

# Chapter 10

## Community Services

The City of Salida should continue to maintain and ensure a sufficient level of quality services. However, fiscal considerations are a concrete reality behind all policy decisions.

There are some services that the city provides because there is no effective way to provide those services through the private sector; generally these are provided because the citizens have identified them as a priority. The city should be fiscally responsible, taking into consideration long-term maintenance costs, operational costs and planning for energy efficiency. New development should not be a burden on the existing citizens either through construction of the initial infrastructure or through ongoing maintenance.

### Budget

In the fall of each year, the City Council reviews and approves a budget for the coming year. The budget is prepared by the finance department with input from department heads and priorities identified by the City Council.

Revenues are derived from a variety of sources with sales tax being the largest single source of funds. The budget is divided into several funds including the general fund, water/sewer enterprise fund, conservation trust funds and the SteamPlant Theater and Event Center. Within each of these funds there are both operating and capital budgets. The following overview of each fund and examples of the allocation of money for expenditures and sources of revenue was drawn largely from the City of Salida 2010 Budget. The 2010 budget year reflects the short falls in revenues the city has seen with the current recession and the need to plan for how to continue to provide the essential city services to continue to support the community.

### Operating Expenditures

Funding for operating expenditures is derived primar-

ily from sales tax in the general fund and from fees for services in the enterprise funds. The city repealed its property tax effective in 2009, resulting in the loss of nearly \$300,000 in general fund operating revenue from property tax and the specific ownership tax. A larger allocation of 2A revenue, approved by voters in 2008, for the operating budget offsets the loss of other revenue.

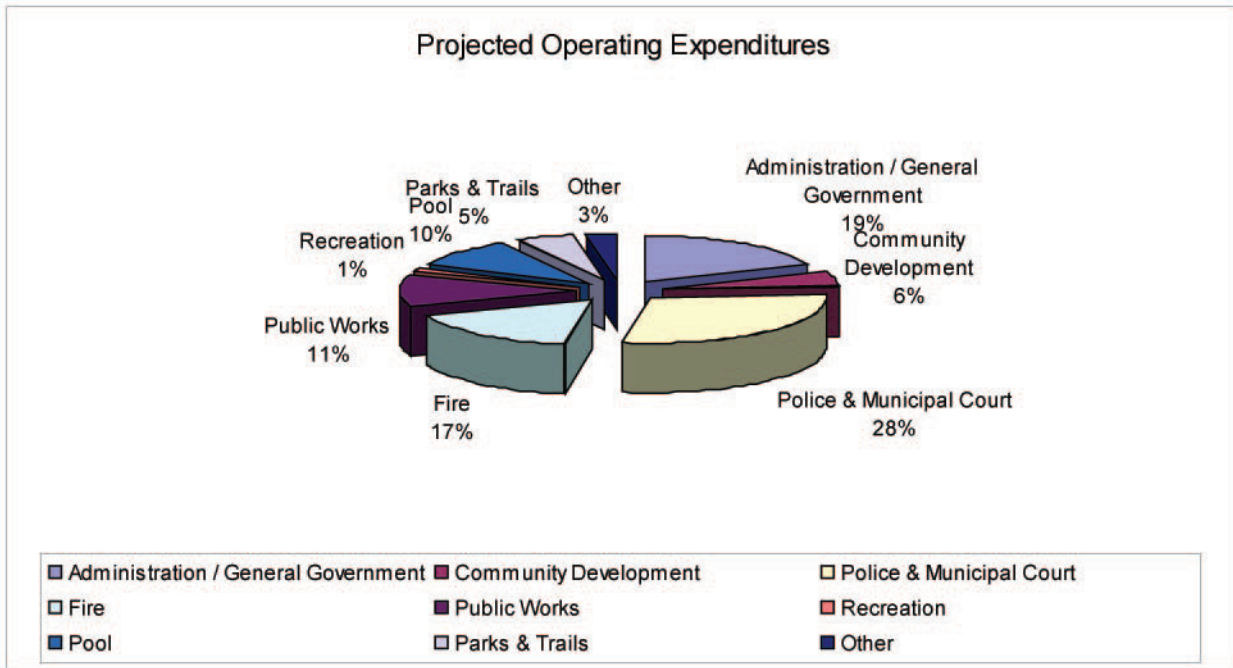
The decrease in revenues collected by the city in 2009 are indicators of how the City will have to allocate funds for future budget years with the current state of the national economy. The 2010 budget year outlines the core services the city is able to provide with decreasing revenues. These core services the city provides outline the necessary expenditures the city must make to maintain the quality of life residents currently enjoy.

### *General Fund*

In accordance with voter restrictions, 56% of the city's 2% sales tax can be used for operating costs. The designation of 2A revenue (an additional 1% sales tax) is for the construction, operation, maintenance and repair of roads and other public infrastructure. A portion of those costs are classified as operating expenditures for accounting purposes. Based on 2010 priorities, 45% was allocated to the operating budget to be used for street repairs, striping, sweeping, plowing, and other public works operating activities.

Charges for municipal services are expected to be over \$400,000 in 2010 and will offset a significant portion of the pool expenditures as well as some of the city's administrative and community development costs.

General Fund operating expenditures for 2010 are shown in the pie chart below. Figures are shown as gross amounts. (In other words, any revenues derived from services provided by these departments are not subtracted for presentation of a net expenditure amount.)



### *SteamPlant Fund*

In the second full year of operations, the SteamPlant is expected to generate \$193,000 in operating revenue. The net loss to be subsidized by the general fund in 2010 is expected to be approximately \$88,000, a 7% decrease from the 2009 projections. It is the expectation that this subsidy will continue to decrease in the coming years.

### *Water and Sewer Enterprise Fund*

The Water and Sewer Enterprise Fund accounts for the provision of basic utility services to Salida residents. The utility funds are financed and operated in a manner similar to a private business enterprise where operating and capital costs are financed or recovered primarily through user charges. Although accounting for the utility fund has been separate from the general fund for some time, in 1996 the city passed an ordinance giving legal status to the Enterprise Fund. Enterprise funds are treated separately under the TABOR Amendment and do not impact general fund revenues and expenditures. The legal status allows the fund to issue bonds without voter approval, while capping the revenues it accepts from monies not generated by the utility at 10%.

The utilities code provides for annual increases for water and sewer service. Water rates increased 3% and sewer rates increased 5% in 2010. In addition, City Council increased sewer rates by 15% effective in July 2009 as a result of a rate study conducted by the engineering firm, Schmueser Gordon Meyer. Together, these increases provide an incremental \$315,000 in revenue to pay for operating costs and replacement of depreciating capital assets.

### **Capital Projects**

Funding for capital expenditures is derived primarily from sales tax and grants in the general fund, from system development fees, grants and bonds in the water and sewer enterprise fund, and from lottery proceeds in the Conservation Trust Fund. It is always important for the city to prioritize the funds for necessary capital projects that have the greatest net benefit to the city and its residents. Contributions generally provide capital funding for the SteamPlant Theater and Event Center.

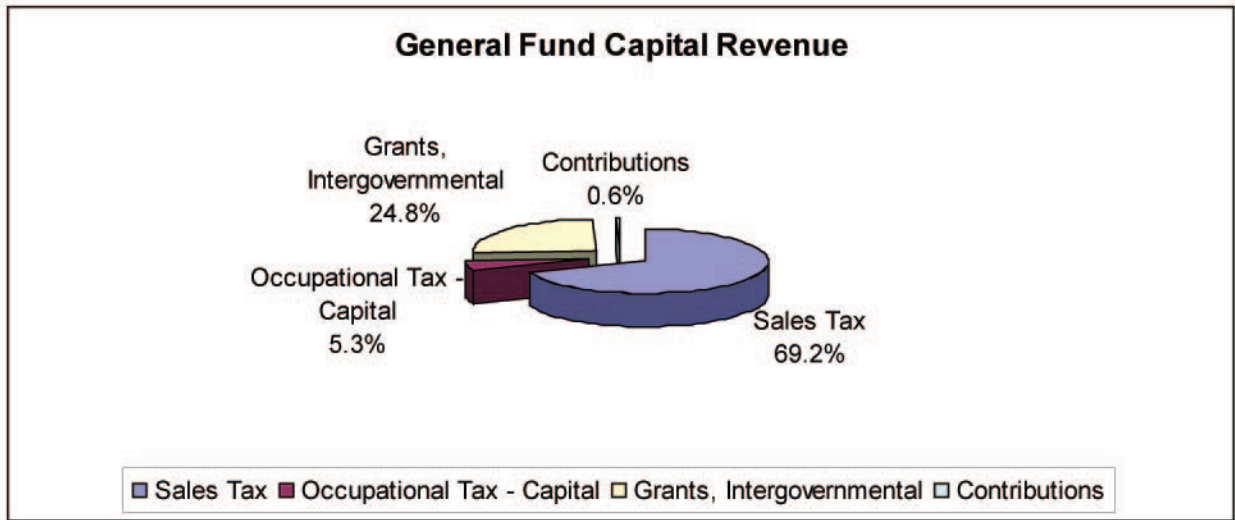
Following the passage of ballot issues 2A and 2B at the end of 2008, the city has focused on delivering capital projects utilizing these new funds. The proceeds of an incremental 1.0% sales tax (2A) is used for funding

construction, operation, maintenance, and repair of roads and other public infrastructure of the city. The proceeds of the occupational lodging tax (2B) is used for capital improvements and operations expenses for parks and recreation and arts facilities in the city, including, without limitation, the Aquatic Center and the SteamPlant.

The 2010 general fund capital budget revenue totals \$2.4 million and is primarily derived from a portion of sales taxes and grant funds for specific projects, expected to be \$1.6 million and \$596,000, respectively. The occupation tax on lodging is expected to generate over \$100,000 for capital projects.

**General Fund Revenue**

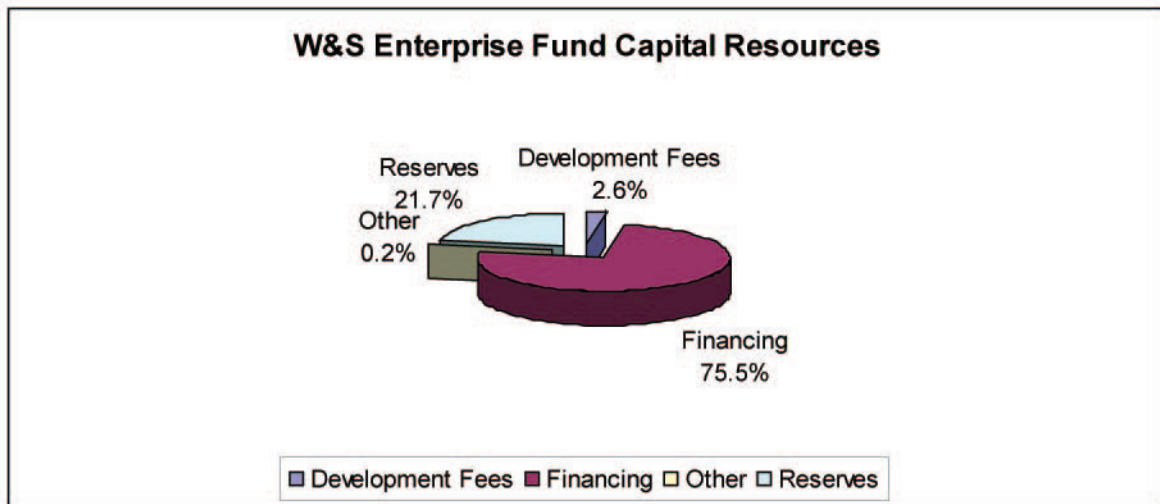
Over one-third of the total general fund revenue is restricted for capital purchases and projects. The \$2.4 million expected for capital revenue is a significant reduction compared to the 2009 original budget due to the decrease in sales tax revenue and reduced level of grant funding.



*Water & Sewer Enterprise Fund Revenue*

Capital revenue of \$241,000 and \$130,000, from the water and sewer funds, respectively, assumes the issuance of 24 new taps in 2010. This is a modest increase from 2009 but is significantly less than the City’s three-year average from 2006 to 2008, which ranged from 32 to 69 each year.

Debt financing is required to complete the Wastewater Treatment Facility (WWTF) upgrade and capital projects for water storage.



### *SteamPlant Enterprise Fund*

Operations of the SteamPlant Event Center were assumed by the city effective January 1, 2008. Initial business plans projected that the SteamPlant would be a financially self-sustaining operation within five years and the city is treating accounting as an enterprise fund. Partner transfers from fundraising efforts are generally intended for capital investments and are reflected as capital revenue; however, these funds may not be specifically restricted for capital.



Salida SteamPlant Event Center

### *Conservation Trust Fund*

The Conservation Trust Fund is funded from lottery proceeds, based on population. City Council has directed staff to allocate only a portion of the 2010 revenue for projects and to increase reserves with the remainder. Funding in 2010 is provided only for projects highly leveraged with grant or other contribution revenue and those otherwise ranking as high priorities include both community requests and public works department requests.

### *Paying for Growth*

There is a strong sentiment in the community that “growth should pay its own way”. Commercial development is generally more cost effective overall for Colorado municipalities because these types of development can generate sales tax revenue and provide jobs in the community. Residential growth, however, is often seen as a drain on the local economy because

it creates additional demand on services without associated revenue.

There are several ways to address concerns about the cost of new growth. In recent years Salida has adopted a parks, trails and open space requirement for residential subdivisions and a fee in lieu of school lands which is provided to the R-32-J school district. Some recent annexations have also provided a covenant on transfers of real estate that will provide intermittent revenue for the city. Additional methods of cost recovery include impact fees for specific infrastructure or services impacted by the new development.

The key to being able to address the fiscal impacts of growth is to know what the impacts are anticipated to be. For larger subdivisions, the city should require the applicants to provide adequate analysis of the projected impacts and requirements on the development should be placed accordingly.

### *Grants*

The City of Salida has been very successful in obtaining grant funding in recent years. Most major capital improvement projects have been possible through some grant assistance. Some examples of projects receiving grant funding include the Touber Building reuse and rehabilitation, airport water tank, Hwy 50 improvements, hot water line remediation, white water park improvements, Arkansas Hills open space acquisition, new wastewater plant and many others.

Grant funding is a great way to leverage taxpayer dol-



New water tank at the airport

lars to improve, replace or acquire facilities. However, grant funds are rarely available for ongoing operating expenses. When applying for grant funds the city must clearly understand the obligations they are entering into and ensure that the funds are available to maintain new or improved facilities.

### *Application Fees*

Fees are charged by the city for a variety of services, permits and applications. Some of these fees are set by the State of Colorado such as liquor license and VIN inspection fees, while others are based upon the staff time needed to provide the service. Fees are set by resolution of the City Council. In most cases, the Council seeks to minimize the fees charged to citizens while still covering the costs for providing the service. Expenses that are project specific, such as land use applications, should be born solely by the applicant and should not be the burden of the larger community.

## **Best Practices and Cost Reduction**

### Maintenance

The City of Salida has many ongoing maintenance obligations from street repair to water and wastewater infrastructure, vehicles and equipment, parks and facilities. As the city considers new capital improvements the cost of ongoing maintenance should always be considered as well. The city has fallen behind in maintenance of some items including streets and has struggled in recent years to maintain a regular schedule of maintenance and repair. The Council must consider the current maintenance obligations and budget requirements prior to taking on additional maintenance burdens.

### Objective Analysis

When considering new capital improvements staff and the City Council should create an analysis of what is being requested so that they have a complete picture of both the initial construction costs as well as ongoing operating expenses. There are many great projects that the city could pursue, but it must be done in a way that is fiscally responsible to the taxpayers in the community in an attempt to not increase

overall operating expenses.

The city should also consider that they must remain responsive in the services that they are committed to providing and should always provide routine maintenance of vehicles, facilities and infrastructure. In addition, the city should maintain an overall capital plan including plans for street rebuilds, vehicle replacement and equipment replacement. This will assist during budget planning to know if there are major expenditures on the horizon.

### Efficiency

Practices in all activities of municipal government should be evaluated periodically to determine if there are more efficient ways to provide the services to which the city is committed, while not diminishing the level of service. Continuing education for employees and appropriate training will help to ensure that staff is aware of changes in their field which the city can consider implementing.

Conventional fuels such as gasoline, diesel, coal and wood are being reconsidered in light of worldwide concerns of non-renewable energy consumption, pollution and climate change. Utilizing fuel from clean, sustainable energy sources is becoming a necessity along with reducing dependency on fuels. Recent years have seen a lot of fluctuation in fuel commodity prices as well as emerging sources of energy. The city should continue to monitor options for alternative sources of energy while implementing steps to reduce fuel consumption. Any new facilities should consider implementation of energy cost saving measures and on-site energy generation.

## **Infrastructure & Utilities**

Public infrastructure and utilities are an essential service to the community. The city Public Works Department provides infrastructure for water and wastewater transmission, and maintains streets, parks and public facilities. The Water Department runs the water treatment plant, maintains the ditches in the raw water system and oversees the water from the Galleries and Pasquale Springs. Wastewater treatment is handled by the Wastewater Department at the treatment plant on CR 102.



Public Works performing maintenance of city water lines

### Water Treatment

Salida’s service area encompasses a total area of approximately 2.2 square miles. In 2007, Salida supplied 428.5 million gallons (“MG”) or 1,315 acre-feet (“AF”) of potable water to customers within Residential, Multi-Family, Commercial/Industrial, and Municipal Park categories. In order to supply these customers, the City treated approximately 534.3 MG or 1,640 AF of water to overcome various system losses and leaks. On average over the last five years, 13 percent of all water produced was lost .

The City delivers water from three different sources in a water delivery system consisting of a water treatment plant (“WTP”), three pump stations and three treated water storage tanks. Water delivery is made to a low zone and high zone. The three water sources are listed below:

- Surface water from the South Arkansas River – 1.3 Million Gallons per Day (“MGD”)
- Groundwater from Galleries – 1.4 MGD
- Pasquale Springs – 1.0 MGD

The WTP, constructed in 1959, treats the surface water while the groundwater from the Galleries and Pasquale Springs is chlorinated and pumped directly into the distribution system.

A one million gallon water storage tank was constructed at the airport in 2008 – 2009 along with associated transmission lines. In early 2010 the city installed a new roof on the gallery water tank. This included some concrete repairs to the existing concrete structure. The pump room and chlorination building also received a new roof in the process. Projects in the fall of 2010 will include the installation of an interior liner in this same tank to address some leakage issues that WTP staff has been dealing with for years. This project will also include installation of a new 16” valve on the inlet side of tank.

The city also completed a Raw Water Master Plan in March of 2009. The plan was done for a twenty-five year planning horizon and anticipated a potential population of 10,000 residents by 2033. The plan outlined water needs during the planning horizon and anticipated that the city would treat 888 million gallons a year in 2025. The usage in 2007 was estimated to be 428 million gallons. Additionally, the study looked at the city’s ability to supply the quantity of water needed for the estimated future population. The study found that under extreme drought conditions, the demand could exceed the supply. It was suggested that the city look at storage options so that excess water credits yielded by the city’s water rights portfolio during summer months could be stored in a “bucket” and used when the city needed it at a later date.

### Wastewater Treatment

The total capacity of the existing Salida Wastewater Treatment Plant (“WWTP”) is 1.2 MGD. Built in 1956 and renovated in 1985, it does not have the components necessary to meet modern ammonia standards and to supply sufficient capacities for the communities served - Salida and Poncha Springs.

A Preliminary Engineering Report on the sewer plant was completed at the end of 2008 and efforts are underway to prepare a bid package, award a contract and start construction of this \$17 million project to construct a new 2.7 MGD plant. The city must resolve wastewater treatment violations to avoid severe financial penalties and adverse environmental effects. The plant currently operates at a lower capacity than is permitted due to inefficiencies and does not meet

ammonia limits currently imposed by the Colorado Department of Public Health and Environment. The aging facility's concrete and mechanical equipment is deteriorating; it lacks efficient energy conservation and is approaching the end of its service life.

In April 2010, the City of Salida came to a settlement with the Town of Poncha Springs resolving long-standing disputes over wastewater treatment and billing. The city has now assumed responsibility for maintenance of the wastewater delivery systems in Poncha Springs and those users are now direct customers of the city.

### **Water / Wastewater Delivery Systems**

Salida maintains an extensive network of water and wastewater delivery lines. The system includes pipes, manholes, fire hydrants, valves and meters. These are all maintained by the Salida Public Works Department.

There are a variety of materials and line sizes in both the water and wastewater delivery systems. Efforts are underway to create a digital map of both systems in order to better keep track of infrastructure locations and capacity in various areas of the community. This effort, being undertaken by the city's engineers Schmueser



Wastewater Treatment Plant built in 1956 renovated in 1985

Gordon Meyer, Inc., is an integral component of understanding the current system, maintaining that system and accommodating future growth within the system.

In the past, the city has periodically undertaken street rebuild projects which include replacement of aging or undersized water and wastewater mains. The cost of street rebuild projects is borne in part by the Water & Sewer Enterprise Fund because of the improvements to those infrastructure components. However, reserves in those funds are diminishing and revenue from customers is not replenishing the funds enough to maintain an aggressive schedule of infrastructure replacement. The city is currently reevaluating the need to proactively replace lines as part of complete street rebuild projects.

### Streets

The Public Works Department maintains 36.45 miles of streets in Salida. Curb, gutter and sidewalks are prevalent in the areas closest to the historic downtown and in newer subdivisions.

Aging infrastructure, deferred maintenance and tight budgets have resulted in a situation where the city street system is in need of attention. The last several years have seen 3 miles of street overlays and 9.5 miles of chip seal applied to the streets. These, along with complete rebuilds and pothole repair are the most common methods of street maintenance used in Salida.

### Municipal Buildings

The City of Salida owns and operates eight facilities including the SteamPlant, public works shop, Toubert Building, Scout Hut, WTP, WWTP, Hot Springs Aquatic Center, and the fire station. For the most part, each department maintains the structure they occupy with supplemental assistance from the Public Works Department. In addition, the city owns, the Salida Community Center, Chamber of Commerce/Salida Museum, golf course clubhouse and facilities at the Harriet Alexander Field. These are occupied by non-profit entities through long-term lease arrangements with the city and maintenance generally falls to the lessee. There are also two structures on E. Third Street that formerly housed the police department and City Council Chambers which are currently in dry



Salida Hot Springs Pool

storage. The city does not employ personnel specifically to maintain the municipal buildings.

### Stormwater

There is a storm drainage system in a limited area of Salida including along much of US Hwy 50 and north of 7th Street. The storm drains, along with surface drainage from streets generally discharge into the Arkansas River. New subdivisions, commercial and multi-family developments are required to provide onsite detention of stormwater for a 24 hour event of the 25-year storm. State and Federal regulation in this area will only continue to increase with concerns about water quality and pollution. The city should remain aware of current regulation and anticipate additional regulation in the future.

## **Community Support Projects**

The City Council feels it is important to highlight areas where the city supports the community by providing financial or staff resources beyond the basic municipal services expected of residents. Different views exist with respect to the role of government beyond basic necessities. However, as Salida's 2008 Parks, Recreation, Trails and Open Space Master Plan states:

*There is a growing trend in the United States for public leaders to recognize that parks, recreation, trails, open space and related "Quality of Life" amenities are not secondary services provided by governmental agencies, but that they are integral to creating communities where*

*people want to live. These services should be seen as investments in the long-term vitality and economic sustainability of any vibrant and attractive community.*

Through taxpayer dollars, municipal governments provide basic services essential to the safety and comfort of citizens. In addition, certain discretionary projects and initiatives are supported by the city. Both staff and Council receive many requests from members of the public and local organizations to fund various projects. Many of these would improve the quality of life for at least some citizens. It is not possible for the city to fund all such requests, and 2010 was a particularly challenging year due to having very limited discretionary funds. However, a new process was implemented for the 2010 budget whereby community support requests were submitted in a consistent format and objectively evaluated.

When considering community support requests, it is important to objectively evaluate the requests using the approved “Projects Priority Criteria” document. Staff and Council should ask the right questions to understand the problem / need, whether or not the proposed solution addresses the objective in the most efficient manner and the impact of new ongoing maintenance expenses.

# Principles / Policies / Action Items

## Principle CS-I. Budget

*The city will be fiscally responsible, taking into consideration long-term maintenance costs, operational costs and planning for changing economic trends.*

**Policy CS-I.1** – Growth or new development should pay its own way either directly or through long-term fiscal benefits to the community.

**Action CS-I.1.a** – Review the LUC to ensure that major new development is required to provide sound analysis of the fiscal impacts and benefits to the city.

**Action CS-I.1.b** – Consider anticipated infrastructure upgrades and consider implementation of impact fees as a mechanism to offset costs of upgrades related to new development.

**Policy CS-I.2** – The city should continue to pursue grant funding to leverage taxpayer dollars and create new amenities while being cautious of taking on additional operating expense resulting from the projects.

**Action CS-I.2.a** – Departments should actively identify grant opportunities for anticipated projects well in advance of the need for funding.

**Action CS-I.2.b** – City Council and staff must prioritize projects annually in order to focus efforts to secure funding and proceed with implementation.

**Policy CS-I.3** – Fees for services should reflect the commitment of staff time to perform the service, while minimizing expense to the citizens.

**Action CS-I.3.a** – Consider creating one fee schedule for city applications and services.

**Action CS-I.3.b** – Adopt an annual review of fees or automatic adjustment of fees so that the city can avoid sudden large increases in fees or rates.

**Action CS-I.3.c** – Remove specific fees from the SMC so that fees may be set by resolution rather than by ordinance.

**Policy CS-I.4** – A consistent source of revenue for the city ensures that services are maintained or improved for residents and businesses.

**Action CS-I.4.a** – Develop plans and strategies to reduce the city's dependence on sales tax revenues by investigating other techniques for revenue development.

## Principle CS-II. Best Practices and Cost Reduction

*The city should continue to maintain and ensure a sufficient level of quality services while seeking innovative techniques and pursuing cost saving measures.*

**Policy CS-II.1** – The city is obliged to maintain existing facilities in good working order.

**Action CS-II.1.a** – Create a facilities maintenance position within the public works department.

**Action CS-II.1.b** – Review lease agreements for tenant spaces to ensure that lessees are responsible for adequate maintenance of facilities they occupy.

**Policy CS-II.2** – Objective analysis should be employed in considering new projects to ensure that operating expenses are not unduly increased in advance of increasing revenues.

**Action CS-II.2.a** – Create a prioritization matrix to be utilized by staff and the Council in evaluating new projects.

**Policy CS-II.3** – Continue to explore ways to improve government efficiency toward saving tax dollars, while providing a sufficient level and quality of city services.

**Action CS-II.3.a** – Explore cooperative opportunities to consolidate or share services and/or equipment with the county and neighboring jurisdictions.

**Action CS-II.3.b** – Each department should periodically review the services they provide to ensure these are provided in the most efficient and cost effective manner possible.

**Action CS-II.3.c** - Study actions that the municipality could take that would encourage changes in behavior and technology that would reduce demands on city infrastructure such as water conservation, grey water diversion and composting toilets.

**Principle CS-III. Infrastructure & Utilities**

*Public infrastructure and utilities are an essential service to the community and should be maintained to provide a high level of service and meet all local, state and federal regulatory requirements.*

**Policy CS-III.1** – An adequate supply of clean, safe water should be available to all water utility customers.

**Action CS-III.1.a** – Amend the City’s annexation policy to require future annexations to dedicate water rights to the City in an amount equal to or in excess of the anticipated demand or provide cash in lieu for the purchase of water resources.

**Policy CS- III.2** – Wastewater treatment facilities should be adequate to meet current and anticipated needs of utility customers.

**Action CS-III.2.a** – Continue to implement plans for construction of a new WWTP beginning in the spring of 2011.

**Policy CS-III.3** – Water/Wastewater delivery systems should be maintained and improved for the benefit of utility customers and to reduce the cost of ongoing maintenance.

**Action CS-III.3.a** – Create digital maps of the water/



Maintenance and repair of a pump at the Wastewater Treatment Plant

wastewater distribution system including staff training on utilizing the maps.

**Action CS-III.3.b** – Create long-range plans for replacement of aging infrastructure within the system taking into account projections for areas of future development to anticipate the need to increase line sizes where necessary as replacement occurs.

**Action CS-III.3.c** – Evaluate the need for capital improvement dollars to replace existing water/wastewater infrastructure and ensure that user fees can accommodate these anticipated expenses.

**Action CS-III.3.d** – Investigate impact fees for infrastructure upgrades related to new development.

**Action CS-III.3.e** – Update the City of Salida Standards and Specifications to address any changes in technology or construction techniques and ensure that infrastructure is installed properly.

**Action CS-III.3.f** – City should actively seek out and repair leaks and infiltration in its water and sewer infrastructure.

**Action CS-III.3.g** - Evaluate rates periodically to ensure that there is adequate funding for ongoing operations and maintenance.

**Policy CS-III.4** – Streets should be constructed and maintained to provide safe and efficient transportation throughout the city.

**Action CS-III.4.a** – Update the City of Salida Standards and Specifications to address any changes in technology or construction techniques and ensure that street infrastructure is installed properly.

**Action CS-III.4.b** – Annually update the street improvement plan to reflect work that has been accomplished and changing conditions of the streets.

**Action CS-III.4.c** – Annually review the street improvement plan to anticipate immediate and future funding needs.

**Action CS-III.4.d** – Create a new full-time position and two seasonal positions in the public works department to assist in street maintenance.

**Policy CS-III.5** – Stormwater drainage is provided to prevent property damage, allow for safety during storm events and not cause undue erosion of land or infrastructure.

## **Principle CS-IV. Community Support Projects**

*The city values the efforts of individuals and organizations that enhance the lives of Salida residents and visitors.*

**Policy CS-IV.1** – Provide support for non-profit organizations that provide services and programs for the Salida community without creating an ongoing expense to the city.

**Action CS-IV.1.a** – Annually, through the Community Support Program, provide discretionary funding to local non-profit organizations that benefit the Salida community.

**Action CS-IV.1.b** – Collaborate with the county, other towns, local non-profits, the school district, and major employers to cooperatively utilize existing facilities for cultural and recreational needs.