



December 8, 2022

To Mayor Havenar and the Town Board of Trustees:

The 2023 Town of Palmer Lake Final Budget is presented for approval on December 8, 2022. A final Budget must be approved and sent to El Paso County by December 15, 2022 and delivered to the State by January 31, 2023.

In accordance with State Statutes, this budget is a balanced budget, where expenditures do not exceed revenues plus beginning available fund balance. The Town uses the modified accrual basis of accounting for the Governmental Funds and full accrual basis of accounting in the Enterprise Fund. The services provided by each department are fully described at the start of each section by fund in the 2023 Budget Book. The Town's population continues to grow, and citizen expectations remain high regarding the scope and quality of Town services. The passing of the ballot initiative to allow adult use cannabis will provide the Town increased sales tax. This revenue will assist with increased cost of Town operations and improvements to Town infrastructure, which will help meet the services to citizens.

The Town Hall restoration project was completed in 2022. After being unavailable to the public for two years, the town hall re-opened in late March 2022. The Town will continue to seek grant funds to upgrade the main entrance to be ADA compliant. Following the completion of the completed ADA compliant ramps to the Town's public facility which houses the Vaile Museum and leased to the Pikes Peak Library, there are ongoing improvements required and several capital projects that will extend to 2023. Public Works is set to begin two projects. The first quarter will begin with the design of the Palmer Lake Elementary School Road Improvement project to rebuild the Upper Glenway roadway and water infrastructure. The Bridges Rehabilitation projects at Greely Boulevard and Spring Street are also set to begin at that time. The Town will continue to collaborate with public members to pursue grant funds to develop and improve the recreation area at Palmer Lake/Centennial Park. The 28-acre Elephant Rock property is underway to be leased to two retail developments.

In 2022, the Board saw the completion of studies to address water and drainage in the Town and supported the completion of the Community Master Plan and the adoption of the long-time recodification project, finalizing one accessible document of the town municipal code. Completing these projects will assist in further review of the town code to align the Board's desire for the future vision of the Town.

As revenues allow and in priority, the department supervisors will consider additional positions in each respective department. Police will consider bringing part-time Officers to full-time status and Fire will consider the same. Public Works will consider a full-time position to assist with facilities and parks, and Administration will consider bringing accounting functions in-house and add a full-time staff member to assist with land use requirements, code enforcement and facilities, while the Court Clerk transitions to a part-time status.

REVENUES

Projected 2023 General Fund revenues and a projected carryover, along with increased sales tax revenue, are anticipated to cover the budgeted expenditures. Economic growth may be impacted by inflation and by a possible recession. There will be a slight decrease in the collection of property tax in 2023; however, the online sales tax collection remains strong. The newly implemented short-term rentals fees, along with increased lodging fees, are expected to increase revenue in the next year.

EXPENDITURES

While there will be an increase in revenues, the expenditures will be monitored to stay within the budget parameters. The staff is thankful for the Board's support in adjusting employee wages to be closer in line with comparable towns while also maintaining a balanced budget. The budget also allows for an increase in the employee retirement contribution match to 4% per participating employee.

CAPITAL EXPENDITURES & CAPITAL IMPROVEMENTS

In the 2023 Budget, the capital expenditures have been moved out of the operating expenditures to better monitor the capital improvements. The budget reflects the funds that will be set aside to begin a build up of funds for future capital projects, equipment, and grant matches. It is anticipated to re-evaluate available funds throughout the year.

RESERVE FUNDS

The Town is not subject to the TABOR amendment. Reserve funds is at ease holding a six-month cash reserve for operating and capital.

WATER ENTERPRISE FUND

Water Enterprise Fund revenues, together with a projected carryover, allows the budgeted expenditures to be funded. In the 2023 Budget, capital expenditures have been moved out of the operating expenditures to better monitor the capital improvements.

Water revenue is not anticipated to increase in 2023. The sale of water taps have decreased due to the inflationary pressures on building material costs and a slowdown in local development. The water usage rates have not kept up to cover the cost of providing water. The rates are scheduled to increase the authorized 3% with two of the rates to increase 7% respectively to be at the intended rate. Water meter fees are less due to not receiving meter supplies. This is expected to continue in 2023. These pressures will cause expenditures to hold in 2023. The Water Department is hiring one additional full-time employee as part of the succession plan for the Water Supervisor considering retirement. Salaries for the Water Department personnel are in line with the average.

The Water Department has several infrastructure projects anticipated in the new year. In 2022, it was identified the need to drill another Arapahoe well for additional water supply. Property will need to be identified for the well. The redrill of the D2 well was completed in 2022, and the department is awaiting final approval by the State to begin running it. The water treatment facility will require multiple upgrades, along with anticipated replacement/improvements to the distribution supply lines throughout the Town. An analysis of the equipment and the current rates will be conducted early in 2023 to assess and forecast future needs for the Water Department.

SPECIAL REVENUE FUNDS

The Conservation Trust Fund has a dedicated funding source, and the allocation on revenue is controlled by the funding source. The funds are earmarked for specific use for Parks to supplement funding needs. There is ongoing partnership consideration and grant seeking, including GOCO funds, to assist in providing funds to upgrade and improve the public space around Palmer Lake.

CONCLUSION

This budget allocates funding for necessary municipal services for the Town to the benefit of residents and visitors alike. The budget represents the best balance between the Town's fiscal responsibility and the service needs of the community. The economic inflationary pressures and the Town's increasing needs in the coming year have brought the budget to the forefront this year. A year-long discussion of the community's needs culminated in the residents voting to allow adult use cannabis in the Town of Palmer Lake. The anticipated increased revenue is expected to assist in closing the gap between revenues and expenditures. The Board of Trustees diligently identified priorities for the 2023 Budget to maximize these resources to better position the Town in the future.

I would like to express sincere thanks to the department supervisors, the administrative staff and the Deputy Town Clerk for their contribution and committed work efforts to the preparation and the ongoing refinement of this budget document for the 2023 year.

Sincerely,


Dawn A. Collins, CMC
Town Administrator/Clerk