



# 2019 BUDGET

**Final Summary**

December 12, 2018

# 2019 BUDGET SUMMARY

## BUDGET SCHEDULE

- Today, we are presenting the 2019 Budget for Archuleta County, ahead of the Dec. 15<sup>th</sup> deadline.
- You will consider the following resolutions:
  - Resolution to Adopt Budget
  - Resolution to Appropriate Sums of Money
  - Resolution to Set Mill Levies
- On Dec. 18<sup>th</sup>, you will pass a Resolution for Certification of Levies and Revenues, for all of the districts having revenue generated within the County.
- We will also present 2018 Budget Appropriation adjustments for your consideration.

# IMPACT OF VOTER DECISION ON JUSTICE SYSTEM BALLOT ISSUE

- The 2019 Proposed Budget was built, assuming that the Ballot Issue did NOT pass. By way of reminder, those assumptions included the following:
  - A Jail would still be built, but not Sheriff's and Dispatch Offices, as proposed within the Ballot Issue.
  - The Jail would be built at approximately the size previously recommended, based on current numbers of inmates, segregation needs and population growth projections.
  - The cost of the Jail was assumed to be \$14 million, financed by a COP (Certificate of Participation), with lease payments of \$857,500/year for 20 years.

# JUSTICE SYSTEM BALLOT ISSUE CONTINUED

- The rest of the budget was to be “constrained” by this added debt, as follows:
  - Additions of new personnel and other expenses (required to accommodate growth in service needs) would be limited to about \$150,000, equal to  $\frac{1}{2}$  of 1% of total budget.
  - Starting in 2020, a portion of the Property Tax Mill Levy currently allocated to Road & Bridge would have to be reallocated to the General Fund.

# JUSTICE SYSTEM BALLOT ISSUE CONTINUED

- It was understood that these assumptions would be updated, if the ballot issue failed and better information became available.
- It failed and we have updated information. Here are the numbers upon which the 2019 Budget is based:
  - The cost of the Jail will be \$13 million (not \$14 million), but is still financed by a COP.
  - The debt service reserve of that COP will be paid out of cash at about \$852,000.
  - The annual lease payments will be about \$830,000 per year for 25 years.

# JUSTICE SYSTEM BALLOT ISSUE CONTINUED

The Justice System fund balance will be used to cover:

- The initial lease payment(s), and
- The debt service reserve fund, and
- As a contingency fund.

# COUNTY CAPITAL REPLACEMENT/MAINTENANCE EXPENSE

- The Jail dominates discussion of the County's Capital Replacement needs.
- A new Jail is expected to last at least 40 years, and not require expansion over a period of 20 to 25 years.
- How does this relate to all other County Capital Replacement expenses over a similar time period (23 Years)?

2007-2018:	\$20.3 million	(actual expense, net of financing)
2019:	\$2.6 million	(not including Jail)
<u>2020-2029:</u>	<u>\$29.9 million</u>	<u>(specifically projected)</u>
Sub-Total:	\$52.8 million	
<b>Jail Only:</b>	<b>\$13.0 million</b>	<b>(about 18 to 20% of total)</b>
Grand Total:	\$65.8 million	

# COUNTY CAPITAL REPLACEMENT/MAINTENANCE EXPENSE

- The \$65.8 million in Capital costs is a LOW estimate, because it is missing the following:
  - Courthouse: \$ cost unknown
  - Sheriff's Offices: \$ cost unknown
  - DHS space: \$ cost unknown
- In the projected time span, those projects may add \$5.0 million or more to the total, bringing it to \$70.8 million.
- At \$13 million, the Jail is only 18% to 20% of the total, but is still the largest single capital project of the County over that time period.



# COUNTY CAPITAL REPLACEMENT/MAINTENANCE EXPENSE

- The County has determined (over and over again) that it can succeed in cash funding as much as \$52.8 million of capital needs, but it CANNOT cash fund the entire \$65.8 million.
- Some combination of several smaller projects, or the one large Jail project, will require outside financing.
- The Jail need is:
  - the largest project,
  - with the most pressing need, and
  - the most efficient means of financing.
- Therefore, this budget includes financing of the Jail project.

# OTHER UPDATES TO PROPOSED 2019 BUDGET

- Revenue Numbers updated to reflect most recent trends.
- Some Expenses approved in 2018 (but unexpended) will roll to 2019, with no net change in ending 2019 fund balance.
- A few Proposed Expenses and Proposed Employee additions are included in this budget for consideration.
- Our budgeting of the Western Heritage Event Center was modified.

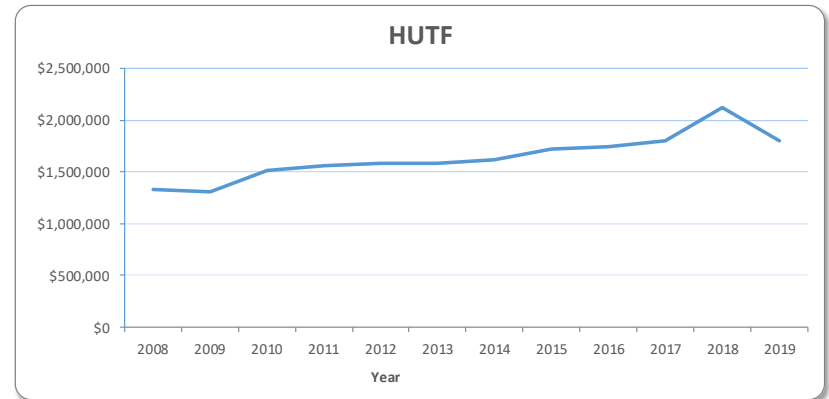
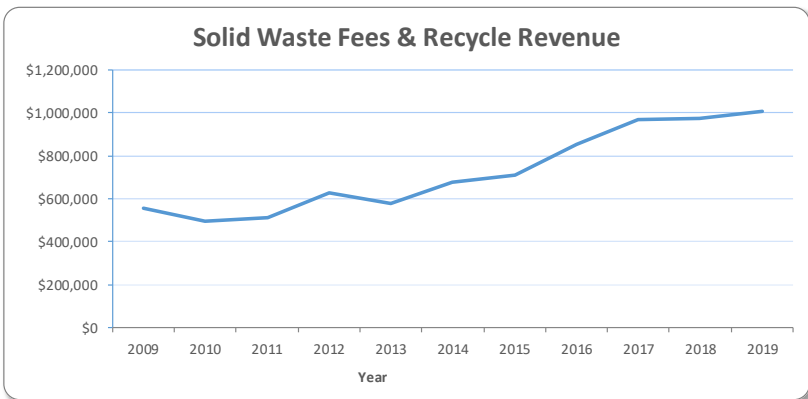
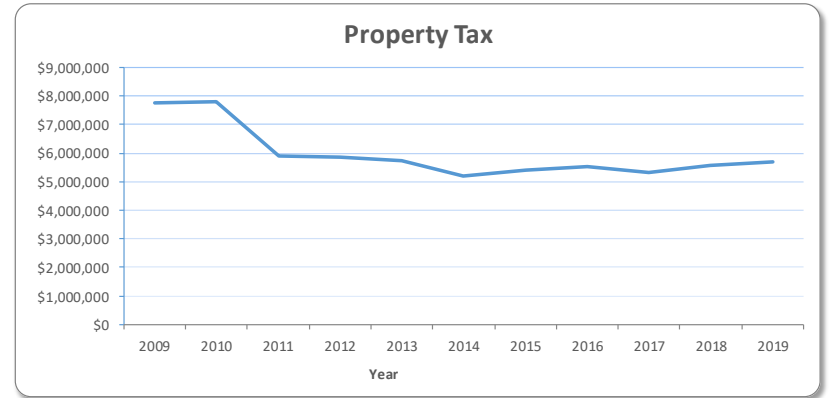
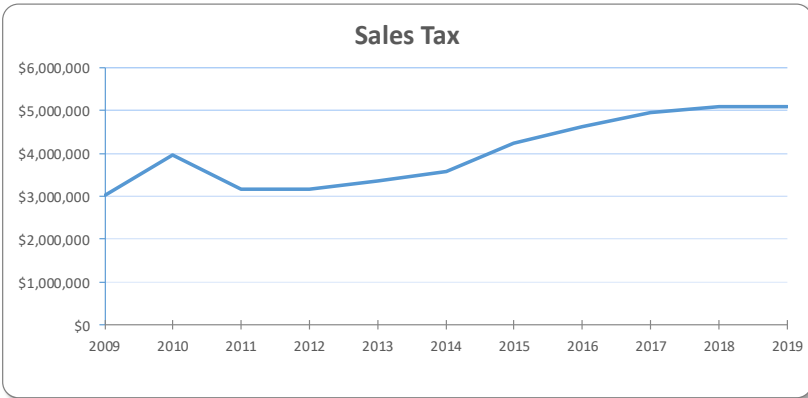
# UPDATED REVENUE NUMBERS

- Sales Tax Revenue:
  - 2019 Proposed Budget assumed 2% growth over 2018 Projection.
  - 2019 Final assumes 0% growth over a (lower) 2018 Projection.
- Property Tax Revenue:
  - 2018 *Projection* was lowered 1.5%.
- Solid Waste Fee Revenue:
  - 2019 Proposed Budget assumed 4% growth.
  - 2019 Final Budget assumes 3.5% growth.

# UPDATED REVENUE TRENDS - CONTINUED

- HUTF Revenue:
  - 2019 Proposed Budget assumed 2% decline over budget.
  - 2018 Projected Actual increased to reflect special disbursement, therefore...
  - 2019 Final Budget (now) shows a 15.3% decline over projected.
- Other Additions:
  - Vacation Rental Revenue.
  - Increase in SRO grant funding from the School District.
- Total Revenue across ALL Funds:
  - \$27.6 million - Proposed Budget
  - \$27.6 million - Final Budget
- While there were significant differences in individual revenue accounts, the end result was only a net increase in revenue of \$1,652.

# UPDATED - REVENUE TRENDS



# EXPENSES ROLLING FROM 2018 TO 2019

- Road & Bridge Fund:

- \$280,000 – Engineering on North Pagosa Rd. Project
- \$242,530 – 2018 Asphalt Patch Program
- \$85,000 – Bridge Engineering

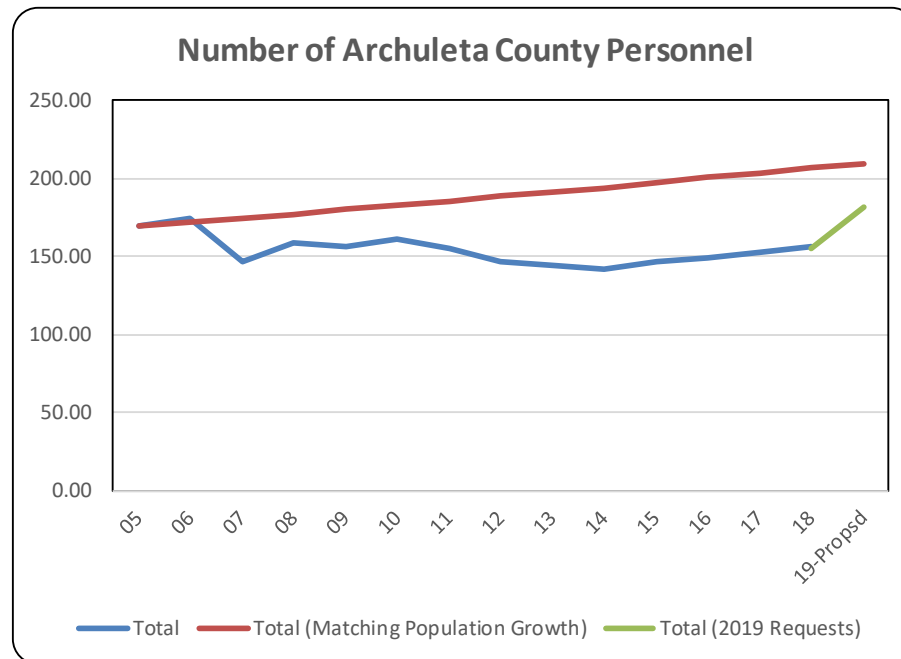
- Fleet Fund:

- \$79,790 - Detention Van
- \$106,269 – Mid-Range Plow Truck
- \$87,113 – Plow Attachment

- Total: \$880,702

# ADDITIONS TO 2019 REQUESTED BY STAFF

- The 2019 *Proposed* Budget did NOT include any new employees, or additions to ongoing regular budgets.
- However, department heads and elected officials collectively requested 24 new employees at \$1.4 million (for the first years wages and benefits).



# REQUESTED ADDITIONS CONTINUED

- Department Heads and Elected Officials also requested about \$838,300 in new department expense budget, for a variety of items such as equipment, additional supplies, and repairs to facilities.
- This sum would equate with adding about 2.5% to the total budget of the County.
- The total requested additions were:
  - \$1,401,000 for Personnel
  - \$838,300 for Other Costs
  - \$2,239,300 Total
- The County determined that it could only afford an expense increase (net of related revenue) of about \$173,000 for both the new Personnel and Other Costs. This is \$23,000 higher than originally assumed.



# REQUESTED ADDITIONS CONTINUED

In accordance with the Commissioners comments during recent budget work-sessions, the following new expenses were added into the draft 2019 budget.

## New Expense:

- \$131,431 - for 2-FTE Development Services (enforcement & planning admin needs)
- \$129,076 - for 2 School Resource Officers
- \$64,500 - for 1 Patrol Deputy
- \$30,084 - for Weed & Pest (supply, equip., and add seasonal employee for treatment)
- \$17,000 - for Treasurer Fees (related to interest income)
- \$16,874 – for County Assessor (2019 only) Seasonal Staff
- \$10,000 – for Senior Meals (via SoCoCAA)
- \$6,155 – for Investigation Tools & Equipment
- \$5,100 – for Part Time Fire Fighters (extend service)
- \$3,500 – for EMS Position Change (improve use of staff)
- \$5,000 – for Livestock Scale
- \$2,500 – for Veterans Transport and Accommodate (expand assistance)
- \$421,220 New Expense

# REQUESTED ADDITIONS CONTINUED

The expenses added exceed the target of \$173,000, but this was deemed acceptable, as some of the expenses are “tied” to new revenue, offsetting the expense. The new revenue is:

## New Revenue

- \$131,431 for Vacation Rental Revenue
- \$96,807 for School Resource Officers
- \$20,000 for Weed & Pest Grant
- \$248,238 New Revenue

Net Increase (Expense net of Revenue) = \$172,982

# WESTERN HERITAGE EVENT CENTER

In this budget, **Conservation Trust Fund** monies are used as follows:

- \$150,000 towards the purchase of the event center building. (Fulfill previous commitment).
- Other “contingency” amounts, as might be specifically added later, in order to make the building operational in 2019.
  - \$15,000 – Appropriated Contingency (Operations)
  - \$94,000 – Appropriated Contingency (Capital Items)

Also in this budget, **General Fund** monies were added as:

- \$5,000 Appropriated Contingency to cover incidental expenses as may be incurred, which do not qualify for reimbursement under Conservation Trust Fund rules.

# OTHER IMPORTANT BUDGET NOTES

- All basic budget assumptions are realistic (nothing about the budget is speculative).
- No staff were laid off.
- Fund balances are sustainable at legally required levels for at least 10 years in all funds.
- Existing reserves (Tabor, Working Capital and Strategic Reserve) have been maintained.

# 2019 BUDGET

## REVENUES & EXPENDITURES BY FUND

<u>2019 BUDGET</u>		
FUND NAME	REVENUES	EXPENDITURES
General	\$ 11,707,497	\$ 13,364,447
Road & Bridge	6,075,249	6,328,020
DHS	4,286,713	4,570,769
1A Fund	-	95,541
Archuleta Combined Dispatch	923,179	1,021,318
Conservation Trust	121,000	542,372
Justice System Cap Improvements	1,500,000	3,668,542
Fairfield Settlement	10,301	526,427
Solid Waste	995,659	892,576
Airport	658,266	644,692
Fleet Management	1,387,982	1,984,243
	\$ 27,665,846	\$ 33,638,947

# 2019 BUDGET EXPENDITURES BY FUND

2019 Budget				
FUND	OPERATING EXPENDITURES	CAPITAL OUTLAY	DEBT SERVICE	TOTAL APPROPRIATIONS
General	\$ 13,087,161	\$ 203,958	\$ 73,328	\$ 13,364,447
Road & Bridge	3,982,346	1,918,030	427,644	6,328,020
DHS	4,570,769	-	-	4,570,769
1A Fund	95,541	-	-	95,541
Archuleta Combined Dispatch	931,724	31,930	57,664	1,021,318
Conservation Trust	45,000	497,372	-	542,372
Justice System Cap Improvements	-	3,668,542	-	3,668,542
Fairfield Settlement	526,427	-	-	526,427
Solid Waste	794,976	65,011	32,589	892,576
Airport	297,359	347,333	-	644,692
Fleet Management	1,181,071	803,172	-	1,984,243
<b>Totals</b>	<b>\$ 25,512,374</b>	<b>\$ 7,535,348</b>	<b>\$ 591,225</b>	<b>\$ 33,638,947</b>



**THANKS TO EVERYONE INVOLVED**

**Questions?**