



December 2024

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 2025 Budget for the Town of Palmer Lake. This is the most important function that town officials and staff collaborate on and manage throughout the year. This document is the result of Board discussion, dedicated time and commitment of department supervisors, and detailed work of administrative staff. It outlines the Town revenue, operations, expenditures, and capital expenditures anticipated for 2025.

Budget Process

The budget process is a year-round function where staff monitors revenues and expenses against the adopted budget. The 2025 Budget planning began approximately August with internal department meetings starting in September. The Town of Palmer Lake staff proposed an initial draft budget with all the needs of the Town departments identified to the Board, including staffing, changes in operating costs, equipment, and various capital items and improvement projects. A draft version of the budget was distributed to the Board on October 10th, and department supervisors discussed the proposed budget for their department at a workshop on October 11, 2024. The anticipated revenue for 2025 will not cover all of the desired capital expenditures of town departments. Administration and all departments emphasized the need for appropriate staff wages, as well as additional staff in some areas, as the most important issue to address with the 2025 Budget. The Board held a public hearing on November 14, 2024, with no substantial public comments or questions related to the proposed budget.

The budget reflects wage increases for staff that are below the recommended wages in the compensation study. The proposed wage increases were adjusted halfway to the recommended wage. It is requested that a commitment be made to reach the mid-range for all employees and continue each year with a minimum of an annual COLA increase. The budget includes two additional full-time officers for Police and two additional full-time firefighters for Fire. No other significant change in staffing from the 2024 Budget is proposed for 2025. The certification of mill levy must be provided to County Commissioners by December 15, 2024, and subsequently, the adopted budget must be filed with the State by January 31, 2025.

In accordance with State Statutes, this is a balanced budget, where expenditures do not exceed revenues plus the available beginning fund balance. It is the request of staff to utilize a portion of the available fund balance to cover various capital expenditures. Those equipment items that grant monies can fund will be sought.

General Fund

The general fund provides for the general services of the Town. Services provided 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 2025 with a beginning balance in the General Fund of approximately \$4,509,000. It is proposed to cover approximately \$323,000 of proposed capital expenditures from fund balance.

Administration supports all departments of the town and includes the functions of municipal court, elections, zoning and land use development, finance, human resource management, information technology, grant administration, public meeting management, and customer service – internally to all departments and externally to all public members for licensing and permits, special events, reservations of town facilities, and general information. In 2024, the Administration office continued to experience turnover of staff, including the Accounting Clerk and Deputy Town Clerk. Currently, positions in the Administration budget include three regular full-time and four regular part-time, including Code Compliance in Administration. Completion of the compensation study in 2024 has been extremely helpful for hiring with established wage ranges. The critical issues of the land use code continue to be reviewed and revised with the Planning Commission. The town's server needs to be upgraded and replaced in 2025. Additionally, Administration proposed upgrades to the Town Hall audio/video setup and consideration of a website upgrade to include a reservation system for the various town venues. The needs for the historic Town Hall, the village green, and elephant rock property also fall under the Administration budget.

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 has undergone abundant change in 2024. Prioritizing staff and necessary equipment to conduct public safety was supported by the Board of Trustees. Currently, the department is comprised of 8 full-time sworn officers, including the Chief of Police and Lieutenant, and one part-time Sergeant, serving as command staff, and one part-time Corporal. The Police budget includes two additional full-time positions as well as a part-time Records Technician. Late in 2024, monies were awarded, funding a feasibility study for the proper location of a joint police-fire public safety facility. This need is becoming increasingly important for the Police Department to have space to operate effectively and efficiently.

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 several part-time firefighters. In 2024, multiple firefighters and equipment were deployed for wildland fires. Additionally, public property is actively being mitigated. The standard staff is four firefighters for proper response. The 2025 Budget includes two additional full-time firefighters, which will provide two full-time per shift. Like the Police Department, a proper space is becoming increasingly important – for staff quarters, storage, equipment, and training.

Public Works is responsible for the town public right of ways and roadways, drainage management as well as parks maintenance. In 2024, the department experienced staff turnover. Currently, the department is staffed with two full-time equipment operators, one full-time maintenance technician, and one part-time maintenance worker. The 2025 Budget has one additional part-time seasonal position. In 2024, the roadway improvement project completed was the grant funded Upper Glenway improvement project in front of Palmer Lake Elementary School. It was successfully completed within the schedule and budget. The design work for a pedestrian walkway along the east side of Hwy 105 continues to progress and the carry over funds budgeted for 2025. Construction funds will need to be sought once a design is final. In 2024, the design portion of Spruce Mountain roadway improvement was initiated and will continue in 2025, as well as the construction activity of the funded project. The Parks and Trails Commission completed a trail and walking bridge in 2024, thanks to the partnership with USAFA. A second bridge will be designed and constructed in 2025. Additionally, the Commission members will begin renovating the open-air pavilion on the Elephant Rock property. In 2024, the Awake Palmer Lake project constructing six pickleball courts was completed and courts opened in the fall. The restroom facility is anticipated to be completed over the winter. Opportunities to fund the development of a soccer/multi-use field at Palmer Lake continue. As public areas continue to be developed, additional seasonal staff will be needed in the future for ongoing general maintenance.

Other Projects

In 2024, the Town Hall had two windows replaced in the kitchen. Grant funds will again be explored in 2025 to upgrade the main entrance to be ADA compliant. A window was also replaced in the upper-level building leased to the Pikes Peak Library. The 28-acre Elephant Rock property is being mitigated by the Fire Department and the 2.8 acres leased to Eco Spa are being cleared. The annex structure is currently being utilized. Plans for the Eco Spa and amphitheater are anticipated in early 2025. The six cabins and long house were abated of asbestos for the demolition of the structures. The Parks and Trails Commission will provide a vision for this open area. Due to the main building lease not coming to fruition, the Board of Trustees will need to revisit the overall vision and plan for this property to address the use, anticipated access from Hwy 105 and required improvements to the property.

Revenues

With anticipation of a healthy economy, it is projected that 2025 General Fund revenues and a portion of the fund balance for one-time items and projects, along with increased sales tax revenue, will allow the budgeted expenditures to be funded. We are optimistic that sales tax will continue to increase.

Expenditures

While we anticipate a slight increase in sales tax revenue, budgeted expenditures remain within the budget. The staff wage increases are to remedy those wages below the recommended wage per the compensation study. The budget also increases the employee retirement contribution match at 4.50% per participating employee (the maximum is 5% for the town contribution) and a required increase of Fire & Police Pension Association (FPPA) to 14.3% (10.5% pension and 3.8% D&D).

Capital Expenditures & Capital Improvements

In the 2025 Budget, capital expenditures are separated from the operating expenditures to better monitor capital improvement spending. The budget reflects the proposed projects. Administration desires to work with the Board of Trustees in 2025 to establish a policy to reserve funds for future capital projects, equipment, and grant matches. Based on the initial draft mission of each department, and the mission of the Board of Trustees, a *draft* strategic plan will be provided in 2025 to begin the discussion to identify and prioritize objectives.

Reserves

Whenever unassigned fund balance accumulates 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 closely with the Board in 2025 to review policy for reserve funds.

Water Enterprise Fund

The Water Enterprise Fund is used to report business-type activity on the town's water utility. The total revenues allow the budgeted expenditures to be funded. In the 2025 Budget, capital expenditures are separated from the operating expenditures to better monitor the expenditures. 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 increased in 2024 and is expected to increase in 2025. The sales of water taps have decreased and is reflected in the 2025 Budget. The 2025 water rates will increase as adopted in the master fee schedule. The Water Department currently has two full-time water operators and one full-time water technician, with one full-time Operator in Responsible Charge position to fill. Salaries for the Water Department personnel are in line with the compensation study.

In 2024, the Water Department completed the water line upgrade as part of the PLES roadway project. Additionally, the department network is being secured by the end of 2024. The completed Preliminary Engineering Report identifying water system improvement projects will need to be revisited by the Board of Trustees. There is currently no activity on the new Arapahoe well for additional water supply and looping the

distribution system. Water personnel will continue to replace water distribution lines and the 2025 Budget includes funding for replacing the Canon City and Park water lines. With remaining capital funds, it is anticipated to start the Shady Ln line replacement, which will require multiple years to accomplish.

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 2025 Budget has been prepared with discussion of department needs with the Board of Trustees and prioritizing needs. 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 improvement. 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. A strategic plan of priorities will require collaborative work with the Board of Trustees.

I would like to express my appreciation to the current and new members of the Town Board of Trustees for their commitment to serving the community. I also want to express great appreciation to the department supervisors and administrative staff for their dedicated efforts to prepare a balanced budget for 2025.

Sincerely,

Dawn A. Collins

Dawn A. Collins, CMC

Town Administrator/Clerk