



To: Mayor and Town Council
From: Clint Kinney, Town Manager
Date: September 13, 2024
Re: Info Update

BALANCE

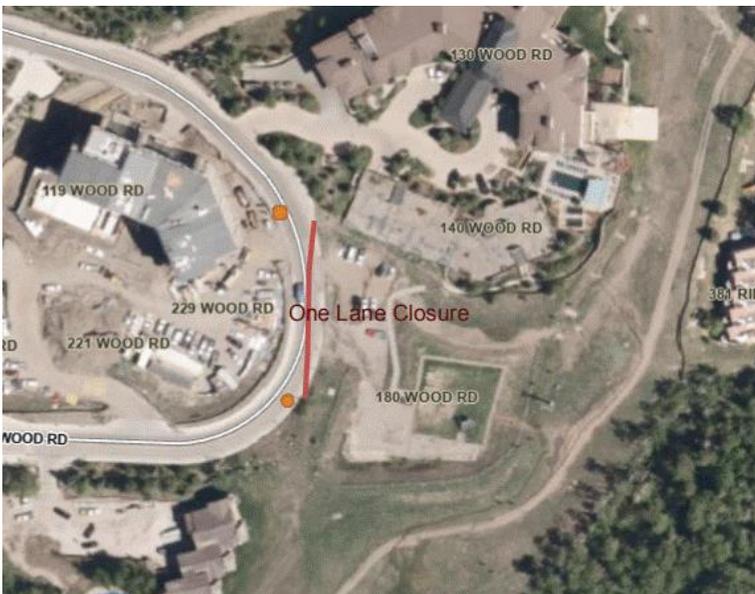
We had our initial kick-off meeting for the Destination Management Plan this week. This is going to be a 6 month ish long process with lots and lots of stakeholder involvement to come. We probably had 30 ish folks representing all sorts of walks of life and businesses at this first meeting. At the risk of over summarizing an hour's worth of thoughts and comments from a variety of folks, there was an overall theme of seeking balance between the needs of the community and the needs of businesses/tourism. The stakeholders discussed protecting deep community roots, improving sustainability, improving opportunities for locals, protecting the off-season, and really discussed what "success" could look like in the future. When this community process is complete and a plan is adopted, we should expect to have a very solid framework that will guide our destination management for years to come.

TID BITS:

- We are continuing to work with an artist to design a sculpture (s) of a momma and a baby mastodon on the Mall. The current design draft has the momma being made of recycled "ocean plastic" with LED lighting and infinity mirrors with the ancient flora and fauna printed on the mirrors. The baby mastodon will likely be made of chrome.
- We have big weekend coming up. The Balloon Festival starts Friday night with the night glow. We will have the large-scale launches on Saturday and Sunday mornings. On Saturday afternoon, the Rotary Club will be hosting the annual wine festival at Town Park. There will be something for everyone this weekend.
- Winter is coming!! We are working through final details of a parking plan for the rodeo arena this winter. We have removed the sand from the rodeo arena to improve the experience for those skiers that park there.
- Last one down is a rotten egg!! The pool slide at Recreation Center has been refurbished, made safe and has a dashing new color. The leisure pool and slide are expected to be back open this weekend.
- Joy to world!! It's officially budget season! The Finance Advisory Board will start its review next week. This initial review of the 2025 proposal is always a party. Feel free to swing by the meeting on Wednesday. The Council is expected to start its review on October 7. Spoiler Alert.....As currently presented, the 2025 budget shows that the Town will generate approximately \$157 million in revenues and \$169 million in expenditures. To state the obvious, this is a capital-intensive budget; over \$123 million are

in capital projects/purchases/repairs. Knowing you couldn't wait to start the celebration early, I have attached the budget message for your review.

- We expect to have a lottery for a Creekside unit next week. We currently have about 20 folks already qualified for the lottery.
- We are running into a number of delays for the Donny White curve construction project. The likelihood of this improvement starting this year is quickly diminishing.
- Heads up, there is an election on November 5. We have our Town election page up on the TOSV web page.
- The Village Shuttle app has over 1,300 downloads so far. With this new technology, the call in number for Shuttle service is expected to disappear before ski season.
- The lottery for gold and senior parking permits is set for October 30. So far, we have about 160 applicants for 100 passes.
- We have been told that the Willows Condo complex is still trying to demolish their (fire) condemned building this fall. We don't know details, but we expect it will require a lane closure on Carriage way for the demolition to occur.
- We expect Ski Co to submit a review application for a replacement Ullrhoff Restaurant soon. Assuming an approval, they are hoping/ planning to start construction next summer.
- We currently have a significant AEU enforcement underway.
- Starting on September 16, Haselden Construction will have a one-lane closure on Wood Road to complete the ROW work. This one-lane closure includes flaggers during the day and a temporary traffic signal at night. This roadwork will be completed by Friday, October 4, 2024.



CC: Department Directors



October 7, 2024

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. Town Staff is pleased to present the proposed 2025 annual budget. This budget serves as the basis for our financial and operating plans for the 2025 calendar year. As such, this is a significant policy document; one the Town Council should ensure meets adopted policy objectives and Town Council goals. As the Council reviews this proposal, it needs to ensure that Council priorities are being met and that investments in staffing, capital improvements, and programs are appropriately allocated.

The 2025 proposed budget anticipates a forthcoming plateau to the local economy. With the final building in Base Village currently under construction, we expect growth rates to curtail and revenues to grow at a more moderate rate. Due to this forecast, the budget and its associated policies will keep a wide array of financial precautions and safeguards in place. While a fiscally conservative approach remains paramount, this budget strives to make strategic investments in personnel and capital that will help meet Council goals and serve the community.

The Strategic goals and areas of concentration this budget aims to meet are based on the 2023 Town Council Goal Statement, including:

STRATEGIC INITIATIVES OF SNOWMASS VILLAGE

- Preserve and protect open spaces and our environment to ensure that nature is and remains the dominant feature on the landscape.
- 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 buildings 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 2023, the Town Council adopted these four areas of emphasis:

- Identify & Provide More Affordable, Community, Workforce Housing
- Preserve, Protect and Retain Locally Owned AND Locally Serving Businesses
- Increase Community Engagement to Foster Emotional Connectivity
- Ensure Public Spaces and Facilities Meet Our Community's Unique Character

WHAT IS IN THE BUDGET

The budget document shows the Town's short-term projections. In addition to this work, staff also complete long-term budget projections spanning five years. The 2025 budget has been prepared with the assumption that we will be functioning at typical levels for Town operations including snow removal, transportation, and special events. As currently presented, the 2025 budget shows that the Town will generate approximately \$157 million in revenues and \$169 million in expenditures. To state the obvious, this is a capital-intensive budget; over \$123 million are in capital projects/purchases/repairs. These significant investments are funded from a variety of sources including "funds available" set aside for these purposes. The five largest capital improvement projects are:

- 1) The Draw Site Employee Housing Project,
- 2) The Snowmass Center Land Acquisition,
- 3) The Little Red Schoolhouse,
- 4) The Mall Transit Center,
- 5) The Upper Woodbridge Road Culvert Replacement

The Town continues to adhere to a fiscally conservative budget policy as evidenced by the annual budget process putting many financial safeguards in place. These precautions include:

- Maintaining a 30% operational reserve.
- Maintaining and fully funding the vehicle capital equipment replacement reserve (CERF)
- Maintaining the RETT reserve at \$4 million
- Maintaining and fully funding a building capital reserve/ maintenance program to address capital depreciation (BERF).
- Earmarking one-time revenues for one-time expenses
- Ensuring that on-going expenses are kept in line with on-going revenues.

These conservative fiscal policies and safeguards were developed and put in place to use in case of financial crises or the proverbial no snow year. The Town's revenue has held steady with some revenues continuing to increase and other revenues budgeted to decrease from 2024 projected. Revenue increases are mainly due to increases in

property taxes, sales taxes, recreation fees and solid waste fees. Revenue decreases are in building revenues, interest income and grant funding budgeted in 2025 from 2024 projected.

As a reminder, 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 2024 budget are included in the 2024 budget numbers. The 2024 projection column includes adjustments that staff anticipates that will impact the 2024 budget numbers either positively or negatively to arrive at a better projection of the year-end fund balance that will carry forward to 2025.

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 Programs

- 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.
- The Building Equipment Reserve Fund (BERF) was created to account for the replacement and repairs of the Town’s equipment within the buildings as well as for the Town’s snowmelt systems. Transfers from other funds are the current funding sources. Proprietary funds account for their own equipment/systems.

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

- Both the General Fund and Tourism Fund will each maintain a minimum of 30% of operating revenues in an emergency/contingency reserve. The RETT Fund has a flat \$4M emergency/ contingency reserve requirement.

REVENUE ASSUMPTIONS

The 2025 budget was prepared with the following Major Revenue assumptions:

- Property taxes for 2025 for the General Fund and the Road Fund are budgeted at the full mill levy for both funds to collect 100% of allowable revenues to support ongoing services and road maintenance and repairs.
- The 2025 General Fund and Tourism Fund sales taxes are projected to increase 5.8% over 2023 actuals. The 2024 projection includes the actual sales taxes received through May of 2024 plus a 3% increase for the months of June through December 2024 over 2023 actual. For the 2025 budget, staff used the 2024 projection and applied a 3% increase.
- County sales tax revenues are budgeted at a 3% increase over 2024 projected amounts. The 2024 projected was developed with the actual sales taxes received through May of 2024 plus a 3% decrease for the months of June through December 2024. This equates to a 4.37% decrease from the 2023 actuals. This continues to be a conservative approach to projecting sales tax revenues.
- Lodging Taxes are budgeted as a 3% increase over 2024 projected revenue. The 2024 projection includes the actual lodging taxes received through May of 2024 plus a 3% increase for the months of June through December 2024. This equates to an 8.91% increase over 2023 actual. Again, this is a conservative approach to projecting this revenue stream.
- Annual building permit revenues from Community Development are budgeted higher in the 2024 projections over the 2024 budget by \$597,500 as 2024 was another busy year for building permits. Plan review fees are projected up by \$200,000. Both of these revenue sources are budgeted lower in 2025 by \$675,000 from 2024 projected.
- There are no new large scale development review revenues budgeted for 2025.
- For the 2024 projected budget, the Recreation Center cost recovery is expected to be at 59%, which exceeds the goal for the Recreation Center cost recovery

policy of 50% as adopted in the POSTR plan. The 2025 budget projects the cost recovery at the Recreation Center to be at 57%.

OTHER REVENUE PROJECTIONS INCLUDE:

- The rents charged for workforce housing rental units are budgeted to increase an average of 4% for 2025. Moving forward, the Town will continue to ensure that rental increases are in line with expenditure increases and to be able to continue with funding the employee housing renovation program.
- Parking revenues in 2025 for the numbered lots are budgeted to remain relatively the same as the 2024 projected.
- Solid waste fees are budgeted to increase in 2025 by 10% in an effort to have revenues cover direct operations and equipment costs. In 2023, rates increased by 3%.
- Revenues from recreation center memberships are budgeted to increase in 2025 from the 2024 budget to \$860,000 from \$810,000 due to an increase in memberships in 2024.
- The 2025 budget includes additional recreation fee revenues of \$100K and additional expenditures of \$50K to provide an expanded pickleball program.
- Building permits are budgeted lower by \$550K for 2025 from the 2024 projected budget in anticipation of a slower construction season, however it is budgeted at the same level as was budgeted in 2024 at \$450K.
- Short-term rental fees are expected to generate approximately \$360K per year. These proceeds are budgeted as revenues in the Housing Fund and will be dedicated to workforce housing needs.
- Interest income was increased across all funds in the 2024 projected budget. In 2025, staff is projecting some decreases partly due to possible gradual decreases in interest rates and partly to a decrease in fund balances for CIP project expenditures.
- The annual contribution from the Ski Company is budgeted higher in the 2025 budget from the 2024 projected (which was higher than the 2024 budget) because the contribution is based on the average number of skier visits from the last three ski seasons and the annual increase in the per skier rate.
- Marijuana and tobacco tax collections have slowed some in 2024, therefore the 2024 projected and the 2025 budgets are budgeted slightly down from the 2024 adopted budget.
- 2024 projected Real Estate Transfer taxes are budgeted to come in higher for resales than budget by \$1,332,249 based on year-to-date collections. 2025 is budgeted the same as 2024 projected resales. The 2024 projected RETT Fund is also budgeting an additional \$2,504,000 in initial new sales from Base Village for the Cirque and the Aura.
- Excise Taxes had a strong showing in 2024 as the Town is projecting to collect \$1,200,000 in excise taxes (originally budgeted at \$175,000). 2025 is budgeted back to \$175K per year.
- Parking Violations are budgeted slightly higher in 2025 by \$4K.

PERSONNEL COSTS

Funding salaries and benefits continues to be the cornerstone of the 2025 proposed budget. As a service-centered organization, personnel costs continue to be a large, critical proportion of the budget. Each year there are numerous requests to increase staffing levels. With the goal of being able to recruit and retain the best talent possible, after careful analysis and consideration the following are included in the 2025 budget:

- After reviewing numerous requests for new positions, only one full-time year-round position was added to the budget in 2025. The position, a police officer, was added to improve the level of service and continue to address officer safety issues.
- With an updated wage study completed, it continues to be imperative to maintain competitive wages and total compensation. To this end, the 2025 budget includes a 5% merit pool (2024 had a 7% increase) for employee performance reviews.
- A 5% increase (2024 had a 10% increase) for the Town's health insurance coverages
- A 1 Point (1%) increase in retirement contribution; from 11% to 12% for non-sworn employees and from 12% to 13% for sworn officers
- Recognizing employee progressions within their positions, the 2025 budget does include a number of promotions in Public Safety, Information Technology, and Public Works.

THE TOURISM FUND

In 2023, the Tourism Fund began supporting employee housing projects by transferring funds to the CIP Fund. In 2025, the Tourism fund will be transferring \$3,350,000 to the CIP Fund to be reserved for future workforce housing opportunities. In ADDITION to this transfer for future projects, the Tourism Fund is budgeting \$3,000,000 towards debt service on the Draw Site workforce housing project and \$750,000 towards debt service on the Snowmass Center land acquisition to build future employee housing units. In total, \$7.1M from the Tourism Fund will be earmarked for workforce housing.

THE EXCISE TAX FUND

Due to higher than budgeted revenue in 2024, the Excise Tax Fund will have a one-time transfer/contribution of \$2M to the Carriageway Fund in 2025. This transfer is being done to enable the Carriageway Fund to develop a capital reserve fund similar to the other housing projects. Staff considered paying off the current debt (currently at approximately \$2 million; final payment in 2038) with these excise tax funds, but since the interest rate on the debt is lower than the interest rate that Town funds are earning (interest income), staff felt that simply transferring these Excise Tax funds was the most prudent way to handle funding the capital reserve. Should the interest rates reverse in the future, the Town will still have the funds available to pay off the Carriage Way debt.

OTHER NOTEWORTHY DEPARTMENTAL EXPENDITURES

- The Housing budget for 2025 includes the rents, expenditures and capital reserve program for the Faraway employee housing apartments.
- The Tourism Department expanded their Guest Service hours at Town Park Station to begin at 8:00 a.m. instead of 8:30 a.m.
- Continuing with the Ice Age initiatives, the Tourism Department has budgeted \$50,000 for 2025. Between the 2024 and 2025 budgets, there is \$250,000 that is budgeted in the CIP Fund for the design, fabrication and installation of a life-sized Mother and Baby Mastodon for the Snowmass Mall.
- Between 2024 and 2025, there is \$500K budgeted to replace the Fanny Hill Stage and Sound System for continued improvements to the Fanny Hill concert venue. The current stage has reached its structural integrity lifespan and is in its last season to have the ability to pass safety inspections among other issues. The current sound system is over 30 years old and needs to be updated.
- The contribution from the Tourism Fund to the CIP Fund is remaining at \$400,000 for future (physical) product enhancements (AKA, the Skittles investment).
- Through the Parks and Trails budget for 2025, the town is contributing \$5,000 to the Roaring Fork Outdoor Coalition as a partner to be used for trail improvements, trail head improvements and overall destination management improvements
- The Town increased the budget in 2025 for wildfire mitigation from \$100,000 for brush removal to \$140,000 to account for the \$40,000 annual support costs of the fire departments' AI camera.
- The Town will continue the annual contribution of \$80,000 towards the Vital Mental Health Services Program and \$28,000 towards the Homeless program in 2025.
- The Citizen Grant Review Board funds have been increased from \$175,000 to \$200,000 for the 2025 budget.
- The Town is budgeting our property and casualty insurance costs with a 25% increase due to adverse changes in the liability environment (particularly in law enforcement). Other liability factors include inflationary increases and increased state-wide losses in property coverage from wind, hailstorms and fire. In addition, the Town is pursuing quotes for increased cyber security coverage due to the existing I.T. cyber-attack environment. The 2025 CIRSA coverage amount is \$576,753.
- Annual contributions into the Building/Equipment Reserve Fund for ongoing building and equipment repairs and replacements is being maintained at \$535,000 for 2025 from the General, RETT and Road Funds.
- The CIP budget has \$450K budgeted for the expansion of the E-bike share program. This expense is offset by a contribution from RFTA of \$224,330.

VEHICLE CHANGES

The annual commitment to the Capital (vehicle) Equipment Reserve Fund was increased due to the continuing increase in the costs of purchasing vehicles and equipment. The annual obligation for 2025 from the General Fund increased by

\$50K to \$380K, the RETT Fund increased by \$30K to \$770K and the Road Fund increased by \$50K to \$400,000.

- In an effort to increase efficiency in serving the riders of the Village Shuttle, two cutaway buses will be replaced with Transit Vans in 2025. Transit Vans will allow the shuttle to perform better in tight areas, considerably improve gas mileage, carry more bicycles in the summer and will be more appropriately sized for the number of passengers the shuttle generally carries. The vans have a passenger seating capacity of 11 which is a slight reduction from the cutaway buses that have a seating capacity of 16. Both are ADA accessible and should be able to transport as many as six bikes rather than the four the current buses can carry. Unfortunately, an electric option does not yet exist that can meet our service requirements, but these vans will increase gas mileage over the cutaway buses by almost three-fold.
- In 2025, the Police Department is replacing three gasoline-powered patrol vehicles with three hybrid Ford F-150 power-boost pickup trucks. The F-150 power-boost pickup truck has the potential to use less gasoline and reduce carbon emissions by thousands of pounds of carbon dioxide per vehicle per year. They do not compromise on any of the features that the police department requires for public safety (power, range, towing, etc.). The purchase price for the hybrid pickup trucks is roughly the same as the currently used Chevy Tahoe.

CAPITAL IMPROVEMENT PROGRAM

The 2025 Capital Improvement Program (CIP) is a combination of on-going existing projects and new projects.

Large Scale CIP projects include:

- 1) The Draw Site Employee Housing project is budgeted at \$86,000,000 with revenues shown as 'other financing sources'
- 2) The potential purchase of land behind the Snowmass Center for a future employee housing project is budgeted at \$12,500,000 also with revenues shown as 'other financing sources'
- 3) Plans and construction for the expansion of the Little Red Schoolhouse at \$8,500,000 partially offset by grants/contributions of \$2,000,000
- 4) Funding to support the design and construction of an improved transit facility at the Snowmass Mall at \$3,000,000 funded by EOTC
- 5) In 2025, the culvert and roadway at Upper Woodbridge Road and Brush Creek Road will be replaced for \$2,750,000.

Other Important CIP Projects include:

- Continued implementation of a computer-aided dispatch/automated vehicle locator for the Village Shuttle. This will improve ADA access with the installation of Audio/ Visual announcement systems in buses/announcing next stops both audibly and visually. This will be paid with carry forward funds of \$650,000.
- Reconstruction of the Melton Ranch Trail from Martingale Lane to the Woodbridge for \$750,000

- The road overlay (asphalt) budget will be increased to \$1,300,000. 2025 road projects are expected to include the Ridge and Faraway stabilization projects. Staff will also begin designs for Owl Creek and Oak Ridge.
- The completion of the Snowmass Inn exterior renovation is budgeted with carryover funds from 2024 at \$1,000,000.
- New We-cycle electric bike share system will have \$450,000 invested in 10 new stations. This investment will be partially offset by a contribution from RFTA of \$224,330.
- There is \$125,000 to resurface the tennis courts and basketball courts at Town Park.
- For the proposed Community Garden expansion, there is \$25,000 budgeted to increase the number of plots available to the community and improve the garden's infrastructure.
- The retaining wall replacement program has \$400,000 budgeted to replace deteriorating retaining walls adjacent to roadways.
- The snowmelt system on Carriage Way will replace the aged glycol at a budgeted expense of \$350,000.

ONE-TIME PROJECTS

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

- The continuation of scanning and digitizing documents/plan in Community Development is budgeted at \$60,000 with carryover funds from 2024
- Various IT hardware upgrades to increase security and modernize systems \$138,000
- Upgrades to Council Chambers and meeting spaces \$138,125
- Investment into the Pitkin County Dispatch Center capital needs of \$246,000, of which \$123,000 is carryforward from the 2024 budget.
- Purchase of snowblower as a CAT loader attachment to alleviate snow storage issues is \$185,000
- To purchase a crack filling (asphalt maintenance) machine for \$114,000

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 March 2023 and ensure the Town passionately protects the community character of the Village by promoting balance and emotional connectivity.

We look forward to the consideration and adoption process.

Respectfully,

Clinton M. Kinney
Town Manager

Marianne Rakowski
Finance Director