



## MEMORANDUM

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Date: May 18, 2015 at 6:00 p.m.

To: Mayor Dickson and City Council

From: Dara MacDonald, City Administrator

Re: Council Work Session Items  
City Council Chambers, 448 E 1st Street, Room 190  
Salida, Colorado 81201

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### **I. Administrator Review Update (Harry Brull)**

### **II. Operating Budget Deficit Discussion**

#### *Work Session Objective*

The City Council needs to find a sustainable solution for the operating budget shortfall that resulted from a new ordinance that restricts 54.3% of total City sales tax for capital spending. A budget amendment is on the agenda for the regular meeting on June 2nd.

Staff encourages the governing body to consider both short-term and long-term implications of possible solutions and to make the difficult decisions that will resolve the budget issue in a way that is viable for years to come.

#### *Background*

The new ordinance that allocates additional funding to streets capital projects reduces funds available for operations. As a first step to come into compliance with the ordinance, the Council passed a budget amendment on April 7th recognizing the new allocation of city sales tax restricting additional revenues to only be spent on capital projects. These additional funds for capital by necessity come from the unrestricted funds previously allocated for operations. The result was \$521,300 budgeted revenue for 2015 being removed from the operating budget and instead allocated to capital.

Also with the April 7th budget amendment, the Council removed some planned 2015 staffing changes, resulting in a deficit of \$418,300 in the 2015 operating budget. The Council directed at that time that they would like to have a plan to eliminate that deficit by June 1st. We also have just learned that due to very high utilization, the cost of health benefits for employees is expected to increase by 29% July 1st. An 8% increase was projected in the 2015 budget. This will result in an increase of approximately \$50,000 over the 2015 budget in the General Fund (\$100,000 annually). The total operating budget shortfall for 2015 is now projected at \$468,300. For planning purposes, we should be targeting cuts (or new revenue) of \$500,000.

As of December 31, 2014, unrestricted general fund reserves were over \$1.8 million. Barring any unforeseen disasters, the general fund reserves would remain at a sufficient level to remain in compliance with TABOR

and the requirements imposed by the Salida Municipal Code for three to four years. Staff is seeking direction from the council regarding the area(s) of City services where they would like to make additional cost reductions in the operating budget to avoid draining these reserves that may be needed in the event of unexpected circumstances.

After meeting with the Mayor, Treasurer and five of the council members and requesting ideas from Department Heads, the attached list of possible operating cost reductions and revenue opportunities was compiled for council's consideration. Please also refer to the materials provided for the budget work sessions on [September 30](#), [October 20](#), [November 17](#), [December 1](#), [January 5](#), [April 29](#) and [May 5](#). Information from all meetings is available in the [document library](#). The [proposed 2015 budget presentation](#) also provides good background information and a slide about contingency planning.

#### *Budget Reduction Strategies / Considerations*

- a. Across the board (Refer to "General Government Services" chart previously provided)
  - i. Pros – Services are not completely eliminated; often the easiest, most expedient approach; gives some flexibility to each department head
  - ii. Cons – Does not protect services deemed to be highest priority; remaining scope of services may be poor quality; defers maintenance, training and investments for the future
- b. Strategic or Targeted (Refer to "Estimated Cost of Services" worksheets for each department)
  - i. Pros – Activities most critical are maintained; helps ensure services that remain are done well
  - ii. Cons – Forces difficult decisions about services to eliminate
- c. Restructure the organization
  - i. Pros – May eliminate "overhead" costs
  - ii. Cons – Lack of expertise, loss of institutional knowledge; disruption to current operations
- d. Combination of the above
- e. Understand choices related to cost cutting
  - i. Services organizations = employees
  - ii. Cutting some services also removes associated revenue
  - iii. Refer to cost tables and charts to better understand different services provided
- f. Consider timeframe over which cuts must be made
- g. Consider consequences of cuts

### **III. Follow up from April 30th Town Hall meeting**

- a. Requested Training
  - i. Budget Session (taught by DOLA representative) – **to be scheduled** on May 27, 28 or 29 from 6:00 to 8:00 pm. **What dates work for the council members?**
  - ii. Beginning Governmental Accounting (CGFOA) – July 24 from 8:30am to 4:30pm
- b. Questions not answered – Staff is working on responses that will be posted on the website and can be provided to anyone directly upon request.

## Budget Considerations

### Implementation of Ordinance 2014-28

Operating Expenses	Estimated operating revenue or cost savings	Notes
Best & Brightest intern in 2015 budget - not continuing	\$ 7,200	50/50 paid by City & DOLA grant
Reduce hours of legal advice	\$ 12,000	Dependent on council calls and lawsuits
Eliminate Community Funding grants	\$ 30,000	Could keep program but reduce amount
First Street Parking Lot	\$ 9,000	Lease rate increases 3% per year
F Street Parking Lot	\$ 10,403	Lease rate increases 3% per year
Belt-tightening - fewer photocopies	\$ 200	
Belt-tightening - contracted services	\$ 5,000	
Belt-tightening - training	\$ 5,000	This includes staff and elected officials
Belt-tightening - meeting expenses	\$ 500	
Belt-tightening - materials & supplies	\$ 2,000	Could be more if we cut strategically (eg. don't fertilize parks)
Belt-tightening - dues & subscriptions	\$ 1,000	
Increase insurance deductible	\$ 7,200	This is a risk depending on claims
Close or lease pool; eliminate recreation programs	\$ 199,200	1 FT and ~35 PT employees; \$ after operating cost recovery
Fixed costs at pool facility	\$ (3,000)	Base fees for utilities
Close or lease SteamPlant	\$ 88,400	1 FT & ~9 PT employees; \$ after operating cost recovery
Fixed costs at SteamPlant	\$ (3,000)	Base fees for utilities
Reduce advertising in the Mountain Mail	\$ 500	Open board positions, public meeting announcements
Reduce tickets written to municipal court	\$ 12,080	Renegotiate contracts with judge, prosecutor; reduce clerk hrs
Virtually eliminate counter service at city hall	\$ -	Need reduction in staff hours to see savings
Airport subsidy	\$ 40,000	Not possible with current agreement & structure; long-term?
Fireworks show	\$ 9,600	Fireworks + \$2,600 staff OT; \$5k donations offset part of cost
Reduce hours of operation at all city facilities		Need reduction in staff hours to see savings; utilities savings
Cut services to result in more part-time positions		Cost depends on services to cut; will likely increase turnover
Street sweeping, pot holes, crosswalks and overall maintenance	\$ 45,000	Cost reduction dependent on cutting staff
Parks seasonal - close bathrooms, pull trash cans, etc.	\$ 10,000	
Parks - stop watering	\$ 38,000	May drive water rates up
CC Economic Development	\$ 3,000	
Chamber of Commerce membership	\$ 2,000	
Reduce tree board budget for tree plantings & maintenance	\$ 5,000	Total 2015 budget is \$11,000
FiBArk float & give-aways	\$ 1,500	
Employee Appreciation Event & Years of Service	\$ 1,500	
Holiday Party	\$ 3,500	
Portable toilets at Centennial Park in Winter & Marvin Park in summer	\$ 1,020	\$85/mo
Chaffee County Dispatch Services	\$ 145,000	Voter approval required of additional county sales tax

## Budget Considerations

### Implementation of Ordinance 2014-28

	Estimated operating revenue or cost savings	Notes
<b>Operating Expenses</b>		
Code Enforcement - salary & benefits	\$ 44,916	Do not backfill open position; parks staff backfill slightly
Code Enforcement - gas, supplies, training, etc.	\$ 2,000	Also need to factor in revenue reduction
Reduction in hours of police coverage - salary & benefits of one officer	\$ 55,000	Attrition within next 9 months
Police Officer - gas, supplies, training, etc.	\$ 5,000	Reduction is hours of coverage or types of response
Community Development Intern	\$ 32,300	Historic Preservation, Affordable Housing
Reduce retirement savings match from 6% to ???	\$ 47,500	Was \$90,302 in 2014; approx \$15k per percent reduction
Eliminate city share of dependent healthcare	\$ 142,500	Effectively reduces pay for 33 employees by \$4,400 / yr
Reduce pay of elected officials	\$ 9,000	\$18,593 total
<b>Operating Revenue</b>		
Reduce parking fines and other code enforcement fines	\$ (20,000)	No code enforcement officer
Further reduction in fines if tickets are written to county court (see above)	\$ (12,080)	No code enforcement officer
Positive city sales tax trend - extra 3.5% growth (to 5.5%) in 2015	\$ 79,096	2% growth in budget; tracking at 14.1% for Q1
Positive CC sales tax trend - extra 3.5% growth (to 5.5%) in 2015	\$ 83,203	2% growth in budget; tracking at 13.7% for Q1
100% of 2B for operations	\$ 180,000	Currently 75% for capital
Surcharge for services - street lights	\$ 90,000	\$2.50 / month per property (residential & commercial)
Increase occupation tax on lodging from \$2.50 to \$4.82	\$ 222,720	Voter approval may be required
Occupation tax on recreational marijuana	\$ 300,000	Voter approval required
Property tax	\$ 250,000	Voter approval required
Use tax on motor vehicles and/or building materials		Voter approval required
Close "small business incubator" and rent upstairs space	\$ 24,700	~1,900 available rentable sq feet
Rent mayor's office	\$ 3,100	
Other rent opportunities - ???		Longer term when existing leases expire
Credit card convenience fee	\$ 1,000	
Increase planning dept fees	\$ 20,000	Double fees
Fee schedules - each department head needs to review fee schedules		Development cost recovery is low
Charge actual costs for parades, events, etc.	\$ 3,000	
Increase parking fines from \$10 to \$20	\$ 10,000	Code Enforcement officer would be needed
Increase other fines / penalties		Could be adversely affected by a reduction in police force
Install parking kiosk		\$15k per kiosk; 2 per block
Outdoor soaking pools		Assumes no pool closure and use of capital funds to build
Business license fees	\$ 70,000	Costs to administer might use all the revenue

**Aquatic & Recreation Center  
Operating Summary**

FINANCIAL STATEMENT								Change		Budget	Change
	2008	2009	2010	2011	2012	2013	2014	from last year		2015	from 2014
<b>TOTAL REVENUE</b>											
Aquatic Center	\$ 272,562	\$ 277,479	\$ 274,070	\$ 291,768	\$ 292,078	315,431	\$ 299,476	\$ (15,955)	-5%	\$ 340,600	\$ 41,124 14%
Soaking Pools	-	-	-	3,987	17,165	17,867	17,543	(324)	-2%	20,000	2,457 14%
Triathlon	12,906	9,890	8,125	8,591	8,071	-	-	-	-	-	-
Recreation & Other	19,491	24,611	18,456	21,056	25,284	29,811	50,365	20,554	69%	59,000	8,635 17%
Parks & Scout Hut Rentals	10,800	11,892	12,214	15,653	17,975	13,026	16,776	3,750	29%	16,000	(776) -5%
<b>Total</b>	<b>315,759</b>	<b>323,871</b>	<b>312,865</b>	<b>341,054</b>	<b>360,573</b>	<b>376,135</b>	<b>384,160</b>	<b>8,025</b>	<b>2%</b>	<b>435,600</b>	<b>51,440 13%</b>
<b>OPERATING EXPENSES</b>											
Personnel	272,505	309,135	293,241	295,320	333,410	368,254	362,922	(5,332)	-1%	423,500	60,578 17%
Other costs	183,571	175,392	138,680	155,959	215,652	218,937	169,029	(49,908)	-23%	211,300	42,271 25%
<b>Total</b>	<b>456,076</b>	<b>484,527</b>	<b>431,921</b>	<b>451,279</b>	<b>549,062</b>	<b>587,191</b>	<b>531,951</b>	<b>(55,240)</b>	<b>-9%</b>	<b>634,800</b>	<b>102,849 19%</b>
<b>OPERATING EXPENDITURES IN EXCESS OF REVENUE</b>	<b>(140,317)</b>	<b>(160,656)</b>	<b>(119,056)</b>	<b>(110,225)</b>	<b>(188,490)</b>	<b>(211,056)</b>	<b>(147,791)</b>	<b>63,265</b>	<b>-30%</b>	<b>(199,200)</b>	<b>(51,409) 35%</b>
<b>CAPITAL INVESTMENTS</b>											
Capital Purchases / Projects	24,407	278,910	396,378	256,007	70,239	89,653	366,337	276,684		596,400	230,063
Less: Grants & Donations	-	(263,586)	(134,428)	(44,223)	-	-	-	-		-	-
Principal and Interest	71,981	74,007	75,395	258,160	-	-	-	-		-	-
<b>Total</b>	<b>96,388</b>	<b>89,331</b>	<b>337,345</b>	<b>469,944</b>	<b>70,239</b>	<b>89,653</b>	<b>366,337</b>	<b>276,684</b>	<b>309%</b>	<b>596,400</b>	<b>230,063 63%</b>
<b>TOTAL EXPENDITURES IN EXCESS OF REVENUE</b>	<b>\$(236,705)</b>	<b>\$(249,986)</b>	<b>\$(456,401)</b>	<b>\$(580,168)</b>	<b>\$(258,729)</b>	<b>\$(300,709)</b>	<b>\$(514,128)</b>	<b>\$(213,419)</b>	<b>71%</b>	<b>\$(795,600)</b>	<b>\$(281,472) 55%</b>

**KEY OPERATING METRICS**

<b>COST RECOVERY</b>	69.2%	66.8%	72.4%	75.6%	65.7%	64.1%	72.2%	8.2%	68.6%
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**USAGE STATISTICS**

**Membership passes:**

Number sold - New	710	555	777	987	1,195	1,135	854	(281)	-25%
Number sold - Renew	583	455	537	503	445	706	603	(103)	-15%

**Membership visits:**

One-year & 6 mo add-on (fitness classes)				35	1,049	268	267	(1)	0%
Family Year	1,799	2,012	1,627	1,287	1,170	1,270	1,066	(204)	-16%
Single Year	2,047	2,358	3,106	3,096	1,613	2,496	1,950	(546)	-22%
Family 1/2 Year	413	38	228	601	746	572	482	(90)	-16%
Single 1/2 Year	406	-	527	1,079	1,044	1,142	802	(340)	-30%
Adult Budget	3,708	3,444	3,537	4,023	2,813	3,216	2,139	(1,077)	-33%
Senior Budget	3,152	2,718	2,655	2,955	2,091	2,950	2,129	(821)	-28%
Youth Budget	3,189	2,813	2,982	3,304	2,637	2,962	2,044	(918)	-31%
Arthritis Budget	789	919	969	1,245	1,417	1,176	840	(336)	-29%
Adult Fam Budget	1,599	1,880	2,253	2,339	1,902	2,284	1,809	(475)	-21%
Youth Family Budget	1,943	2,012	2,436	2,402	1,910	2,268	1,852	(416)	-18%
Silver Sneakers	-	-	-	-	495	3,129	3,790	661	21%
Budget Soak	-	-	-	14	101	110	102	(8)	-7%
<b>Total</b>	<b>19,045</b>	<b>18,194</b>	<b>20,320</b>	<b>22,380</b>	<b>18,988</b>	<b>23,843</b>	<b>19,272</b>	<b>(4,571)</b>	<b>-19%</b>

**Visits:**

Business Coupon	2,137	2,474	2,392	2,463	492	431	524	93	22%
Coupon Lessons	158	135	28	25	30	75	53	(22)	-29%
Adult Visit	6,059	5,076	4,779	5,007	4,662	5,008	5,688	680	14%
Child Visit	2,589	2,177	1,866	2,202	2,090	2,136	2,092	(44)	-2%
Senior Visit	807	916	878	975	979	1,177	995	(182)	-15%
Youth Visit	6,574	5,748	5,808	5,579	5,813	6,222	6,176	(46)	-1%
Military Visit	-	4	114	110	106	150	94	(56)	-37%
Lap Swim	556	739	1,003	1,301	1,482	1,014	1,009	(5)	0%
Kayak	155	94	242	81	120	202	205	807	400%
Stroke Clinic	464	447	437	242	100	502	316	(297)	-59%
Parent/Tot	2,921	2,539	4,080	4,557	5,834	5,879	7,449	(5,563)	-95%
Shower	649	687	819	991	940	1,011	990	6,438	637%
Fitness Classes	-	-	-	702	779	846	959	144	17%
Soaking Pool	-	-	-	278	1,336	1,427	1,475	48	3%
Soaking Pool Sr/Mil	-	-	-	23	225	254	327	73	29%
Soak & Swim	-	-	-	16	142	150	92	(58)	-39%
<b>Total</b>	<b>23,069</b>	<b>21,036</b>	<b>22,446</b>	<b>24,552</b>	<b>25,130</b>	<b>26,484</b>	<b>28,444</b>	<b>1,960</b>	<b>7%</b>

<b>Total Visits</b>	<b>42,114</b>	<b>39,230</b>	<b>42,766</b>	<b>46,932</b>	<b>44,118</b>	<b>50,327</b>	<b>47,716</b>	<b>(2,611)</b>	<b>-5%</b>
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<b>Annual Increase (Decrease) in Visits</b>	<b>-6.8%</b>	<b>9.0%</b>	<b>9.7%</b>	<b>-6.0%</b>	<b>14.1%</b>	<b>-5.2%</b>
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Special Events	2,565
Drop-in programs	4,339
Trips	298
Classes	497
Swim team & swim lessons	986

<b>Attendees at Recreation classes/programs/events</b>	<b>3,459</b>	<b>8,685</b>
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**NOTES**

The pool closed for maintenance / upgrades seven additional weeks in Sept, Oct and Nov 2014, which accounted for approximately 7,050 visits and \$30,000n revenue. Capital spending in 2014 include primarily \$367,000 for the make-up air/ductwork project.

The pool closed for maintenance / upgrades one additional week in October 2012, which accounted for approximately 1,650 visits and \$4,600 in revenue.

In 2012 and 2013, operating costs include approximately \$23,000 and \$14,000, respectively, for one-time special studies.

Operating expenses exclude the cost of park maintenance managed by the public works department.

**SteamPlant Event Center  
Metrics Tracking**

Reporting Period	Events Held at the SteamPlant							Economic Development Factors		
	# of Events Paying a Rental Fee)	(Total # of groups that used the SP facility)	(Total # of rental hours that were paid for by client)	(Total # of hours occupied by clients)	Total No. Guests Attending Events	Total # of Free Events	Total # of people attending free events	Hotel Stays	Dining	Shopping
	Number - Paid	Total Number	Hours - Paid	Total Hours						
<b>2014</b>										
January	23	23	48	50	1,538	12	625	10	590	60
February	47	49	106	110	3,130	22	1,469	9	820	301
March	36	38	84	88	2,182	24	1,034	366	916	355
April	58	59	142	145	3,624	25	1,612	232	1,095	80
May	47	51	137	144	3,321	17	935	453	1,205	735
June	47	54	135	162	3,303	15	1,111	435	916	298
July	37	39	153	157	2,860	11	764	758	876	766
August	29	35	95	105	2,892	23	1,853	839	1,221	873
September	48	50	111	115	1,441	23	881	164	297	297
October	62	65	205	210	4,437	27	2,553	178	743	344
November	33	39	92	108	2,650	24	1,768	20	792	340
December	43	44	124	126	3,056	21	1,982	276	1,041	517
<b>Full Year</b>	<b>510</b>	<b>546</b>	<b>1,432</b>	<b>1,520</b>	<b>34,434</b>	<b>244</b>	<b>16,587</b>	<b>3,740</b>	<b>10,512</b>	<b>4,966</b>
Q1	106	110	238	248	6,850	58	3,128	385	2,326	716
Q2	152	164	414	451	10,248	57	3,658	1,120	3,216	1,113
Q3	114	124	359	377	7,193	57	3,498	1,761	2,394	1,936
Q4	138	148	421	444	10,143	72	6,303	474	2,576	1,201
<b>Full Year</b>	<b>510</b>	<b>546</b>	<b>1,432</b>	<b>1,520</b>	<b>34,434</b>	<b>244</b>	<b>16,587</b>	<b>3,740</b>	<b>10,512</b>	<b>4,966</b>

<b>2013</b>										
January	26	29	51	57	1,790	16	906	1	417	12
February	33	34	63	65	2,852	19	1,272	245	728	257
March	28	31	69	77	2,459	19	1,370	275	1,107	237
April	32	35	68	74	2,056	20	1,108	76	534	90
May	26	30	76	84	2,059	12	755	290	540	267
June	46	60	159	188	5,962	22	3,647	1,076	3,231	1,241
July	46	49	198	207	3,172	9	455	874	1,010	761
August	28	34	89	102	2,032	16	921	685	1,312	667
September	46	48	151	158	2,533	15	1,049	937	1,273	1,071
October	50	52	167	171	4,067	15	727	123	635	117
November	58	61	136	143	3,409	16	1,371	112	1,160	308
December	41	43	99	103	3,051	22	1,424	69	1,266	159
<b>Full Year</b>	<b>460</b>	<b>506</b>	<b>1,326</b>	<b>1,429</b>	<b>35,442</b>	<b>201</b>	<b>15,005</b>	<b>4,763</b>	<b>13,213</b>	<b>5,187</b>
Q1	87	94	183	199	7,101	54	3,548	521	2,252	506
Q2	104	125	303	346	10,077	54	5,510	1,442	4,305	1,598
Q3	120	131	438	467	7,737	40	2,425	2,496	3,595	2,499
Q4	149	156	402	417	10,527	53	3,522	304	3,061	584
<b>Full Year</b>	<b>460</b>	<b>506</b>	<b>1,326</b>	<b>1,429</b>	<b>35,442</b>	<b>201</b>	<b>15,005</b>	<b>4,763</b>	<b>13,213</b>	<b>5,187</b>

<b>2012</b>										
January	39	40	86	109	2,475	14	955	350	550	350
February	36	37	135	136	2,386	9	645	225	355	225
March	40	42	107	113	2,851	12	840	760	1,640	932
April	28	29	58	66	1,949	15	1,075	38	661	205
May	32	35	79	85	2,080	13	980	526	1,185	524
June	60	66	135	149	3,961	16	1,051	437	1,309	320
July	54	56	178	182	3,991	14	1,368	783	2,085	726
August	43	44	153	155	3,034	12	1,030	1,028	1,778	1,017
September	50	52	175	177	4,290	19	2,148	657	1,306	656
October	34	34	134	134	2,921	14	995	250	1,360	320
November	47	47	138	138	2,851	18	1,300	41	1,002	203
December	34	38	79	87	3,194	21	1,497	50	964	60
<b>Full Year</b>	<b>497</b>	<b>520</b>	<b>1,457</b>	<b>1,531</b>	<b>35,983</b>	<b>177</b>	<b>13,884</b>	<b>5,145</b>	<b>14,195</b>	<b>5,538</b>
Q1	115	119	328	358	7,712	35	2,440	1,335	2,545	1,507
Q2	120	130	272	300	7,990	44	3,106	1,001	3,155	1,049
Q3	147	152	506	514	11,315	45	4,546	2,468	5,169	2,399
Q4	115	119	351	359	8,966	53	3,792	341	3,326	583
<b>Full Year</b>	<b>497</b>	<b>520</b>	<b>1,457</b>	<b>1,531</b>	<b>35,983</b>	<b>177</b>	<b>13,884</b>	<b>5,145</b>	<b>14,195</b>	<b>5,538</b>

## STEAMPLANT EVENT CENTER FUND

	2014 (Prelim)	2014 Budget (Final)	2013 Actual	2012 Actual	Difference from Budget	Percent
<b>Revenues</b>						
Room Rentals	\$ 130,021	\$ 141,300	\$ 123,488	\$ 100,285	\$ (11,279)	92.0%
Ticket Sales / Event Sponsorships	11,141	23,000	28,207	9,232	(11,859)	48.4%
Caterer Fee	9,252	8,000	6,614	5,997	1,252	115.7%
Food Sales	19,785	20,000	7,574	7,453	(215)	98.9%
Beverage Sales	61,333	73,000	72,097	59,717	(11,667)	84.0%
Friends Support	1,935	42,000	7,134	18,323	(40,065)	4.6%
Other	27,109	21,500	11,774	13,330	5,609	126.1%
<b>TOTAL REVENUES</b>	<b>260,576</b>	<b>328,800</b>	<b>256,888</b>	<b>214,337</b>	<b>(68,224)</b>	<b>79.3%</b>
<b>Expenditures</b>						
Cost of Revenue	59,342	70,000	48,761	31,766	(10,658)	84.8%
Personnel	228,425	231,300	216,611	197,355	(2,875)	98.8%
Contracted Services	4,018	4,000	6,803	12,074	18	100.5%
Supplies & Materials	11,303	13,000	11,011	13,317	(1,697)	86.9%
Utilities	35,089	32,500	30,285	29,923	2,589	108.0%
Other Operating Expenditures	21,784	19,500	22,293	19,955	2,284	111.7%
Capital Expenditures	7,213	91,400	2,296	1,729	(84,187)	7.9%
<b>TOTAL EXPENDITURES</b>	<b>367,174</b>	<b>461,700</b>	<b>338,060</b>	<b>306,119</b>	<b>(94,526)</b>	<b>79.5%</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS</b>						
	(106,598)	(132,900)	(81,172)	(91,782)	26,302	80.2%
<b>GENERAL FUND TRANSFER</b>						
	85,000	132,900	84,400	100,000	(47,900)	64.0%
<b>NET AFTER TRANSFER</b>						
	\$ (21,598)	\$ -	\$ 3,228	\$ 8,218	\$ (21,598)	
<b>GAAP BASIS ADJUSTMENTS</b>						
Capital Asset Aquisitions	1,984	91,400	-	-	(89,416)	
Depreciation Expense	(63,761)	(60,000)	(63,761)	(65,100)	(3,761)	106.3%
<b>NET INCOME - GAAP BASIS</b>	<b>\$ (83,375)</b>	<b>\$ 31,400</b>	<b>\$ (60,533)</b>	<b>\$ (56,882)</b>	<b>\$ (114,775)</b>	<b>-265.5%</b>
<b>CASH RESERVES - Beginning of Year</b>						
	\$ 30,926	\$ 9,399	\$ 9,399	\$ 1,121	\$ 21,527	329.0%
<b>CASH RESERVES - End of Period</b>						
	\$ 1,133	\$ 9,399	\$ 30,926	\$ 9,399	\$ (8,266)	12.1%
<b>KEY OPERATING METRICS</b>						
Number of Events	546	550	506	520	(4)	99.3%
Event Hours	1,520	2,000	1,429	1,531	(480)	76.0%
Operating Deficit	(\$99,385)	(\$76,500)	(\$78,876)	(\$90,053)	(\$22,885)	129.9%
Operating Cost Recovery	72%	79%	77%	70%	-7%	91.2%
Profit margin - beverage	67%	68%	72%	66%	-1%	98.5%
Profit margin - food	84%	83%	38%	30%	2%	102.1%
Deferred revenue balance	\$10,911		\$16,688	\$8,260	\$10,911	

## 2015 Budget Narrative Excerpts

### II. Organization and Services of the City

Services provided by municipalities vary widely. Although citizens have many of the same services available to them in any incorporated area, some may be served by a special district or other governmental entity. Therefore, one town or city may not be directly comparable to another. It is important that readers of the budget know what services the City provides in order to understand the budget. The broad services provided by Salida's employees across the various funds (described below) include the following:

- Public safety –
  - 24/7 police protection, vehicle, bicycle and foot patrol, crime prevention and law enforcement; vehicle identification number inspections, school safety, special event support, DUI awareness programs, drug task force, regional preparedness, E911 board representation
  - 24/7 professional fire response (structural and wildland), emergency medical services, hazardous material response, technical rescue (ice, swift water, confined space, high and low angles), installation of smoke detectors, inspections and plans reviews, code enforcement, fire prevention and CPR classes, fireworks displays, staffing for fire protection district, regional preparedness and various other education and civic activities
- Public works – operation, maintenance and improvement of streets, alleys, walkways, parking lots, parks, play features, public structures, underground distribution or collection lines and appurtenances, trees, and other public infrastructure
- Water and Wastewater plant operations – Treatment and distribution of municipal water; collection, treatment and safe discharge of wastewater (including wastewater services for the Town on Poncha Springs); lab testing, acceptance and treatment of outside septage
- Community development – land use and zoning, administrative review of development plans, subdivision exemptions, building permits and sign permits, long range and current planning, historic preservation, grant writing and reporting
- Arts and recreation – swimming pool, lessons, fitness and recreation programs, activities and special events for community members of all ages, liaison with outside organizations (chamber of commerce, small business association, etc.); professional event center
- Administrative services – liquor, marijuana and arborists licensing, vendor and special event permitting, billing and collection of water and wastewater services, protection of water rights, birth and death certificates, municipal court, grant writing and reporting, intergovernmental facility management, payroll, accounts payable, accounts receivable, budgeting, financial reporting, human resources, legal, cash management / treasury, risk management, records management, public information, meeting coordination, and other general government and administrative services

The City has a population of approximately 5,300 residents and serves as a regional shopping hub for surrounding unincorporated areas and small towns. Combined with the effect of tourism and second home owners, Salida's municipal government serves a population estimated at more than twice the size of its residential base.



## VII. 2015 Budget by Fund

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### External Metrics

We compared metrics from Salida's general fund to government-fund statistics published in the RubinBrown "2014 Public Sector Statistical Analysis" report so that readers can see how we differ from other Colorado municipalities.

	Salida Figures:				Colorado:
	Actual 2012	Actual 2013	Projected 2014	Budget 2015	2013 Average
Tax revenue per capita	\$850	\$909	\$937	\$948	\$925
Intergovernmental revenue as a percent	33.1%	24.2%	31.7%	30.8%	7.6%
Total operating expenditures per capita	\$854	\$927	\$985	\$1,012	\$1,214
Total general government per capita	\$163	\$175	\$199	\$190	\$260
Total public safety per capita	\$415	\$423	\$468	\$483	\$374
Total interest expense per capita	\$18	\$11	\$10	\$9	\$33
Debt service as a percent of revenue	2.3%	2.2%	2.0%	1.9%	6.5%
Capital outlay as a percent of expenditures	30.2%	30.3%	35.2%	36.7%	14.5%
Unrestricted fund balance to revenue	33.3%	42.5%	35.6%	25.3%	32.9%

Salida's recent financial results and 2015 budget compare favorably to the averages in many areas. For example:

- Salida's tax revenue per capita exceeds the average despite not having a property tax. Salida serves as a regional shopping hub for surrounding areas. Just over half of the Chaffee County sales tax is generated within the City of Salida. For purposes of this calculation, tax revenue includes only Salida's municipal sales tax, along with the occupation tax and franchise fees. Approximately one-quarter of the Chaffee County sales tax is distributed to Salida through an intergovernmental agreement and is included in intergovernmental revenue.
- Total operating and general government costs are less than the average largely due to comparative salaries of personnel and staffing levels. This could also serve as a measure of the efficiency of the local government providing services.
- Salida spends 29% more on public safety per capita. After factoring the intergovernmental revenue from the South Ark Fire District, which is staffed by the Salida Fire Department, the cost per capita drops to \$473.
- The much lower levels of interest expense per capita and debt service as a percentage of revenue reflect the recent retirements of general fund debt and the council's efforts to "pay as you go" for routine capital improvements. This frees up resources to provide current services and future capital investments for citizens.
- The comparison shows that Salida invests a significantly greater percentage of its resources for capital projects and purchases and, as such, less for operating expenditures.

## **VI. Personnel Count and Expenditures**

Personnel costs include wages, taxes, retirement contributions, medical, dental, life and workers compensation insurance premiums. Effective with the revised 2012 budget, workers' compensation is categorized as "personnel" expenditures and is allocated out to each department within the general fund. Workers compensation was previously budgeted under "fixed costs" in the administration department for the general fund and under the plant departments for the water and wastewater enterprise fund.

Personnel costs as a dollar amount and percentage of the total expenditures budget for each fund are as follows:

<u>Fund</u>	<u>Amount</u>	<u>Percentage of Budget</u>	
		<u>Operating</u>	<u>Total</u>
General	\$3,794,800	71%	43%
SteamPlant	246,900	71%	67%
Water System	520,200	62%	19%
Sewer System	<u>467,700</u>	54%	19%
Total – All Funds	\$5,031,600	68%	35%

Total City-wide personnel expenditures are budgeted to increase \$350,300, or 7.5%, in 2015 compared to the final 2014 budget. The total increase is comprised of an additional full-time employee, conversion of two part-time employees to full-time, employee pay increases and a rise in medical and workers compensation insurance premiums. The discussion of budgets for each fund provides additional information about personnel expenditures.

In addition to daily operational duties, many City employees spend a considerable amount of time planning and managing capital projects. However, the City does not capitalize internal personnel costs for accounting purposes so all personnel expenditures are reflected as operating expenditures.

The table below summarizes the staffing level approved in the 2015 budget. The calculation of full-time equivalents (FTE) budgeted in each department is based on a regular full-time schedule of 2,080 hours per year for all employees except firefighters who have a regular full-time schedule of 2,904 hours per year. The public works staff tracks their hours spent working on various activities and costs are charged accordingly to public works or parks and trails within the general fund or to the water and wastewater enterprise. A portion of the costs for several administrative staff members are allocated to the water and wastewater enterprise fund based on their work duties. The allocation of public works and administrative personnel effectively transfers a total of 6.0 FTEs from the general fund to the water and wastewater enterprise fund.

	Full-time Employees	Part-time / Seasonal Employees	Full-time Equivalents (FTEs)	FTEs Allocated
<b>General Fund</b>				
Administration	6.00	3.00	7.18	5.18
Community Development	2.00	1.00	3.00	3.00
Police	17.00	0.00	17.00	17.00
Fire Department	11.00	0.00	11.00	11.00
Public Works	13.00	7.00	15.05	7.20
Pool and Recreation	1.00	35.00	12.00	12.00
Parks and Trails	0.00	0.00	0.00	3.90
Subtotals	50.00	46.00	65.23	59.28
<b>SteamPlant Event Center</b>	1.00	9.00	5.62	5.62
<b>Water and Wastewater Enterprise</b>				
Water Administration	0.00	0.00	0.00	1.00
Water - Public Works	0.00	0.00	0.00	2.80
Water Plant	3.00	0.00	3.00	3.00
Subtotals	3.00	0.00	3.00	6.80
Wastewater Administration	0.00	0.00	0.00	1.00
Wastewater - Public Works	0.00	0.00	0.00	1.15
Wastewater Plant	4.00	0.00	4.00	4.00
Subtotals	4.00	0.00	4.00	6.15
<b>Totals</b>	<b>58.00</b>	<b>55.00</b>	<b>77.85</b>	<b>77.85</b>

The City's actual headcount fluctuates throughout the year. Approximately half of the employees are part-time filling a variety of duties, some of which are seasonal. The total number of full-time equivalents remains fairly consistent unless specific changes are authorized by the council.

## **IX. Grant Revenue and Expenditures**

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Just as grant revenue is an important source of one-time funds for City projects, the City recognizes the importance of its financial support to non-governmental organizations for special projects that supplement municipal government operations and enhance the quality of life in our community. For those organizations and/or individual projects, the City endeavors to have limited funding available to help promote the values and goals of the community. Generally, funding is directed toward one-time projects rather than general operations of another entity.

City staff members feel it is important to highlight areas where we support the community by providing financial or staff resources beyond the scope of basic municipal services. Different views exist with respect to the role of government beyond core 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.*

The City receives many requests from members of the public and local organizations to fund various projects. A staff committee reviews requests and makes a recommendation to the council for funding.

For the 2015 budget, the City received 26 specific requests for a total of approximately \$94,000. Total funding of \$27,000 was awarded to requesting organizations for their projects, and \$12,000 was budgeted for future funding requests as shown below.

