



October 4, 2021

Snowmass Village Town Council,

The Town Manager, per the Home Rule Charter, is required to present the proposed budget for the ensuing fiscal year to the Town Council for consideration and action. Staff is pleased to present the proposed 2022 annual budget. This budget serves as the basis for our financial and operating plans for the 2022 calendar year.

For many years, the Town Council has developed and adopted a fiscally conservative approach to the annual budget process putting many financial safety nets in place. These safety nets include creating a 30% operational reserve, creating a capital equipment replacement reserve, increasing the RETT reserve to \$4 million, creating and fully funding a facility capital reserve/ maintenance program to address capital depreciation, identifying funds available for future capital investment, earmarking one-time revenues for one-time expenses, and ensuring that on-going expenses are kept in line with on-going revenues. These fiscal safety nets were developed and put in place to use in case of financial crises or the proverbial rainy day. These safeguards were equally effective as we faced a world-wide pandemic beginning in 2020. In 2021, the Town's revenue was able to bounce back and is projected to end the year with an additional \$1.7M mainly due to increases in sales taxes and building revenue. Some revenues such as transportation parking fees, the annual Ski Co contribution and interest income remained down.

The 2022 proposed budget anticipates keeping the aforementioned financial precautions and safeguards in place and reinstating at least one "safety net" that was used. In 2021, the Town recategorized previous sources of one-time revenues as on-going revenues. Specifically, the 2021 budget called for building permit and plan check fees from development to be categorized as on-going revenue to help off-set on-going expenses. In 2022 and in future years, the Town has again moved these development building fees back to one-time revenues. Again, all of the additional safeguards will continue to remain in place.

Understanding the fiscal challenges over the past couple of years, as you review this document, the Town Council needs to ensure that its priorities are being met and that investments in staffing, capital improvements, and programs are appropriately allocated. The Strategic goals and areas of concentration this budget aims to meet continue to include:

STRATEGIC INITIATIVES OF SNOWMASS VILLAGE

- Preserve and protect open spaces and our environment
- Promote environmental and economic sustainability and resiliency
- Focus on improved access and safety to make Snowmass Village more walkable and bikeable
- Continue to improve the multi-modal connections between Base Village, the Mall and the Center
- Manage parking and transit to encourage efficient, effective, and sustainable mobility choices
- Focus new development and/or redevelopment within the identified CPAs
- Encourage the update and renovation of older building in the Village-wide
- Strengthen local economic opportunities to assure vibrancy
- Continue to support a viable workforce and our commitment to workforce housing by exploring opportunities that best balance the character and resources of the Town

In 2021, the Town Council adopted these areas of focus:

- Affordable Workforce Housing
- Community Engagement
- Public Spaces and Facilities
- Safety, Connectivity, and Transit
- A Continued Commitment to Environmental Activism and Resiliency
- Regionalism

This budget document shows the town's short-term projections. In addition to this work, staff also completes long-term budget projections spanning five years. With some optimism, the attached budget plan has been prepared with the assumption that with continued concentration on vaccination that we are returning to relatively normal operations from snow removal to transportation to events. As currently presented, the 2022 budget shows that the Town will generate approximately \$48 million in revenues, which includes \$11 million in grant funding for the Mall Transit Plaza and \$63 million in expenditures. Of these expenditures, over \$32 million are in capital projects/purchases/repairs funded from reserves, carry forward, and "funds available" set aside for these purposes. The largest projects being the Mall Transit Plaza, the Town Park improvements and Mountain View I Design and Renovations.

The Town Council passed several ordinances making adjustments to the 2021 adopted budget throughout the year. Most of those adjustments were made to accommodate

the completion or continuation of projects/programs that were carried forward into 2021 plus the addition of the early childhood analysis and study, electric vehicle costs and the merit pool/retirement funds.

While the Town of Snowmass Village budget is adopted annually, adjustments can be made within a department by the Town Manager throughout the year. Any such formal adjustments that were made to the 2021 budget are included in the 2021 budget numbers. The 2021 projection column includes adjustments that staff is anticipating that will impact the 2021 budget numbers either positively or negatively to arrive at a better projection of the year-end fund balance that will carry forward to 2022.

The Town continues to adhere to its budget policy below:

Budget Philosophy:

The Annual Budget Shall be Balanced and Presented in Accordance with the Town Charter

- A balanced budget limits expenditures to available resources.

Identify Opportunities for Cost/Service Efficiencies

- Continue to minimize expenditures by looking for cost efficiencies through purchasing, technology and organizational management.

Use Most Restricted Funds First

- Apply expenditures, where appropriate, to the most “restricted” funds first, thereby freeing up additional “unrestricted” funds for other expenditures.

Equipment Replacement Program

- The Capital Equipment/Vehicle Reserve Fund (CERF) was created to account for all governmental equipment and vehicle purchases. The reserve fund also establishes a level amount of funding from year-to-year. Transfers from other funds and grants are the current funding sources. Proprietary funds account for their own vehicle/equipment purchases.

Use One-time Funds for One-time Costs

- One-time revenues, such as “windfalls”, year-end operational balances and grant revenues shall be used to pay for one-time items, such as, capital improvements, discretionary items, limited grants and donations or any limited-term expenditures. One-time revenues should not be used for on-going expenses.

Identify Capital Improvement Projects

- The Capital Improvement Program (CIP) is intended to provide one fund for large-scale projects and their funding sources. This fund will identify future projects and potential funding sources in order to begin the planning process for these critical projects. Because of the extended planning horizon for large plans, more projects may be identified in the CIP than there are funds available for the projects. This planning list is to be used to prioritize projects and, except for the

adopted budget, is not a commitment to complete the project. Projects will not be approved and started until adequate funds/proceeds are on-hand and available. This final approval is done through the annual budget process. Operating and maintenance costs need to be taken into consideration for all capital improvements and must be budgeted in the appropriate funds.

General Reserve Policy

- The General Fund will maintain a minimum of 30% of operating revenues in an emergency/contingency reserve. The RETT Fund has a flat \$4M emergency/contingency reserve requirement. Both the Marketing and Group Sales Funds have a requirement of 30% of their revenues into emergency/contingency reserve.

The 2022 budget was prepared with the following Revenue assumptions and directives:

- The 2022 Town and Marketing sales taxes are budgeted as follows: The 2021 projection includes the actual sales taxes received through May of 2021 plus a 0% change for the months of June through December 2021 over 2020 actual. Keep in mind that in 2020, Town sales taxes were impacted by COVID as well as in January and February of 2021. For the 2022 budget, staff took the highest sales taxes received in either 2019, 2020 or 2021 for January through May and reduced it by 3%, then for June through December staff applied a 3% increase to the 2021 projected sales taxes. County sales taxes are budgeted essentially the same with the exception that we did not reduce January through May by any percentage because the County's base is much larger than the Town's. So, the Town and Marketing Sales taxes are budgeted with a 16.53% increase over 2021 projected and the County sales taxes are budgeted with an 8.05% increase over 2021 projected.
- Lodging Taxes are budgeted slightly differently due to its lodging tax base coming from one source being lodging. For 2021 projected, we used the actual lodging tax received for January through May with a 0% increase over 2020 actual for June through December. For 2022, we used January 2019 less 10%, then for February through May we used the highest lodging tax from 2019, 2020 or 2021 less 3%. For June through December of 2022, we budgeted 3% over the 2021 projection. So, the 2022 lodging taxes are budgeted to be up by 32.05%.
- In 2021, the Town received a number of grants related to COVID that are not included in the operating revenues:
 - CARES grants received or expected to be received for reimbursement of Transportation operating expenses of \$2,126,176
 - CARES grant award of \$167,660 to off-set direct expenses brought on by COVID-19 (there is a corresponding expenditure of \$167,660 to Pitkin County Health used towards COVID-19 initiatives in 2021).
 - CARES grant award of \$346,335 for reimbursement of government expenses

- ARP grant (American Rescue Plan) of \$343,344 (#1 of 2 payments...2nd payment to be received in 2022) use of funds to be determined in the future.
- In 2022, the Town is budgeting to receive the following grant funding related to COVID:
 - CARES grants received or expected to be received for reimbursement of Transportation operating expenses of \$218,920
 - ARP grant (American Rescue Plan) of \$343,344 (#2 of 2 payments) use of funds to be determined in the future.
 - ARP grant (American Rescue Plan) of \$548,774 for reimbursement of Transportation operating expenses
- The Emergency Reserve funds in the General Fund, Marketing Fund and Group Sales Fund are remaining at 30% of operating revenues and the Emergency Reserve fund in the RETT Fund is remaining at \$4M.
- Annual building revenues are budgeted higher than the 2021 budget, but lower than the 2021 projected budget as 2021 was an exceptionally busy building year.
- In 2021 to help offset the budgeted reduction in operating revenues, the Town moved anticipated development building revenues from one-time revenue to the 2021 operating revenue. In the 2022 budget these revenues will once again be classified as one-time revenues moving forward. Development revenue received in 2021 were for the Base Village and Fanny Hill Cabins. In 2022, the development revenue is budgeted to be for Base Village building 12.
- The preliminary assessed value that the Town receives from Pitkin County projects an increase of 4.93%. The preliminary mill levy for the Town is projected to decrease from 7.566 to 7.345 due to the higher assessed value.
- For the 2021 projected budget, the Parks, Recreation and Trails department is short (49.8%) of the goal for the Recreation Center cost recovery policy of 50%, adopted in the POSTR plan. This shortfall in 2021 is due to a decrease in revenues from COVID. However, the 2022 budget is projected be at 66.2% for the Recreation Center.

The 2022 budget was prepared with the following Expenditure directives:

- The Town provided the County with the \$167,660 (CARES Act Funding), in order to help fund increased consumer protection services, increased contact tracing capabilities and increased testing coordination.
- Late Night Service and Dial-a-ride has been extended into the 2022 budget.
- Each year there are a number of staffing requests for additional employees as well as promotions. The Town Manager carefully analyzes the requests before deciding whether any new positions are added. There are a number of positions that have been added to 2022 budget in addition to a few promotions. Key positions added are a full-time I.T. (in-house) computer help person (partially offset by a decrease in contract service for help desk); a full-time Police Officer; a full-time seasonal Transportation maintenance worker and moving a full-time seasonal events worker to year-round full time.

- The 2022 budget includes a 5% merit pool for employee performance reviews and a 5% increase for the Town's health insurance coverages and \$100 increase in the recreation benefit.
- The Housing rents are budgeted to increase in the following increments per month for 2022: Studio \$10/1-bedrm \$15/2-bdrm \$20/3-Bdrm \$30K
- The 2022 budget includes conducting another Community Survey.
- The annual commitment to the SGM capital reserve/maintenance fund was maintained. The annual obligation for 2022 from the General, RETT and Road Funds is \$535,000.
- The Human Resources Department is budgeted to complete an update to the employee compensation plan to ensure that positions are properly classified in the correct pay grades.
- The Town is proposing to stop the e-waste services drop-off at the Town shop. Instead, since Pitkin County offers all residents a \$150 credit for the dump, the residents of the Town can use this toward their e-waste fees when they bring their items to the Pitkin County dump. The \$150 credit can be used for other items dropped-off at the dump as well. The e-waste service will be replaced with a centralized location for a composting container.
- \$125,000 has been maintained in the budget for charitable grants and donations. Also, the contribution to the Pitkin County Detox program in the amount of \$59,225 is budgeted in the 2022 budget.
- The revenues and expenditures for Country Club Townhomes #5, #18 and #60, which were previously in the General Fund and the Excise Tax Fund have been moved to the Housing Fund under the Housing Director.
- Annual contributions into the Capital Equipment Replacement Fund for ongoing vehicle replacement is being maintained at \$1,420,000, with additional federal funding for transportation buses, when available. Due to the unavailability of vehicle inventory, a number of purchases were pushed to 2022.
- The Housing Fund budget includes \$31,500 to replace the failing electrical panels at Creekside.
- The CIP Fund has added a line item of \$1,000,000 for Supplemental Project Costs to allow for projects to continue despite unknown costs for change orders, conditions, etc. To be clear, this is merely to continue to move forward with projects when unexpected issues arise that create additional expenditures.
- The Town has been working under a management agreement with East-West for the management of the Snowmass Inn employee housing units. East-West has notified the Town that they are no longer able to continue with the agreement due to a variety of reasons including staffing. The Town will begin taking the units under our Housing umbrella effective October 1st of this year.
- The contributions from the Marketing and Groups Sales funds to the CIP are remaining at \$200,000 from each fund for future (physical) product enhancements. There is an additional contribution from the Marketing Fund of \$150,000 to pay to replace the Fanny Hill stage roof and to enhance the entrance and serving logistics of the free concert area.
- The Marketing and Group Sales budgets include \$150,000 and \$50,000 respectively to fund a rebranding effort for Snowmass Tourism.

A number of other financing, tax rate and service rate issues are outlined in the proposed budget. They include:

- Daily parking rates for the numbered lots will remain at \$10/day in the winter for 2021/2022 guest passes, but are budgeted to increase to \$12/day for the 2022/2023 winter season.
- Solid waste fees are budgeted to increase by \$266,242 in the 2022 budget based on an increase in the volume of trash over 2021 and a 5% rate increase in fees. There has not been an increase in solid waste fees over the last two years.
- Revenues from recreation center memberships are budgeted to increase in 2022 from the 2021 budget to \$725,000 from \$545,650. The 2021 projected membership revenues are expected to be \$545,650.
- A new revenue source for a Mountain Bike camp is budgeted at \$90,000 however, this revenue offsets the related expenditure for Mountain Bike trainers and supplies of \$90,000.
- Interest income was reduced across all funds in the 2021 projected and 2022 budgets as compared to the 2021 budget due to a decrease in interest rates.
- The annual contribution from the Ski Company is budgeted lower in the 2022 budget from 2021 based on a decrease in skier visits. The 2022 skier visits are based on the average number of skier visits in 2019/2020 and 2020/2021 ski season.
- Marijuana and tobacco tax collections for 2021 projected is budgeted higher based on year-to-date collections by \$38,000. 2022 collections are budgeted at 3% higher than 2021 projected.
- 2021 projected Real Estate Transfer taxes are budgeted to come in much higher than budget by \$2,759,670 or 104% higher, which follows the same high sales pattern occurring at the end of 2020. 2022 taxes are budgeted lower by \$1,071,454 by using actual collections for January through July of 2021 and assuming 25% of the August to December 2020 actual collections based on lower inventory of properties for sale.

As stated earlier, the development and adoption of a budget is a cornerstone tool for implementing policy and developing a work plan for the year. The 2022 budget has several specific actions being taken and policies being implemented designed to ensure the Council is moving toward their areas of concentration as identified in the 2021 Town Council Goal Setting Statement:

- Affordable Workforce Housing
- Community Engagement
- Public Spaces and Facilities
- Safety, Connectivity, and Transit
- A Continued Commitment to Environmental Activism and Resiliency
- Regionalism

The 2022 Capital Improvement Program (CIP) for 2022 is a combination of on-going existing projects and new projects many of which are in support of the Council's goals.

Significant projects include:

- Planning, design and beginning the implementation of the Town Park improvements \$3,705,000
- Hard Surface Trail work \$285,000
- Mall Transit Depot \$13,000,000 in 2022, which includes \$1,000,000 in additional funding
- Planning and/or construction of two walkways
 - o Connecting Village Nodes \$400,000
 - o Walkway between Mountain View Employee Housing to Snowmass Village Mall \$600,000
- Additional Electric Vehicle charging stations at \$85,000
- Engineering, design, and installation of the Base Village boilers at \$1,200,000
- Continue with the planning and design of the Brush Creek/Owl Creek Road intersection improvements of \$550,000.
- Initial construction of exterior renovation of Mountain View I - \$4,000,000.
- Improvements of the Snowmass Inn employee housing project at \$600,000.
- Initial planning and design of employee housing on the Draw Site of \$500,000
- Installation of fiber network in the Town at \$1,000,000

The One-time projects in the General Fund are treated similar to CIP projects, but tend to be on a smaller scale in both cost and implementation. Some of the projects identified as one-time projects include:

- Continuation of community outreach and engagement \$7,500
- Continuing the update of the Land Use Code \$40,000
- Continuation of exploring the concept of a Micro Grid project conceived through Holy Cross and RMI for \$30,000
- Purchase of a 2022 Bobcat for \$88,000
- Purchase of Backup Power Systems for both the Town Hall at \$200,000 and Public Works at \$60,000
- Purchase of police body cameras and associated equipment. \$106,000.
- Compost Container at \$30,000
- I.T. Security audit/Penetration Testing/Security Response Plan \$75,000
- A.V. and Virtual meeting integration \$60,000
- Resurfacing of the Basketball Court at \$50,000
- Placeholder to continue the discussion regarding the potential implementation of a Summer Parking Program \$200,000.

The Town of Snowmass Village continues to remain in a solid financial position. This proposed budget strives to ensure that the resources are allocated appropriately to deliver high quality services and projects. This budget was developed to help deliver on the goals the Council adopted in February 2021 and ensure the Town remains a fun, community focused, family friendly village. We look forward to the consideration and adoption process.

Respectfully,

Clinton M. Kinney
Town Manager

Marianne Rakowski
Finance Director