



TO: Town of Collbran Mayor and Trustees

FM: Melonie Matarozzo and Karla Distel

RE: 2024 Preliminary Budget

Attached please find the 2024 Preliminary Budget as prepared by your staff. This preliminary budget is for discussion only and is a launching point for further discussions about and reviews of the 2024 budget before it is adopted in early December.

These last several years have presented a variety of economic conditions to plan for and adjust to. Since the Town's primary income source is sales tax revenue, we are pleased to report that year-to-date sales tax revenues are up around 3% over last year, which was a record year for sales tax collections. Much of this increased tax revenue is related to consumer spending, which was driven, at least in part, by tourism and stimulus payments. As these excess household savings are mostly gone, most economists anticipate significant slowing in consumer spending in 2024 and beyond. Additionally, the Federal Reserve Board has increased the federal funds rate significantly over the last 18 months to cool inflation and many predict a mild recession beginning in 2024. We have developed the budget with these factors in mind. We have budgeted sales tax revenues at a level slightly lower than this year's forecast to allow for a slowing in consumer spending and tourism and added between 10-25% to line items for supplies, utilities and many services. When budgeting for purchases of capital assets and projects, we have increased our budget numbers to include an inflationary estimate.

In spite of these concerns, we have tried to be forward thinking in planning for future capital projects that may be able to be funded with grants. The new Bipartisan Infrastructure and Jobs Act will dedicate billions of dollars to infrastructure and other public projects over the next five years. We have budgeted for design and engineering of projects in order to get them "shelf ready" when funding may become available. We will continue to be aggressive in searching out and applying for grant funds for projects that are in the Town's strategic plan.

The Town remains in a very healthy position financially and is well positioned to continue to work on priority projects in 2024 and continue to implement the Capital Improvement Plan. The Town's spending in 2023 is projected to be down around 50% from what was budgeted, primarily due to capital projects that have been delayed by rising costs, design delays, or supply chain issues. Revenues are about 20% below what was budgeted, related to the delays in the grant-funded projects.

- The Town's governmental fund balances increased in 2022 by \$473,985 to \$3,026,677, with just under \$2.9 million representing resources available to spend. The water and sewer funds have nearly \$804,488 in unrestricted net position, an increase of \$66,589 over 2021.
- With increases in revenues beyond budget, and decreases in spending, especially on capital projects that had been budgeted for 2023, it is projected that the Town's fund balances will increase by about 20% during 2023, or approximately \$756,000. General Fund reserves are projected to increase by approximately \$642,000, conservation trust fund reserves will be increased by about \$5,000, water reserves will increase by about \$56,000 and sewer reserves will increase by about \$52,000.
- The 2024 Budget proposes utilizing slightly more than \$900,000 of the accumulated reserves to work on new capital projects including engineering/planning, street improvements, water and sewer improvements, park improvements, and replacement vehicles for the public works department. We have included proposed matching funds for the first phase of the auditorium renovation in the amount of \$500,000, along with \$800,000 in grant funds we have been awarded to rehabilitate the exterior. We have included both the grant funds we expect to receive and the cost of construction for the remaining part of the Collbran Middle-Mile broadband project. No funds have yet been budgeted for construction for Lilac Park or the Arena. As engineering/planning concludes for these projects, the Town can evaluate priorities and could consider adding construction costs to the budget for these projects.
- As an important note, we wish to draw the Board's attention to 2023 property taxes to be collected in 2024. The valuation of property for purposes of taxes is a complicated process that is performed by the County Assessor in accordance with state law and assistance from the State. Property taxes are assessed for 2023 and then collected by the County Treasurer in 2024 and remitted to the Town on a monthly basis. The property tax appraisal process is done on a two-year cycle, and the most recent valuations are based upon market values that have increased dramatically over the last two years. Based on information provided by the County Assessor, properties within the Town of Collbran increased by about 18% compared to the prior year. This does not mean, however, that the Town will be collecting 18% more in property taxes. The Town is limited by statute to an annual increase of 5.5% in property tax collections (less some minor adjustments for new construction). As such, the Town's property tax collections are expected to increase from \$19,911 in 2023 to \$21,012 in 2024. Other tax entities in the Collbran/Plateau Valley area, including the school district and special districts may not be similarly limited to the 5.5% increase. There is also a measure on the November 2023 ballot (Proposition HH) which, if passed by the electorate, may modify this process. We do not anticipate any significant modifications to the Town's 2024 budget based on the outcome of this ballot measure.

Some highlights of departmental activity in 2023 and plans for 2024:

- Town Administration led multiple successful community events, including Fourth of July and Oktoberfest and a Community Cookout at Gandi Park. Work is nearly complete on a codification of the Town's ordinances so they can be added to the Town's website. In 2024, Administration has also budgeted for an update to the Town's comprehensive plan and for an update to the Master Plan for the Fairgrounds.
- In response to community interest, in mid-2021 Town staff began facilitating and supporting a stakeholder group interested in bringing fiber-based broadband internet into the Plateau Valley as an enhancement to the private provider wireless networks in place. In support of this effort, the Mesa County Commissioners pledged \$1 million in funding toward the construction of this project. We received a \$545,000 Energy Impact Assistance Fund grant and a \$300,000 grant from the Mesa County FML District, and by the end of 2023 we expect to have most of the construction complete so we can bring the fiber online in 2024. This middle-mile project will provide a connection back to the I-70 fiber corridor that local Internet Service Providers can utilize for backhaul. This should improve the capacity and reliability of internet service in Collbran and the surrounding Plateau Valley. The Town will not provide "last mile" service, or fiber to businesses and residences; that will remain in the private sector.
- Utilizing grant funding from the Colorado Department of Local Affairs, Chamberlin Architects completed the design development process for the Auditorium, and we received \$600,000 in Community Development Block Grant (CDBG) grant funding for the first phase of renovations and structural stabilization. We also received \$200,000 from Mesa County to support the renovation. We have included the Town's matching funds of \$500,000 in the 2024 proposed budget for a total construction budget of \$1,300,000. We will continue to seek additional funding for the auditorium project.
- The Marshal's Office applied for and received funding from the State that was used to purchase body cameras and associated technology, a state requirement. The Marshal has offered several sessions of their Trauma Med Class to town residents that have been very well received, so we have included funding to continue that program in 2024. Most importantly, with the beginning of the 2022/2023 school year, the Marshal, in cooperation with the Plateau Valley School District, opened a satellite office at the PV School campus. This places an officer on school premises during most school and activity hours. We are excited to grow our personal relationship with our school and our community.
- The Town's Street department purchased a street sweeper broom that has enabled them to improve the overall appearance and safety of Town streets. For 2024, drainage improvements are proposed on Cedar Crest Drive, along with some upgrades and repairs to the Main Street bridge. Additionally, the Town received funding from the Bureau of Land Management for wildfire fuel reduction and we were able to work with the Mesa County Sheriff's Wildfire Management Team to remove excess fuels on some of the high-risk properties in Town. We have received an additional \$30,000 in funding for 2024, so we will continue to address the

areas with the highest risk of wildfires on some of the slopes around the Town and near the Springs water supply.

- In the water fund, a project to provide system redundancy for water contact time with disinfecting agents is almost complete. The Town received a \$350,000 Small Communities grant from the Colorado Department of Public Health and Environment that will allow for additional water system improvements. The Town received a grant from the Colorado River District to address necessary improvements to the Hoosier Ditch waterline, which will protect a redundant source of municipal supply.
- In the sewer fund, our contract engineering firm recently completed a detailed analysis of future water quality and discharge requirements so the Town can plan accordingly for future sewer infrastructure. As a start toward implementing their recommendations, we have budgeted funds to begin drying and disposing of some of the built-up sludge in the sewer lagoons.

In summary, this 2024 proposed budget represents a very cautious, conservative approach. If the economic forecast worsens beyond what we have projected, we can postpone projects that are in the 2024 budget, and if it improves, we can advance projects that are ready and that are consistent with the Board's vision. We look forward to working with the Board over the next several months on further refinement of these numbers.

GENERAL FUND		2022 Actual	2023 Projected	2024 Proposed Budget
BEGINNING FUND BALANCE	\$	2,510,846	\$ 2,979,345	\$ 3,621,434
GENERAL FUND REVENUE TOTAL	\$	1,552,546	\$ 2,479,022	\$ 3,011,246
GENERAL FUND EXPENDITURE TOTAL	\$	1,084,048	\$ 1,836,932	\$ 3,850,634
REVENUES OVER EXPENDITURES	\$	468,498	\$ 642,089	\$ (839,388)
ENDING FUND BALANCE	\$	2,979,344	\$ 3,621,434	\$ 2,782,047
TABOR EMERGENCY RESERVE:				\$111,000
Operating Reserve 25%:				\$962,658
Capital Reserve 25% :				\$700,000
TOTAL Assigned & Restricted				\$1,773,658
UNASSIGNED				\$1,008,388
WATER FUND		2022 Actual	2023 Projected	2024 Proposed Budget
BEGINNING UNRESTRICTED NET POSITION	\$	595,640	\$ 595,640	\$ 651,988
WATER FUND REVENUE TOTAL	\$	248,838	\$ 255,776	\$ 472,970
WATER FUND EXPENDITURE TOTAL	\$	119,330	\$ 199,428	\$ 527,098
REVENUES OVER EXPENDITURES	\$	129,508	\$ 56,348	\$ (54,128)
ENDING UNRESTRICTED NET POSITION	\$	725,148	\$ 651,988	\$ 597,861
Operating Reserve: 25%				\$131,774
Capital Reserve				\$466,086
Total Assigned & Restricted:				\$597,861
UNASSIGNED				
SEWER FUND		2022 Actual	2023 Projected	2024 Proposed Budget
BEGINNING UNRESTRICTED NET POSITION		\$166,303	\$208,848	\$260,754
SEWER FUND REVENUES TOTAL		\$143,637	\$151,474	\$161,601
SEWER FUND EXPENDITURES TOTAL		\$101,093	\$99,567	\$200,566
REVENUES OVER EXPENDITURES		\$42,545	\$51,907	(\$38,965)
ENDING UNRESTRICTED NET POSITION		\$208,848	\$260,754	\$221,789
Operating Reserve: 25%				\$50,142
Capital Reserve				\$171,648
Total Assigned & Restricted:				\$221,789
UNASSIGNED				\$0
CONSERVATION TRUST FUND		2022 Actual	2023 Projected	2024 Proposed Budget
CTF BEGINNING FUND BALANCE		\$41,846	\$47,333	\$52,696
CTF REVENUES TOTAL		\$5,487	\$5,364	\$5,500
CTF EXPENDITURES TOTAL		\$0	\$0	\$0
REVENUES OVER EXPENDITURES		\$5,487	\$5,364	\$5,500
CTF ENDING FUND BALANCE		\$47,333	\$52,696	\$58,196
ALL FUNDS		2022 Actual	2023 Projected	2024 Proposed Budget
BEGINNING FUND BALANCE TOTAL		\$3,314,635	\$3,831,165	\$4,586,873
BUDGET REVENUES TOTAL		\$1,950,508	\$2,891,635	\$3,651,317
BUDGET EXPENDITURES TOTAL		\$1,304,470	\$2,135,927	\$4,578,298
REVENUES OVER EXPENDITURES		\$646,037	\$755,708	(\$926,980)
ENDING FUND BALANCE TOTAL		\$3,960,672	\$4,586,873	\$3,659,893

Accum Depreciat \$ 1,360,485

Accum Depreciat \$ 1,559,684