

# 2014 Proposed Budget

City Council Meeting

October 1, 2013



# 2014 Proposed Budget

- Presentation of Proposed Budget
  - Budget Overview
    - Requirements, Process, Format, Funds
  - Goals & Priorities
  - Key Assumptions, Highlights
  - Capital Projects / Purchases
  - Status of Fund Reserves
  - Next steps

# Budget Requirements

## Colorado Revised Statutes requirements:

- Submit an estimated budget on or before October 15
- Budget format and content:
  - By fund & spending agency
  - Sources of revenue & object of expenditures
  - Compare to prior completed fiscal year, current fiscal year (est.)
  - Fund balances (est.) at beginning & end of year
  - Written “budget message”
  - Lease-purchase disclosure
- Notice of Budget
- Budget Hearing, Adoption, Appropriation of Funds
- Certified copy filed with the State of Colorado
- Supplemental budget amendment & appropriation

# Budget Overview - Funds

- Separate funds – different revenue sources and expenditures
  - Government funds – tax revenue used for public services
  - Proprietary funds (Enterprise funds) – fees charged to specific users
- Salida has four separate funds, five separate budgets
  - General Fund
  - SteamPlant Enterprise Fund
  - Water Activity Enterprise Fund
    - Water Operations
    - Sewer Operations
  - Conservation Trust Fund (CTF)
- Separate with some city-wide costs being allocated

# Budget Overview - Funds

## Funding Sources / Uses of Each Fund:

- General Fund – tax revenue used for general government services
- Enterprise Funds – user fees for the services provided (goal is to be self-sustaining; like a business)
- Conservation Trust Fund – state lottery proceeds (distributed based on population) for parks / recreation / open space

# Budget Overview

- "Revenue" means all resources available to finance expenditures.
- "Expenditure" means any use of financial resources of the local government consistent with its basis of accounting for budget purposes for the provision or acquisition of goods and services for operations, debt service, capital outlay, transfers, or other financial uses.
- If current revenue exceeds expenditures, this requires the use of reserves or financing.

# Budget Process

## Internal Process:

- Website post and “City News” column announce the beginning of the budget process
- City Administrator and Finance Director meet with Department Heads before taking requests to the council.
  - Alternatives considered
  - Timing of projects
  - Prioritization
- Staff tries to get some high level direction from city council in the budget work sessions before completing the first draft.



# Budget Process

## Internal Process, Continued:

- All work sessions with council are publicly noticed
- After presenting the proposed budget, a Notice of Budget is published in the Mountain Mail and Public Hearing date set
- A copy of the proposed budget is available at City Hall and on the website
- Additional budget work sessions follow
- Budget Hearing
- Adopted by Council before end of December

# 2014 Goals & Priorities

- Budget directs resources to achieve goals and priorities set by the council.
- 2014 Goals – same as past two years:
  - Maintain and improve Salida's existing assets
  - Do it right and make it last
  - Increase pride in the community and confidence in local government
  - Invest in employees

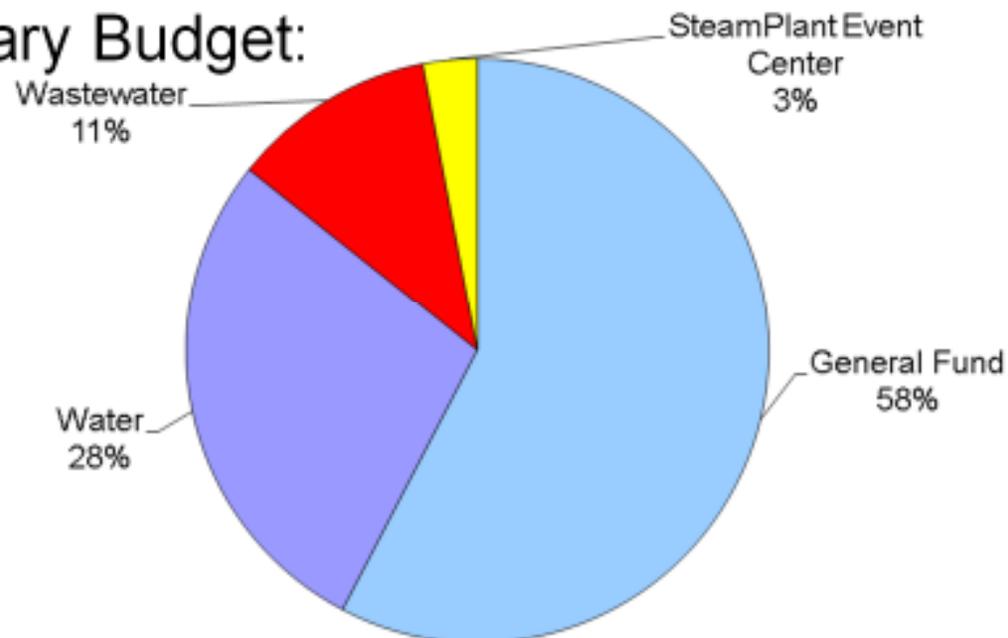
# 2014 Budget Overview

## Services Provided:

- Administrative (General, Water & Wastewater Operations)
- Community Development
- Police & Municipal Court
- Fire / Emergency Response
- Aquatic Center & Recreation Programs
- Parks & Trails
- Other (Airport, Dispatch, Community Funding, etc.)
- Water Treatment and Delivery
- Wastewater Collection and Treatment
- Event Center

# 2014 Budget Overview

- Total “normal” annual budget is ~ \$10 to 11 million
- Again in 2014, we will exceed this level due to the timing of a major capital project.
- 2014 Preliminary Budget:



# 2014 Capital Plan

- Aligned with city-wide goals
- \$6.35 million total (47% of total spending)
- General Fund – \$2.7 million:
  - \$1.7 million in streets and sidewalks  
(with \$500,000 in CDOT grant funds)
  - \$345,000 - pool upgrades
  - \$162,000 - financing obligations
  - \$121,000 - replacement vehicles
  - \$100,000 - wayfinding signs
  - See full list in packet

# 2014 Capital Plan

- Water & Wastewater – capital plan to be further discuss at next work session
- Water Fund – \$2.9 million:
  - \$1.9 million estimated for the plant upgrade (with \$969,900 in DOLA grant funds)
  - \$418,000 – debt service
  - 390,000 - water line upgrades (H Street)
  - \$100,000 – potable water station (rough cost estimate)
  - \$46,000 – value turner

# 2014 Capital Plan

- Wastewater Fund – \$535,000:
  - \$544,000 - debt service (accelerated)
  - \$100,000 - dump station
- Total Debt Reduction (all funds) - \$574,000
- Debt Service (P&I) – 9.3% of total revenue
- Balances Remaining:
  - General Fund - \$1.5 million
  - Water Fund - \$2.8 million
  - Wastewater Fund - \$11.9 million

# Revenue Assumptions

- 2014 Fee Schedules in packet – to be approved October 15
- Sales tax – growth of 5% in 2013 and 1% in 2014
  - 40 / 60 split of 2A funds for capital / operating
- Occupation tax – variability due to delinquencies
  - 75 / 25 split of 2B funds for capital / operating
- Pool revenue growth currently tracking at 7% (through August) – still reviewing projections
- Other general fund revenue sources – few changes
- Modest increase in water & sewer rates

# Revenue Assumptions

|                     | <u>Winter</u> | <u>Summer</u> |
|---------------------|---------------|---------------|
| Typical usage       | 15,000        | 50,000        |
| Free usage          | 6,000         | 6,000         |
| <u>Water</u>        |               |               |
| Service             | \$ 52.25      | \$ 52.25      |
| Maintenance         | 18.14         | 18.14         |
| Usage               | 14.49         | 75.77         |
| subtotal            | 84.88         | 146.16        |
| <u>Sewer</u>        |               |               |
| Service/Maintenance | \$ 54.72      | \$ 54.72      |
| Usage               | 10.92         | 10.92         |
| subtotal            | 65.65         | 65.65         |
| Total per quarter   | \$ 150.53     | \$ 211.80     |
| Monthly             | \$ 50.18      | \$ 70.60      |

# Revenue Assumptions

- **Grants – over \$1.5 million total in 2014**
  - \$969,900 from DOLA for water plant
  - \$500,000 from CDOT for Hwy 50 Enhancement
  - \$37,500 from State Historic Fund for Kissel fire truck restoration
  - \$20,000 from CCI & Boettcher for Creative District
  - \$15,000 from DOLA for planning grants
- **Other Funding**
  - \$35,000 from Friends of SteamPlant for new theater seats
  - \$5,000 fundraising for Kissel fire truck restoration

# Operating Expenditures

- Personnel Costs – most significant category of operating expenditures
  - \$3.5 million in compensation plus \$1.2 million in taxes and benefits
  - No new full-time staff; 3% net increase in FTEs (hours worked)
  - Firefighter progression
  - 2% COLA + lump-sum merit (end of year)
  - Increase at bottom of pay scale from minimum wage
  - Public works plans to spend more time with water system projects

# Operating Expenditures

- **Contracted Services**
  - Dispatch paid to Chaffee County – nearly 3% of operating budget
  - Litigation – affecting general fund and water fund
  - Special studies – Emergency Services Consolidation IGA, Scout Hut, Police and Emergency Services Storage Facility
- **Other Operating Costs**
  - Print publication costs; ballot question?
  - Property / Casualty insurance increase

# Status of Fund Reserves

- **General Fund – Adequate Level**
  - The 2014 proposed budget uses ~ \$200,000 in reserves added in recent years for capital projects
  - \$2.6 million in cash at the beginning of 2103; ending balance will exceed \$2.0 million (depends on the timing of capital spending)
  - TABOR emergency reserve and Salida's incremental "contingency fund" (15% of operating budget) are fully funded
- **Conservation Trust Fund**
  - Just over \$300,000 at end of 2013 & 2014  
(Plan to spend lottery distribution in 2014)

# Status of Fund Reserves

## Water System – Action Taken

- Three years ago, council took action needed to resolve the pending financial insolvency of the water system. After the completion of a capital improvement plan (CIP) and rate study in 2011, user fees were increased significantly.
- 2012 started with no available reserves and a \$300,000 “intra-fund” loan to the sewer system (pending availability of funds from a zero percent interest loan secured for system improvements).
- 2013 started with nearly \$700,000 in reserves for capital needs; will end with up to \$1 million
- 2014 plant upgrade uses reserves (as planned since CIP)

# Status of Fund Reserves

- Sewer System – Adequate Level
  - Reserves built up in recent years for the plant upgrade; \$1.35 million used before the USDA loan/grant
  - Expect a break-even going forward when debt service obligation begins.
  - 2013 started with \$3.1 million in reserves; will end slightly greater.
  - Depending on the final costs and project timing, funds may be “borrowed” for the water treatment plant upgrade

# Wrap Up

- **Big Picture:**
  - Capital needs being addressed with responsible financing
  - Operating costs under control
  - General Fund debt minimal
  - Enterprise Fund debt significant, but in accordance with long-term plans, at good rates & reasonable level of debt service
  - Total reserves adequate for emergencies & planned capital
  - Current revenue streams provide for managed current spending
- **Next Steps:**
  - October 15 work session
  - November 5 budget hearing & adoption