



Town of Dolores, 420 Central Avenue, PO Box 630 Dolores, CO 81323 (970) 882-7720

## **BUDGET MESSAGE 2023**

Consistent with CRS 29-1-103, the 2023 Budget includes all proposed expenditures for administration, operations, maintenance, debt service, and capital projects to be undertaken or executed by any department during the 2023 budget year. The 2023 Budget includes anticipated revenues for the budget year, estimated beginning and ending fund balances, the corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the year, consistent with the modified accrual method of accounting.

The budget is a tool used by the Town for financial planning and control. Adopted by the Town Board, the budget has the force of law and must be balanced. A balanced budget is one where disbursements do not exceed budgeted revenues and unappropriated fund balance surplus. The adopted budget is completed annually and at the fund level for each individual fund.

The Town follows the following procedures in establishing the annual budget:

- On or before October 15<sup>th</sup> every year, the Town Manager shall submit to the Town Board a proposed budget for the next ensuing budget year with an explanatory message. The proposed budget provides a complete financial plan for the Town.
- A public hearing is conducted to obtain taxpayer comments.
- No later than the last day of December, the budget is legally adopted and appropriations are enacted by resolution. Since the deadline for the certification of the mill levy is due to the County Commissioners by December 15<sup>th</sup>, the Town typically adopts the budget at the regular board meeting in December prior to this deadline
- The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total disbursements of any fund must be approved by the Town Board. The level on which disbursements may not legally exceed appropriations is the legally adopted annual operating budget for the fund in total.
- The Town Board may legally amend the budget by resolution once it has been approved.
- All appropriations lapse at year-end.

Following the state deadlines and requirements set forth by the Department of Local Affairs, the Town staff met with the Town Board five times prior to the adoption of the budget in December 2022 to discuss major revenue and expenses decisions, determine the 2023 work plan, incorporate the public in the budget planning process, and prioritize capital improvement projects.

The 2023 Budget includes five separate accounting funds, including the General, Street, Water, Sewer, and Conservation Trust Fund.

A summary of each fund’s budgeted expenditures follows:

General Fund	\$1,172,700
Streets	\$394,735
Water	\$373,649
Sewer	\$239,915
Conservation Trust	\$5,000
Total	\$2,185,999

**2022 Review**

Although 2020 and 2021 had several unanticipated twists that presented a challenge for managing budget expenditures due to the COVID-19 pandemic, 2022 proved to be an interesting year because of record inflation costs. The Town was a little more prepared in 2022 and was aware of the trends in revenue sources and which funds and expenses were likely to be affected by inflation. Fortunately, the Town’s main source of income in the General and Streets funds is sales tax, and sales tax collections were at an all-time high in 2022. We think there are two reasons for this increase. One, it appears that many people shopped local and secondly, internet sales.

Other revenues did not fare as well as sales tax. State revenues from Severance and Federal Mineral Lease decreased in 2020 and 2021 but began to increase again in 2022, although still not as much as the pre-pandemic years.

The Town successfully acquired new grants to help with several capital projects in 2022, including:

- A \$24,833 engineering design grant from the Department of Local Affairs for Phase 2 of a long-term water planning & waterline replacement project
- The second half, \$120,019, of a federal grant for covid recovery from the American Rescue Plan Act (ARPA)
- A \$27,078 Human-Bear Conflict Reduction grant from Colorado Parks and Wildlife in partnership with the cities of Cortez and Rico
- A \$53,250 Fishing is Fun grant (approved in 2022 & funds will be utilized and reimbursed in 2023)
- A \$37,387 FEMA Hazard Mitigation Grant for emergency sirens (approved in 2022 & funds will be utilized and reimbursed in 2023)
- A \$5,000 Active People, Healthy Colorado Grant for adult exercise equipment in Joe Rowell Park
- A \$150,000 Revitalizing Main Street Grant from CDOT for a new restroom in Flanders Park (approved in 2022 & funds will be utilized and reimbursed in 2024)

**2022 Projects**

The Town continued to add features to the new community playground in Joe Rowell Park

that was constructed in 2020, adding a new community garden and sprinkler system in 2022. Capital improvements in the Parks Department in 2022 included purchasing a new utility terrain vehicle for grounds maintenance and purchasing adult exercise equipment for Joe Rowell Park utilizing a \$1,000 contribution from the Dolores Rotary Club and a \$5,000 Active People, Healthy Colorado grant from the state. The exercise equipment will be installed in the Spring of 2023.

The Town completed the program started in 2020 to purchase bear-proof containers for the parks. Thanks to the \$27,078 grant received from Colorado Parks & Wildlife, the Town added 20 new bear proof containers to Flanders Park, Joe Rowell Park, the Riverside Park, and the River Trail.

In 2022, the Town completed all the planning and design work for a restroom in Flanders Park. Additionally, the Town applied and was awarded a \$150,000 Revitalizing Main Street Grant from CDOT in 2022 for the new restroom in Flanders Park, which will be built in 2024. The Town hired consultants to create new Master Plans for both Flanders and Joe Rowell Park, which included conversations with the community and incorporating their ideas into the plans. Both plans will be complete by January 2023.

Additionally, the Parks Department began planning for a Fishing is Fun River Project to improve river access and was awarded a \$53,250 grant in 2022. The project will be implemented in the summer of 2023.

A large project that required an amendment to the 2022 budget was purchasing a new Town Hall for \$379,900. The existing Town Hall built in 1956 requires approximately \$1.5 million in repairs, and it is more cost effective to move into a newer, more centrally located, recently remodeled building. The new Town Hall is located at 601 Central Avenue and is ADA accessible.

New in 2022, the Town partnered with the Sheriff's Department, Montezuma County, and mental health care providers to create a Community Intervention Program. The Town's share of the project was \$16,065 in American Rescue Plan Act (ARPA) funds. The Town also contributed \$12,000 of ARPA funds to the senior meal program in Montezuma County to help them meet a budget shortfall and continue to offer meal services.

The Town continued to enhance the streets and brought in gravel for several streets, including west Central Avenue to the cemetery, the Joe Rowell Park Road, 14<sup>th</sup> Street, and 16<sup>th</sup> Street. Additionally, the Town improved and repaired streets in various locations.

The Town prepared the last component of a large information technology project started in 2021 to replace a 30 plus-year-old financial system with a new version. The Town completed final steps to implement a cloud-based payment system and website for utility billing and financial management that will allow more payment options for users in January 2023, such as credit cards and electronic checks.

The Town completed Phase 1 of a large waterline crossings project under Highway 145 in 2021, replacing 50+ year old lines that often broke, interrupting service to many of our homes and businesses. In 2022, the Town continued with planning for Phase 2 of this project utilizing a grant from DOLA to hire a consultant to complete the engineering plans to implement Phase 2 and become shovel-ready for the project.

The Town made improvements to the water and sewer plants in 2022, including replacing a turbidimeter and CL2 analyzer in the water plant and replacing a lagoon blower motor in the sewer plant.

In 2020, voters approved allowing the sale of marijuana products in Dolores. In 2021, the Town licensed vendors in Dolores and one business opened in the Spring of 2022.

After acquiring the 37-acre Harris Property in 2020 with intention to keep it as open space, the Town fenced a portion of it near Sixth Street and added gates in 2022.

The Town continued the process of updating the Land Use Code and adopted new Building Codes in 2022 and completed routine projects such as processing building permits, business licenses, dog licenses, and liquor licenses. A lot of behind-the-scenes management of the Town's finances and records is ongoing, such as creating and maintaining meeting minutes and agendas, publishing public notices & ordinances, budget preparation, utility billing, and accounts payable and receivable. Daily care and upkeep of the water and sewer plants, park grounds and maintenance, and project management also continued.

## **2023 Budget Highlights**

### **General Fund**

The main source of revenue in the General Fund is sales tax. The Town anticipates sales to remain steady in 2023 and budgeted for \$425,000 in sales and marijuana taxes combined. The remaining grant funds of \$148,884 from the federal government for the American Rescue Plan Act will be utilized in 2023.

On the expenditure side, the General Fund includes less than a 1% decrease over the previous year's budget. The General Fund budget includes the Montezuma County Sheriff's contract for \$220,000. The contract requires the Sheriff to provide for two deputies an average of 80-hours per week of directly committed patrol service within the Town. New in 2022 was the addition of a third deputy for part-time summer duty, special events, or daily operations, which will continue into 2023. The full Sheriff's contract can be reviewed on the town website.

The Town is showing all park related expenses under the general heading of the Parks Department. The expenses provide a snapshot of budgeted expenses for maintenance and operations, as well as capital outlay. 2022 expenses were projected at \$147,502, and 2023 expenses are planned at \$170,925. For the past two years, this has been 15% of the Town's General Fund and demonstrates the community value and importance of the Town's parks. Additionally, the Parks Department will be implementing in the summer of 2023 a

Fishing is Fun River Project to improve river access and was awarded a \$53,250 grant in 2022 for the project.

The Town is budgeting \$26,300 for contributions to various not-for-profit organizations and local organizations that provide services to Dolores residents.

The Town was awarded a grant from FEMA for \$37,387 for new emergency sirens to be better prepared for events like wildfires or floods. The town will be working with the Montezuma County Sheriff's Departments and Dolores Fire District on the project, who will each be contributing \$10,000.

The Town applied for a grant from DOLA at the end of 2022 for remodeling the newly purchased Town Hall on central Avenue and demolishing the existing Town Hall in order to restore Flanders Park back to its historical feel and contribute to economic development and revitalization of the downtown. This project would begin in 2023 if the grant is awarded, with some of the funds going toward remodeling an area for the Board Room in the new Town Hall and re-creating the IT server room. Removing the existing Town Hall would increase Flanders Park by 17%. The existing Town Hall was tested for asbestos and found positive, so the Town will be advertising for asbestos remediation work and applying for a Brownfield's Cleanup Grant from CDPHE to help fund the project. The Town has also set aside \$50,000 in ARPA funds for the project.

The 2023 Budget includes new community development projects. A project began in 2022 grant to conduct a study on affordable housing in Dolores and the Town's role in creating and maintaining affordable housing opportunities. A grant from DOLA was received for \$20,000 that will be utilized in 2023 to kick off the project.

The 2023 Budget includes a budgeted 4% increase in wages. Employee health insurance costs increased by 4%. Town staffing remains the same as in 2022 and includes four Public Works employees, a seasonal summer park employee, a part-time Building Inspector, Attorney, and Treasurer, and a full-time Clerk, Assistant Clerk, and Town Manager. Staff salaries and benefits are paid out of the general, streets, water, and sewer funds and will be \$774,908 in 2023, which represents 36% of the Town's annual expenses.

### **Streets Fund**

The primary source of revenue in the Streets Fund is sales tax and includes \$275,000 in planned revenue. Expenditures of \$394,735 include graveling and chip sealing street surfaces. The Town is budgeting to place dust retardant in some locations.

### **Water Fund**

The Town completed in 2022 the engineering plan for Phase II of the water line improvements identified in the Water and Sewer Master Plan and is now prepared to apply for grants in 2023 for implementing the project in the future. Phase I was completed in 2020 and consisted of replacing the Highway 145 water line crossings. Phase II will include replacement of fifty-year-old and undersized water lines primarily in the west side of Town. In addition, the engineering

project will also begin on a second water tank to supplement the Town's current 300,000-gallon tank.

The Town is in the process of completing another grant application with FEMA for a backup generator for the water treatment plant and has set aside \$17,000 in ARPA funds as a grant match in 2023.

The Town has budgeted \$40,000 for the water treatment plant to repair the leaking roof and address other issues with the building. The Town is also budgeting for some small repairs to the water plant, such as installing a turbidity monitor and cleaning the water tanks.

### **Sewer Fund**

The Sewer Fund budget includes expenditures of \$239,915 for general operations and maintenance.

### **Conservation Trust Fund**

The majority of reserved State Lottery funds were used in 2020 in the playground project. Conservation Trust Funds are limited to using for either park operations or capital improvements. \$5,000 is set aside in 2023 for planning for a project from the newly created Joe Rowell Park Master Plan.

### **Trends**

The Town has experienced a steady increase in sales taxes from its 3.5% sales tax rate. The Town's total sales tax revenues increased by 3% from 2021 to 2022, 29% from 2020 to 2021, 38% from 2019 to 2020, and 30% from 2018 to 2019. We anticipate this trend to continue as the state and region experience growth in tourism and regional growth.

### **Local**

Although the 2022 budget called for the spend down of fund balances in certain funds, the Town still holds reserves in all funds to offset any dramatic decline in revenues and is in good shape for 2023 and the future.

The Town successfully installed solar power in 2020 to offset electric costs, which represents nearly 6.5% of operations in all funds. These panels will be moved to the new Town Hall in 2023 and will continue offsetting costs.

Parks continue to be a priority for the community of Dolores and projects are planned for next year.

As evident in the 2022 and 2023 budgets, the Town continues to spend resources and effort to address infrastructure needs. In 2023, the Town will continue street maintenance to prolong the life of streets and will continue plans to maintain and repair the water and sewer infrastructure. In 2018, the Town hired a consultant to perform a master plan of needed improvements to the water and wastewater systems. Both water and wastewater treatment plants are in good condition, but repairs are necessary. The Town's water distribution system and sewer collection lines require major upgrades of the aging and undersized pipeline; there are nearly an estimated

\$10 million of improvements needed. The good news is these improvements can be phased over many years and are eligible for grant funds. Public Works staff continue to receive training and certification so staff can be cross trained and certified, which is an asset to the Town's operations.

The water and sewer funds are no longer breaking even like in prior years and are currently operating at a loss, requiring the use of funding from reserves to meet operational expenses. Due to ordinary inflation, the costs to operate and maintain the water and sewer systems have increased over time. The Town Board voted to approve a multi-year increase in base water and sewer rates starting in January 2023 to help cover the continual inflation of operating costs and to keep some funds in reserve for future infrastructure projects.

The future is bright for Dolores, and the 2023 Budget is prepared to assist the Town in providing the necessary infrastructure improvements and services.