



CITY COUNCIL WORK SESSION

448 E. 1st Street, Room 190 Salida, Colorado 81201

October 19, 2020 - 6:00 PM

Please register for City Council Work Session:

<https://attendee.gotowebinar.com/register/3339757082352927504>

After registering, you will receive a confirmation email containing information about joining the webinar.

AGENDA

DISCUSSION ITEMS

1. 2021 Budget Discussion
 - Phase 4 Highway Improvements
 - Reviewing Public Presentation on Budget
 - Community Policing Funding
2. Community Center Update
3. PfCA's Advocacy Lab and Elected Officials Microsite Presentation
4. Raw Water Study Master Plan Update

Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting the City Clerk at 448 E. 1st Street, Ste. 112, Salida, CO 81201, Ph. 719-530-2630 at least 48 hours in advance.



CITY COUNCIL WORK SESSION

MEETING DATE: October 19, 2020

AGENDA ITEM: 2021 Budget Discussion

FROM: Aimee Tihonovich, Finance Director

There are 2 discussion items for the 2021 Budget:

1. There is one update to the proposed budget for council to consider. At Tuesday's regular meeting, you will be asked to approve the IGA with CDOT for the Phase IV streetscape work that has been in the works for some time. The final numbers in the IGA include a significant construction contingency and are also subject to bid results. The numbers are higher than what was previously in the budget however and the proposed budget has been changed accordingly as follows:

	<u>Original</u>	<u>New</u>	<u>Change</u>
Grant Revenue	\$ 401,000	\$ 401,176	\$ 176
Project cost	(1,062,000)	(1,482,557)	(420,557)
Net Cost to City	\$ (661,000)	\$ (1,081,381)	\$ (420,381)

This level of increased spending could cause the Streets Fund to temporarily slip below the minimum per the City's Fund Balance Reserve policy but the fund balance should correct itself quickly.

2. Council is asked to review the following slide deck prior to the public hearing on the budget scheduled for Tuesday's council meeting. If there are any additions wanted, please let Aimee Tihonovich know.

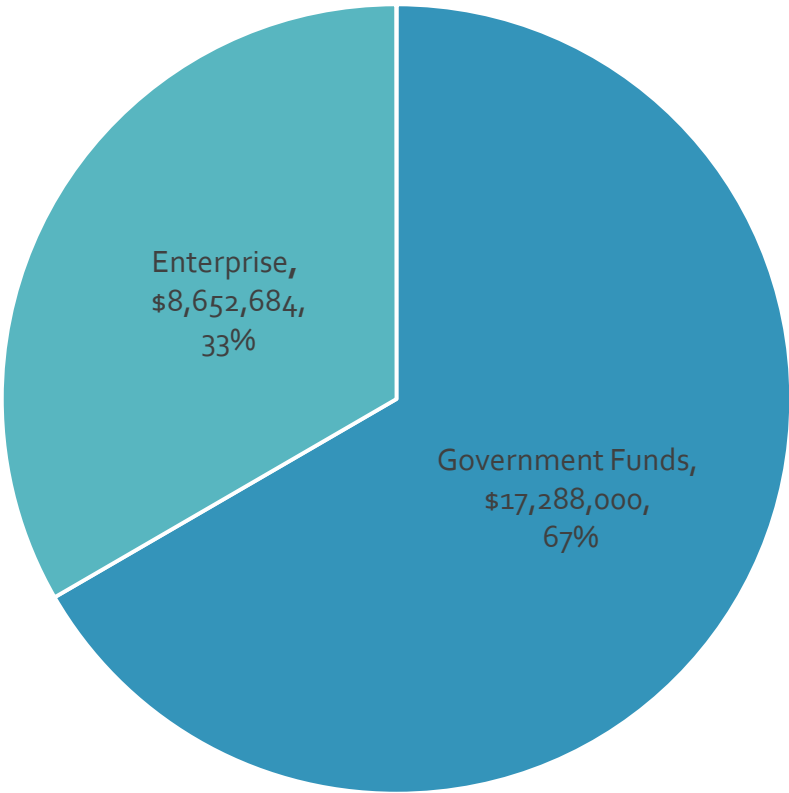


2021 Budget

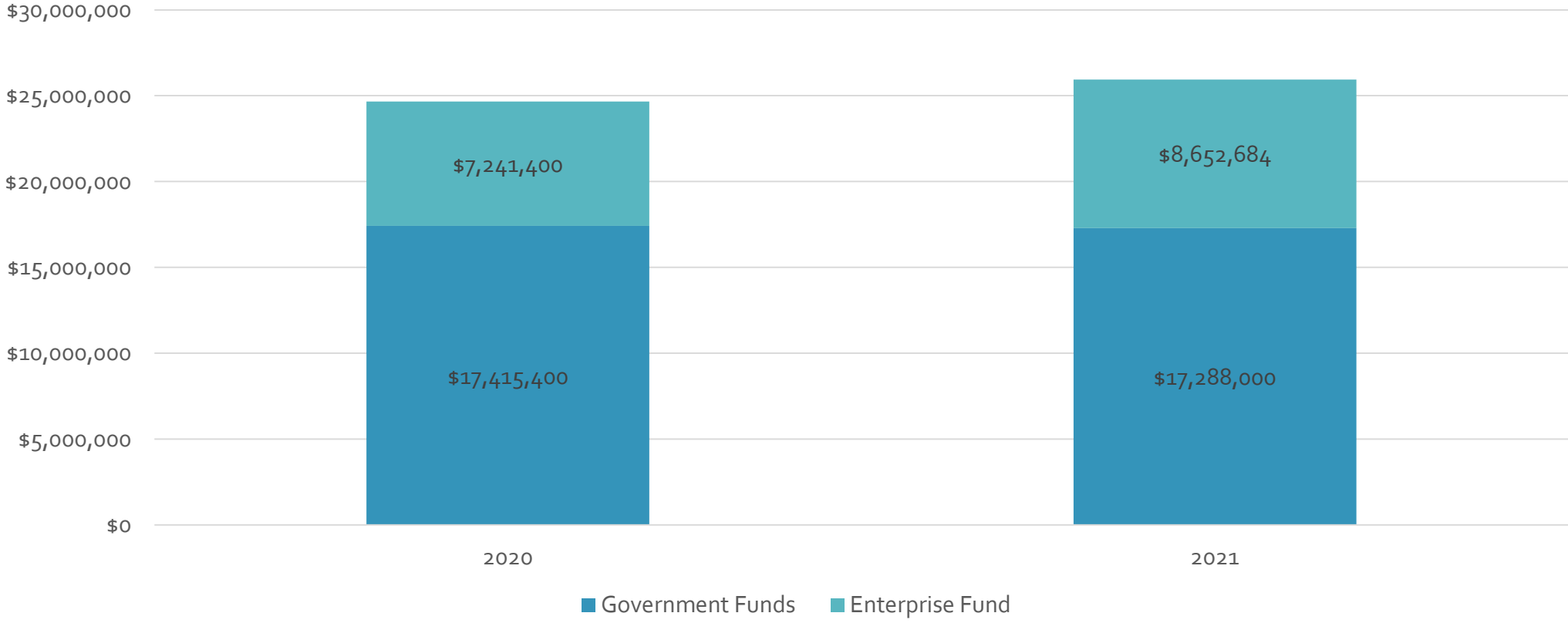
Summary of 2021 Budget Process

- **Early 2020 – Council retreat held to develop priorities**
- **August 17 – Proposed Draft Budget presented to Council**
- **August 24 – Budget available for public inspection**
- **Budget Work Sessions Held – August 31, Sept 14, October 5 and 19**
- **Public Hearing – October 20**
- **Budget adoption scheduled for October 20**

Total Budgeted Expense by Fund Type



Total Budget Comparison 2021 to 2020



Government Funds Overview

The numbers – Government Funds

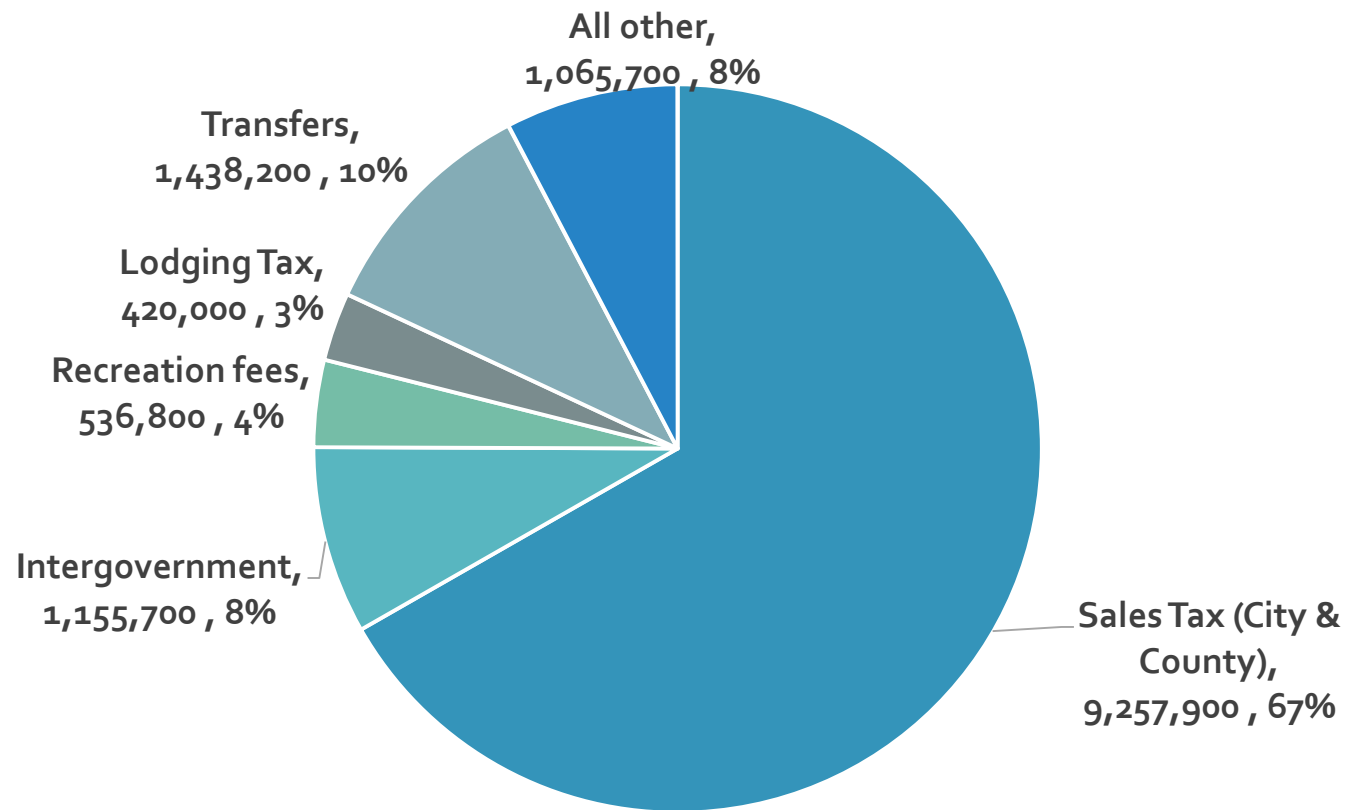
Proposed Budget Revenues

Fund	2021 Budget
General Fund	\$8,410,000
Conservation Trust	\$62,000
Streets	\$2,844,600
Capital Improvement	\$1,951,500
Economic Dev't	\$136,200
Lodging Tax	\$420,000
Housing	\$50,000
Total	\$13,874,300

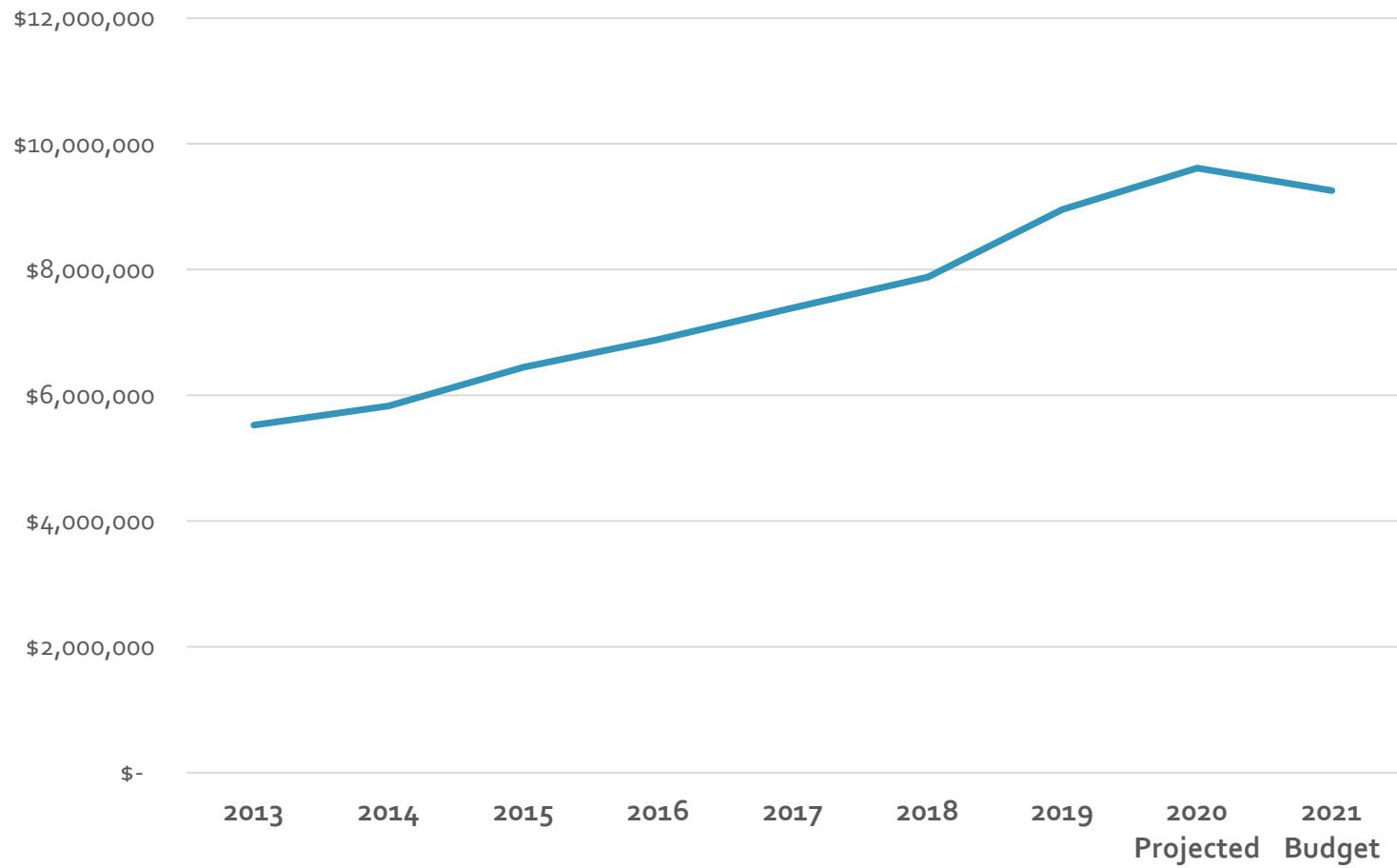
Proposed Budget Expenses

Fund	2021 Budget
General Fund	\$10,580,700
Conservation Trust	\$340,000
Streets	\$3,748,800
Capital Improvement	\$1,951,500
Economic Dev't	\$247,000
Lodging Tax	\$420,000
Housing	\$0
Total	\$17,288,000

Government Funds Revenue



Sales (City & County) Tax Revenue Trend



General Fund Comparison 2021 to 2020

	<u>2020</u>	<u>2021</u>	Increase (Decrease)	Major Reason
Revenues	\$ 8,704,200	\$ 8,410,000	\$ (294,200)	Less recreation and event fees
Expenses:				
Police	\$ 2,394,900	\$ 2,396,200	\$ 1,300	Negligible
Fire	1,581,500	1,754,700	173,200	New fte, cardiac monitor, lexipal, kitchen
Administration	1,535,000	1,660,300	125,300	New FTE, server upgrade
Interfund Transfers	1,670,300	1,018,200	(652,100)	Less need in Capital Fund
Pool & Recreation	1,051,600	922,600	(129,000)	Less capital needs
Parks, Facilities, Grounds	659,900	737,600	77,700	higher maintenance needs parks & trails
Arts & Culture	742,900	702,600	(40,300)	Less capital needs, reduced service levels
Community Development	730,700	643,900	(86,800)	Less for special projects
All Other	598,400	744,600	146,200	Contingency(police fte or community grants)
	<u>\$ 10,965,200</u>	<u>\$ 10,580,700</u>	<u>\$ (384,500)</u>	

Key Issues-Government Funds

- Sales tax budget conservative at <1% higher than 2020 budget, less than 2020 projected actual.
- Recreation and Event fee generation expected to drop from 2020 budget.
- Sustainable use of available reserves applied to 2021 spending
 - Keep City moving forward so as not to hinder local economy
- Moving forward with significant projects planned/started in 2020
 - Gallery water transmission line improvements
 - Skatepark
 - Vandaveer site planning
 - Soaking pools
- Utilize accumulated CTF funds for parks projects
- 2 new FTE's
- COLA to keep employee pay at market rates

Government Fund Balance Analysis

	General Fund	Lodging Tax Fund	Capital Improvement	Streets	Economic Development Fund	Conservation Trust Fund
Projected Beginning 2021 Fund Balance	\$ 5,516,958	\$ -	\$ 173,894	\$ 910,558	\$ 125,122	\$ 286,103
2021 Proposed (use) addition	(1,572,538)	420,000	(1,018,200)	(904,216)	(110,800)	(278,000)
Interfund transfers	(598,200)	(420,000)	1,018,200	-	-	-
Proposed Ending 2021 Fund Balance	\$ 3,346,220	\$ -	\$ 173,894	\$ 6,342	\$ 14,322	\$ 8,103
Percentage of 2020 Operating Expense	40.3%	-	-	1.0%	12.3%	-
Within Fund Balance Policy?	✓	✓	✓	X	X	✓

NOTE: The Streets and Economic Development Fund Balances may slip below the minimum level called for in the City's fund balance policy. However, this is due to a large one time capital need in the Street Fund (Phase IV streetscape work) and a contingency placed in the Economic Development Fund. It is likely funds won't be fully expended in this budget period and if they are the funds should be replenished in 2022. Worst case, there is room in the general fund to help with any immediate cash flow needs.

Enterprise Funds Overview (Utilities)

The numbers – Water & Sewer

Proposed Budget Revenues

Fund	2021 Budget
Water	\$6,114,600
Wastewater (Sewer)	\$1,927,000
Total	\$8,041,600

Proposed Budget Expenses

Fund	2021 Budget
Water	\$6,018,900
Wastewater (Sewer)	\$2,633,800
Total	\$8,652,700

Water & Sewer Key Budget Issues

- The gallery transmission line was planned for in 2020 and construction should start in 2021.
- The budget includes funds for Pasquale spring improvements, planning and financing will be addressed in 2021 with construction expected to begin 2022.
- The wastewater plant's bar screen needs replacement.
- A rate study performed by Ehlers (Financial Advisors) is in the final stages of development and will be presented to Council in November.
 - The rate study is forward thinking and 2021 spending will not change based on results.
 - It is anticipated that 2021 rate increases will be necessary in order to finance future maintenance needs of the plants.

Utility Fund Balance Analysis

	Water	Wastewater
Projected Beginning 2021 Fund Balance	\$ 4,436,655	\$ 2,062,224
2021 Proposed (use) addition	169,254	(621,015)
Interfund transfers	-	-
Proposed Ending 2021 Fund Balance	<u>\$ 4,605,909</u>	<u>\$ 1,441,209</u>
Percentage of 2020 Operating Expense	<u>359.3%</u>	<u>91.4%</u>
Within Fund Balance Policy?	✓	✓

Note: Although the fund balance may appear to be high, it is important to note that utility projects are very expensive and is necessary to "save up" for them.