



MEMORANDUM

Meeting Date: 10/14/2024

To: Town of Grand Lake Board of Trustees
From: Heike Fawkes, Treasurer

Re: 2025 Budget Draft

2025 Budget Update: Summary for the Board

A draft of the 2025 budget was submitted to the Board on August 25th, with a workshop scheduled on September 23rd. However, due to time constraints during that session, budget discussions were cut short, allowing only a high-level introduction of key items where staff requested direction and input from the Board. Today's work session has been scheduled to provide ample time for a thorough discussion of these items. The public meeting for the 2025 Budget is scheduled for November 11th and final approval of the budget on November 25th

Upon reflecting on the proposed budget, which incorporates department heads' requests. the Board's feedback to date. We project a deficit of \$704,915. While the town has historically approved deficit budgets, we have consistently stayed under budget, increasing the General Fund balance by \$716,018 from 2020 to 2023. In 2023, we utilized \$390,276 from the fund balance yet remained under budget. For 2024, a deficit of \$689,333 was budgeted, but current projections show we will only need to use \$364,382 from the fund balance. With the proposed 2025 budget, the projected fund balance stands at \$2,370,689.

Revenues peaked in 2022 and have since leveled off to what we anticipate as the new normal. However, expenditures continue to rise, driven by inflation, increased operational costs, and growing demands for new regulations, which have brought on additional costs. Furthermore, staff turnover this year has also contributed to increased expenses.

General Fund Breakdown:

Revenue: The projected total revenue for the upcoming fiscal year is \$3,833,867. A key recommendation is to revert property tax mills to 9.409, which would generate an additional \$209,310 in property tax revenue already figured into the total revenue totals. Sales tax revenue is expected to remain steady, with a slight increase anticipated from the opening of our first marijuana retail store. In addition, we are estimating \$50,000 in new marijuana-specific tax revenue. This includes both the direct 5% marijuana tax and our 10% share of the State's 15% tax collection on marijuana sales.

Capital Specific Revenue: We have secured substantial funding for the Space to Create Project, including a \$4,000,000 Strong Communities grant, a \$3,000,000 Community Revitalization grant, and a \$2,000,000 More Housing grant. The funds from the More Housing grant are anticipated to be allocated in the 2026 budget. The other two grants, being reimbursable, may be classified as Construction in Progress and are likely to be carried over into 2026.

Expenditures by category:

Cemetery Committee: A restricted fund with a current fund balance of \$119,257 and anticipated expenditures of \$8,000.

Planning Commission/Board of Adjustments: Anticipated expenditures of \$33,450, which include outsourced planning services to RG Associates, legal services, and department training. This reflects a 30% decrease from the 2023 budget, aligning more closely with actual costs.

Greenways Committee: An 11% increase, driven primarily by a 13% salary increase request from Hilly Lawn.

Board of Trustees: A 99% increase due to the addition of the TABOR Emergency Reserve being added for Council to recognize this requirement as a part of the budget. This requirement is reflected on the balance sheet, not an actual expenditure. Additionally, the 2024 budget was adjusted to reflect the \$100,000 cost-sharing for the Grand Sunset project paving.

Administration: A modest 3% increase from the 2024 budget. Savings are expected from building maintenance, computer replacements, deletion of employee enrichment, which will help offset rising legal services costs and new ADA website requirements along with an increased budget line for Town Events in the amount of \$38,400. \$10,500 for community picnic, \$10,500 for Winter Carnival, \$4,300 for pumpkin patch, \$3,000 for Buffalo Days 5K race, \$4,800 Tree Lighting; \$5,400 Buffalo Days.

Public Safety: A 33% increase from the 2024 budget is projected. This is largely due to a 32% increase in the dispatch contract in 2024 that was not reflected in the budget. Additionally, \$85,000 has been allocated in 2025 for the purchase and outfitting of a new vehicle for the Sheriff's Department. This vehicle is required every two years per the contract we have with them, and while the vehicle is returned to us after the two-year period, the outfitting is not.

Public Works: PW department is expecting an 18% increase in expenditures for 2025. Key factors include \$50,000 for bridge staining, a maintenance task scheduled every five years, and a \$20,000 increase for road maintenance (dust control, striping, cold patch, and road base). Also included is \$71,000 to expand winter lights to include local business storefronts and a \$15,000 increase for the Cirsa claim deductible (increased from \$1,000 to \$5,000).

Grand Lake Center (GLC): A modest 3% increase is projected, as operating costs have remained stable. The primary cost drivers are maintenance issues, specifically the need for a new gym floor. A proposal for approximately \$100,000 was received in 2023, but action was deferred.

Parks: The Parks Department is projected to see a 32% increase, mainly due to shifting expenditures for fireworks and the ice-skating rink from the Marina to the General Fund. We have budgeted for two fireworks shows 4th of July and New Year's Eve. Constitution week fireworks are currently not budgeted.

Debt Service: This includes the payments for the Certificate of Participation, which was issued to finance land acquisition. The total debt service payment for 2025 is \$129,485.

Capital Outlay: Budgeted projects for 2025 include:

\$45,000 for Town Hall steps and boardwalk replacement.

\$50,000 for a compact truck for Public Works (PW).

\$50,000 for a PW water truck.

\$50,000 for a replacement John Deere mower for PW.

\$25,000 for General Fund paving.

\$30,000 for drainage improvements.

\$5,000 for public wayfinding signs.

Additionally, \$7,000,000 has been budgeted for the Space to Create housing project from reimbursable grants which have already been awarded, which is expected to carry over into 2026 as construction in progress.

Additional Information: According to our Municipal Code, any purchase over \$10,000 requires final Board approval, with a few exceptions. Therefore, staff will need a final approval for the capital purchases listed above by a motion for purchase.

Potential Changes: The Board has expressed interest in adding another ice-skating hut by Town Hall. If this is approved, the Public Works Department may delay the water truck purchase to accommodate this direction.

Future Capital Projects: these have been discussed for future consideration to keep on your radar:

Lake Front

Replace Community House stage

Matthew's property Stanley house renovations and long-term use goals

New Public Works Shop

Grand Lake Center playground resurfacing

Grand Lake Center gym floor

Giant snowblower for Public Works

Dump truck for Public Works

Extending North boardwalk to Veteran's Park

PAYT updated facility and recycling

Water Fund

The Water Department is projecting deficit of \$65,719 for 2025. While the town has historically approved deficit budgets, the Water Department has consistently stayed under budget, increasing the Water Fund balance by \$520,678 from 2020 to 2023. For 2024, a deficit of \$51,944 was budgeted, but current projections show that only \$36,404 will be needed from the fund balance. With the proposed 2025 budget, the projected fund balance is expected at \$2,105,131.

Revenues: Water sales are projected to remain stable, with a slight increase expected due to additional water meters being installed this year. The last rate increase occurred in 2019, and six new water taps are projected for this coming year.

Expenditures: Operational expenditures are projected to rise by 9%. Debt Service obligation of \$94,788 pertain to the Drinking Water Revolving Fund loan, used to finance the construction of an underground water storage tank in 2018. The loan carries an interest rate of 2% with principal & interest (P&I) payments of \$49,577 every May and November. No Capital Outlay expenditures have been requested for 2025.

Marina Fund

The Marina is projecting a deficit of \$126,680 for 2025. In 2024, a deficit of \$48,402 was budgeted, but current projections show retained earnings of \$87,011. This improvement is largely due to \$72,000 in expenditures for fireworks and the ice-skating rink being moved back to the General Fund. However, the Marina Fund balance has decreased by \$73,078 since 2020.

Revenues: Revenues are projected to increase by 13% compared to the 2024 budget. In 2024, sales exceeded expectations by 4%, and an additional \$40,000 is anticipated from the sale of two pontoon boats.

Expenditures: Operating expenditures are projected to rise by 1%. The savings from moving fireworks and ice-skating rink expenses to the General Fund have helped offset other increases. The main expenditure increases are driven by higher staffing costs, boat winterization, and credit card fees (though these will eventually be passed on to customers once the Marina switches to Civic Rec). For several years, the Marina has budgeted for engineering a new seawall and dock system, with \$5,000 currently allocated for this purpose. Additionally, \$10,000 has been budgeted to cover sales tax on two new pontoon boats anticipated for purchase. Capital Outlay requests include \$100,000 for the two new pontoon boats and another \$100,000 for the installation of new doors for the dock once the seawall is engineered.

PAYT Fund

The PAYT fund is projecting a deficit of \$22,811 for 2025. However, the fund has increased its balance by \$57,979 since 2020, and projections for 2025 estimate an ending fund balance of \$135,132.

Revenues: Revenues are expected to remain steady, with no significant changes anticipated for 2025.

Expenditures: Operational expenditures are projected to decrease by 11% in 2025. This reduction is largely due to lower site maintenance costs, which will drop from \$50,000 in 2024 to \$35,000 in 2025, though historically, these costs have averaged \$25,000. A Capital Outlay request of \$20,000 has been made to preparing for the new recycling requirements. As the State advances these recycling mandates, we anticipate being eligible for State funding to support these efforts.

Capital Improvement Fund (CIF)

The CIF fund is projected to use \$209,425 from its fund balance in 2025, leaving an estimated available balance of \$283,216 by the year's end (available balance considers the bond requirement).

Revenues: CIF revenues are derived from the 1% additional sales tax approved in 2017, designated for capital improvements such as streets, sidewalks, drainage, and other street-related projects. These revenues are projected to remain flat for 2025.

Capital Outlay: A budget of \$530,000 has been allocated for road and boardwalk improvements. Per our bond agreement, we are required to maintain a minimum fund balance of \$280,500.

Debt Service: The loan payment for the 2025 Sales Tax Bonds totals \$279,700.