



CITY COUNCIL ACTION FORM

Department Finance	Presented by Aimee Tihonovich - Finance Director	Date October 19, 2021
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ITEM

2021-37 - Resolution to adopt the 2022 Budget

BACKGROUND

City Council and staff have been hard at work on the 2022 budget and have devoted time to studying the budget in public work sessions since August. A resolution for a balanced sustainable 2022 budget is attached. This resolution establishes the budget and appropriates funds for spending the 2022 calendar year.

FISCAL NOTE

The 2022 budget is \$29,078,252 for all funds and is supported by \$27,024,365 in anticipated 2022 revenue and a potential use of fund balance reserves in the amount of \$2,053,887 resulting in a balanced budget.

STAFF RECOMMENDATION

After opening a budget hearing and giving due consideration to citizen comments, it is recommended that the public hearing be closed and that Council adopt the 2022 budget and appropriation resolution.

SUGGESTED MOTION

A councilperson should make a motion to adopt the resolution establishing a budget and appropriation for the calendar year 2022



CITY COUNCIL ACTION FORM

Department	Presented by	Date
Finance	Aimee Tihonovich - Finance Director	October 19, 2021

CITY OF SALIDA, COLORADO
RESOLUTION NO. 37
(Series of 2021)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO,
SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND AND
ADOPTING A BUDGET FOR THE CALENDAR YEAR BEGINNING ON THE FIRST
DAY OF JANUARY 2022 AND ENDING ON THE LAST DAY OF DECEMBER 2022**

WHEREAS, The City Council of the City of Salida appointed the City Administrator to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, on August 16, 2021, the City Administrator submitted a proposed budget to the City Council for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with applicable law, said proposed budget was open for inspection and a public hearing held on October 19, 2021 and interested taxpayers were given the opportunity to file or register any objections to said budget.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO THAT:

1. Estimated revenues and expenditures for each fund are as follows:

<u>Estimated Revenues</u>	
General Fund	\$ 12,167,509
Water Fund	\$ 6,344,600
Wastewater Fund	\$ 2,180,000
Conservation Trust Fund	\$ 74,000
Streets Fund	\$ 4,324,605
Capital Improvement Fund	\$ 1,146,151
Economic Development Fund	\$ 191,500
Lodging Tax Fund	\$ 516,000
Housing Fund	\$ 80,000
	<u>\$ 27,024,365</u>

<u>Estimated Expenditures</u>	
General Fund	\$ 13,090,702
Water Fund	\$ 6,302,409
Wastewater Fund	\$ 2,568,745
Conservation Trust Fund	\$ 290,000
Streets Fund	\$ 4,648,896
Capital Improvement Fund	\$ 1,185,000
Economic Development Fund	\$ 324,500
Lodging Tax Fund	\$ 516,000
Housing Fund	\$ 152,000
	<u>\$ 29,078,252</u>

2. Use of Fund Balance reserves are utilized to balance the budget when current revenues as shown above do not fully support the expenditures.
3. The adoption of the 2022 Budget, by this Resolution, shall and does hereby constitute the basis for appropriation of the several sums specified herein as expenditures from the various funds and of the total such expenditure.
4. The 2022 Annual Budget as submitted and herein above summarized by fund, hereby is approved and adopted as the Budget of the City of Salida for the year stated above.

RESOLVED, APPROVED AND ADOPTED this 19th day of October, 2021 by a vote of _____ to _____.

CITY OF SALIDA, COLORADO

[SEAL]

By _____
Mayor

[ATTEST]

City Clerk/Deputy City Clerk

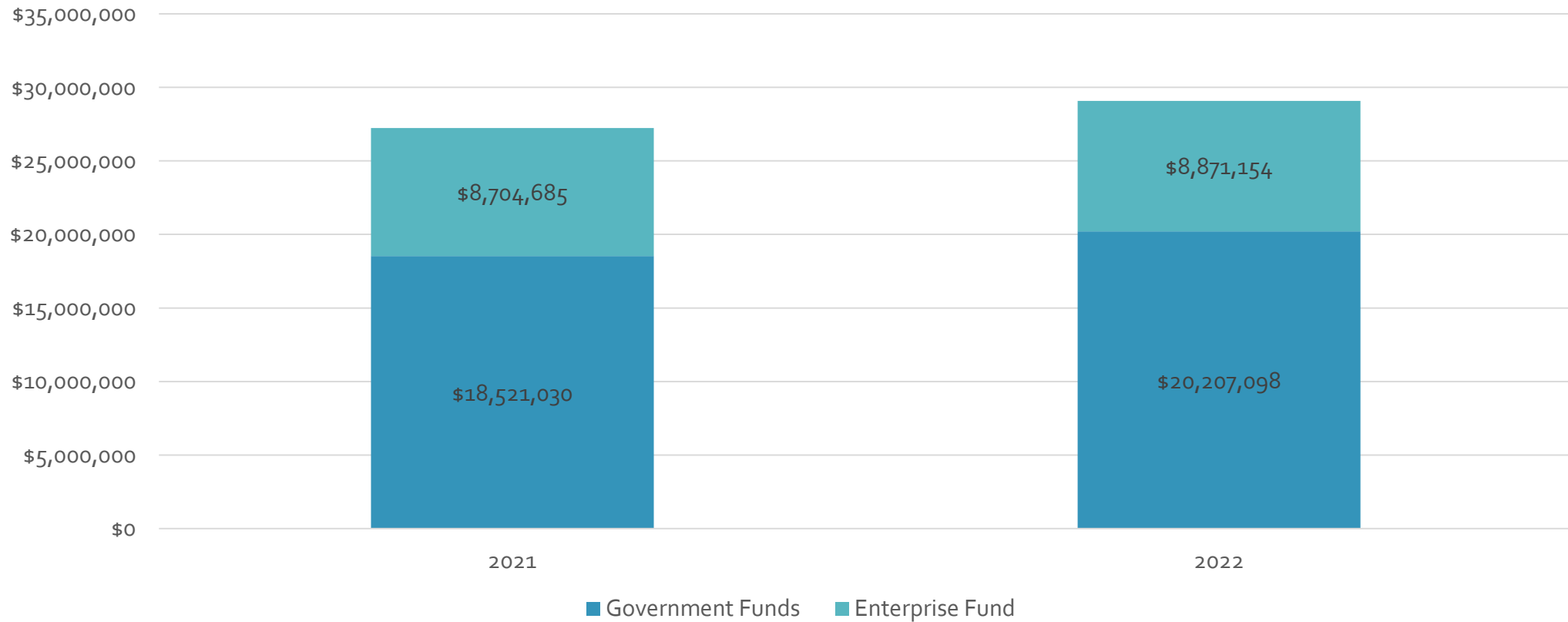


2022 Budget

Summary of 2022 Budget Process

- **April 7 – Council retreat held to develop priorities**
- **August 16 – Proposed Draft Budget presented to Council**
- **August 17 – Budget available for public inspection**
- **Public Budget Work Sessions Held – Sept 7, Sept 20, October 4 and 18**
- **Public Hearing – October 19**
- **Budget adoption scheduled for October 19**

Total Budget Comparison 2022 to 2021



Government Funds Overview

The numbers – Government Funds

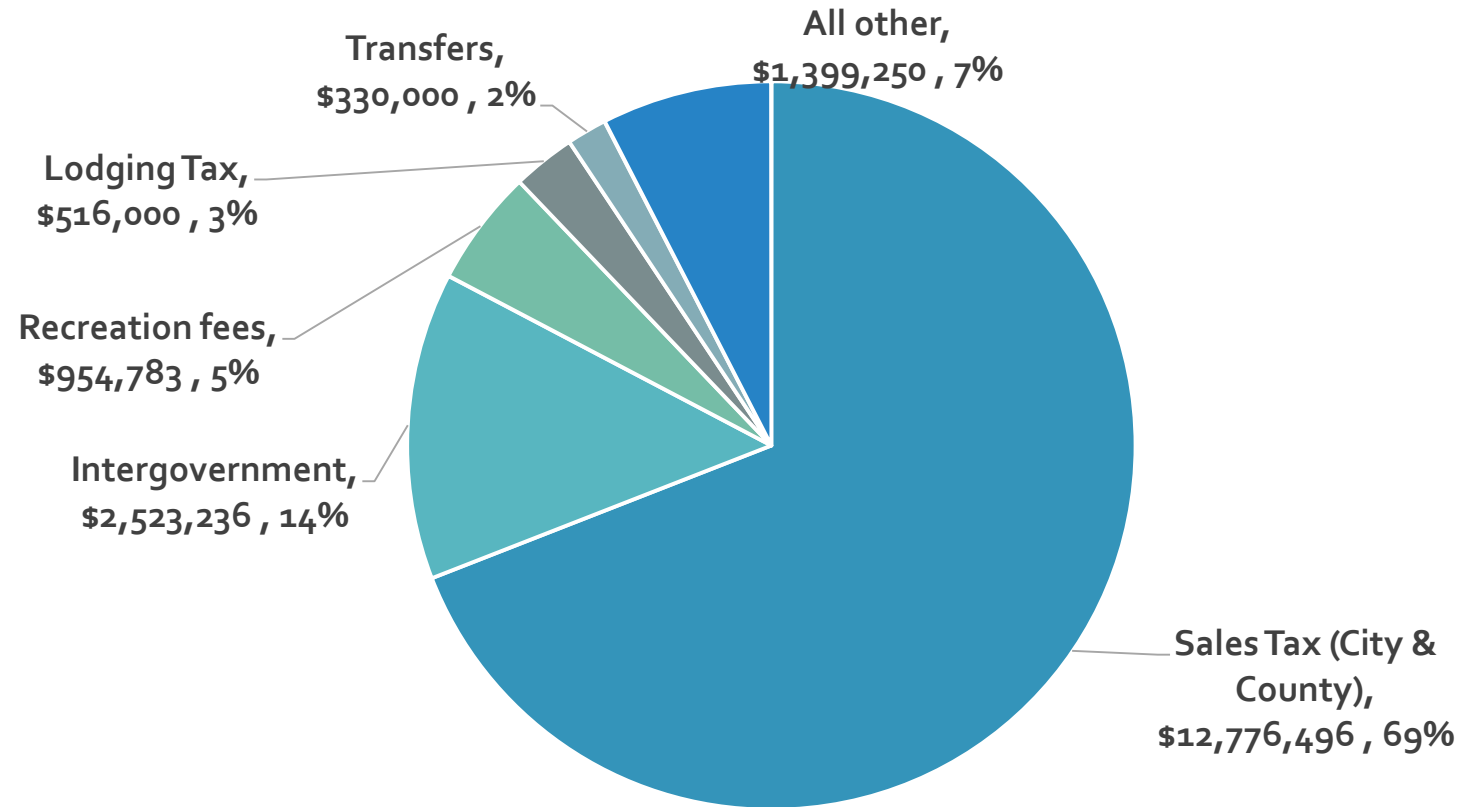
Proposed Budget Revenues

Fund	2022 Budget
General Fund	\$12,167,509
Conservation Trust	\$74,000
Streets	\$4,324,605
Capital Improvement	\$1,146,151
Economic Dev't	\$191,500
Lodging Tax	\$516,000
Housing	\$80,000
Total	\$18,499,765

Proposed Budget Expenses

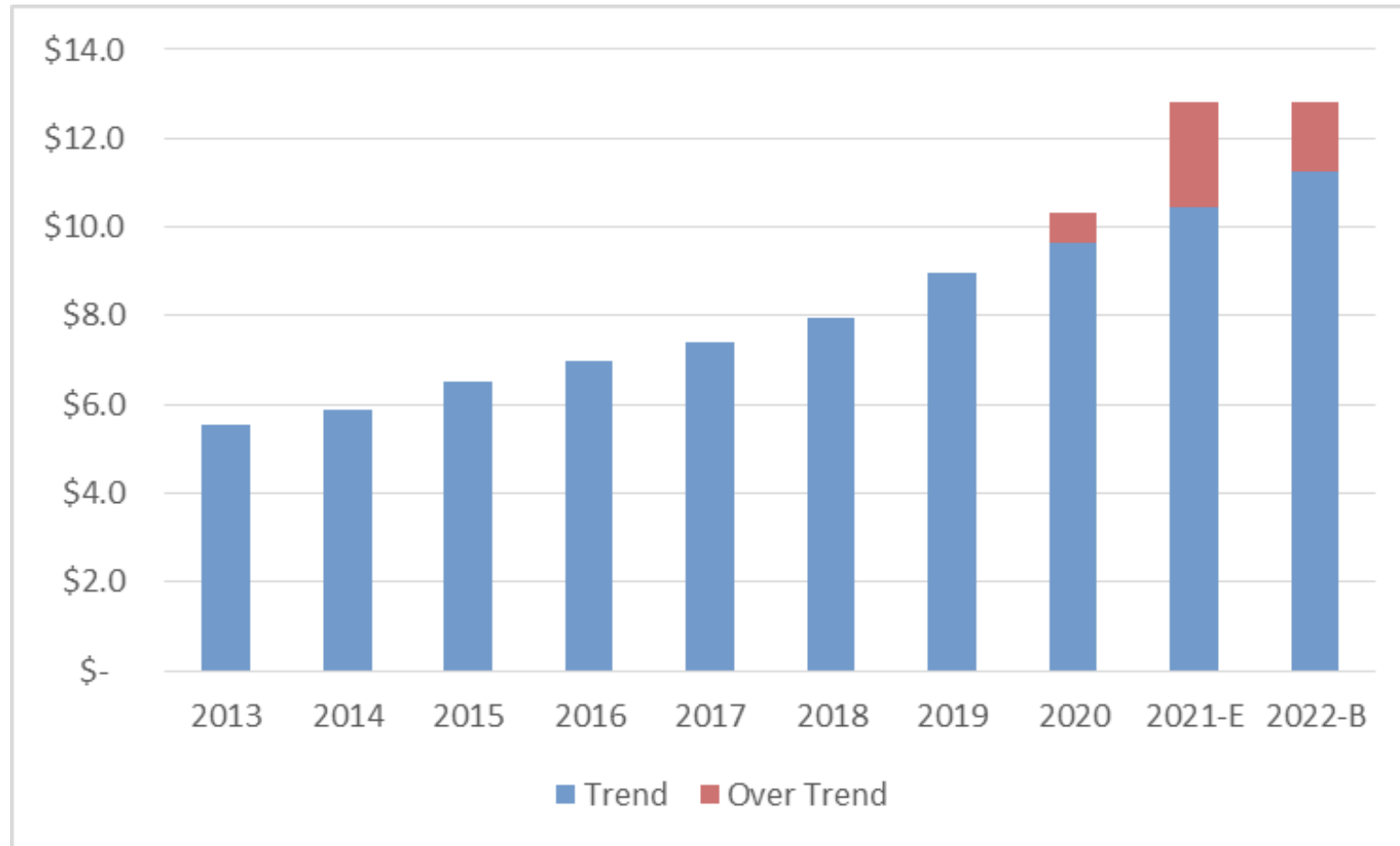
Fund	2022 Budget
General Fund	\$13,090,702
Conservation Trust	\$290,000
Streets	\$4,648,896
Capital Improvement	\$1,185,000
Economic Dev't	\$324,500
Lodging Tax	\$516,000
Housing	\$152,000
Total	\$20,207,098

Government Funds Revenue



Sales (City & County) Tax Revenue Trend

\$ in millions



Fund Comparison 2022 to 2021

	2021	2022	Increase (Decrease)	Major Reason
General Fund	\$ 10,793,738	\$ 13,090,702	\$ 2,296,964	ARP Funds, no transfer to Capital Improvement Fund
Conservation Trust Fund	340,000	290,000	\$ (50,000)	Less accumulated funds available
Streets	3,764,792	4,648,896	\$ 884,104	Grant funded Safe Routes to School project
Capital Improvement	2,235,500	1,185,000	\$ (1,050,500)	Removed soaking pool project
Economic Development	247,000	324,500	\$ 77,500	Higher contingency available to council
Lodging Tax	420,000	516,000	\$ 96,000	Higher activity and fee increase planned
Housing	720,000	152,000	\$ (568,000)	2021 included grant funded Salida Ridge Housing Project funding
	<u>\$ 18,521,030</u>	<u>\$ 20,207,098</u>	<u>\$ 1,686,068</u>	

Key Issues-Government Funds

- Sales tax budget flat with 2021, projected to be 24% higher than 2020
- Recreation and Event fee expected to return to 2019 level
- Soaking pool project removed from budget, still in long term plan
- Significant projects funded:
 - American Rescue Plan (ARP) funding planned for housing projects
 - Splashpad
 - DOT funded Highway 50 Streetscape Project (Safe Routes to School)
 - Vandaveer site planning
- 7.5 new FTE's (full time equivalent employees)
- COLA and market adjustments to maintain workforce

Government Fund Balance Analysis

	General Fund	Conservation Trust Fund	Streets Fund	Capital Improvement	Economic Development Fund	Lodging Tax Fund	Housing Fund
Projected Beginning Available	\$ 4,361,353	\$ 216,645	\$ 448,365	\$ 58,904	\$ 133,000	\$ -	\$ 117,741
2022 addition (use)	(1,439,191)	64,000	(324,290)	(318,849)	(83,000)	516,000	(122,000)
Interfund transfers	516,000	(280,000)		280,000	(50,000)	(516,000)	50,000
Proposed Ending 2022 Fund Balance	\$ 3,438,162	\$ 645	\$ 124,075	\$ 20,055	\$ -	\$ -	\$ 45,741
Percentage of 2021 Operating Expense	39%	N/A	14%	N/A	0%	N/A	N/A
Within Fund Balance Policy?	✓	✓	×	✓	×	✓	✓

NOTE: The Streets and Economic Development Fund Balances may slip below the minimum level called for in the City's fund balance policy. However, this is due to a large one time projects in the Street Fund and a contingency placed in the Economic Development Fund. It is likely funds won't be fully expended in this budget period and if they are the funds should be replenished in 2023. Worst case, there is room in the general fund to help with any immediate cash flow needs.

Enterprise Funds Overview (Utilities)

The numbers – Water & Sewer

Proposed Budget Revenues

Fund	2022 Budget
Water	\$6,344,600
Wastewater (Sewer)	\$2,180,000
Total	\$8,524,600

Proposed Budget Expenses

Fund	2022 Budget
Water	\$6,302,409
Wastewater (Sewer)	\$2,568,745
Total	\$8,652,700

Water & Sewer Key Budget Issues

- Planning and financing for two large projects have been in the works for a few years, 2022 should see the majority of actual construction for:
 - the gallery transmission line replacement
 - the pasqualle spring improvements
- Sanitary Sewer Lining (CIPP) projects are planned to reduce infiltration
- Typical costs for ongoing maintenance of important infrastructure is budgeted.
- Service fees will increase according to the schedule recommended in the 2020 rate study. Impacts will be similar to the 2021 fee increases.

Utility Fund Balance Analysis

	Water Fund	Wastewater Fund
Projected Beginning Available Reserves	\$ 3,696,462	\$ 1,165,738
2022 addition (use)	\$ 42,190	(388,745)
Proposed Ending 2022 Fund Balance	<u>\$ 3,738,652</u>	<u>\$ 776,993</u>
Percentage of 2021 Operating Expense	220%	41%
Within Fund Balance Policy?	√	√

Note: Although the fund balance may appear to be high, it is important to note that utility projects are very expensive and it is necessary to "save up" for them.