
 - a. Open Space Projects Fund revenues are lower than 2015 mainly due to revenue received in 2015 for pedestrian bridges along the Platte River not received in 2016.
 - b. Waste Management Fund revenues are higher due to increased hazardous waste disposal fees collected in 2016 compared to 2015.
 - c. DIA Noise Mitigation revenue increase is due to a payment from Denver for the passing of ballot issue 1A.
2. Expenditures
 - a. Open Space Projects Fund expenditures are higher due to the purchase of the Van Scoyk Open Space
 - b. Waste Management Fund expenditures are higher due to the Old Shooting Range Remediation project.
 - c. DIA Noise Mitigation expenditures are related to payments made to cities for their portion of revenue associated with the passing of ballot issue 1A.
3. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

Grant Funds

Community Development Block Grant (CDBG) Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 752,570	\$ 5,341,295	\$ 255,770	4.79%	\$ (496,800)
Expenditures	\$ 1,006,582	\$ 5,620,874	\$ 315,172	5.61%	\$ (691,410)

Head Start Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 612,383	\$ 4,889,534	\$ 330,799	6.77%	\$ (281,585)
Expenditures	\$ 1,027,222	\$ 4,966,170	\$ 1,085,921	21.87%	\$ 58,699

Community Services Block Grant (CSBG) Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ (18,736)	\$ 827,260	\$ 203,057	24.55%	\$ 221,792
Expenditures	\$ 156,871	\$ 438,071	\$ 42,702	9.75%	\$ (114,169)

Workforce & Business Center Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 765,282	\$ 7,229,775	\$ -	0.00%	\$ (765,282)
Expenditures	\$ 1,263,327	\$ 7,254,499	\$ 1,341,122	18.49%	\$ 77,795

Grant Funds Summary

1. Revenues
 - a. CDBG revenues are 66.00% lower in the first quarter of 2016 due to lower Neighborhood Stabilization Program (NSP) revenue.
 - b. Head Start revenue is lower in 2016 due to a large revenue carry over in First Quarter 2015.
 - c. CSBG revenue is lower due to the timing of revenue receipts.
 - d. Workforce & Business Center revenues are yet to be received for First Quarter 2016 due to program issues at the state level.
2. Expenditures
 - a. CDBG expenditures are 68.69% lower due to fewer HUD payments.
 - b. CSBG expenditures are 72.8% lower due to timing of payments and fewer grants being processed.
3. FTE Changes
 - a. No FTE changes occurred during First Quarter 2016.

Proprietary Funds

Golf Course Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 342,695	\$ 3,046,500	\$ 249,275	8.18%	\$ (93,420)
Expenditures	\$ 800,305	\$ 2,666,311	\$ 493,458	18.51%	\$ (306,847)

Fleet Management Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 1,515,836	\$ 9,531,448	\$ 1,681,414	17.64%	\$ 165,578
Expenditures	\$ 1,360,198	\$ 11,002,066	\$ 1,482,913	13.48%	\$ 122,715

Stormwater Utility Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ (442,500)	\$ 2,215,200	\$ (1,140)	-0.05%	\$ 441,361
Expenditures	\$ 70,380	\$ 3,482,190	\$ 107,883	3.10%	\$ 37,502

Insurance Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 4,003,721	\$ 22,705,787	\$ 4,290,101	18.89%	\$ 286,381
Expenditures	\$ 4,393,895	\$ 22,061,048	\$ 4,320,670	19.59%	\$ (73,224)

Front Range Airport Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 621,046	\$ 2,601,682	\$ 650,745	25.01%	\$ 29,698
Expenditures	\$ 402,999	\$ 2,925,172	\$ 971,413	33.21%	\$ 568,414

Water & Wastewater Treatment Fund	2015	2016			
	3/31/15 Actuals	Adopted Budget	3/31/16 Actuals	% of Adopted Budget	\$ Variance to 2015 Actuals
Revenues	\$ 3,124	\$ 350,252	\$ -	0.00%	\$ (3,124)
Expenditures	\$ 29,039	\$ 338,365	\$ 37,280	11.02%	\$ 8,241

Proprietary Funds Summary

1. Revenues

- Golf Course Fund revenues are 27.3% lower through the first quarter of 2016 compared to 2015 due to lower green fees associated with the unseasonable warmer temperatures in the spring of 2015.
- Fleet Fund revenue is up 10.92% mainly due to the sale of vehicles in 2016 and none in 2015.
- Stormwater Utility Fund revenues are currently showing as a negative balance due to adjustments made during the first quarter of 2016. Revenues will be received in the second quarter of 2016 removing the negative balance.
- Insurance Fund revenues are 7.15% higher primarily due to increased premium payments for the United Healthcare EPO Medical Plan. There is also an increase in the revenue associated with the Workers Compensation premium.
- Water & Wastewater Treatment Fund revenues are zero because the billing occurs in the second quarter of 2016.

2. Expenditures

- Golf Course Fund expenditures are 38.3% lower in 2016 compared to 2015 due to expenses related to Brantner Gulch construction and golf cart purchases in 2015.
- Fleet Fund expenditures are 9.02% higher in 2016. This is due to increased depreciation on vehicles purchased in 2015 and also an increase in vehicle parts and supplies.
- Stormwater Fund expenditures are 53.29% higher. This is due to the repair and maintenance needs in the first quarter of 2016.

- d. Insurance Fund expenditures are slightly higher than 2015. This is due to increased claim and insurance premium costs offset by decreased medical service costs and administration fees as UHC and Kaiser.
 - e. Front Range Airport Fund expenditures are lower due to the timing of depreciation expense not being posted in the first quarter of 2015. This depreciation amount was posted in the second quarter 2015 so the variance on depreciation will be back in-line in the second quarter 2016.
 - f. Water & Wastewater Treatment Fund expenditures are 28.38% higher. This is mainly due to depreciation not being posted for the first quarter 2015. As in the Front Range Airport Fund, the second quarter will have the entry for the first quarter and this variance should be eliminated.
3. FTE Changes
 - a. No FTE changes occurred during the first quarter of 2016.

2016 1st Quarter Capital Improvement Plan Summary



General Fund								
Department	Projects	Starting Year	2016					% of Budget Completed
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget		
CLK Recording	Large Instrument Map Scanner	2016	16,000	-	-	16,000	0%	
CLK Recording	Digitizing Historical data	2016	100,200	-	-	100,200	0%	
CLK Recording	Redaction of public records	2016	83,000	-	-	83,000	0%	
CLK Recording	Lobby Management System	2016	56,221	28,173	-	56,221	0%	
CLK Elections	Voting Equipment Replacement	2016	800,000	104,658	-	800,000	0%	
CLK Elections	Voter Notification App	2016	30,000	-	-	30,000	0%	
Community Transit	Transit Vehicle Purchases	2016	30,000	-	-	30,000	0%	
District Attorney	Multi-Server VM hosts	2016	34,320	-	33,769	551	98%	
IT Network/Telecom	2016 Network/VoIP Upgrades	2016	400,000	412	-	400,000	0%	
FO-Animal Shelter Maintenance	Animal Shelter	2016	1,000,000	-	-	1,000,000	0%	
FO - Government Center	Grounds Equipment	2016	50,000	-	49,393	607	99%	
Parks Facilities	Parks HVAC Upgrades	2016	50,000	-	-	50,000	0%	
Parks Facilities	HVAC Equipment Upgrades	2016	55,000	-	-	55,000	0%	
FO - District Attorney Bldg.	HVAC Upgrade	2016	23,800	23,800	-	23,800	0%	
SHF- MIS Unit	JMS Replacement	2016	385,131	-	-	385,131	0%	
SHF- MIS Unit	DataWorks LiveScan Replacement	2016	18,012	-	-	18,012	0%	
SHF- Detention Facility	Mental Health Unit	2016	3,246,945	-	-	3,246,945	0%	
PKS- Fair & Special Events	Reservation and Event Software	2016	57,500	-	-	57,500	0%	
PKS- Fair & Special Events	Portable Stock Panels	2016	100,000	-	3,785	96,215	4%	
PKS- Grounds Maintenance	Decommission Sewer Lagoon @ RP	2016	20,000	-	-	20,000	0%	
Subtotal			6,556,129	157,043	86,947	6,469,182	1%	

Road & Bridge Fund								
Department	Projects	Starting Year	2016					% of Budget Completed
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget		
Transportation CIP	York Street Hwy 224 to 78th	2016	2,000,000	-	-	2,000,000	0%	
Transportation CIP	58th Ave Washington to York	2016	500,000	-	-	500,000	0%	
Transportation CIP	Dahlia St Asph SW SH 224 I-76	2016	500,000	-	-	500,000	0%	
Transportation CIP	ADA Transition Plan Implement	2016	1,000,000	-	-	1,000,000	0%	
Subtotal			4,000,000	-	-	4,000,000	0%	

2016 1st Quarter Capital Improvement Plan Summary



Capital Facilities Fund								
Department	Projects	Starting Year	2016					
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed	
General Capital Improvements	Assessor Remodel	2016	110,000	8,090	-	110,000	0%	
General Capital Improvements	2016 /fiber HSC WSC	2016	250,000	240,204	-	250,000	0%	
General Capital Improvements	Upsize Flat Plate	2016	149,850	5,896	-	149,850	0%	
Justice Center Addition	Phase II Build Out A&E	2015	8,446,077	168,988	32,839	8,413,238	0%	
Community Corrections Facility	Community Corrections Facility	2016	5,500,000	-	4,901,340	598,660	89%	
Subtotal			14,455,927	423,178	4,934,179	9,521,748	34%	

Conservation Trust Fund								
Department	Projects	Starting Year	2016					
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed	
CT- Trails- Plan/Design Const	Two 72" Commercial Mowers	2016	40,000	(0)	37,624	2,376	94%	
Subtotal			110,000	(0)	37,624	72,376	34%	

Open Space Projects Fund								
Department	Projects	Starting Year	2016					
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed	
Open Space Projects	Open Space Projects	2016	2,500,000	-	2,789,005	(289,005)	112%	
Open Space Projects	Clear Creek Trail Replacement	2016	450,000	-	-	450,000	0%	
Subtotal			2,950,000	-	2,789,005	160,995	95%	

Golf Course Fund								
Department	Projects	Starting Year	2016					
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed	
Facilities Club House Maint.	Heating Boiler Replacement	2016	139,000	-	-	139,000	0%	
Facilities Club House Maint.	MAU Replacement	2016	20,000	-	-	20,000	0%	
Golf Course- CIP	Clubhouse Restroom Renovation	2016	40,000	-	-	40,000	0%	
Golf Course- CIP	HP Utility Tractor	2016	70,000	69,679	-	70,000	0%	
Golf Course- CIP	Native Improvement	2016	25,000	-	-	25,000	0%	
Subtotal			294,000	69,679	-	294,000	0%	

2016 1st Quarter Capital Improvement Plan Summary



Fleet Fund							
Department	Projects	Starting Year	2016				
			Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed
Transportation Fleet- Admin	Human Services	2016	76,000	65,494	-	76,000	0%
Transportation Fleet- Admin	Information Technology	2016	32,000	22,194	-	32,000	0%
Transportation Fleet- Admin	Neighborhood Serv Code Comply	2016	64,000	54,650	-	64,000	0%
Transportation Fleet- Admin	Neighborhood Serv Storm Water	2016	32,000	27,159	-	32,000	0%
Transportation Fleet- Admin	Parks	2016	435,000	-	-	435,000	0%
Transportation Fleet- Admin	Parks Grounds Maintenance	2016	32,000	27,734	-	32,000	0%
Transportation Fleet- Admin	Parks Ranger Patrol	2016	87,000	67,498	-	87,000	0%
Transportation Fleet- Admin	Transportation Engineering Adm	2016	35,000	32,501	-	35,000	0%
Transportation Fleet- Admin	Sheriff Administration	2016	105,000	50,236	-	105,000	0%
Transportation Fleet- Admin	Sheriff Civil	2016	42,000	28,295	-	42,000	0%
Transportation Fleet- Admin	Sheriff Detectives	2016	521,000	403,880	-	521,000	0%
Transportation Fleet- Admin	Sheriff Jail	2016	244,000	78,531	-	244,000	0%
Transportation Fleet- Admin	Sheriff Patrol	2016	798,000	480,508	-	798,000	0%
Transportation Fleet- Admin	Sheriff Patrol	2016	42,000	-	-	42,000	0%
Transportation Fleet- Admin	Sheriff Patrol	2016	220,000	201,216	-	220,000	0%
Transportation Fleet- Admin	Sheriff Patrol	2016	32,000	-	-	32,000	0%
Transportation Fleet- Admin	Coroners Office	2016	160,000	30,242	-	160,000	0%
Transportation Fleet- Admin	Highway 1/2 Ton 4X4	2016	245,000	214,934	-	245,000	0%
Transportation Fleet- Admin	Highway 3/4 Ton 4X4 truck	2016	35,000	29,434	-	35,000	0%
Transportation Fleet- Admin	Highway 2 Ton 4X4	2016	75,000	-	-	75,000	0%
Transportation Fleet- Admin	Highway Crane Truck	2016	175,000	45,896	-	175,000	0%
Transportation Fleet- Admin	Highway Tandem Trucks	2016	660,000	-	-	660,000	0%
Transportation Fleet- Admin	Highway Motor Grader	2016	600,000	-	-	600,000	0%
Transportation Fleet- Admin	Highway Front Loader	2016	300,000	-	-	300,000	0%
Transportation Fleet- Admin	Highway Pavers	2016	150,000	-	-	150,000	0%
Transportation Fleet- Admin	Highway Shoulder Machine	2016	120,000	-	-	120,000	0%
Transportation Fleet- Admin	Animal Shelter	2016	50,000	47,734	-	50,000	0%
Transportation Fleet- Admin	Transportation Road Reclaimer	2016	290,000	-	-	290,000	0%
Transportation Fleet- Admin	Parks Wheel Front Loader	2016	185,000	-	-	185,000	0%
Transportation Fleet- Admin	Parks Skid Steer Loader	2016	60,000	-	-	60,000	0%
Transportation Fleet- Admin	Parks Bobcat Utilities (2)	2016	50,000	-	-	50,000	0%
Transportation Fleet- Admin	Sheriff Inmate Passenger Van	2016	50,000	28,333	-	50,000	0%
Transportation Fleet- Commerce	A/C Recycler	2016	7,500	-	-	7,500	0%
Transportation Fleet- Commerce	Mobile Column Lift HD	2016	75,000	-	-	75,000	0%
Transportation Fleet- Commerce	Diesel Opacity Meter	2016	10,000	-	-	10,000	0%
Transportation Fleet- Commerce	55 Ton Press	2016	10,000	-	-	10,000	0%

2016 1st Quarter Capital Improvement Plan Summary



Transportation Fleet- Commerce	Aqueous Parts Washer	2016	25,000	11,866	-	25,000	0%
Transportation Fleet- Commerce	Column Lifts MD	2016	55,000	-	-	55,000	0%
Transportation Fleet- Strasbrg	A/C Recycler	2016	7,500	-	-	7,500	0%
Transportation Fleet- Strasbrg	Aqueous Parts Washer	2016	25,000	11,866	-	25,000	0%
Transportation Fleet- Strasbrg	55 Ton press	2016	10,000	-	-	10,000	0%
Subtotal			6,447,000	2,125,134	-	6,447,000	0%

Stormwater Utility Fund		Starting Year	2016				
Department	Projects		Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed
Stormwater CIP	Neighborhood Curb and Gutter	2016	900,000	2,100	-	900,000	0%
Stormwater CIP	Hoffman Drainage Improvements	2016	2,033,000	-	-	2,033,000	0%
Subtotal			2,933,000	2,100	-	2,933,000	0%

Front Range Airport Fund		Starting Year	2016				
Department	Projects		Budget	Encumbrances	12/31/16 Actuals	Remaining Budget	% of Budget Completed
Airport Operations/Maintenance	Install Diesel fuel tank	2016	20,000	-	-	20,000	0%
Airport Operations/Maintenance	Re-roof FBO hangar	2016	100,000	-	-	100,000	0%
Subtotal			120,000	-	-	120,000	0%
TOTAL			37,866,056	2,777,134	7,847,756	30,018,300	21%



STUDY SESSION AGENDA ITEM

DATE: May 17, 2016
SUBJECT: Begin With the End in Mind - 2017 Budget Kick Off Presentation
FROM: Nancy Duncan, Budget Manager
AGENCY/DEPARTMENT: Budget Office
ATTENDEES: Budget Office Staff (Nancy Duncan, Pernell Olson, Raylene Taylor)
PURPOSE OF ITEM: To begin meetings for 2017 Budget Process with the Board of County Commissioners.
STAFF RECOMMENDATION: This is informational only – no decision or approval is required.

BACKGROUND:

The Annual Budget Process begins each year in May. This meeting is to present information to the Board of County Commissioners to begin that process. The Budget Staff will be presenting dates and preliminary information for the 2017 Budget Process.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

County Manager's Office and Budget Office

ATTACHED DOCUMENTS:

Begin With the End in Mind - 2017 Budget Kick Off PowerPoint Presentation
Overview of Fund Balances

FISCAL IMPACT:

Either mark if there is no fiscal impact or provide the following information for the recommended action:

Fund(s):	
Cost center(s):	
Self-generated / dedicated revenues:	\$
Annual operating costs:	\$
Annual net operating (cost) / income:	\$
Capital costs:	\$
Expenditure included in approved operating budget:	\$
Expenditure included in approved capital budget:	\$
New FTEs requested:	

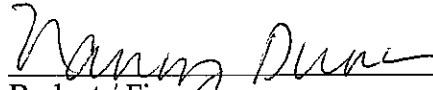
Informational Only

APPROVAL SIGNATURES:

APPROVAL OF FISCAL IMPACT:



Todd Leopold, County Manager



Budget / Finance

Raymond H. Gonzales, Deputy County Manager

Ed Finger, Deputy County Manager



Beginning with the Ending in Mind

**Adams County Budget Kick Off
May 17, 2016**



Study Session Outcome

- 1) Review FY17 Budget Assumptions
- 2) Review FY17 Estimated Revenue and Expense Projections
- 3) Review Fund Balance Summary Report
- 4) Discuss FY17 Budget Expectations

May 24th Study Session

- Review Priority Based Budget Programs and Scoring



2017 Revenue Assumptions

- 2% projected increase in Property Taxes
- 4% projected increase in Sales Taxes
- 6% projected increase in Building & Electrical Permits
- 2.5% projected increase in Recording Fees
- 20% projected increase in Marijuana Sales Tax



General Fund Expenditure Assumptions

- \$2.2M in Merit Adjustments
- Assume 7% increase in Healthcare benefits. We will be revising this as we receive more information.
- Assume Capital Improvement project funding at approximately \$6.2M.
- Operational items pre-programmed in FY17:
 - \$550K for the 12.00 FTEs in Sheriff's Office Mental Health Facility*.
 - \$60K for 2.00 Maintenance FTEs associated with the new Human Services Center*.

*assumes July, 2017 opening

General Fund Expenditure Assumptions - Continued



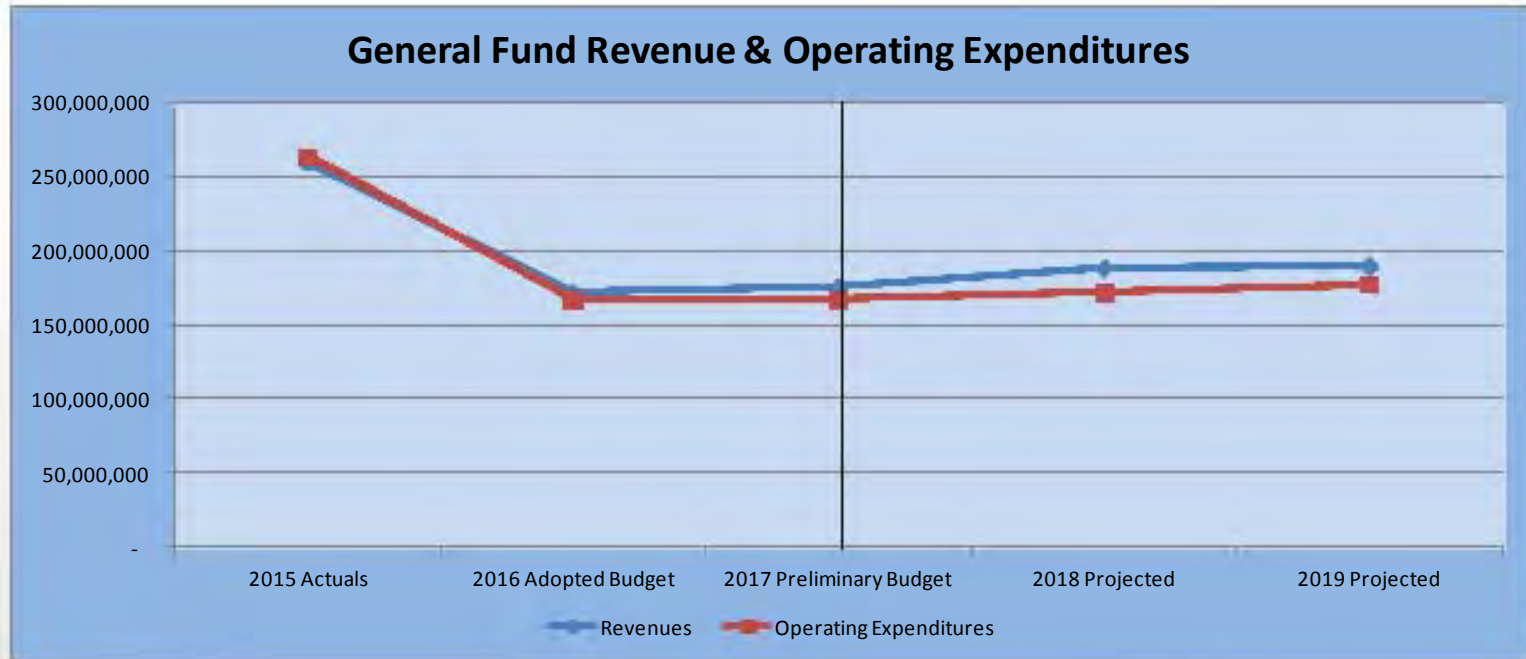
- Improved budget to actual alignment for FY17:
 - Clerk & Recorder (\$200,000)
 - Facilities (\$1,151,288)
 - Information Technology (\$848,720)
 - Operating Reductions (\$2,200,008)
- Maintain Vacancy Savings Structure for FY17.
- Designates remaining DIA proceeds.
- Designates Marijuana Sales Tax proceeds.

Fund Balance Overview – All Funds

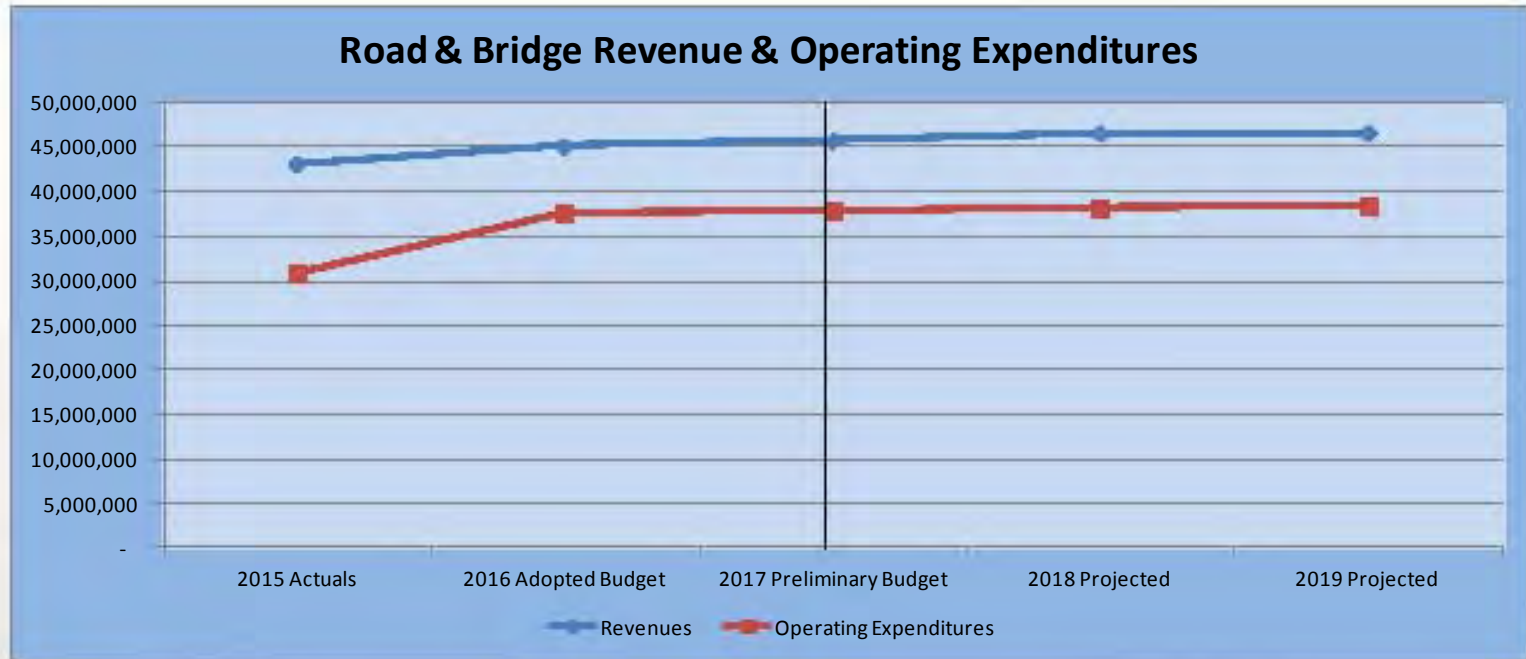
[Overview of Fund Balances.pdf](#)



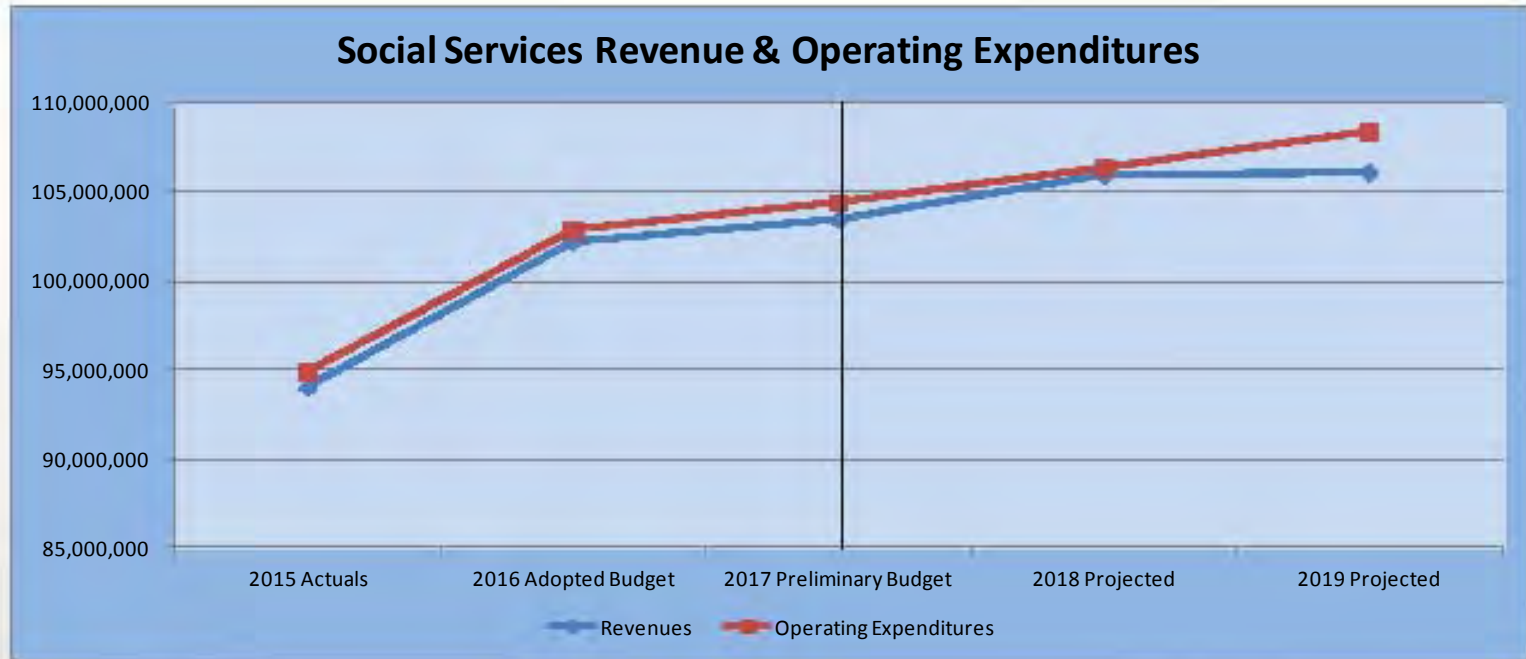
Fund Balance Overview – General Fund



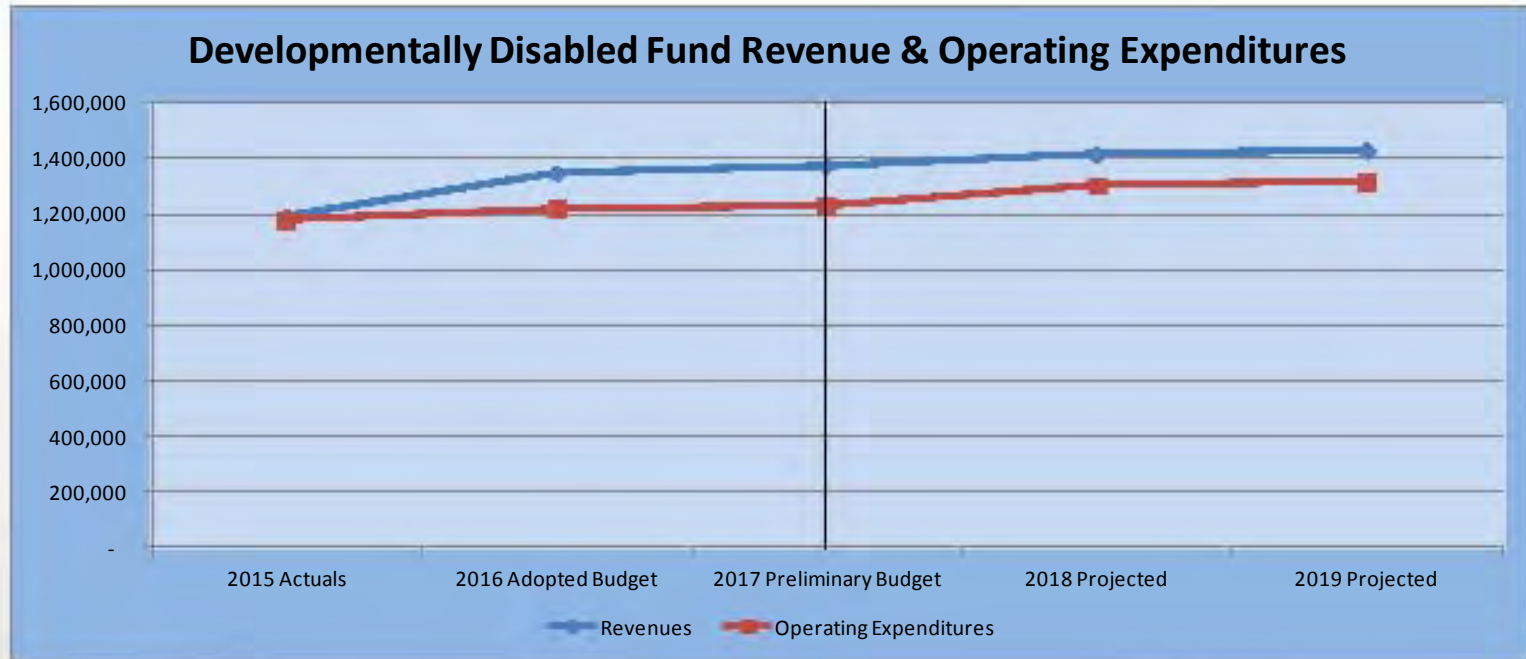
Fund Balance Overview – Road & Bridge



Fund Balance Overview – Social Services



Fund Balance Overview – Developmentally Disabled



2017 Recommended Budget Request Guidelines



Requesting additional funding for FY17:

1. **Operating Budget:** Business Cases and FTE requests will be considered and evaluated relative to BoCC goals.
2. **Capital Budget:** Capital Improvement projects will be considered and evaluated relative to BoCC goals.



Beginning with the Ending in Mind:

- Commissioner Direction for FY17 Budget Development
 - Do you concur with the preliminary budget assumptions?
 - What amount, if any, of unrestricted GF fund balance should be considered for one-time capital projects?
 - Should any other budget considerations be included in FY17?



Key Budget Dates

- May 24-Priority Based Budgeted Study Session with BoCC.
- May 24-Budget Module open for Budget Entry.
- July 8-Capital and Operating Budgets are due.
- August 15-26-Department and Elected Official presentation meetings with County Manager and Budget Staff.
- August 21- Assessor Certification of Assessed Property Values.
- September 7-9-Review of Proposed Budget with County Manager, Deputy County Managers, and Budget Staff.
- September 13-Review of Drafted Proposed Budget with BoCC, County Manager, Deputy County Managers, and Budget Staff.
- October 11-Presentation of County Manager's Proposed Budget at Public Hearing.
- Mid to Late October-Review of Proposed Budget with BoCC, County Manager, Deputy County Managers, and Budget Staff.
- October 18-22-Elected Official Meetings with BoCC, if requested.
- November-Revisit Proposed Budget with BoCC.
- December 6-Presentation of 2017 Budget at Public Hearing.
- December 13-Adoption of 2017 Budget and Certification of Mill Levies at Public Hearing.

Wrapping Up



Questions
&
Next Steps

Adams County, Colorado
Countywide Fund Summary Overview

2017 Preliminary Budget

Fund Name	2017 Beginning Fund Balance	2017 Revenues	Transfers In	2017 Total Preliminary Revenues	2017 Preliminary Operating Expenditures	Transfers Out	2017 Total Preliminary Operating Expenses	2017 Preliminary Capital Expenditures	2017 Total Preliminary Expenditures	Projected Reserves/ Designations	Estimated Unrestricted Funds Available for FY2018	Estimated Ending Fund Balance	Addition to/ (Use of) Fund Balance
General	\$100,866,280	\$174,385,395	\$1,100,000	\$175,485,395	\$166,599,850	\$729,752	\$167,329,602	\$6,166,323	\$173,495,925	\$54,771,370	\$48,084,380	\$102,855,750	\$1,989,470
Special Revenue Funds													
CDBG	4,719,684	5,341,295	-	5,341,295	5,629,746	-	5,629,746	-	5,629,746	-	4,431,233	4,431,233	(288,451)
CSBG	165,028	827,260	-	827,260	447,471	-	447,471	-	447,471	-	544,817	544,817	379,789
Conservation Trust	1,368,757	715,661	-	715,661	484,469	-	484,469	-	484,469	-	1,599,949	1,599,949	231,192
Developmentally Disabled	341,703	1,373,554	-	1,373,554	1,231,593	-	1,231,593	-	1,231,593	-	483,664	483,664	141,961
Head Start	388,583	5,100,000	-	5,100,000	5,101,089	-	5,101,089	-	5,101,089	-	387,494	387,494	(1,089)
Open Space Sales Tax	28,863,836	15,406,410	-	15,406,410	11,643,724	904,133	12,547,857	-	12,547,857	-	31,722,389	31,722,389	2,858,553
Open Space Projects	895,293	3,495,867	904,133	4,400,000	230,615	-	230,615	4,250,000	4,480,615	-	814,678	814,678	(80,615)
Road & Bridge	35,864,927	45,750,377	-	45,750,377	37,884,250	-	37,884,250	11,242,776	49,127,026	3,000,000	29,488,278	32,488,278	(3,376,649)
Social Services	9,515,203	103,438,895	-	103,438,895	104,445,029	-	104,445,029	-	104,445,029	3,901,032	4,608,037	8,509,069	(1,006,134)
Waste Management	3,863,358	400,000	-	400,000	746,031	-	746,031	-	746,031	-	3,517,327	3,517,327	(346,031)
DIA Coor & Settlement	1,310,169	1,600	-	1,600	45,000	-	45,000	-	45,000	-	1,266,769	1,266,769	(43,400)
Workforce Development	57,396	7,400,000	-	7,400,000	7,419,050	-	7,419,050	-	7,419,050	-	38,346	38,346	(19,050)
Enterprise Funds													
Front Range Airport	77,258	3,363,348	400,000	3,763,348	3,163,137	-	3,163,137	533,333	3,696,470	100,000	44,136	144,136	66,878
Waste & Wastewater	200,405	20,500	329,752	350,252	338,365	-	338,365	-	338,365	-	212,292	212,292	11,887
Golf Course	1,019,452	3,046,500	-	3,046,500	2,372,311	-	2,372,311	-	2,372,311	-	1,693,641	1,693,641	674,189
Stormwater Utility	2,796,807	2,215,200	-	2,215,200	563,993	-	563,993	1,815,938	2,379,931	100,000	2,532,076	2,632,076	(164,731)
Capital Project Funds													
Capital Facilities	12,600,336	19,158,073	-	19,158,073	14,014,566	1,100,000	15,114,566	-	15,114,566	-	16,643,843	16,643,843	4,043,507
Internal Service Funds													
Fleet	15,551,644	9,531,448	-	9,531,448	4,588,652	-	4,588,652	4,094,142	8,682,794	2,941,266	13,459,032	16,400,298	848,654
Insurance	5,850,899	23,593,068	-	23,593,068	23,584,197	-	23,584,197	-	23,584,197	975,000	4,884,770	5,859,770	8,871
TOTAL ADAMS COUNTY	\$226,317,018	\$424,564,451	\$2,733,885	\$427,298,336	\$390,533,138	\$2,733,885	\$393,267,023	\$28,102,512	\$421,369,535	\$65,788,668	\$166,457,151	\$232,245,819	\$5,928,801



STUDY SESSION AGENDA ITEM

DATE OF STUDY SESSION: May 17, 2016
SUBJECT: Module 2 Lease Amendment Discussion
FROM: Dave Ruppel, Airport Director
AGENCY/DEPARTMENT: Front Range Airport
ATTENDEES: Dave Ruppel, Ed Finger, Doug Edelstein
PURPOSE OF ITEM: Obtain Board approval of the Lease Amendment
STAFF RECOMMENDATION: Approval

BACKGROUND:

This Amendment was last discussed at an Executive Study Session on 6/23/2015. At that time Adams County's focus was on the possibility of taking legal action to fix the various problems with the Citywide Lease on Module 2. With additional discussion over the next several months it was determined that legal action was not desirable and subsequent meetings and discussions between staff and Citywide developed the current draft Amendment. The purpose of this Study Session is to provide an update on the development of the current draft and seek Board approval.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

Adams County Legal and Deputy County Manager-Internal

ATTACHED DOCUMENTS:

Module 2 Lease Power Point
Draft Lease Amendment

FISCAL IMPACT:

Either mark X if there is no fiscal impact or provide the following information for the recommended action:

Fund(s):	
Cost center(s):	
Self-generated / dedicated revenues:	\$
Annual operating costs:	\$
Annual net operating (cost) / income:	\$
Capital costs:	\$
Expenditure included in approved operating budget:	\$
Expenditure included in approved capital budget:	\$
New FTEs requested:	

Additional Note:

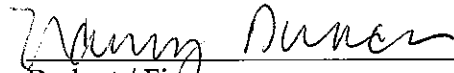
Fiscal Impacts will be discussed in the presentation.

APPROVAL SIGNATURES:

APPROVAL OF FISCAL IMPACT:



Todd Leopold, County Manager



Murray Dunbar
Budget / Finance

Raymond H. Gonzales, Deputy County Manager

Ed Finger, Deputy County Manager



Front Range Airport

Module 2 Lease

May 17, 2016

Module 2 Lease Overview

- The lease is known as the *“Front Range Airport Module # 2 Master (Premises) Lease”*.
- AMJET was the original tenant. Citywide Bank, as the mortgage holder, succeeded AMJET in bankruptcy .
- The lease is dated September 14, 2005
- The lease has an initial term of 50 years, with 2 additional 10-year extensions, at the option of the Tenant.
- It provides for an annual lease payment due January 1.

Where is Module 2?



Issues:

- **The lease defines the annual rent as follows:** – “Tenant agrees to pay Landlord annual Rent for the Premises...at the rate of Nine Cents (\$0.09) per square foot, multiplied times the number of square feet contained within the Premises , as shown in Exhibit A.” (Section 7.a)
- **Definition of Premises:** Per paragraph 1 of the **Module #2 Master (Premises) Lease:**
 - 1. “Lease and Description of Premises. Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord certain parcel(s) of land at the Airport, configuration and legal description of which are set forth in Exhibit A attached hereto and made a part hereof (hereinafter, the “Premises”) together with all rights, privileges, easements and appurtenances pertaining thereto.”
- Exhibit A depicts 26 separate structures on 2,115,055 square feet.

Exhibit A Page 1

Existing Hangars—H2 and 6-Plex

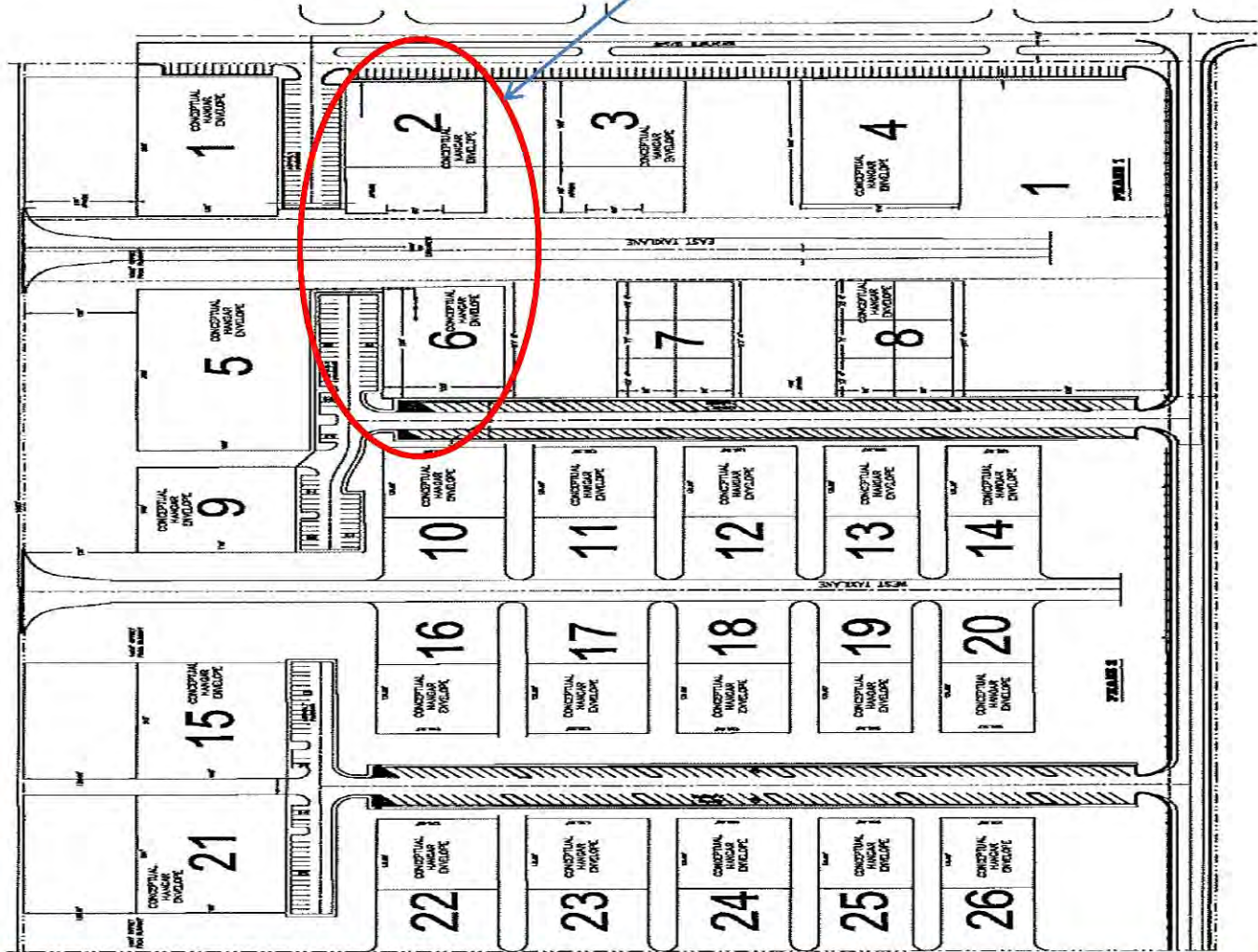
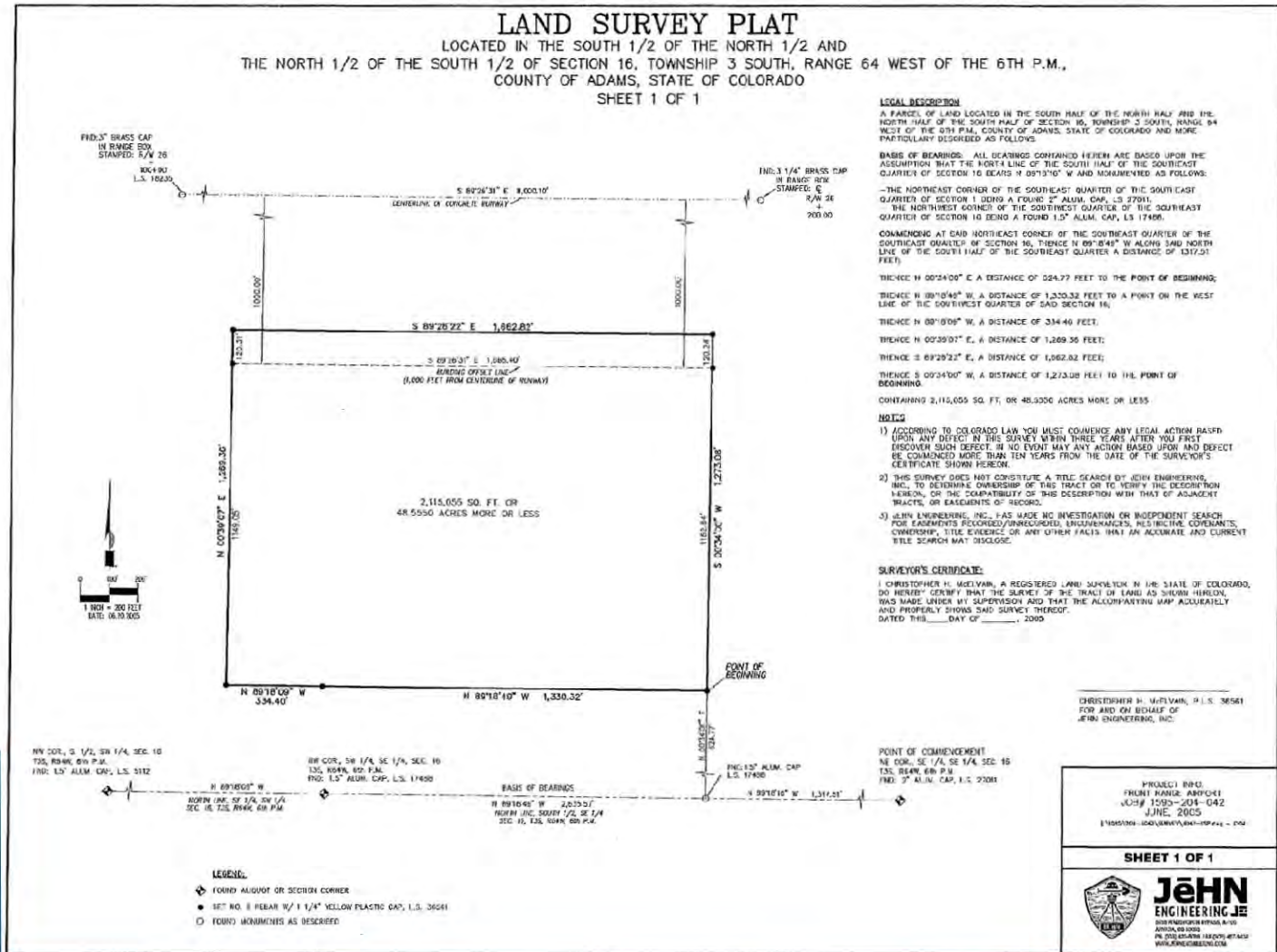


Exhibit A Page 2



Issues(*continued*):

- Based on the definitional terms of the lease, the annual lease payment should be \$220,673.56.
- Instead, we are collecting about \$7,000 per year. This comes from collecting 10.43 cents/sf on the two hangars that were built (H2 and the 6-Plex).
- Our current unimproved land lease rate is 33.8 cents/sf, and that is generally what we charge other tenants.

Issues (*continued*):

- We normally only charge for building and footprint square footage.
- However, we also normally charge the full lease rate for that smaller area.
- This isn't one of our normal leases, and is financially inequitable. Had it been built the way it was drawn in 2005, there might have been some logic to the reduced rate for the volume of development and assumption of development risk.

Issues (*continued*):

- **The lease contains a requirement to amend**– “If the square footage contained within the Premises, based on the as-built survey, is five percent (5%) greater or less than the than the square footage of the Premises, as depicted in Exhibit A of this Lease, then, and in such an event, an appropriate amendment to this Lease shall be executed, which amendment shall set forth an accurate legal description and square footage of the Premises, as well as any adjustment to the rent and other sums paid hereunder.” (Section 8.g.)

Other Information

- “This lease shall not in any way be interpreted as creating or vesting a fee ownership interest in the Tenant or any of the occupants of the premises” (Section 1).

Our Four Bargaining Points

- The airport must receive fair market value for the existing facilities.
- The airport must receive fair market value for future development.
- The lease term must be shortened from 70 years to 30, with options to extend. Per the FAA, the lease term must not exceed 50 years with the extensions included.
- We will cooperatively market the undeveloped acreage.

Negotiation History

- **August 2014** – Front Range Airport informed Citywide that it *“desires to amend the Lease to remove all unimproved land from the defined Premises, but will discuss alternatives if desired by Citywide Bank.”*
- The Airport also informed Citywide that the full \$220,673.56 would be required for the January 1, 2015 payment in the absence of a lease amendment.

Negotiation History (*continued*)

- **December 2014** – After 4 months of negotiations, Front Range Airport reasserts that the full \$220,673.56 will be required for the January 1, 2015 payment in the absence of a lease amendment, and offered this amendment:

“Front Range Airport proposes, as an amendment to the Module 2 Lease, that it will remove the undeveloped acreage from the lease payment requirements, and from the terms of the Module 2 lease, to reduce Citywide’s lease obligation. The existing structures, including a 15-foot perimeter around each structure, will be leased at the airport’s existing unimproved land lease rates.”

Negotiation History (*continued*)

- We have accepted the lease payment that they assert is correct but have asserted that we do not accept it as payment in full.
- The interest is still accruing in accordance with the lease terms. If we come to terms on an amendment, this can be waived.
- We agreed to give negotiations one more chance and negotiated through April 2016.

Summary

Issue	Our Recommendation	Their Position
Lease Term	Reduce to max of 50 years	Agreement
Lease Rate for Existing Hangars	Transition to current lease rates for H2, 6-Plex stays at Master Lease rate as adjusted (currently 11 cents/sf).	Agreement
Lease Rate for Undeveloped Land in Module 2	Revert to FRA control and share revenue up to a max dollar amount (\$650K)	Agreement
Joint Marketing	Cooperate to market development and leasing opportunities	Agreement

Option Proof

	Existing Lease	Current Negotiation
FRA Payments	0	0
Gross Future Revenue - Citywide	9,528,912	1,042,960
Gross Future Revenue - FRA	4,045,037	12,530,989
Gross Existing Building Revenue - Citywide	636,913	332,465
Gross Existing Building Revenue - FRA	296,961	629,425
Citywide NPV	2,326,463	630,144
FRA NPV	\$998,786	\$2,706,904

Proof:	\$13,573,949	\$13,573,949
	\$933,874	\$961,890
	\$3,325,249	\$3,337,048

What happens if we do nothing?

- We continue to collect less than 1/3 the current lease market value for H2 and the 6-Plex.
- When the remaining acreage develops, we collect 20%-30% of fair market value lease revenue.
- Marketing is more challenging because we are not in control.
- Module 2 is the best 48 acres of real estate at FRA.
- The lease is non-compliant according to the FAA and we are expected to cure these deficiencies at our first opportunity which would be this amendment.
- Citywide will continue to retain control of the undeveloped acreage without paying for it.

Recommendation

- Our recommendation is that we approve the negotiated Lease Amendment.

**FIRST AMENDMENT
TO
FRONT RANGE AIRPORT
MODULE #2 MASTER (PREMISES) LEASE**

THIS FIRST AMENDMENT TO FRONT RANGE AIRPORT MODULE #2 MASTER (PREMISES) LEASE ("Amendment") is made as of the ___ day of May 2016 ("Amendment Effective Date"), by and between the BOARD OF COUNTY COMMISSIONERS OF ADAMS COUNTY, COLORADO ("Landlord"), as the successor-in-interest to the FRONT RANGE AIRPORT AUTHORITY, a political subdivision of the State of Colorado ("Original Landlord"), and 37600 CESSNA WAY, LLC, a Colorado limited liability company ("Tenant"), as the successor-in-interest to AMJET, LLC, a Colorado limited liability company ("Original Tenant"), with respect to the Lease (defined below).

WHEREAS, Original Landlord and Original Tenant entered into that certain Front Range Airport Module #2 Master (Premises) Lease dated September 14, 2005 (the "Lease") and recorded on September 22, 2005, in the real property records of Adams County, Colorado at Reception No. 20050922001039460, for the lease of certain real property and improvements located in Adams County, Colorado as more particularly described in the Lease and on Exhibit 1 attached hereto (the "Premises"); and

WHEREAS, Tenant and Original Tenant, among others, entered into that certain Agreement for Deed in Lieu of Foreclosure dated February 14, 2013, and an Assignment of Lease dated March 21, 2013, and recorded on May 22, 2013, in the real property records of Adams County, Colorado at Reception No. 2013000043505, pursuant to which Original Tenant assigned all of its right, title and interest in and to the Lease and the Premises to Tenant; and

WHEREAS, effective December 31, 2013, Landlord dissolved the Front Range Airport Authority and became the successor-in-interest to Original Landlord pursuant to the Lease; and

WHEREAS, Tenant and Landlord desire to modify and amend certain of the terms and conditions of the Lease as set forth herein.

NOW THEREFORE, in consideration of the foregoing recitals, which by this reference thereto are hereby incorporated into the body of this Amendment, the mutual promises set forth below, and other good and valuable consideration, the receipt, sufficiency and fairness of which are hereby acknowledged, Landlord and Tenant, intending to be legally bound, agree as follows:

1. Definitions. Except as otherwise defined herein, all capitalized words shall have the meaning set forth in the Lease.

2. Amendments.

(a) *Amendment to Term of the Lease*. Except as otherwise set forth herein, the Initial Term of the Lease is hereby amended to extend for a period of twenty (20) years, which period shall commence on the Amendment Effective Date and, unless extended pursuant hereto, shall terminate on the twentieth (20th) anniversary of the Amendment Effective Date. Each year of the Initial Term is referred to herein as a "Lease Year." Upon the expiration of the Initial Term, at the option of the Tenant, the Lease may be extended from and after the expiration of the Initial Term for the First Extension Term, consisting of an additional ten (10) Lease Years, and may also be extended a second time, from and after the expiration of the First Extension Term, for the Second Extension Term, consisting of an additional ten (10) Lease Years, in each case in accordance with the terms of the Lease. Failure to extend the Lease for the First Extension Term

will void Tenant's option to extend the Lease for the Second Extension Term. So long as the Tenant is in full compliance with the terms of the Lease and the Minimum Standards, as may be changed from time-to-time, and so long as Tenant remains a financially viable entity, and Landlord has determined that the structural integrity and condition of the building(s) remains good, Tenant may request in writing additional ten (10) year extensions following the expiration of the Second Extension Term. If Landlord reasonably determines that the forgoing conditions have been satisfactorily met, then Landlord may extend the term of the Lease for an additional ten (10) year period, upon such terms and conditions as are mutually agreeable to the parties in writing. Renewal rental rates shall be adjusted for any such renewal period in accordance with the then-current land lease rates in effect for Front Range Airport, Adams County, Colorado.

(b) *Amendment to Rent.* Landlord and Tenant each acknowledge and agree that the annual rent for the portion of the Premises that, as of the Amendment Effective Date, constitutes undeveloped land as more particularly described on Exhibit 2 attached hereto (the "Undeveloped Land"), shall continue to be equal to \$0.00 per square foot until such time that any portion of the Undeveloped Land shall be developed. Upon issuance of a certificate of occupancy, the annual rent for such developed portion of the Undeveloped Land shall be calculated and shall be payable in accordance with Section 2(c) of this Amendment. Except as otherwise set forth in Section 2(c) of this Amendment or pursuant to any Sublease, all rent payable pursuant to the Lease, as amended pursuant hereto, shall be payable in accordance with Section 7(d) of the Lease.

(c) *Subleases; Rent Sharing Agreement regarding Undeveloped Land.* At such time that any portion of the Premises is subleased to a third party pursuant to the terms of the Lease (a "Sublease"), the following terms and provisions shall apply with respect to such Sublease and the portion of the Premises related thereto:

- (i) The form of any Sublease is attached hereto as Exhibit 3.
- (ii) The initial term of any Sublease shall not exceed a period of thirty (30) years from the commencement date of such Sublease, subject to any extensions pursuant hereto. Such Sublease may, in Tenant's discretion, provide for up to two (2) ten (10) year extensions of the initial term of the Sublease. Notwithstanding anything herein to the contrary, if the term of any Sublease, including any available extension periods, exceeds the remaining term of the Lease plus the First and Second Extension Terms (the "Excess Sublease Term"), Tenant shall, immediately prior to the expiration of the term of the Lease, as extended, assign the Sublease to Landlord, and Landlord shall assume such Sublease for the Excess Sublease Term.
- (iii) With respect to a Sublease of any portion of the Undeveloped Land, all base rents payable by the subtenant in connection with such Sublease shall, subject to adjustment as provided herein, be payable 45% to Tenant and 55% to Landlord. The Sublease shall provide that all such rents shall be paid by the subtenant to Tenant. Tenant shall pay monthly to Landlord 55% of such amount owed by Tenant, which payment to Landlord shall constitute all rents owing by Tenant to Landlord with respect to the land that is the subject of such Sublease. The maximum amount to be paid to Tenant with respect to all Subleases pursuant to this Section 2(c)(iii) shall not exceed \$650,000 (the "Tenant Sublease Cap") during the term of the Lease. However, the Tenant Sublease Cap shall

increase each Lease Year after the first Lease year for a period of fifteen (15) years at a rate equal to five percent (5.0%) of the amount of the Tenant Sublease Cap for the immediately preceding Lease Year.

- (iv) In the event a subtenant defaults in the payment or performance of a Sublease and Tenant elects to foreclose or otherwise take possession of the premises that are the subject of such Sublease (the “Default Premises”), Tenant may elect to continue paying rent to Landlord pursuant to Section 2(c)(iii) hereof with respect to such Default Premises or may elect, by written notice to Landlord, to convey to Landlord all of Tenant’s right, title and interest in and to such Default Premises, which shall not constitute a default of the Lease. If Tenant conveys to Landlord all of Tenant’s right, title and interest in and to such Default Premises, such Default Premises shall not be subject to the Lease, and neither Tenant nor Landlord shall have any obligations to the other with respect to the Default Premises, whether pursuant to the Lease, the Sublease or otherwise.
- (v) No portion of the Undeveloped Land shall be developed or otherwise utilized except for portions subleased as described in this Section 2(c).

(d) *H2 Land and Sublease.* Tenant shall enter into a new Sublease (the “H2 Sublease”) with [NEW ENTITY], LLC, a Colorado limited liability company, as subtenant, for that portion of the Premises that constitutes the H2 land and improvements thereon, as set forth on Exhibit 4 attached hereto (the “H2 Land”), which, among other things, shall include the following terms and provisions:

- (i) The term of the H2 Sublease shall be for a period of thirty (30) years, which period shall commence on the effective date of the H2 Sublease. The H2 Sublease shall provide that, upon the expiration of the term of the Sublease, the subtenant shall have the right to extend such term for two (2) additional periods of ten (10) years each, in each case in accordance with the terms of the Sublease.
- (ii) Tenant shall pay to Landlord rent in an amount equal to the Landlord’s published lease rate, which is currently \$0.3378 per square foot, multiplied by the number of square feet in the H2 land as shown on Exhibit 4 (consisting of 39,900 square feet). Rent for H2 shall automatically increase upon written notice by Landlord that it is increasing its published lease rate.
- (iii) Notwithstanding anything herein to the contrary, the H2 Sublease shall not be subject to or included in the rent sharing agreement set forth in Section 2(c)(iii).

Landlord and Tenant each agree that, notwithstanding Section 2(a) hereof, the Initial Term of the Lease shall be modified with respect to the H2 Land to be the same as the term of the Sublease, including any extensions thereto. If the effective date of this Sublease is more than two years from the Amendment Effective Date, the term of the Sublease will be reduced year for year for the number of years beyond the Amendment Effective Date.

(e) *H-5190 Condominium Association Land and Declaration.* Landlord and Tenant acknowledge that the portion of the Premises that constitutes the H-5190 Condominium Association land and improvements thereon, as set forth on Exhibit 5 attached hereto (the “H-5190 Condominium Association Land”), is subject to that certain Amended and Restated Declaration of Covenants, Conditions, Restrictions and Reservations for H-5190 Condominium dated as of and recorded on September 23, 2013, at Reception 2013000082703 in the real property records of the Adams County, Colorado, Clerk and Recorder, as the same may be amended from time-to-time (the “Declaration”), which is incorporated herein by this reference. Notwithstanding anything herein or in the Lease to the contrary, the following terms shall govern the lease of the H-5190 Condominium Association Land:

- (i) Notwithstanding Section 2(a) of this Amendment, the term of the Lease solely with respect to the H-5190 Condominium Association Land shall not be modified or changed and shall be for a period of fifty (50) years, which period commenced on September 14, 2005, and will expire on September 13, 2055. The term of the Lease solely with respect to the H-5190 Condominium Association Land may be extended for one (1) additional period of ten (10) years in accordance with the terms of Paragraph 5 of the Lease.
- (ii) Landlord and Tenant acknowledge and agree that the annual rent payable in connection with the H-5190 Condominium Association Land shall be calculated and paid in accordance with the Lease and shall not be modified by this Amendment.
- (iii) Notwithstanding anything herein to the contrary, any rent payable with respect to the portion of the Lease concerning the H-5190 Condominium Association Land shall not be subject to or included in the rent sharing agreement set forth in Section 2(c)(iii).
- (iv) Landlord acknowledges that, at such time that Tenant, as the Declarant (as defined in the Declaration) under the Declaration, has conveyed all Units (as defined in the Declaration) to Leasehold Unit Owners (as defined in the Declaration), Tenant shall assign to the H 5190 Condominium Association, Inc. (the “Association”) all of Tenant’s rights and obligations as the tenant under the Lease with respect to the H-5190 Condominium Association Land in accordance with Section 3.1 of the Declaration, and from and after such assignment, the Association shall be deemed to be the tenant under the Lease with respect to the H-5190 Condominium Association Land. Landlord agrees to consent to such assignment by Tenant to the Association and agrees to take all necessary action, including any amendment to the Lease, as reasonably necessary to evidence and effectuate the terms of such assignment.

3. Waiver and Release of Past Rent. Landlord hereby waives, and releases Tenant from, any and all unpaid rents, including any claims or obligations with respect to rent, owing under or pursuant to the Lease with respect to any period of time prior to the Amendment Effective Date.

4. Acknowledgement and Waiver of Claims.

(a) Tenant represents and acknowledges that it is not aware of any claims or defenses against Landlord with respect to the Lease or the Premises or any breach of the Lease by Landlord, and Tenant, for itself and its successors and assigns, hereby waives and releases Landlord from any and all claims, defenses or breaches of the Lease, whether known or unknown, existing on or prior to the Amendment Effective Date.

(b) Landlord represents and acknowledges that it is not aware of any claims or defenses against Tenant with respect to the Lease or the Premises or any breach of the Lease by Tenant, and Landlord, for itself and its successors and assigns, hereby waives and releases Tenant from any and all claims, defenses or breaches of the Lease, whether known or unknown, existing on or prior to the Amendment Effective Date.

5. Application of Lease Terms. Landlord and Tenant hereby ratify and reaffirm the terms and conditions of the Lease as amended pursuant hereto, and acknowledge that the Lease, as amended, is valid and binding on them. To the extent that there is any conflict or inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Lease, the terms of this Amendment shall control. Landlord and Tenant agree that the Lease, as amended by this Amendment, contains all of the agreements between Landlord and Tenant with regard to the terms of the Lease.

6. Counterparts; Facsimile or Email. This Amendment may be executed in multiple counterparts and if so executed by all parties shall constitute a single instrument. The delivery by facsimile or electronic mail of any party's signature hereon shall be valid, binding and enforceable.

[Signature Page to Follow]

WHEREFORE, Tenant and Landlord have executed this Amendment effective as of the Amendment Effective Date.

LANDLORD:

BOARD OF COUNTY COMMISSIONERS OF
ADAMS COUNTY, COLORADO

By: _____
Name: _____
Title: _____

TENANT:

37600 CESSNA WAY, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[Acknowledgements to Follow]

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was executed and acknowledged before me this ____ day of May 2016,
by _____, as _____ of the BOARD OF COUNTY COMMISSIONERS OF
ADAMS COUNTY, COLORADO.

Witness my hand and official seal.

[seal]

Notary Public

My commission expires: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was executed and acknowledged before me this ____ day of May 2016,
by _____, as the _____ of 37600 CESSNA WAY, LLC, a Colorado limited
liability company.

Witness my hand and official seal.

[seal]

Notary Public

My commission expires: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was executed and acknowledged before me this ____ day of May 2016,
by _____, as the _____ of 37600 CESSNA WAY, LLC, a Colorado limited
liability company.

Witness my hand and official seal.

[seal]

Notary Public

My commission expires: _____

EXHIBIT 1

Premises

EXHIBIT 2

Undeveloped Land

EXHIBIT 3

Form of Sublease

EXHIBIT 4

H2 Land

EXHIBIT 5

H-5190 Condominium Association Land