



To the Town Board of Trustees and Citizens of Palmer Lake,

It is my pleasure to present to the Board and citizens the final version of the 2024 Budget for the Town of Palmer Lake. This is the most important process and function that Board members and staff collaborate on and manage each year. This document is the result of Board direction and the diligent work of administrative staff. It outlines the Town operations and capital improvement for 2024.

Budget Process

The budget process is a year-round function where staff monitors revenues and expenses against the adopted budget. The 2024 budget planning process began approximately at the end of August with department meetings in September. The Town of Palmer Lake staff proposed an initial draft budget with all the needs of the Town departments to the Board, including staffing, equipment, and various capital improvement projects. A draft version of the budget was distributed to the Board on October 12th and reviewed with department supervisors and the Board at a workshop on October 13, 2023. The anticipated revenue for 2024 would not cover the entire needs of town departments as drafted. The direction of the Board was to prioritize infrastructure improvement for water, drainage, and roadways. Subsequent Board direction was to include key new hire positions, including replacement of the Deputy Town Clerk, Equipment Operator, and code enforcement in Administration. The Board held a public hearing on November 9, 2023, and an additional workshop on November 29, 2023. The revised proposed budget reflected a reduction of part-time positions and hours, a wage adjustment ranging from 2-4% for existing staff, a decrease in capital funds for certain roadway improvement work, and an additional new position for a Police Records Technician. A final 2024 Budget must be approved and sent to El Paso County by December 15, 2023, and filed with the State by January 31, 2024.

In accordance with State Statutes, this budget is a balanced budget, where expenditures do not exceed revenues plus available beginning fund balance. It is the request of staff, however, to utilize a portion of the available fund balance to cover one-time costs of projects.

General Fund

The general fund provides for the general functions and services of the Town. Services provided by the Town under the General Fund include Administration, Police, Fire, and Public Works for Roads and Parks maintenance. The General Fund utilizes the modified accrual basis of accounting, a method under which revenues are recognized in the period they become available and measurable.

Expenditures are recognized in the period the associated liability is incurred. It is expected to begin 2024 with a beginning balance in the General Fund of approximately \$3,270,600.

Administration is the office supporting all departments of the town and the functions of municipal court, elections, land use and development, finance, human resource management, information technology, grant administration, public meeting management, and customer service to process all licensing and permits, as well as special events and reservations of town facilities. In 2023, the office experienced changes with the loss of the Deputy Town Clerk, a new accounting service as well as a new Accounting Clerk. The daily accounting functions are transitioning in-house for prompt access to financial data. Initiated by grant funds, a land use code update is taking place that will continue in 2024. Currently, there are two regular full-time and three regular part-time positions in Administration. For 2024, Administration will reduce one part-time position to allow for a new part-time code enforcement position and will hire a full-time replacement of the Deputy Town Clerk. Administration requests that a compensation analysis be conducted for all Town positions to refine job descriptions and establish a compensation table in 2024 which will benefit all departments.

The Police Department is responsible for the duties of law enforcement including the investigation, apprehension, and detention of individuals suspected of criminal offenses to protect the public. The department is comprised of six full-time sworn officers, including the Chief of Police, one Lieutenant and one Sergeant serving as command staff, along with part-time sworn officers. In 2023, the Police successfully initiated a Citizen's Academy for public participation. For 2024, the Police Department reduced part-time hours, will transition code enforcement to Administration, and will hire a part-time Records Technician.

The Fire Department is responsible for core functions of fire suppression, emergency medical response, hazardous materials response, fire prevention and education for the public. The department has five full-time firefighters, including the Fire Chief, and part-time firefighters. In 2023, multiple firefighters were deployed for wildland fires and two PLFD members became red card certified. For 2024, the Fire Department reduced part-time hours.

Public Works is responsible for the town public right of ways and roadways, drainage management as well as parks maintenance. Currently, the department includes two full-time equipment operators and three part-time maintenance personnel. In 2023, multiple roadway improvement projects were completed including a mill overlay of Spring, Greeley, Mystic, Vale and Sailing. The town hall/library visitor parking was regraded, and asphalt replaced. Also initiated by grant funds is the design work for the PLES Upper Glenway roadway improvement project and the design work for a pedestrian walkway along the east side of Hwy 105. For 2024, the Public Works Department will remove one part-time parks maintenance position to allow for one additional full-time Equipment Operator. Projects anticipated for 2024 include the design of Spruce Mountain roadway improvement and the construction of the PLES Upper Glenway roadway improvement. Capital funds are also identified to support drainage improvements. With Board approval in 2023, the Parks Commission created a trail and walking bridge from the end of the undeveloped portion of Kent Street to the Elephant Rock property. Grants are applied for to financially support the bridge construction. Grant opportunities will continue to be sought for funds to develop a multi-use field at Palmer Lake/Centennial Park. The

Board approved a grant funded project by Awake Palmer Lake to build six pickleball courts and a restroom at Palmer Lake in 2024. The in-kind portion from the town includes a water tap for the restroom, fill material and labor to grade the material to build the foundation for the courts.

Other Projects

After the Town Hall reopening, no additional work has been performed on the historical building. The Town will continue to consider grant funds to upgrade the main entrance to be ADA compliant and possibly upgrade the kitchen. The public building that houses the Vaile Museum and leases the upper level to the Pikes Peak Library required some structural improvement to the entrance, and the parking area and landscaping have improved drainage issues. The 28-acre Elephant Rock property has one lease in place to plan for the development of a proposed Eco Spa. The Board continues to work on securing a second lease for the proposed development of an event venue. The Police and Fire Department, along with Administration, request that the Board support initiating a plan for the feasibility of a shared public safety facility on the Elephant Rock property. Grant funds will be sought out.

Revenues

With anticipation of a healthy economy, it is projected that 2024 General Fund revenues and a portion of the fund balance for one-time projects, along with increased sales tax revenue, will allow the budgeted expenditures to be funded. We are optimistic that sales tax will grow.

Expenditures

While we anticipate a slight increase in sales tax revenue, budgeted expenditures are set to remain within the budget. The staff wage increase is conservative, ranging between 2-4%. The budget does increase the employee retirement contribution match at 4.25% per participating employee (the maximum is 5% for the town contribution) and a required increase of Fire & Police Pension Association (FPPA) to 13.6% (10% pension and 3.6% D&D).

Capital Expenditures & Capital Improvements

In the 2024 Budget, the capital expenditures are separated from the operating expenditures to better monitor capital improvement spending. The budget reflects the proposed projects. Administration will work with the Board of Trustees in 2024 to establish policy to reserve funds for future capital projects, equipment, and grant matches. It is anticipated to re-evaluate available funds in 2024.

Reserves

Whenever unassigned fund balances accumulate in a fund in excess of the adopted budget, the Town can utilize or assign the excess funds into an appropriate reserve within the Fund. Administration will work with the Board in 2024 to review potential policy for reserve funds.

Water Enterprise Fund

The Water Enterprise Fund is used to report business-type activity of the town's water utility. The revenues, together with an estimated fund balance, allow the budgeted expenditures to be funded. In the 2024 Budget, capital expenditures have been moved out of the operating expenditures to better monitor the capital improvements. In 2023, the Board of Trustees restructured the water

usage tiers and established new water rates pursuant to a water rate analysis and capital improvement study for water infrastructure needs. Water revenue is anticipated to increase in 2024. The sale of water taps decreased in 2023 and the 2024 budget reflects this trend. The 2024 rates will remain the same as the modification adopted by the Board in the fall of 2023, although tap fees are scheduled to increase in 2024. The water meter fees are recommended to increase. The Water Department will have three full-time water operators and one full-time water technician before the close of 2023. Salaries for the Water Department personnel are in line with the average of 3% increase. The Water Technician hired in December will participate in an apprentice program beginning in 2024.

In 2023, the Water Department completed several infrastructure projects including the treatment plant telemetry upgrades, the Buena Vista water line replacement, and the necessary replacement of the treatment plant SCADA PC. Pursuant to the completed Preliminary Engineering Report, the following water system improvement projects were identified as priority projects – distribution supply line replacement, a new Arapahoe well for additional water supply, and looping the distribution system. The completed redrill of the D2 well in 2022 was approved by the state early in 2023 and is running. The 2024 water fund budget reflects a replacement vehicle and the water line replacement project at Upper Glenway.

Conservation Trust Funds

The Conservation Trust Fund accounts for lottery proceeds that are restricted for specific use for parks improvement. There is ongoing partnership consideration and grant seeking to further assist in providing funds to upgrade and improve public amenities around Palmer Lake, Centennial Park, Glen Park, and Columbine Park.

Conclusion

The 2024 Budget has been prepared with the priorities directed by the Board of Trustees. It allocates necessary funding to the services of the Town to benefit residents and visitors. This budget reflects the Town Board's commitment to necessary infrastructure. Balancing the Town's fiscal responsibility and the vast needs of the community continues to be a challenge. This challenge provides an opportunity to strategically plan for future years. This will be collaborative work with the Board of Trustees to maximize the resources to better position the Town in the future.

I would like to express my appreciation to the Palmer Lake Board of Trustees for their commitment to the community, and to the department supervisors and administrative staff for their collaborative efforts to prepare a balanced budget for 2024.

Sincerely,

Dawn A. Collins

Dawn A. Collins, CMC

Town Administrator/Clerk