

**TOWN OF PALMER LAKE
BOARD OF TRUSTEES - MEMO SUMMARY**

DATE: November 13, 2025	ITEM NO. xx	SUBJECT: Direction on Proposed 2026 Budget
Presented by: Interim Town Administrator Glen Smith		

Background

Historically, Town Administration seemed to react to town matters. It is my goal to shift that in the coming year and, in collaboration with the Board of Trustees, begin developing a plan of objectives for the organization and the community to assist in planning for the future.

Understand that the proposed figures will be adjusted with final figures as we approach the December 1 meeting for adoption of the budget. Understand, also, that the annual revenue does not support all of the organization’s needs, additions, and certainly not capital expenditures requested and in areas necessary for town operations.

Therefore, the proposed 2026 budget is presented with the following recommendations based on department discussions and priorities identified by Administration and discussed with the Board.

Reference the enclosed completed, ongoing, and proposed projects.

General Fund:

- Revenue – Sales Tax –reduction due to the passing of SB-25-268 cut the portion of revenue distributed to local governments from 10% to 3.5% effective July 2025. Revenue has also been reduced due to increased competition.
- Revenue – grant funds include the following confirmed monies – MMOF funds (sidewalk design); TIP (Spruce Mtn roadway improvement); BHCON (clinician/CIT program);
- Operating – pursuant to the compensation study, it is burdensome to increase to the recommended wages; therefore, the proposed budget includes an increase for wages lower than the recommended wage to be increased halfway to the recommended wage with a commitment to complete the wage increase to recommended wages in 2027 and with an additional COLA increase for all employees.
- Operating – pursuant to the needs of the departments, all operating expenditures were reviewed and are accounted for as discussed, and modifications noted.
- Capital – improvement projects and equipment are generally unable to be funded by annual revenue, thereby utilizing fund balance.

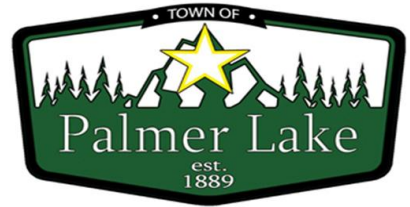
Note: Over \$507k capital expenditures utilizing ~ \$507k FB

Water Operating Fund:

- Revenue – healthy revenue covers operating
- Operating – staffing includes three
- Operating – pursuant to discussions with water department, operating costs continue to increase.
- Transfer to new Water Capital Fund proposed amount equal to 2025 Proposed Amendment Ending Fund Balance less 6 months operating expenditures

Water Capital Fund (this section heading should be out to the left with no bullet)

- Capital – projects include shop and treatment plant security fencing, coagulation system, low zone tank rehab, and plant instrumentation. If staff is able to consider replacing water distribution lines, board direction



will be sought. No line replacements are currently planned for 2026. After coagulation is in place for a time, Water staff will review potential need for an additional well.

- Code review is needed to ensure proper revenue and expense lines are included in this fund.

Staff recommends establishing a Capital Improvement Fund for the General Fund. More discussion will follow with policy for these funds.

Conservation Trust Fund (CTF):

- Revenue – steady from year to year and restricted use of funds for playground maintenance and capital improvement.
- Operating – planned expenditures are summer wages of one staff member maintaining parks.
Capital – a planned capital item is possible shade structures. More discussion is needed with Parks Commission project list.

Recommended Action

Staff recommendations are reflected in the proposed budget. Management recommends increase of wages, staff restructuring, and prioritized capital items with use of fund balance accordingly.

If the Board has specific input, or different objectives at this time, please provide such direction.

It is becoming imperative that the following discussions are considered to prioritize future planning –

- Generation of revenue
- Fire Department
- A proper facility for public safety
- A master drainage plan for the community for guidance of infrastructure improvement, along with consideration of an enterprise fund for necessary infrastructure
- Water System Improvements
- Consider the planned use of elephant rock property to determine improvements needed
- Security of public facilities – ie., fence/gate shop yard and water facilities; security cameras
- Consider Town fuel tanks at shop for all dept use
- Consider ADA plan for community – ie., prioritizing parks, public areas
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