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Year-end financial position remains strong

The City of Castle Pines' financial position at 2010 year-end continues to remain strong when compared to budget & forecast. The latest preliminary fiscal updates as of 12/31/10 include:

Actual Compared to Budget:

The City is in a favorable position to budget both at the revenue and net funds level. Total revenues YTD thru December are \$3,839,086 exceeding budget by \$783,106 or 25.6%. In December there was a \$350,000 grant received from the State, and in 2011 this money will be remitted to the Parks Authority. Excluding the \$350,000 grant revenue YTD revenues are \$433,106 favorable to budget as of 12/31/10. Revenues over expenditures (equivalent to net profit) YTD thru December are \$889,511, exceeding budget by \$877,603 or by 999.9%. Excluding the \$350,000 grant Net Profit is \$527,603 favorable to budget.

Actual Compared to Forecast:

Total revenue for the month of December was favorable to forecast by \$310,427, due to the \$350,000 grant that was received, and total expenditures were favorable to forecast by \$3,519. Revenues over expenditures (equivalent to net profit) were favorable to forecast by \$313,945 (due again to the \$350,000 grant).

Prior Year:

Revenues YTD for 2010 were above 2009 in recurring revenues (excluding the annexation fee) by \$365,918. (The 2009 revenues included an annexation fee of \$1,976,400 from the Canyons annexation.) Expenditures thru December 2010 were above 2009 expenditures by \$246,307, due to increased capital investment for streets maintenance and drainage repairs, changes in finance and accounting vendors and communications expenses.

Cash:

The cash balance as of 12/31/10 is \$2,799,846, unrestricted cash totals \$2,605,311. The cash balance on 1/1/10 was \$2,218,541; cash has increased by \$581,305 from the beginning of the year.

Looking Ahead:

The forecast for City revenues in 2011 remains strong and City Council continues to take steps to improve efficiency and reduce costs with the express purpose of increasing expenditures on street maintenance and capital improvements.

Castle Pines City Council



Jeffery Huff
Mayor



Tera Radloff
Ward 1



Maureen Shul
Ward 1



Shelley Hamilton-Bruer
Ward 2



Kim Hoffman
Ward 2



Doug Gilbert
Ward 3



John Ewing
Ward 3



THE CASTLE PINES CITIZEN

March 2011

Analysis shows incorporation feasibility study was on target

Comparisons show Castle Pines among most fiscally efficient cities in state



Editor's note: This is the first in a series of stories that will examine the City of Castle Pines' progress toward achieving the original intent of incorporation. This month The Citizen compares the City's financial performance with the original feasibility study that provided the foundation for leaders to pursue incorporation.

In 2007 as Castle Pines citizens contemplated the idea of forming their own city, the Castle Pines North Master Association, after a thorough search process, contracted with CH2M Hill for a study to determine if incorporation was financially feasible. This effort at forming a city was the direct and sole result of a neighboring community's plan to incorporate and include the entire commercial district along Castle Pines Parkway in their boundaries. That study ultimately concluded that, with some caveats, forming a new city was in fact quite feasible. The rest, as they say, is history. Voters overwhelmingly approved the referendum and on Feb. 12, 2008, the City was launched.

As we approach our City's three year anniversary it is well to ask how is Castle Pines actually performing relative to that initial study? To find the answer, CH2M Hill - the company ultimately hired by the City to provide overall management of municipal services based on the recommendation of resident volunteers - volunteered to perform, at no cost, a detailed follow-up analysis of the current "state of

the City" in relation to the original feasibility study and initial budgeting model. This analysis has been reviewed by the City of Castle Pines Finance Director, Dan Schmick.

The analysis shows that the study's revenue projections were almost exactly on target in the first full year of collections in 2009. Furthermore, the day-to-day City operations have not only proven to be within budget, but also demonstrate that Castle Pines is among the most fiscally efficient local governments in Colorado. In order to validate the accuracy of financial reporting the City, since mid-2010,

has outsourced their account functions to Hammersmith Management.

The findings here clearly indicate that the initial conclusions and forecasted operating budgets were reasonable and formed a solid basis for the community to progress to incorporated governance.

Analysis Approach

In preparing this comparison, CH2M Hill analysts reviewed the original feasibility study, its supporting data and the conclusions drawn, as well as current and recent budget and actual financial data.

Because the data originally included in the study and some original budget estimates assumed collaboration or combination of the City with other entities such as the Castle Pines North Metropolitan District (CPNMD) and various homeowners associations that have not yet occurred, the financial review by necessity adjusts all figures accordingly. Additionally, at the time of the feasibility study there was a possibility the City of Castle Pines might "share" sales tax revenue with a future incorporated entity serving Castle Pines Village. This review captures these estimated shared revenues which the City actually never had to relinquish.

Revenue Estimates vs. Actual Experience

The feasibility study estimated initial revenues of \$9.8 million, including approximately \$7.9 million in revenues from the CPNMD and HOAs' consolidation

of services. In addition, approximately \$200,000 in revenue was not included based on the assumption of a revenue sharing arrangement with Castle Pines Village (had they become incorporated).

Assuming all other things as equal, the original estimated budget exclusive of the funds noted above was \$2.14 million from intergovernmental sharing of existing revenues, City sales taxes, and the millage rate for law enforcement. Other potential revenue sources such as franchise fees, license fees, fines and forfeitures were identified but not quantified, recognizing that any elected body would control the details of such fees and any estimate would potentially be grossly over or under stated.

The first full year of City operations and first opportunity to collect all potential revenues was 2009. A review of the City's Audited Statement of Revenues and Expenditures indicates that, when adjusted for similar items included in the feasibility study, the actual revenue collected was \$1,939,153. The feasibility study estimated these same revenues at \$1,941,000, a difference of \$1,847 or .01 percent.

As indicated earlier, several other revenue sources were identified in the study but not quantified due to the uncertainty of future council action. Actual revenues show that the conservative figures upon which the citizens voted in 2007 have more than justified their decision from a financial standpoint. The analysts note that "a review of the City's 2011 approved budget indicates that the revenue figures budgeted have remained stable (within \$100,000) despite economic conditions which have had considerable negative impact on many state and local governments."

The City and its private partners have been able to start up a new governmental body, enact local ordinances and resolutions, start and complete an annexation that doubled the City's size, and manage both revenues and expenses through one of our nation's most trying economic times, all while bringing an increased level of service and control to the citizens of Castle Pines, the study states.

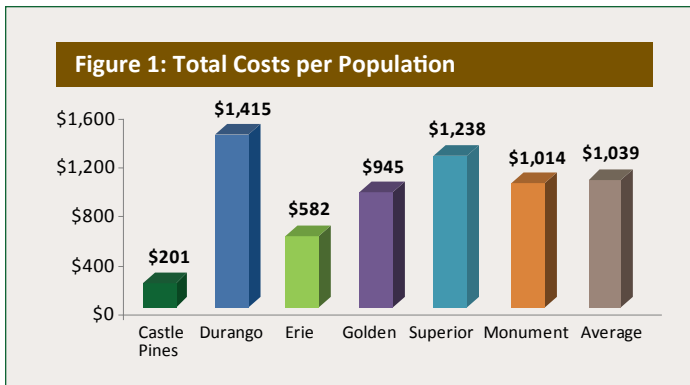
Cost of Service Comparison

The feasibility study presented estimates of service costs based on assumed revenue. However, it was not possible to discern the actual level of services desired by citizens and Council. Therefore this analysis compared the current costs of service in Castle Pines to similar Colorado communities (similar population, population density, and cost of living), as well as with other Douglas County communities, to determine Castle Pines' current financial efficiency.

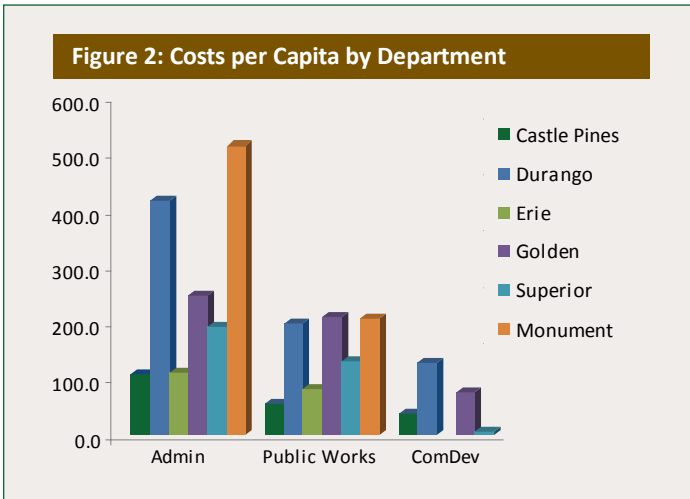
(An exact comparison is not possible due to limitations such as different accounting procedures and fund classifications, non-standard departments, allocation methodologies, and budget/fiscal priorities. Additionally, each city is at a different point of their development in terms of quality of work, routine maintenance deferral levels, risk exposure and longevity.)

The comparison communities were Durango, Erie, Golden, Superior and Monument. The most basic measure of service delivery efficiency from a cost perspective, "Total Costs per Population," is presented in Figure 1. This measure shows the total cost per citizen. Those costs were further broken down into three main service delivery areas, administration, public works and community development, which also are shown per capita and represent the per-citizen cost for that service.

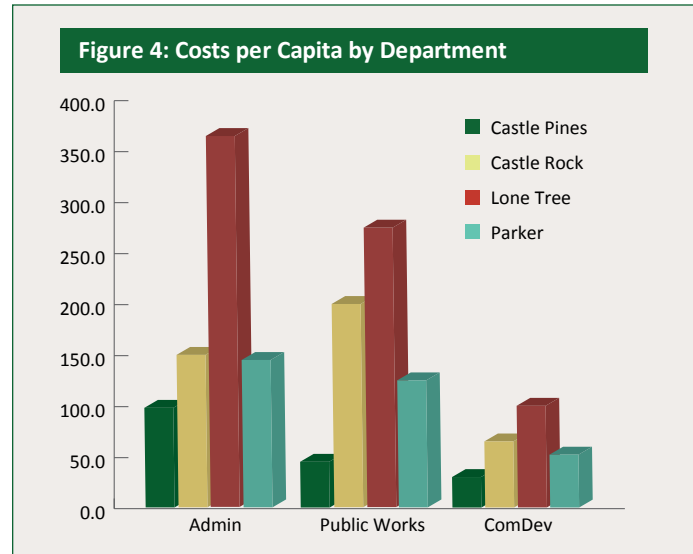
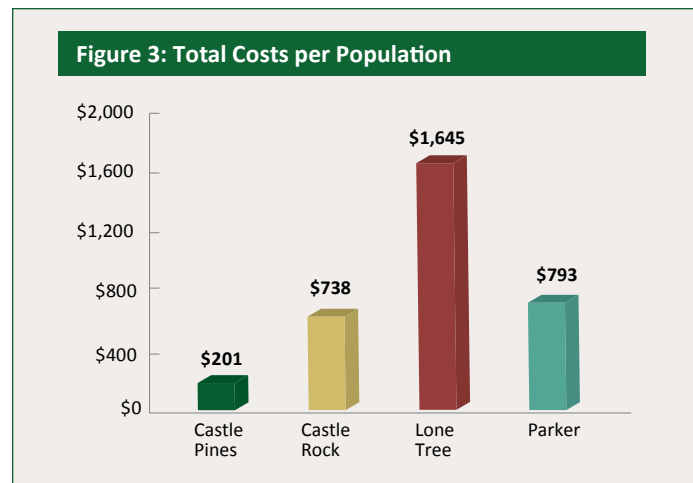
Figure 1 indicates that the cost per capita for local government services for the citizens of Castle Pines is significantly less than any of the similar communities reviewed.



A more detailed look at the total costs for specific services indicates that, by and large, each Castle Pines department operates as efficiently as or more so than the other communities reviewed (see Figure 2). Because communities can be so different in their fiscal mindedness and service level orientation, analysts also reviewed the surrounding Douglas County communities of Parker, Lone Tree and Castle Rock – despite the differences in size and other factors such as population base, commercial sales tax revenues (e.g. Park Meadows Mall, Outlets at Castle Rock) and property tax revenues.



As can be seen in Figure 3, the cost for services in Castle Pines compared to surrounding cities varies widely, showing Castle Pines' costs are significantly less than the next closest community, providing substantial value to the local citizenry. Further review indicates that the most significant areas of efficiency among these communities are in administration and public works (Figure 4).



Conclusions

1. The feasibility study recommended that incorporation should attempt to utilize all funding sources available to the community including those of the CPNMD and HOAs through integration and sharing of services respectively. The initial budgetary projections included those assumptions. Neither of these recommendations have as of yet been implemented, despite the City's ongoing efforts since incorporation to engage the CPNMD in cooperative integration discussions to achieve efficiencies and cost savings.
2. Adjusting for the items above, the revenue projections (when viewed in total), upon which the citizens based their votes in November 2007, were almost exactly on budget in the first full year of revenue collections in 2009. With the books just closed on 2010, it is too early to analyze the results although officials believe the trend will continue.
3. The day-to-day operations of the City of Castle Pines have demonstrated to be not only within the overall budget planned and approved by the elected council, but also prove to be among the most fiscally-efficient local governments in Colorado. As the City matures and the new government has an opportunity to have more direct dialogue with citizens, government services can be adjusted to provide a more desired and optimal mix for citizens.

City transition continuing

From its inception, the City of Castle Pines has been in a public-private partnership for its municipal services with CH2M Hill (selected through a search process by citizen volunteers). The process of bringing in-house those services for greater efficiency and cost savings began last year with the position of City Manager and Department of Finance. Currently being transitioned in-house to direct City employees are the positions of Deputy City Clerk and Administrative Assistant. While of enormous benefit in terms of establishing and helping a newly formed municipal government get up and running, the public-private partnership with CH2M Hill will be fully transitioned by July 2011.

City assists economic development efforts

City Council recently approved funding requests from the Castle Pines Economic Development Council, Castle Pines Chamber of Commerce, and South Metro Denver Chamber of Commerce to pursue economic development efforts on behalf of the City. Funding provided was for specific projects and programs that assist in creating economic development opportunities compatible with the long-range vision of the City.

Cost of doing business in Castle Pines reduced

The Castle Pines City Council recently made doing business in Castle Pines less costly. At their Feb. 8 meeting, Council reduced some business and contractor license fees, and extended the license term of all business and contractor licenses to two years rather than one.

HOA Consolidation

One of the tenants of incorporation was to consolidate some HOA services to provide more efficiencies of service and cost savings to Castle Pines residents. The City plans to move forward with efforts started two years ago on community trash consolidation. While currently all 33 HOAs within Castle Pines have their own trash contract, the City will be exploring bids to see what the cost savings would be for those HOAs who wish to participate in this effort

Pancake breakfast to celebrate City's 3-year anniversary

Castle Pines has come a long way since incorporating in March 2008. To help celebrate our 3-year anniversary all Castle Pines residents are invited to a free pancake breakfast 9 a.m. to 11 a.m. Saturday, March 12 at The Ridge Golf Club, 1414 Castle Pines Parkway. The event is hosted by the City of Castle Pines, the Castle Pines Economic Development Council, The Canyons Development, CH2M Hill and the South Metro Denver Chamber of Commerce. Join your friends and neighbors as we celebrate the many citizen volunteers who founded the City and continue to contribute to its growth and success

New Web address for City's home page

In November voters approved dropping "North" from the City's name. Ever since then Castle Pines has been integrating the revised version into various uses. The latest change has been to the City's website address or "URL" (Uniform Resource Locator). The new URL is www.castlepinesgov.com; type it into your Internet browser and be sure to add it to your Favorites listing. During the transition, the previous URL (www.cpngov.com) will still redirect to the website. For now the format for City email addresses remains the same – firstname.lastname@cpngov.com - but a change is coming there as well. Details will be announced once the change is instituted.

Are you receiving City news?

As a supplement to The Castle Pines Citizen newsletter, the City of Castle Pines sends out email alerts to residents giving notice and information on meetings, emergencies and events. While several community entities send out emails, residents are understandably confused in thinking those are from the City. To be sure you are receiving informational emails directly from the City, go to www.castlepinesgov.com and sign up. Your contact information will not be shared with any person or group.

With the favorable response received to the City's initial edition of The Citizen, we invite your input as to how we can make this newsletter as informative and helpful as possible. While City communications will no longer include paying to have articles placed in The Castle Pines Connection newspaper, the City will continue to utilize every available media resource to keep residents informed of City news and developments.

Ward meetings opportunity for citizen info, questions

In addition to City Council meetings held the second and fourth Tuesday of every month Council members also hold monthly ward meetings to communicate directly with residents. These meetings usually include information on a topical issue as well as time for citizen input and questions. Recent joint ward meeting subjects have included Douglas County Sheriff Dave Weaver discussing law enforcement services to Castle Pines, Cherokee Ranch CEO Donna Wilson explaining potential impact of proposed Sedalia landfill expansion, and Xcel representatives providing update on transmission line work north of Daniels Gate. To be sure you are receiving notices of your ward meetings, sign up for City emails at www.castlepinesgov.com.

Planning Commission and Board of Adjustment transition

City Council has transitioned the Planning Commission and Board of Adjustment to an all-citizen volunteer board. Heeding the call for volunteers to serve in this capacity are Kevin Bruer, David Necker, Nelson Eagle, Margelly Beltran and Rex Lucas. These citizen volunteers have undergone training to perform the duties associated with this position and the City thanks them for their service.

Council appoints 2 to advisory committee

City Council recently appointed Council Member Kim Hoffman and citizen volunteer Warren Lyngge to serve as the City representative and alternate to the Douglas County Community Development Block Grant Advisory Committee.

City municipal court offers convenience

Many Castle Pines residents are surprised to learn that the City has had a municipal court up and running for over a year. Rather than residents who are called to appear in Court having to go to the Justice Center in Castle Rock, the City provides and conducts a Municipal Court the fourth Wednesday of each month at the Community Center.

Attend a meeting

March 8 City Council Meeting Community Center 7404 Yorkshire Study Session: 6 p.m. Meeting: 7 p.m.	March 15 Ward 3 Meeting HOA #1 Clubhouse 7233 Tenby Way 6 p.m.	March 22 City Council Meeting Community Center 7404 Yorkshire Study Session: 6 p.m. Meeting: 7 p.m.	March 30 Municipal Court Community Center 7404 Yorkshire 7 p.m.
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