

Town of Rico Community Meeting

The Big Question

To what degree do we cut spending to minimize fiscal impacts to the Town and/or to what degree do we make investments that might strengthen our fiscal health?

Rico's Fiscal Health

Our Reserves Balance – All Funds - \$1,476,920

Our Town Budget 2018

We have 5 separate funds with revenues from the following sources.

1. General Fund

2018 projected General Fund Revenues	\$385,981
2018 projected General Fund Expenses	\$427,476
2018 projected Balance <i>The projected shortfall will have to come from reserves</i>	-\$41,495

Where Does It Go?

1. Employees and Contractors 75%
2. Projects: River Corridor, Rico Land Use Code 10%
3. Administration: Insurance, Dues, Fees 4%
4. Supplies, Utilities and Miscellaneous 11%

2. Street Fund

2018 projected Street Fund Revenues	\$47,191
2018 projected Street Fund Expenses	\$122,992
2018 projected Balance <i>The projected shortfall will have to come from reserves</i>	-\$75,801

Where Does It Go?

1. Employees 28%
2. Capital Expenditures: Water Truck, Front Loader 35%
3. Snow Removal 9%
4. Fuel 8%
5. Supplies, Repairs, Utilities & Other Misc. 20%

3. Water Fund

2018 projected Water Fund Revenues	\$186,200
2018 projected Water Fund Expenses	\$258,920
2018 projected Balance <i>The projected shortfall will have to come from reserves</i>	-\$72,720

Where Does It Go?

- 1. Employees 39%
- 2. Engineer Study: Rico Water System/Silver Creek 46%
- 3. Supplies, Repairs, Utilities & Other Misc. 12%
- 4. Water Quality Samples 2%
- 5. Dolores Water Conservation District 1%

4. Sewer Fund

2018 projected Sewer Fund Revenues	\$96,587
2018 projected Sewer Fund Expenses	\$151,500
2018 projected Balance <i>The projected shortfall will have to come from reserves</i>	-\$54,913

Where Does It Go?

- 1. Preliminary Engineering Report 98%
- 2. Training & Fees 2%

5. Parks, Open Space & Trails Fund

2018 projected POS & T Fund Revenues	\$71,031
2018 projected POS & T Expenses	\$84,093
2018 projected Balance <i>The projected shortfall will have to come from reserves</i>	-\$13,062

Where Does It Go?

- 1. Winter Trails & Ice Rink Maintenance & Supplies 28%
- 2. Administrator 21%
- 3. Proposed Pocket Park 45%
- 4. Town Clean Up & Misc. 6%

Note: Winter trails and ice rink maintenance are funded primarily through grants from The Rico Center. The proposed pocket park would be funded by a grant from Great Outdoors Colorado. If the grant application is unsuccessful, the park won't be built.

How Did We Get Here?

Our property tax and sales tax revenue has been declining for 5 years and remained relatively flat for longer.

With very few businesses, the loss of any business impacts the stability of our sales revenue. Our sales tax declined in 2015 and 2017 with business closures.

Studies

Rico has had several technical studies done for the Town’s infrastructure and one for economic development. These provide a good analysis of the investments the Town needs to make to improve infrastructure.

1. **Wastewater Evaluation & Analysis.** Golf Engineering & Surveying, Inc. Durango, Colorado. December 1995.
2. **Town of Rico Water Supply Project Engineering Report.** Harris Water Engineering, Inc. Durango, Colorado. February 1996.
3. **201 Wastewater Facility Plan.** Rothberg, Tamburini, Winsor. Denver, Colorado. January 1999.
4. **Wastewater Treatment Plant and Collection System Final Design Report.** Souder, Miller & Associates. Farmington, New Mexico. This report included an amendment prepared by Forsgren Associates. Rexburg, Idaho. June 2007.

How Can We Balance Our Budget This Year?

The Town of Rico has been exploring ways to reduce the budget shortfall in 2018 and beyond. Our discussion has yielded the following options to explore. These savings options are available, but not yet decided upon.

General Fund

	Revenue Saved	Strategy for Cost Reductions
1	\$27,116	Reduce staff hours 25%
2	\$5,000	Eliminate Capital expenditures such as upgrades to the Rico Town Hall
3	\$3,000	Reduce routine maintenance
4	\$2,500	Discontinue travel and conferences
5	\$3,500	Reduce supply costs
	\$41,116	TOTAL POTENTIAL SAVINGS
	-\$395	REVENUE/EXPENDITURE BALANCE AFTER SAVINGS

Street Fund

	Revenue Saved	Strategy for Cost Reductions
1	\$4,802	Reduce staff hours 15%
2	\$46,000	Eliminate capital expenditures (e.g. lease on the new loader, purchase of water truck)
3	\$25,000	Reduce routine maintenance
	\$75,802	TOTAL POTENTIAL SAVINGS
	-\$71	REVENUE/EXPENDITURE BALANCE AFTER SAVINGS

Water Fund

	Revenue Saved	Strategy for Cost Reductions
1	\$4,802	Reduce staff hours 15%
2	\$46,000	Eliminate capital expenditures (e.g water system analysis and upgrading old pipes)
3	\$25,000	Reduce routine maintenance
	\$75,802	TOTAL POTENTIAL SAVINGS
	-\$3,802	REVENUE/EXPENDITURE BALANCE AFTER SAVINGS

How Do We Strengthen Our Long Term Fiscal Health?

In the last meeting, we discussed options for the future of Rico. A somewhat consistent vision emerged from participants with respect to a preferred scenario for the Town, but there was a desire for more information in order to weigh the pros and cons of options.

If We Invest In Our Community? What Would Be the Costs and Benefits?

Option A: We Invest in Economic Development Of Our Commercial Core.

Problem It Would Address

A stronger commercial core would help Town finances by providing new revenue through sales tax.

What Strategies Might Work?

Things that we can do to help promote the commercial core:

1. Apply to become a Certified Small Business Community to support grant funding for economic development project.
2. Rent or lease a space for a visitor center and gallery for local artists.
3. Explore the option of constructing a ski lift.
4. Geothermal – explore the option of leasing the hot springs for commercial use.
5. Promote unique aspects of Rico through a coordinated marketing effort including:
 - Recreational Assets: fishing, hunting and mountain biking
 - Historical Assets: The museum, Rico Town Hall, other remnants of the mining era.
 - Creative Community/Artists

How to Pay for It?

An additional 15 mills would maintain existing services, allow for some capital improvements & economic development.

If Your House Is Valued At...	Per Year You Would Pay An Additional...
\$150,000	\$162
\$200,000	\$207
\$250,000	\$270
\$300,000	\$325
\$350,000	\$380

Option B: We Make Investments In Rico’s Water Supply System

Problem It Would Address

- Silver Creek has been deactivated due to non-compliance with current Colorado Department of Health and Environment requirements.
- Lack of available water supply for new water taps for new development for properties not yet connected.
- Conserving water currently being lost to leaks and inefficiency.
- Resolving operational inefficiencies by automating meters and tank level tracking.
- Allowing us to maintain current staff levels and equipment operation.

Estimated Project Costs

The February 1996, a Water Supply Project Engineering Report, generated by Harris Water Engineering, prepared for the Town of Rico suggested fixing the *Silver Creek Water Treatment System* and bringing it back on line. This estimate is based on that information.

System Improvement	Need	1996 Study Cost Estimate	Adjusted for Inflation Cost Estimate 2018
Silver Creek Intake Gallery	To conform to Colorado Department of Health and Environment regulations	\$112,000	\$178,248
Silver Creek Water Treatment Plant		\$981,000	\$1,561,266
Total Costs Estimate for Upgrade to Silver Creek			\$1,739,514
Replacing exterior water meters with interior meters and automating tank level tracking	To help control water loss from pervasive leaking	This was not included in the original study	\$275,000
Total Estimated Cost Of Upgrading The Rico Water System			\$2,014,514

How To Pay For It

To pay for this upgrade, we can assume receiving a \$500,000 grant as well as a 40-year loan at 3.5% (USDA rates). Grant sources include:

- USDA Water & Waste Disposal Loan & Grant Program
- Department of Local Affairs Energy & Mineral Assistance Fund Program
- EPA Clean Water State Revolving Fund
- Colorado Water Conservancy District
- Southwest Water Conservancy District

The loan would be repaid through a revenue bond, which would be paid by a property tax increase that would end in 40 years.

If Your House Is Valued At...	Per Year You Would Pay An Additional...
\$150,000	\$249
\$200,000	\$318
\$250,000	\$414
\$300,000	\$499
\$350,000	\$582

Option C: We invest in sewer infrastructure in the commercial core.

Problem It Would Address

- **We can redevelop our commercial core as well as meet demand for future development.**

Estimated Project Costs

The most recent central sewer plan for Rico was done in June 2007, the *Wastewater Treatment Plant and Collection System Final Design Report* by Souder, Miller & Associates. This report also included an amendment prepared by Forsgren Associates who looked various sewer treatment facilities.

System Improvement	Need	2007 Study Cost Estimate	Adjusted for Inflation Cost Estimate 2018
Central Sewer System Pipeline for the commercial core only	To allow the buildings in the commercial core that do not have waste disposal systems and lack area for on site waste disposal systems to be economically viable	\$2,360,996	\$2,904,251
Central Sewer Treatment Plant that could be expanded to accommodate waste water for the entire town	To treat waste in the commercial core and to allow for potential expansion	\$2,907,800	\$3,576,872
Total Estimated Cost Of Upgrading Commercial Core Only			\$6,481,123
Central Sewer Pipelines for the Entire Town	To treat waste in the commercial core and to allow for potential expansion		\$10,710,570
Total Estimated Cost Of Upgrading the Entire Town			\$17,191,693

How To Pay For It

Potential grant sources include:

- [USDA Water & Waste Disposal Loan & Grant Program](#)
- [Department of Local Affairs Energy & Mineral Assistance Fund Program](#)
- [EPA Clean Water State Revolving Fund](#)

Assuming a \$2,000,000 grant and a 40-year loan at 3.5% (USDA rates) a loan would be repaid through a revenue bond, which would be paid by a property tax increase.

If Your House Is Valued At...	Per Year You Would Pay An Additional...
\$150,000	\$530
\$200,000	\$676
\$250,000	\$883
\$300,000	\$1,062
\$350,000	\$1,239

Other considerations:

- Most grants require, at a minimum, a 20% match.
- All grants are competitive – there are no guarantees that Rico will be successful in acquiring them.
- Sewer and water tap fees can help to offset utility costs, but they are difficult to predict.

- The future of federal funding is unclear. The President’s budget has proposed domestic spending cuts to rural programs and Congress has not prepared a budget proposal.

Option D (B+C): Invest in Rico’s Sewer and Water System

System Improvement	Need	2018 Adjusted for Inflation Cost Estimate
Central Sewer System Pipeline - Commercial Core Only	To allow the buildings in the commercial core that do not have waste disposal systems and lack area for on site waste disposal systems to be economically viable.	\$2,904,251
Central Sewer Treatment Plant that could be expanded to accommodate waste water for the entire town	To treat waste in the commercial core and to allow for potential expansion	\$3,576,872
Option B: Total Costs Estimate Central Sewer for the Commercial Core		\$6,481,123
Upgrade Silver Creek Intake Gallery, Silver Creek Treatment Plant	To bring the Silver Creek System back on line.	\$1,739,514
Replace Exterior Water Meters	To automate the system to save on labor costs and track water use more accurately	\$275,000
Option C: Total Estimated Cost Of Upgrading The Rico Water System		\$2,014,514

Assuming the acquisition of a \$2,000,000, and a \$500,000 grant and a 3.5% 40 year an additional 62 mills would pay for existing services, upgrades to the water system & sewer in the commercial core:

If Your House Is Valued At...	Per Year You Would Pay An Additional...
\$150,000	\$670
\$200,000	\$856
\$250,000	\$1,116
\$300,000	\$1,343
\$350,000	\$1,567

The Town’s 2018 Work Plan | What Comes Next?

Transportation

1. Get commuter shuttle service to and from Telluride up and running.

Water and Sewer System

2. Issue request for proposals for preliminary engineering report for central sewer in Rico’s commercial core.
3. Issue request for proposals for a water system analysis.
4. Develop an infrastructure ballot initiative for the November 2018 election.

Economic Development

1. Encourage and support economic development in Rico.
2. Finish River Corridor project.

Land Use Planning

3. Establish a protocol for vacant lots impacted by lead and other mining activities.
4. Update and revise Rico Land Use Code.

Emergency Management

5. Coordinate with the Rico Fire Protection District and Dolores County Emergency Management to develop a wildfire response plan.

Administration & Community Participation

6. Upgrade the Town of Rico web site.
7. Continue community engagement through meetings.

Background Context From November Meeting

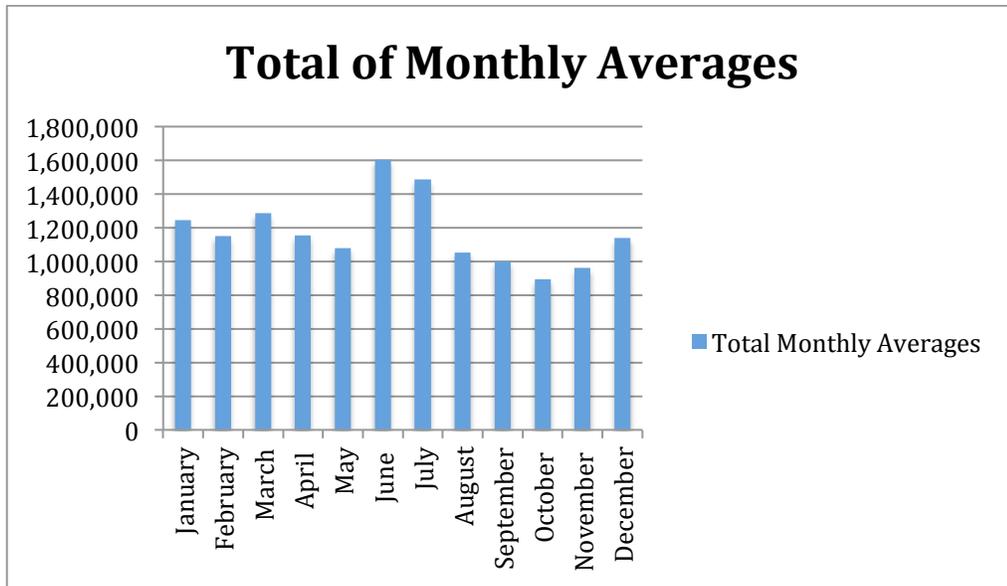
UTILITY SYSTEM CONSTRAINTS

1. Rico Lacks A Central Sewer System.

- While septic systems built in Rico subsequent to 1991 were required to conform to Colorado Department of Health and Environment (CDPHE) regulations, septic systems that were built prior to that date were not.
- There may be as many as 28 buildings, including the Rico Town Hall, that still use cesspools as waste disposal systems. The CDPHE no longer allows repairs on cesspools. If they fail, they have to be replaced with costlier new septic systems.
- Several of the historic commercial buildings on Glasgow Avenue either have substandard septic systems or lack them altogether. This is a significant drawback for potential investors and business operators who will be required to upgrade and conform to higher standards.

2. Rico's Has Limited Water Rights from the North Rico Well Field.

- The North Rico Well Field is the municipal system that is currently being used to supply the town with water. This well, based on the settlement between Rico and the Dolores Water Conservancy District, has water rights to .178 CFS, which equates to 3.5 million gallons per month for uses including *"municipal and industrial, including domestic, commercial, irrigation and recreational uses."*
- There are 273 water accounts (taps) in the Town of Rico and monthly water use generally stays between about 1 million gallons per month and 2.4 million gallons per month. This is based on records from past years, from 2007 through 2009 and then somewhat intermittently from 2011 through 2016 kept by the former town manager.
- The following graph shows totals of monthly averages over the course of the years from 2007 to 2017. The higher water use in June and July is due to outdoor water use for watering gardens and lawns.



- The water use illustrated by these graphs also indicates that each of the 273 taps is not operating at full capacity. If that were the case, water use would be closer to 3.1 million gallons monthly, an amount that would be at the upper end of the carrying capacity of the of the well (273 taps multiplied by 2.5 persons per household at 150 gallons per person per day). 150 gallons per person per day is what the Colorado Department of Health and Environment uses to calculate water use. Gallons per day vary widely in communities depending upon conservation and efficiency.

3. The Silver Creek System Is Offline.

- The decree for the Silver Creek diversion point allows the Town of Rico 0.28 CFS (cubic feet per second) with an additional 2.72 CFS being conditional. This system is currently offline. Due to changes in the Colorado Department of Health and Environment regulations regarding filtration of surface water, this system is no longer in compliance and is being used only as a backup should the well fail.

4. The Water Delivery System Is In Disrepair and Highly Inefficient.

- In 2016 an average of 711,417 gallons per month were being lost due to leaks in aging and poorly bedded pipelines. This equates to an average of a 47% loss per month.

DEVELOPMENT POTENTIAL

How Much Developable Land Does Rico Have?

Allowing for lots that are in wetlands and floodplain areas, areas that have been compromised by mining activities, and lots that are too steep to be accessible, Rico does have land development potential.

However, we are limited by our current water supply and infrastructure limitations. Assuming current water usage remains consistent, Rico could probably accommodate a population of 400 people. Our current population is estimated to be around 260.

Total Number of Lots	Rico currently has 502 lots.
We Are About ½ Developed	Slightly more than half (255) have existing structures.
Some Development Requires	Approximately 47 are too small to accommodate a structure in accordance with

Replatting Historic Lots into Larger Lots	the current Rico Land Use Code, which requires a minimum of 5,000 sq ft. The original Rico Townsite lots are 25 feet by 100 feet.
Some Lots Could Be Built On Now with a Single Residence	79 lots can accommodate one residence per lot provided there are no geological or environmental hazards that preclude development.
Some Lots Could Be Split into Two Residential Lots	119 larger lots could support 2 or more lots should the owners want to subdivide their property.

VISION FOR THE FUTURE FROM NOVEMBER MEETING

We know what we do not want for the future:

- To be nothing more than a bedroom community to Telluride.
- To be fiscally insolvable.
- To lose our sense of community.

We agreed we want a future for Rico that includes:

- A diversity of residents of all ages, backgrounds, and residency (FT/PT).
- A place that remains small, affordable and accessible.
- Is a destination and authentic community with a thriving commercial core.
- Is a place that respects its mountain and mining heritage (dark skies, good outdoor recreation, smart growth)
- A friendly place where community members are social and interact at community events/spaces.
- Has a stable local government with functioning municipal services.
- A vibrant local school.

We thought we might get there through these strategies:

- To promote our assets for visitors who in turn support our community.
- Reliable internet
- Support local arts

In 5 years, we would like to see:

- A well-functioning water system and quality water

In 10 years, we would like to see:

- A thriving commercial area
- Some local jobs
- A hotel, a campground, and hot springs
- An arts scene with a community gallery and arts/music space

In 25 years, we would like to see:

- Thriving local businesses (even a grocery store)
- A sustainable budget for the Town