

Town of Rico Memorandum

Date: November 7th, 2017

TO: Town of Rice Board of Trustees
FROM: Kari Distefano, Rico Town Manager
SUBJECT: Town Manager's Report on the Budget

2017

2017 General Fund Summary

Originally for 2017, the total operating revenues including taxes, intergovernmental revenues and miscellaneous revenues were expected to be \$215,539.96. The projected end of year total operating revenues based on the October 31st report are expected to be \$225,418.35. Income from property taxes may be more than we had anticipated, \$83,551 as opposed to the expected \$72,757 however sales taxes revenues are expected to be substantially lower than originally estimated, \$74,028.85 rather than \$90,000. The expected operating revenue will likely go down as we head into off-season. The estimate based on the most recent report is \$356,763.16. Operating costs based on the most recent report are expected to be \$304,576.53.

Payroll and contract labor transfers are as follows:

From the Water Fund

Town Clerk 50% - \$24,628.06
Maintenance Man 60% - \$31,591.15
Water Technician 100% - \$14,280
Auditor – 25% \$2,125.00

From the Street Fund

Maintenance Man 60% - \$21,060.77
Auditor – 25% \$2,125.00

From the Sewer Fund

Auditor – 25% \$2,125.00

2017 General Fund Special Projects

The Rico Center funded special projects including transition costs for a new town manager, the Rico River Corridor Plat, Geothermal and Rico Land Use Code updates. Of the \$5000 that was intended for town manager transition costs, \$2,699.61 was used. The remaining \$2300.39 will need to be returned. I have requested a carryover of the funds remaining for the other projects, which include \$20,460 for the River Corridor, \$8000 for Geothermal Studies and \$8376 for Rico Land Use Code updates. I am hoping that we can close out the River Corridor Plat this year. Alpine Title is giving the revisions that they requested of Foley Associates one last review and then we will be prepared to start collecting signatures. I expect the last bill from Alpine Title to be substantial. I'm not sure if Foley Associates is done yet either. They may still be doing some fieldwork. I defer to Barbara Betts regarding the geothermal carryover. I anticipate there being some legal expenses associated with the continuation of the Rico Land Use Code Amendments and this project will be continued into next year. The courthouse improvements also came from this part of the general fund. The total cost of the boiler, the bat relocation and cleanup, the insulation and the resurfacing of the floors was \$59,873.36.

General fund balance at the end of 2016 was \$898,788.00. At the end of 2017, it is expected to be \$918,079.77. This increase (\$19,291.77) is largely due to not having a town manager for four and half months. There is also some unspent revenue from the Rico Center for special projects. Some of this may have to be returned. This number will be adjusted at the end of the year when the December report is issued.

2017 Water Fund

The water fund operating revenues were expected to be \$125,250. As of October 31, they are expected to be \$136,600.42. We installed one new water tap and we collected \$13,730.63 in overdue water use fees when Stanley Foster's house sold. Most of the remaining revenue came from water use fees, \$125,109.90 with a small amount coming from electric reimbursement and interest. Expenses were expected to be \$100,799.54 but are projected to be \$117,889.36. This increase is the result of a number of leaks as well as a long overdue tank inspection and repair. The total cost the tank inspection and repair was \$11,800. Repairs to the waterline have already exceeded the original 2017 estimate

by \$2851.63. We are expecting another substantial bill from a leak just north of the gas station. This is not indicated in the current estimate.

Water fund balance at the end of 2016 was \$474,413. Calculated based on the October report, this would increase to \$488,692 however, we are in the process of replacing 400+-lineal feet of water line in the alley behind the taco stand. I don't yet have an estimate on this project.

2017 Street Fund

The street fund receives a 1.785 mill. It also receives funding from Dolores County to offset their inability to provide any street related services. This money corresponds to Rico's contribution to Dolores County's Road and Bridge fund. This year we got \$11,000. The highway user's tax revenue is expected to be lower than originally expected, \$13,011.36 as opposed to the \$14,000 budgeted. The hard winter that we had is reflected in the difference between the expected expense of \$49,577.47 and the predicted expense based on the October 31st report of \$65,386.85 however a grant from the Rico Center of \$30,728.65 will offset the additional cost of plowing. Additionally the slight increase in expected property taxes will help offset winter costs. Street fund balance at the end of last year was \$146,659. This year it is expected to be \$165,300.

2017 Sewer Fund

The sewer fund is supported by a 3.939 mill levy. This is the main source of revenue for this fund. It also receives specific ownership tax. The original estimate of revenue for this fund was \$23,136.29. It now appears that it will be closer to \$26,597.85. The main expense for this fund is the share of the auditor's cost assigned to it. I am discontinuing this practice next year. The unrestricted sewer fund balance at the end of last year was \$181,569. This year it is expected to be \$185,030.56.

2017 Parks, Open Space and Trails Fund

The Parks, Open Space and Trails fund is supported largely by the Rico Center. Last year we were given a grant of \$29,000. Of that, \$11,991.33 has not been spent however we are likely to spend some of it in December. We have requested that the remainder be

carried over to next year to help fund Nordic grooming and the ice skating rink. Sales taxes have fallen short of expectations. \$9000 was predicted. It now it looks like the amount will be closer to \$7000. Some additional revenue came from two building permits, \$1,295. The POST fund balance at the end of last year was \$79,755. This year it is expected to be \$80,587.00.

2017 Colorado Conservation Trust

The Colorado Conservation Trust account was expected to take in \$2,300 this year. According to calculations the expected income will be \$2,163.58. If I can find somebody to do the school playground project, that fund will drop from its current level of \$30,131.37 to approximately \$24,014.07.

2018

2018 General Fund Summary

Before payroll transfers for other funds and contract labor transfers, total general fund expenses for 2018 are expected to be \$379,092.93. This includes \$324,549.93 for employees and contractors and \$63,143.00 for supplies, utilities and other administrative expenses. Payroll and contract labor transfers are as follows:

From the Water Fund

Town Manager 20% - \$19,726.40

Town Clerk 50% - \$24628.06

Maintenance Man 60% - \$31,591.15

Part Time Maintenance 50% - \$10,956.00

Water Technician 100% - \$15,338.40

Auditor – 25% \$2,125.00

Accounting Services 15% - \$750.00

Attorney 10% - 1,800.00

Total transfer from water fund - \$106,915.01

From the Sewer Fund

Town Manager 10% - \$9863.20

From the Street Fund

Maintenance Man 40% - \$21,060.77

Part Time Maintenance 50% - \$10,956.00

Auditor – 25% \$2,125.00

Accounting Services 15% - \$750.00

From the POST Fund

Parks & Recreation Administer 100% - \$17,529.60

Parks & Recreation Groomer 100% - \$6,025.80

Parks & Recreation Ice Rink Maintenance 100% - \$5,204.10

The total sum of payroll and contract labor transfers from other funds is \$183,579.47

2018 General Fund Special Projects

The only special fund project planned for this year is the continuation of the community meetings. We expect these meetings to be covered by grant funding from the Rico Center and the Sonoran Institute. The expected cost of these meetings is \$5000.00

The estimated revenues to the general fund next year are \$395,399.93. The expenses are estimated at \$392,399.93. After some thought, I decided to allocate some of my salary to the water fund and the sewer fund. This is because I expect to be working on grant funding for that infrastructure. This also allows us to eliminate a budget shortfall from the general fund. The change may warrant some discussion. If estimates are correct, the general fund will go from \$918,079.77 to \$929,157.77.

2018 Water Fund

The water fund is expected to generate \$126,200 in users fees, electric reimbursement and interest. The expected cost of operating the water system is \$136,515.06. This estimated higher cost is an effort to anticipate the cost of the leaks that plague our system. Included in the capital expenses are \$120,000 for an engineering analysis that will help us determine the cost of bringing the Silver Creek system back on line. It is my hope that grants from the Colorado Water Conservancy Board will cover \$60,000 of this analysis. The unrestricted funds dedicated to water are expected to drop from \$488,692 to \$406,657.14.

2018 Street Fund

If we do not experience an exceptionally heavy snowfall like we did last year, street maintenance costs are expected to be similar to what was budgeted last year. Street revenues are also expected to hold steady. We are leasing a new loader and that expected cost is \$25,000. I have also added \$18,000 to the street budget for a used water truck should we find one. Coming into 2018 street funds are expected to be \$165,300. At the end of 2018, they are expected to be \$89,603.02.

2018 Sewer Fund

Based on the valuation, property tax income for the sewer fund is expected to go down, \$21,592.31 versus an expected \$25,281.41 this year. Also included in the 2018 budget in the sewer fund is \$120,000 for a preliminary engineering report. I am applying for funding from DOLA to cover \$60,000 of this cost. If estimates are correct the year will begin with \$185,030.56 unrestricted funds. Allowing for the DOLA grant, this fund will be reduced to \$134,484.

2017 Parks, Open Space and Trails Fund

The cost of operating this program is expected to go up. Zach will be here and we are expecting to increase grooming services. The expected cost of the program this year is \$42,509.50. We are hoping for a carryover from of unused funds from last year (\$11,991.33) from the Rico Center. We are also hoping from an additional \$29,000 from them. Based on estimates, this fund reserve will go from \$80,587.00 to \$74,407.50.

2018 Colorado Conservation Trust

We are expecting the Colorado Conservation Trust money to remain the same as last year. I have budgeted \$5000 from this fund next year to either make improvements to the playground or to use for trail's upgrades. The reserves from that fund will be \$21,014.07 down from \$24,014.07 if estimates are correct.