



**DEPARTMENT OF FINANCE AND ADMINISTRATION**

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Weld County Board of Commissioners  
1150 O Street  
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Board Members:

As we begin 2021, the County is in excellent financial condition with no debt, no sales tax, one of the lowest mill levies among all Colorado counties, a significant cash reserve, and a fully funded pension plan.

The Weld County 2021 Final Budget for operations and capital outlay totals a gross amount of \$318,807,302 with a net of \$310,788,592 when interfund transfers are excluded. The Proprietary Funds total an additional \$41,420,048. The budget has been prepared in accordance with your directives developed during the budget process. The budget is funded with revenue estimates of \$176,999,666, anticipated fund balances of \$270,834,578, and the maximum allowed property tax under Amendment One (TABOR) and the Weld County Home Rule Charter of \$225,047,613.

***2021 BUDGET HIGHLIGHTS***

- Position the county financially to deal with a significant drop in oil and gas assessed valuation for the 2022 budget.
- Continue response to the COVID-19 pandemic.
- Fund the oil and gas revenue fluctuation reserve in the Contingency Fund at \$100 million.
- Communications will phase in recovering 40% of costs through user fees versus 20%.
- Open 2 West Wing jail expansion.
- 24.00 FTE in the Sheriff's Office will be added in 2021 to open expanded jail capacity.
- Sheriff's Office will assume the management of criminal records and evidence from the Greeley Police Department contract to bring the two functions in-house January 1, 2021.
- Continue efforts to control health care costs for county employees/dependents. No rate increase in 2021, meaning premiums are 11.8% lower than they were seven years ago.

- A new Coroner’s morgue will be constructed and staffed.
- The public safety information system (Spillman) will be replaced with the CentralSquare system.
- The 2021-2025 Capital Improvements Plan for facilities is funded at \$78,525,000.
- Implement an air quality monitoring system in response to SB 19-181.
- Fund the Public Works road and bridge 2021-2025 Capital Improvement Plan.
- Include the Weld County Trust Fund funding for Bright Futures in the amount of \$1.5 million.
- E-911 monthly charges will increase from \$1.20 to \$1.72 on February 1, 2021, to fund emergency dispatch services.

## ***FINANCIAL PLAN***

### **ECONOMIC CONDITIONS AND OUTLOOK**

As we approach 2021, we stand several months into a grave economic crisis caused by the impact of the coronavirus pandemic. The economic landscape continues to evolve as businesses dramatically shift workflows, households reevaluate their finances, and federal, state, and local governments seek new policies to both reopen economically while at the same time tempering the spread of COVID-19. The Colorado and U.S. economies contracted in 2020 at rates more severe than those experienced during the Great Recession. A sharp decline that began in the first quarter of 2020 deepened significantly in the second quarter, reflecting shutdown orders that spanned most states. Phased reopening has given way to a gradual rise in economic activity through the remainder of the calendar year. Yet, the effects of the shutdown will continue to ripple through the economy well into the future. Many, but not all, workers furloughed or laid off during the shutdown will regain employment as some businesses will downsize or fail to reopen. Ongoing uncertainty and health-related concerns, combined with the economic blow of the shutdown, will constrain business investment, consumer activity, and the strength of the job market well into 2021.

The impacts of the COVID-19 pandemic and the related public health response of the past months have been widespread, leaving no part of the U.S. and Colorado economies untouched. Unemployment rates have been in the high teens, which have not been seen since the Great Depression. Some business closures and job losses will be permanent, leaving a lasting mark on economic activity. The global oversupply of crude oil, met with the COVID-19-related plummet in fuel demand, sent crude oil prices to unprecedented lows. As the U.S. oil and gas industry contracts, upstream and downstream industry impacts are mounting, compounding the impacts of the COVID-induced recession. Unprecedented federal stimulus and monetary policy have helped to stabilize and soften the impact of economic contraction. Yet, the strength of the recovery remains uncertain and dependent on an effective means to isolate and contain COVID-19. Most economic forecasts assume that a vaccine will not be available for at least a few months into 2021, necessitating ongoing social distancing restrictions.

The phased reopening will begin to show signs of an economic rebound in 2021. However, job

losses, wage cuts, health concerns, and ongoing uncertainty will restrain consumer spending into 2021. Amid uncertainty and profit losses, business investment will falter. A slowing global economy and trade uncertainty had already created challenges for many U.S. businesses before the spread of COVID-19 to the U.S. The full impact of COVID-19-related closures is not yet well known as surveys struggle to keep up with rapidly changing economic circumstances. The shutdown has pushed cash flow dependent industries to the brink of collapse. Bankruptcies are likely in the retail and leisure and hospitality sectors, and many businesses will not reopen their doors. While some industries were more affected than others, none have been untouched.

A major impact to the local economy is the effect of the oil and gas industry. Energy industry activity collapsed in 2020, led by historically low crude oil prices that defied logical expectations when the price of oil fell to below zero. The crude oil industry is faced with twin supply and demand shocks resulting in an unprecedented drop in prices and storage nearing full capacity. Oil production in the U.S. declined, with natural gas production falling in tandem. With oil prices hovering around \$20-30 per barrel, intermittently plunging to near zero, and supply exceeding demand during the shutdown, recovery will depend on how quickly businesses reopen and the extent to which consumer travel activity resumes. At the beginning of March, Saudi Arabia and Russia flooded the global market with oil, causing prices to drop 24 percent overnight. As COVID-19 shutdowns went into effect across the world, demand for gasoline and jet fuel declined precipitously and has yet to recover. Forecasts for oil prices vary but generally peg West Texas Intermediate crude oil at around \$30-\$40 per barrel during 2020 before increasing to around \$40-\$45 per barrel in 2021. More efficient firms with lower per barrel breakeven prices and those with price hedges through at least 2020 stand to fare better through this crisis; however, many firms are overleveraged and may be forced into bankruptcy.

Other sectors of the economy important to Weld County have also been impacted by the coronavirus, such as the slowing of housing and commercial development as demand has dropped. As economies reopen, the residential housing market is expected to improve and remain relatively stable as tight inventories and low mortgage rates are expected to support the market in spite of economic uncertainty. COVID-19 has significantly dampened the outlook for agricultural producers, who are already in the midst of a prolonged industry downturn. COVID-19-related slowdowns at meatpacking facilities across the country have created supply chain bottlenecks, compounding demand shortfalls due to the closing of schools and restaurants. Prices for most major farm commodities, including hogs, ethanol, cattle, milk, corn, soybeans, and wheat, have declined. Both demand and supply conditions in the months ahead are likely to continue to weigh on agricultural commodity prices.

The State of Colorado government's budget woes will also impact Weld County government. As the recession causes a reduction in sales tax and income tax revenues, the state struggles to balance its budget. With many county programs tied to the finances of the state, the Weld County budget is always in jeopardy when the state begins to look for places to cut its budget. This problem will persist through 2021 and perhaps longer. Even if the economy rebounds, analysts are warning that income taxes from capital gains from sale of assets may lag several years due to the dramatic drop in the prices of equities and real estate. The portion of state and federal income tax from capital gains is significant.

The current recession has posed unprecedented challenges to policymakers and corporate leaders alike. As difficulties from the coronavirus crisis persist nationally, consumer confidence, and labor market disturbances will likely persist in Colorado. A recovery of the Colorado economy will be closely correlated with improvements in the national economy, and improvement in the national economy is contingent upon a variety of volatile factors. Anticipating the effects of future

monetary and fiscal policy actions is quite difficult. Additionally, the overall effect of the enacted federal stimulus acts remains unknown, as does the lag between the legislation's implementation and consequent benefits.

### ***2021-2024 BUDGET PLAN FOR THE FUTURE***

The main purpose of county government is to be able to continue providing essential public safety, health, welfare services, and a county transportation system. The national and international economies are struggling under unprecedented uncertainties and challenges resulting from the COVID-19 pandemic. With unemployment rates we have not seen in years, volatile energy prices, and slow economic growth, many local governments are feeling financial pressures. Fortunately, Weld County is weathering this storm better than many other local governments thanks to our past prudent and conservative financial management. Over the years, Weld County has taken several steps to restrict spending and safeguard taxpayer dollars. However, despite these sound fiscal practices, Weld County will not escape some of the consequences of the economic downturn and turmoil around it. The added factors of the Saudi Arabia and Russia oil price war and new oil and gas regulations resulting from SB19-181 have sent oil prices tumbling to below \$30 per barrel. At \$30 to \$35 per barrel of oil many U.S. shale companies doing business in Weld County will find it unprofitable to drill new wells.

The energy melt down threatens to cause a repeat of the last crash which bankrupted dozens of American oil and gas companies and caused hundreds of thousands of layoffs in the industry. The industry was already under stress from Wall Street, banks, and investors who want them to cut their debt. The net result is the oil price drop threatens to set off a cascade of bankruptcies and layoffs in an industry that was built on shaky financial ground marked by heavy debt. The big unknown is how long will the shrinking demand for oil from the coronavirus and the swelling supply of oil from the OPEC production limits increase last. The coronavirus could get under control sooner than the OPEC production limits are resolved. Analysts are predicting oil will remain between \$30-\$40 per barrel through 2020 and reach \$40-\$45 in 2021.

In analyzing Weld County's economic impact, the situation will most definitely result in a slowdown in drilling and production in Weld County. This will mean fewer new wells, less capital investment, a drop in royalty payments, job layoffs, and an economic slowdown for local businesses serving the industry and its employees. For Weld County government and other local governments benefiting from the assessed valuation from oil and gas production, we will see a significant drop in the assessed valuation and property tax revenues for the 2022 budgets. The 2021 budgets will not be impacted because the assessed valuation is based upon the 2019 oil and gas production; however the 2019 assessed valuation from oil and gas in Weld County is estimated to be down approximately 5-10% due to the price drop in 2019 from the 2018 price levels, even though production was up in 2019. Prior to the coronavirus and oil price war, it was anticipated oil and gas production could drop by 30% due to SB 19-181 regulations in 2020, as evidenced by the drop in the number of active drilling rigs operating in Weld County.

With oil prices being below \$30 per barrel, that is a one-third drop in the price over a year ago which will be coupled with the anticipated drop in production. The combination of the two factors will most likely result in a drop of nearly \$70 million, or more than a 30% decrease in property tax collections for Weld County government alone from 2020 to 2022. Fortunately, Weld County strategically had one-time spending for 2020 of \$80 million and \$72 million for 2021 to help absorb the shock in 2022. With some price recovery in the next two years, hopefully the lower oil production and price will stabilize.

Weld County has been building up a rainy-day fund (Contingency Fund) over the last few years that is at \$60 million currently and is planned to increase to \$100 million in 2021. This fund will allow the county to adapt to the changing reality of oil and gas revenues and provide for a soft landing in doing so by avoiding any crashing shocks to the budget and county services. Besides the rainy-day fund, the county has 7.0 mills of property tax that have been providing temporary tax credits to property taxpayers in Weld County. Future County Commissioners will have the option of reducing the temporary tax credits to avoid budget cuts if they so choose.

As Weld County policymakers and managers face the next three to four years, it will take extra efforts on everyone's part to deliver conservative and balanced budgets in fiscal years 2021-2024. Based upon some reasonable projections of future assessed values and demand for services, it will be essential to develop budgets that tighten county government's belt, focus on critical services, and reflect the needs of the citizens of Weld County. While weathering these economic times over the next few years, the budget must continue to deliver essential services and also make strategic investments in human capital management, as well as the county's infrastructure, so that our county is well-positioned for a strong economic rebound when the downturn becomes an upturn.

As stated earlier, the main issue facing Weld County is the impact the volatility of the price and production of oil and gas will have on Weld County's assessed value, which generates over 60% of the property taxes to support over 40% of the county's budget. The problem will come in configuring the 2022 budget, because with the drop in oil and gas prices in 2020, the oil and gas assessed value may well drop over 50%. In doing a reasonable forecast of assessed values due to the volatility of oil and gas values, the structural and cyclical problem of the property tax revenues for the next three years must be dealt with as one budgetary issue, and not left to be dealt with in the individual years – thus creating a major problem for 2023 and 2024. Hopefully, by 2025 the assessed values will begin to stabilize with an economic recovery and stable oil and gas prices.

Another area of concern is the State of Colorado budget crisis with the drop in sales tax and income tax resulting from the economic slowdown. Many of the county's programs are dependent upon our funding partnership with the state. As the state seeks to balance its budget, the county can expect cuts to state programs impacting the county until the economy and state revenues improve.

Challenging fiscal times test the strength of an organization's backbone, but they also provide an opportunity to review and strengthen policies, enhance the analytical knowledge of the organization, and inspire fresh perspectives. It is an opportunity for departmental-level reviews and analysis. It is a time to align strategies and programs to maximize the positive impacts on services to the county's residents and find innovative ways to reduce costs and leverage resources. A major challenge or crisis can provide impetus to innovate and make changes that would be nearly impossible in better times.

Prioritizing services is essential in dealing with the budgetary challenge. Services cannot be provided as they always have been. There may be some fat that can be trimmed from the existing service mix, but more likely Weld County will have to do more with less, do less of, or simply stop providing some services to concentrate on a more limited number of high priority programs.

To facilitate this effort as the 2021 budget was prepared, departments were asked to complete the following:

- *Budget Review* forms for each of their programs.
- Identify all programs and, where possible, the costs of each program.
- As indicated on the *Budget Review* form, an overview of each program in the department was presented and any ideas of how the program could be changed, consequences of elimination or reduction in the program, and any cost cutting/revenue raising strategies associated with the specific program.
- Identify any known or anticipated changes or impacts in department's programs, such as a state budget cut.
- Identify on the *Budget Unit Ranking* form the priority of reductions for programs totaling **fifteen percent (15%)** of the net county costs (target budget level).
- An *Appropriation Request Exceeding Target Budget Level* form for each program that is in the lowest 15% priority on the Budget Unit Ranking form.
- A *Cost Cutting/Revenue Raising Strategy* form for any program that the department proposed as a cost cutting/revenue raising approach.
- An *Activity Analysis* form for any recommended change in a program or activity.

Information from the above forms and processes was used in evaluating departments' 2021 budget requests and will be used for planned in-depth budget reviews in the Spring of 2021 with the new Board of County Commissioners, similar to what was done in 2009 and 2015. The review will facilitate the identification of anticipated 2022 budget impacts and potential changes.

## **GENERAL GOVERNMENT FUNCTIONS**

Revenue for general government functions, including General, Special Revenue, Capital Expenditures, Internal Service, and Enterprise Funds, total \$402,047,279 in 2021, an increase of 1.51 percent over 2020, primarily in property taxes, licenses and permits, charges for services, internal service charges, miscellaneous revenues, and fees account revenues. The amount of revenue from various sources and the changes compared to 2020 are shown in the following tabulation:

	<b>2021 Amount</b>	<b>2021 Percent of Total</b>	<b>2020 Amount</b>	<b>2020 Percent of Total</b>	<b>Increase - Decrease from 2020</b>
<b>Revenue Sources</b>					
Property Taxes	\$225,047,613	56.2%	\$224,660,533	56.7%	\$ 387,080
Other Taxes	12,800,000	3.2%	12,970,000	3.3%	-170,000
Licenses and Permits	5,366,500	1.3%	6,880,000	1.7%	-1,513,500
Intergovernmental Revenues	67,669,679	16.7%	67,679,862	17.1%	-10,183
Charges for Services	11,544,735	2.9%	11,499,426	2.9%	45,309
Miscellaneous Revenue	28,141,881	7.0%	24,559,545	6.2%	3,582,336
Fee Accounts	16,178,350	4.0%	14,109,600	3.6%	2,068,750
Internal Service Charges	<u>35,298,521</u>	<u>8.7%</u>	<u>33,706,303</u>	<u>8.5%</u>	<u>1,592,218</u>
<b>TOTAL</b>	<b><u>\$402,047,279</u></b>	<b><u>100.0%</u></b>	<b><u>\$396,065,269</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 5,982,010</u></b>

Expenditures by function for the General, Special Revenue, Capital Expenditures, Internal Services, and Enterprise Funds total \$352,208,640 for 2021, which is a decrease of 1.22 percent over 2020. The major decrease is in capital and public works with offsetting increase in public safety, road and bridge, internal services and salary adjustments. The amounts by function and the increase over 2020 are as follows:

	2021 Amount	2021 Percent of Total	2020 Amount	2020 Percent of Total	Increase - Decrease from 2020
<b>Expenditure Sources</b>					
General Government	\$ 50,974,025	14.4%	\$ 51,702,785	14.5%	\$ -728,760
Social Services	45,887,094	13.0%	45,777,213	12.8%	109,881
Road and Bridge	68,906,158	19.6%	65,348,108	18.4%	3,558,050
Public Safety	80,497,068	22.9%	78,978,533	22.1%	1,518,535
Human Services	9,190,975	2.6%	9,207,825	2.6%	-16,850
Health	12,744,704	3.6%	12,694,543	3.6%	50,161
Capital	11,566,500	3.3%	22,057,000	6.2%	-10,490,500
Public Works	11,469,946	3.3%	14,919,812	4.2%	-3,449,866
Contingency	10,000,000	2.8%	10,000,000	2.8%	0
Miscellaneous	7,512,604	2.1%	6,586,061	1.8%	926,543
Culture and Recreation	1,078,270	0.3%	1,118,796	0.3%	-40,526
Auxiliary	961,248	0.3%	977,778	0.3%	-16,530
Internal Services	<u>41,420,048</u>	<u>11.8%</u>	<u>37,206,303</u>	<u>10.4%</u>	<u>4,213,745</u>
TOTAL	<u>\$ 352,208,640</u>	<u>100.0%</u>	<u>\$ 356,574,757</u>	<u>100.0%</u>	<u>\$ -4,366,117</u>

**Capital Expenditures Fund:** The Capital Expenditures Fund accounts for various capital improvement projects for county buildings. The 2021 program is funded at \$11,566,500 with \$34,300,000 in property tax, \$225,000 from capital expansion fees, and \$500,000 from interest and fund balance reserve. Anticipated projects include \$870,000 for a Public Works storage building, \$500,000 for the Ault grader shed, \$750,000 for Chase Building improvements, \$200,000 to remodel the Probation office, \$1,750,000 to remodel office buildings in the Weld Business Park, \$5,000,000 for the Sheriff's firing range/training facility, \$750,000 to remodel the Courthouse holding cell area, and \$1,746,500 for special projects. A carry-over beginning fund balance of \$7,000,000 is anticipated, and \$30,458,500 ending reserve fund balance for the future jail/court facility (\$29,108,500), Communications building reserve (\$850,000), and Downtown Greeley land reserve (\$500,000) is anticipated at the end of 2021.

**Debt Administration:** The County continues to have no bonded indebtedness. The passage of HB1579, in 1981, Section 30-35-201, C.R.S., now allows the debt ceiling to be three percent of the assessed valuation of the county. Thus, Weld County maintains nearly a \$450 million allowable debt capacity in accordance with Colorado State statute. The 1997 Certificate of Participation Bonds for the construction of the Correctional Facility were paid off on the call date of August 1, 2007. Weld County currently has no debt of any type and is one of only a few local jurisdictions in the nation that can make that claim.

**Cash Management:** Cash temporarily idle during the year will be invested in time deposits ranging up to 180 days to maturity. Interest earned on investments of cash held by the County Treasurer will be recorded as revenue in the General Fund, with the exception of interest attributed to the Conservation Trust Fund, Insurance Fund, Capital Expenditure Fund, Trust Funds, and the interest earned on certain deposits held for other taxing authorities. The amount of interest anticipated in 2021 is \$4,588,675. In addition, \$2.6 million in invest earnings is estimated for the Weld Trust Fund. Investment earnings in the Weld County Trust Fund are estimated to be \$2,600,000 in 2021.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. All collateral on deposits is held either by the government, its agent, or a financial institution's trust department in the government's name.

**Risk Management:** During 2021, Weld County will continue to be a member of Colorado Counties Casualty and Property Pool, therefore, all casualty insurance coverage is being provided via pooling with other Colorado counties. The pool offers full safety and risk management programs to minimize losses. Losses are funded on a self-insurance option basis. Worker's Compensation will be provided via a state approved self-insurance program.

**Mill Levy:** The mill levy will remain 15.038 mills. The assessed value for the 2021 Budget is \$14,965,262,185, which is down \$522,786,177, or -3.38 percent compared to last year. The assessed value for vacant land is down \$14.2 million, or -13.19 percent. Residential is up \$99.9 million, or 4.37 percent; and commercial property is up \$46.7 million, or 4.06 percent. Agricultural property is up \$4.86 million, or 2.37 percent; industrial is up \$280.4 million, or 25.52 percent; natural resources is up \$1.1 million, or 4.25 percent; and State assessed property is up \$147.1 million, or 15.76 percent. The major decrease is in oil and gas, down \$1.017 billion, or -10.25 percent, which is due to oil and gas prices being down. There is an actual value increase of new construction of \$4.40 billion, or 9.02 percent.

**Employee Compensation Pay:** For the 2021 budget, no cost of living salary increases for Weld County employees is included. Employees will get step increases for longevity and performance. The planned 2.5% adjustment for all Sheriff Deputy and Correctional Officer positions to remain competitive with other law enforcement agencies in the area is not included either, since other law enforcement agencies are also not providing cost of living adjustments in 2021, due to the economic downturn caused by the COVID-19 pandemic.

Health insurance rates will remain the same for the employees and the county for 2021. This will mean over the last seven years health insurance rates have dropped 11.8%. Measures to control health care costs, such as the wellness program, employee clinic, consumer driven plans, and health reimbursement accounts have been making a positive impact on controlling the health insurance costs for the county. Health coverage will be provided by Aetna on a partially self-insured basis with a Preferred Provider Organization (PPO) option and a High Deductible Health Plan/Health Reimbursement Account (HDHP/HRA) option. No other benefit changes are anticipated.

**Fund Balances:** County fund balances continue to remain very healthy, with an anticipated \$270,834,578 to begin 2021. This is up from 2020 and is at one of the highest levels in many years. The strong fund balance figures have been achieved through conservative budget practices and the high assessed value from oil and gas revenues. The ending fund balances are projected at \$320,673,217. However, the ending fund balance is actually understated because \$10,000,000 in the Contingency Fund is appropriated, thus not showing up in the ending fund balance figure. The \$10,000,000 is not anticipated to be spent in 2021, and if no emergencies or unforeseen events happen, the amount should be in the ending fund balance. There is no fund balance earmarked in the 2021 budget. All other fund balance amounts are undesignated. With the above projection, ending fund balances should be \$330,673,217. The increase of approximately \$59.8 million in the ending fund balance is primarily attributed to adding \$47.5 million to the Contingency Fund, \$1.1 million in the Weld Trust Fund, and \$23.5 million to the Capital Expenditure Fund, with \$0.6 million reduction in the General Fund, an \$8.3 million reduction in the Public Works Fund, \$2.6 million reduction the Health Insurance Fund, and \$0.6



million reduction in the Solid Waste Fund. The Contingency Fund also serves as a stabilization reserve for the fluctuating revenues due to Weld County's heavy dependency on oil and gas assessed values that can fluctuate dramatically from year to year due to production levels and price changes.

### **MAJOR FACTORS IMPACTING THE 2021 BUDGET**

As we begin 2021, the County is in excellent financial condition with no debt, no sales tax, one of the lowest mill levies among all Colorado counties, a significant cash reserve, and a fully funded pension plan. As discussed earlier, the national and international economies are struggling under unprecedented uncertainties and challenges resulting from the COVID-19 pandemic. With unemployment rates we have not seen in years, volatile energy prices, and slow economic growth, many local governments are feeling financial pressures. Fortunately, Weld County is weathering this storm better than many other local governments thanks to past prudent and conservative financial management. In analyzing Weld County's economic impact, the situation will most definitely result in a slowdown in drilling and production in Weld County. This will mean fewer new wells, less capital investment, a drop in royalty payments, job layoffs, and an economic slowdown for local businesses serving the industry and their employees. For Weld County government and other local governments benefiting from the assessed valuation from oil and gas production, we will see a significant drop in the assessed valuation and property tax revenues for the 2022 budgets. The 2021 budgets will not be impacted because the assessed valuation is based upon the 2019 oil and gas production. However, due to the anticipated drop in assessed valuation for 2022 the 2021 budget has been developed in anticipation of the revenue drop in 2022 to position the county to be able to deal with the revenue drop without adversely impacting county services in 2022.

Finally, the 2021 budget must continue to emphasize long-term planning and investment consistent with the Weld County Strategic Plan and the *Strategic Investment Plan for the Future of Weld County*. The 2021 budget must address: 1) investment in the long term; 2) continue to strengthen financial management; 3) improve County operations; 4) investment in technology; and 5) focus on employee engagement and workforce development.

The General Fund is funded at the level of \$156,053,509 down \$2,566,225 or 1.62%. Without including adjustments for salary step increases, the budget for general government functions is down \$727,680. Building and Grounds is up \$994,742 or 12.67% largely due to County construction on ten facilities and additions: Evidence Storage Building, Coroner Building, Clerk and Recorder Building, Jail 2 West Wing addition, Oil and Gas Energy building, Car Wash building, Public Works office addition, and three buildings at the new Mead Grader Complex. These new or expanded facilities result in increases of personnel service, supplies and purchased services. The Elections budget is down \$1,205,788 since there will only be one election in 2021, versus three in 2020. District Attorney is up \$90,218 due to the upgrade of four positions.

Information Technology (IT) is down \$897,810 primarily due a reduction in capital expenditure. IT capital is funded in accordance with the Five-Year Capital Improvement Plan. \$500,000 included for new technology and innovation projects in the Innovation and Technology budget for the last six years has been transferred to the IT budget, since the projects were primarily IT projects. With this budget transfer the IT budget is down a total of \$1,397,810.

Public Safety functions are up \$104,680. The overall Sheriff's Office recommended budget is up in net county costs by \$2,153,329 or 4.20%. The Sheriff's Personnel Services are increasing by \$2,520,640 or 6.01%. The Sheriff's Office is requesting a total increase of 24 positions in 2021 primarily to accompany the increased demand in Civil Unit, cover shifts in the jail appropriately

and to be able to shift existing inmates over to the new 2 West Wing once it opens in 2021. Sheriff supplies are up \$145,257 for new uniforms, radios, and ammunition. Purchased Services for the Sheriff are down \$422,156 primarily due to the Sheriff no longer contracting with the Greeley Police Department for evidence and records. Revenues in the Sheriff's Office are up \$29,462 primarily from grants. The total impact of SB 20-217 on the Sheriff's operations and budget may require some adjustments in the budget in 2021 as the changes evolve.

Communications gross county costs are down \$1,737,529 due to an accounting change between the General Fund and E911. Net county costs are down \$1,857,703 with the new user rate structure adopted by the Board in May 2019, which increased the user fee for fire agencies to 40% of actual costs starting in 2020, and phase in the user fee increase for law agencies by charging 25% in 2020, 32.5% in 2021, and 40% in 2022. In addition, the E-911 Authority Board increased the monthly emergency telephone charge (ETC) from \$1.20 to \$1.72 effective February 1, 2021. This will generate an additional \$1,395,000 in E-911 revenue, saving the user agencies \$420,256, and the county \$974,744 in 2021. Public Safety Information Services is up \$360,506 primarily for software increases and the accommodation of the Spillman conversion to the Central Square software. Other Public Safety budgets are stable with little or no increases.

Due to the passage of SB 19-181 making major changes in the regulation of oil and gas development in the state, the Board of County Commissioners created the Oil and Gas Energy Department on July 16, 2019. With the slowdown in oil and gas activity due to the COVID pandemic and drop in oil and gas prices the department has been reduced from 15 employees to 9 employees. The 2021 budget has dropped \$564,354 to \$1,415,646 and revenues are down \$942,500 to \$1,037,500 resulting in a net county cost of \$378,146.

Engineering is down \$3,692,148 because of reductions in the amount for engineering, design and rights-of way acquisitions for road and bridge projects in 2021. General Fund's subsidy to the Public Health Department is up \$114,957 due to anticipated salary step increases. An increase of \$1,767,391 is included for other General Fund departments' anticipated salary step increases in 2021. No cost of living adjustment is included due to the economic downturn from the COVID-19 pandemic. Health insurance rates will remain the same for employees and the employer in 2021. This will mean health insurance rate decreased 11.8% in the last seven years.

The budgeted appropriations for Public Works in 2021 total \$68,906,158 and are up \$3,558,050 primarily due to larger design and construction projects funded in 2021. Municipal share back is funded at \$3,336,195. With the economic downturn and record high unemployment resulting from COVID-19, there is no cost of living adjustment recommended for 2021, and salaries will be adjusted down \$35,992 to correct an overestimated amount budgeted for insurance expenses from 2020.

Other Public Works budget unit is budgeted at \$25,688,670 based on the Capital Improvement Plan (CIP). This is a total increase of \$3,243,693 from 2020. Personnel decreased \$159,207 due to \$140,230 for a decrease of seasonal staff by four in relation to the two new FTE added to the Gravel Road (Org 32200) division, Overtime decreased \$7,000, and benefits decreased \$11,977. Purchased Services increased \$3,402,900 overall. Utilities increased \$5,472 to cover the electricity of a traffic signal, sixteen new streetlights at the County Road 54 and 17 roundabout, and the eleven Weather Stations. Contract Payments increased \$7,139,236 due to the cost of the construction of intersection CR 41/66 (\$3,000,000) and connector CR 80/37 (\$3,777,836) but is offset by a decrease of \$3,741,808 due to the changes in road projects for the year.

Under Other Public Works, Strategic Roads was renamed Infrastructure Projects and for 2021

includes; 'O' Street/35<sup>th</sup> Avenue Roundabout Construction at \$4,280,669; CR 66/41 Intersection Construction with 2021 costs of \$2,200,000; Hokestra Trail Construction cost of \$80,000; CR 33/74 Roundabout Joint Project with CDOT, CMAQ, and Town of Eaton for Right-of-Way and Utilities Relocation at a cost of \$750,000; CR 47/State Highway 392 Traffic Signal Construction - joint project with CDOT at a cost of \$600,000; and the County's proportional share of the 18<sup>th</sup> Street/Market Street Intersection Improvement Project at a cost of \$787,500. The Solid Waste Fund will cover this cost as this project is needed due to the haul route of a nearby solid waste facility. \$3,000,000 is budgeted for the Haul Route Program (HARP) and \$200,000 for the maintenance of the County Highway. Fixed Charges saw no change. Grants and Donations stayed at \$600,000 for costs related to the construction of Bridge 19/46.5A, which is a project in conjunction with CDOT.

The other significant changes for 2021 in the Public Works Fund include increases in the Bridge Construction and Maintenance Support units. Supplies increased overall by \$251,499 in Bridge Construction for the cost of supplies, and Contract Payments increased by \$140,000 due to the addition of Dewatering/Watering Filtration services required by Water Discharge Permits for short-term projects. Vehicle Expense increased \$39,125 to adjust for gallons of fuel as well. For Maintenance Support, Road Construction Supplies were up \$304,800 for increased quantities and costs of snow removal materials due to County Road 49 operations, and Cost of Goods Sold increased \$16,500 due to an increase in prices and quantities of striping paint.

The total Social Services Fund budget is \$45,887,094. The programs are funded by property tax of \$12,226,460, as well as state and federal funds of \$33,660,634, and the potential use of fund balance to cover both anticipated and unanticipated cost overruns.

As with businesses and organizations around the world, 2020 has presented the Human Services Department with unique challenges, unlike any we have encountered previously. The economic downturn created by the COVID-19 lockdown of business operations and the pressures placed upon the oil and gas industry, both globally and locally, has caused many residents of the county who previously experienced income security to require assistance, both for meeting basic needs and for locating and being trained for employment. At the same time, funding for the administration from the State level has been reduced for State Fiscal year 2020-2021, due to many of the same economic events.

In order to meet these needs, the Human Services Department has taken measures to expedite verification of eligibility of applicants for programs and continues to work with local industry representatives to identify employment opportunities. Likewise, we have modified the way in which services are delivered to the population most impacted by the COVID-19 pandemic, directly, our senior adult population. Despite the increased difficulties in delivering meals to these residents created by social distancing directives, we have modified practices in order to increase our provision of these resources.

The Family Resource Division has taken a lead role in coordinating the resources available to address the needs of Weld County residents in instances where those needs may not be fully addressed through traditional assistance programs. We have provided shelter, transportation, utility and other assistance to individuals who demonstrate the ability to meet these needs in the future but present an immediate need due to circumstances beyond their control, such as the economic downturn.

Assisting parents in identifying and affording day care continues to be one of our highest priorities. At the height of the COVID-19-related lockdown, we took measures to assist parents and

providers with temporary measures that reduced the impact of the downturn. As the lockdown eases, we will return to our ongoing policies regarding this assistance. We have also increased our efforts toward recruiting, training, and certifying new providers of these services, along with similar efforts to increase the availability of foster care providers in the county, so that children in need of such services can be kept closer to home and in a loving home-like environment.

Our efforts to reduce congregate care placements of children and youth have been very successful, both in reducing the cost of our Child Welfare program and providing a more nurturing environment for those in out-of-home placement. Placement of children in kinship settings has replaced more restrictive settings as our initial focus when presented with a need for placement. This prepares us well for the impending implementation of the Family First Prevention Services Act. While we know 2021 will continue to present challenges which may stretch our capacity, both fiscally and organizationally, we believe we are in a good position to meet those challenges and connect Weld County residents to the resources needed to thrive.

The Human Services Fund is funded at \$9,097,750 for 2021, which is up \$173,150 or 1.94 percent from the previous year. Program funding is relatively stable for 2021. The Community Services Block Grant is up \$16,700, and Senior Nutrition programs are up \$60,000. Department of Labor programs are up \$35,900. Area Agency on Aging is up \$60,550 or 1.38 percent.

The Department of Public Health and Environment's total 2021 budget is \$12,453,704. The Health Department's budgetary planning for 2021 continues to emphasize strengthening and supporting strategic activities and community partnerships while controlling costs and meeting budget targets. While the department has made great strides in working toward the goals established in the department's strategic plan, the department has learned a lot and recognized that these goals are worthy of continuation in 2021. Therefore, the department is reaffirming its commitment to continue working toward the same priorities which include: formal integration of health services into an established and enduring community system of care; supporting the community in addressing behavioral health issues, including mental health and substance abuse; and increasing communication channels, both internally and within the community, through community engagement and by using technology and other means.

The 2021 budget will be the first time the Weld County Trust Fund will appear in the Weld County budget. The Weld County Trust Fund is a permanent fund accounting for the assets held by the Weld Trust, a Colorado nonprofit corporation recognized by the Internal Revenue Service as an exempt charitable organization under Internal Revenue Code section 501 (c)(3), for charitable purposes to benefit the citizens of Weld County. The funds are from the 2019 sale of the North Colorado Medical Center hospital, which netted \$59.6 million. The investment earnings from the Weld County Trust Fund are estimated to be \$2,600,000 in 2021, with \$1.5 million of the earning being used to provide student college tuition grants through the Bright Futures program. The difference will go into the fund balance to allow the fund to keep pace with inflation over time.

On the revenue side of the budget, property taxes are budgeted at \$225,047,613 the maximum amount under the Weld County Home Rule Charter's property tax limitation and TABOR. In the General Fund revenue from interest earnings are unchanged at \$4,000,000 for 2021, due to higher cash balances in the next year, but lower interest rates. Intergovernmental revenues are up \$1,125,913 primarily from budgeting for the first time Community Development Block Grant revenues of \$1,000,000 and urban renewal authority revenue increases. Charges for Services are up \$45,641. Fines from traffic enforcement are down \$35,000 due to less traffic enforcement resulting from SB 20-217. Licenses and permits are down \$1,402,500 with \$942,500 attributed to the reduction from oil and gas energy fees and \$460,000 for building inspection and planning

fees. Indirect cost recovery is up \$536,277 due to Social Services' allocation. Treasurer fees are up \$2,000,000. All other revenues are relatively stable with little change.

The 2021 resources for Public Works total \$146,817,500 which includes a fund balance of \$86,250,000, in addition to the revenue shown in the budget. Property tax is set at \$20,000,000, down \$4,000,000 from 2020. Specific Ownership tax is estimated to be the same at \$11,300,000. Total HUTF will be \$10,500,000, down \$500,000 from 2020. Permit revenues are budgeted at \$500,000, down \$125,000. Motor vehicle registration fees are \$350,000, down \$20,000 from 2020, and grazing fees are \$300,000, down \$200,000. Oil and gas revenues are \$6,650,000, down \$2,850,000 due to the reduction in drilling from the regulatory climate in Colorado, as well as the economic downturn resulting from COVID-19. There is \$1,787,500 from Solid Waste Fund, for paving of impacted roads at \$1,000,000 and the County's proportional share of the 18<sup>th</sup>/Market Street paving project at \$787,500.

Federal mineral lease revenues are \$1,000,000 due to the creation of the Weld County Federal Mineral Lease District. The federal mineral lease revenue will flow through the district and then Public Works will apply to the district for funding of projects. In 2021, the district is funding \$1,000,000 in oil and gas haul route projects. PILT is budgeted at \$80,000 with no change from last year.

Other revenues from project reimbursements total \$4,300,000 from the Transportation Impact Fees. Revenue from the Energy Impact Assistance grants decreased by half and totals \$1,200,000. There is a State grant for Bridge 19/46.5A for \$500,000 and \$600,000 in HISP funds for the traffic signal at CR 47. Severance tax is \$1,500,000, and in accordance with policy adopted by the Board of County Commissioners in 2010, the severance tax revenue is budgeted at a five-year leveling average due to the fluctuations of the revenue created by the price and production levels of oil and gas commodities.

The changes in the 2021 budget from the proposed to the final version included the allocation of 2021 salary and benefit changes from the salary contingencies to the respective departments, added revenues for the increased E911 surcharge and tower rentals totaling \$1,029,094 for Communications, \$40,000 added to the Office of Emergency Management budget for training, an addition of \$100,000 in Engineering for a transportation impact fee study, reorganization in Public Works saving \$88,978, urban renewal authority revenues increased \$33,570, the addition of the \$1.5 million for the Weld Trust Fund, and the final assessed valuation's drop decreased property tax in the General Fund by \$1,978,319. No other significant changes.

The 2021 Budget contains adequate resources to provide a level of service like 2020. The operational plan supported by the 2021 budget maintains Weld County Government's commitment to excellence and efficiency in carrying out our continued responsibilities to taxpayers. First and foremost, we will maintain the fiscal discipline and prudent use of resources that have earned the County the excellent reputation it has for financial management with no bonded indebtedness. The County will continue our commitment to the highest standards of service, continuing to focus on improving service and communication with our citizens within our resources. Demands in many areas continually exceed resources available. To serve the growing needs in the county, we will continue to explore possibilities for improved efficiency while maintaining excellence in service.

Many uncertainties face county governments like Weld County, as we operate in an environment of constant change that has never been more apparent. The State of Colorado faces long-term structural budget issues and the federal government continues to wrestle with a major deficit

issue. Many tough decisions associated with implementation of programs, and how they are to be funded, must be dealt with by the Board of County Commissioners with citizen input. Hopefully, this budget document will allow the Board to make those difficult decisions to maximize the value of the tax dollars of the citizens of Weld County.

As a final note, what we can do for our community, day in and day out, is to give our very best. We must always strive to improve. Our Board expects it, our organization is committed to it, and our community deserves it. In conclusion, I would like to thank department heads and elected officials and their staff for their diligent efforts in the preparation of the 2021 budget. Much time and effort went into its development.

Copies of all budget documents are available for the public at 1150 O Street, Greeley, Colorado or at <https://www.weldgov.com/departments/accounting/budget/>. More general information about Weld County may be found on Weld County's website at <https://www.weldgov.com/>.

Very truly yours,

A handwritten signature in black ink that reads "Donald D. Warden". The signature is written in a cursive style with a large, prominent initial "D".

Donald D. Warden, Director  
Finance and Administration