

# TOWN OF RIDGWAY 2022 ANNUAL BUDGET



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## **BUDGET MESSAGE**

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Mayor, Town Council and Ridgway Residents:

We respectfully submit the Town of Ridgway Fiscal Year Budget for January 1, 2022 through December 31, 2022. The 2022 Annual Budget incorporates direction provided by the Town Council during budget discussion meetings and is consistent with input provided by the Town Council throughout the process. This message provides a summary of the (1) year in review, (2) financial summary and outlook and (3) 2022 proposed budget highlights.

### **YEAR IN REVIEW**

First and foremost, 2021 was a positive year in many ways, even as we continue to weather the worldwide COVID-19 pandemic.

We are honored to serve this community, and to work with such a dedicated and professional team of coworkers. We appreciate the Town Council's direction and most especially our community's values and priorities, as detailed in the *Town of Ridgway Master Plan*. These values and priorities provide the foundation in which we make operational decisions. Some highlights of 2021 accomplishments include, but are not limited to:

- Successfully worked with DHM Design on the completion of the *Uncompahgre River Ecological Assessment and Recommendation Report*, as well as the *River Channel Characteristics Technical Report*
- Worked with LRE Water on the development of a "Water Supply Assessment", which is slated for completion in early 2022
- Completion and enactment of updated landscape regulations to encourage water conservation and require low water usage landscaping or xeriscaping
- Completion of phase 1 of the water meter and radio replacement program (150)
- Completion of predevelopment work on Ridgway Space to Create Project and successfully ushered Artspace through building permit process and entered construction phase of the project
- Successfully contracted with Clarke & Co, Inc. to complete Phases 1 and 2 of the Heritage Park Improvements Project
- Successfully worked with the Ridgway Area Chamber of Commerce on the establishment of the Visitor Center-Heritage Park Advisory Committee and the development of the "Long-Term Implementation Plan and Strategy" for the *Strategic Master Plan for Ridgway Visitor Center & Heritage Park*
- Successfully submitted funding application to the Main Street: Open for Business Program and were awarded funding to support façade improvements and energy efficiency projects at the Bank Building

- Administratively merged the Town's Main Street and Creative District initiatives into Ridgway Creative Main Street
- Successfully completed the inaugural year of the Youth Advisory Council
- Entered into a 30-year Indefeasible Right-of-Use Agreement with Clearnetworx and Region 10 to pursue broadband connections to anchor institutions
- Successfully hosted and managed the Ridgway Concert Series
- Successfully contracted for municipal code hosting and codification services and completed the migration to the Municode platform
- Completion of the preliminary design for Amelia Street Project
- Undertook pilot testing process to explore benefits of transitioning from chlorine dioxide treatment to Granular Activated Carbon at the Town's water treatment plant
- Successfully contracted with Community Planning Strategies, LLC to provide high caliber planning services for the Town of Ridgway
- Conducted strategic speed enforcement on Town streets, including Sherman Street, and conducted a traffic speed study on Sherman Street, the results of which indicated an average of 99.7 percent adherence to the posted 25 MPH speed limit
- Worked with Economic & Planning System, Inc., as well as Ouray County and the City of Ouray, on the development and finalization of the Ouray County Economic Resiliency Plan to provide an evaluation of the County's economic and fiscal conditions and to provide clarity about the impacts attributed to COVID-19
- Adopted an ordinance pertaining to economic nexus to join in on the simplification efforts of all the self-collecting home rule municipalities in Colorado
- Successfully worked with Logic Compensation Group on the development and implementation of a Classification and Compensation System that is equitable, both internally and externally
- Completion of chipping of all branches collected through the Town's Branch Collection Program
- Efficiently delivered the full array of core Town services
- Successfully purchased vehicles and equipment to support operations, including but not limited to a water truck, a hydro-vac excavator trailer, and a street sweeper

The list above is not comprehensive by any means. We will continue to stay focused, consistent, and deliberate in our work efforts, and begin 2022 intending to succeed through the global COVID-19 pandemic, while still accomplishing our short and long-term goals.

### **FINANCIAL SUMMARY AND OUTLOOK**

The 2022 Annual Budget is balanced as required by Colorado Budget Law. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Principal and interest on general long-term debt is recognized when due. The document is prepared in conformity with generally accepted accounting principles for municipalities. In accordance with the Charter of the Town of Ridgway, the Budget contains detailed revenues, expenditures and balances for each fund and account for (a) the audited 2020 fiscal year, (b) the adopted budget for the 2021 fiscal

year, (c) the estimated year end revenues and expenditures for the 2021 fiscal year, and (d) the adopted budget for the 2022 fiscal year.

The Budget for the Town of Ridgway operates from three funds: The General Fund, the Water Enterprise Fund, and the Sewer Enterprise Fund. General Fund revenue is derived primarily from sales tax, property tax, excise tax, lodging tax and various user fees. The two Enterprise Funds are self-supporting funds with their principle source of revenue received from user fees.

The 2022 Annual Budget will have a mill levy based on Amendment I restrictions, the Taxpayers Bill of Rights (“TABOR”). The mill levy for 2022 has been certified as 8.651, which was the certified mill levy in 2021. The total assessed valuation within the Town, as derived from the Ouray County Assessor's Office, increased from \$35,036,580 to \$40,288,290.

The following is a summary of important information focusing on level of service, revenues, and expenditures for the three funds referenced above, debt service, recent construction activity within the Town, and the overall financial sustainability of the Town. We present this information to provide an understanding of the Town’s current fiscal picture.

#### Level of Service

The Town Council places a high priority on maintaining the existing level of municipal services in 2022 for the purpose of community stability and support of the local economy. Some levels of service and staffing to support those levels of service will increase in 2022 with the addition of a regular, full-time administrative assistant position and a seasonal, full-time code enforcement officer position. In addition, the Budget accounts for a fourth regular, full-time member of the Marshal’s Office to replace the regular, part-time deputy position.

#### General Fund

The General Fund beginning Fund Balance is \$2,595,827 and the end of the year Fund Balance is \$2,004,045. Total tax revenues for 2021 are projected to increase from \$1,744,557 in 2021 to \$2,278,289, an increase of \$533,732. Total General Fund revenues for 2021 are projected to increase from \$2,382,654 in 2020 to \$3,080,755, an increase of \$698,101. General Fund expenditures have been increased from the Original 2021 Budget amount of \$3,056,388 to \$3,327,706, or a net increase of \$271,318 for 2022. General Fund reserves remain healthy in 2022 with a 3% Emergency Reserve required by TABOR (\$99,831) and a remaining undesignated amount (\$2,004,045), which results in a total fund balance of \$2,103,876.

#### Water Fund

The Water Fund beginning Fund Balance is \$1,456,782 and the end of the year Fund Balance is \$1,619,235. Total revenues for 2022 are projected to increase from \$995,582 in 2021 to \$1,220,050, an increase of \$224,468. Water Fund expenditures have been increased from the Original 2021 Budget amount of \$909,660 to \$1,054,754, or a net increase of \$145,094 for 2022. Ending Water Fund Balance for 2022 is projected at \$1,619,235. This projection is much higher than the Ending Water Fund Balance in the Original 2021 Budget, which was \$985,445.

#### Sewer Fund

The Sewer Fund beginning Fund Balance is \$1,105,160 and the end of the year Fund Balance is \$1,368,973. Total revenues for 2022 are projected to increase from \$460,184 in 2021 to \$556,150, an increase of \$95,966. Sewer Fund expenditures have been reduced from the Original 2021 Budget amount of \$401,290 to \$337,337, or a net reduction of \$63,953 for 2022. Ending Sewer Fund Balance for 2022 is projected at \$1,368,973. This projection is higher than the Ending General Fund Balance in the Original 2021 Budget, which was \$925,198.

#### Debt Service

The Town has been historically conservative in assuming debt, and continues to strive to achieve this goal. Due to recent major capital investments, there has been an increase in debt service obligations. There are two primary sources of this debt: General Fund with the issuance of \$1.4M in municipal bonds for the downtown investment, and the Water Fund with the assumption of \$600,000 in loan for the reservoir renovation. The municipal bonds sold for the downtown project in 2015 are secured by a property tax commitment and a 50% contribution of capital projects revenues through the term of the debt in 2029. The loan in the Water Fund is covered by a user fee increase implemented in January 2014. Both major debt service sources have very secure revenue sources supporting them.

#### Development Activity

2021 saw an increase in the total number of building permits issued compared to 2020. In 2020, 42 building permits were issued and in 2021 a total of 56 were issued.

Building permit valuations reveal the value and generally the type of construction activity that is occurring. Higher valuations generally indicate higher valued new construction, while lower valuations often indicate remodels, additions, and other smaller projects. The total valuation for 2021 was \$12 million. The highest building permit valuations came in 2020 when it was at just over \$14 million, and then in 2005 when it was \$13.8 million.

Building permit fees were estimated to be \$55,000 in 2021 and were projected near the end of 2021 to come in at about \$114,000. The highest receipt of building permit fees was \$138,306 in 2006. The 2022 adopted budget estimates building permit fees at \$75,000.

#### Financial Sustainability

Many municipalities such as Ridgway rely heavily on sales tax revenues. Ridgway may have more revenue diversity when considering its property taxes and excise taxes upon residential development, but sales tax revenues clearly make up the bulk of its revenue stream. Both the sales tax revenues and excise tax revenues are quite sensitive to fluctuations in the economy and changing demographics.

Even in light of the continuing COVID-19 pandemic, there are not any anticipated reductions in services or staffing levels planned, and we will watch revenues closely and take corrective measures, if deemed necessary. With these precautionary steps in mind, the Town remains in sound financial shape.

### **2022 BUDGET HIGHLIGHTS**

The 2022 Annual Budget prioritizes current core services while addressing priorities identified in the annual Strategic Plan. Some of the highlights we would like to note include but are not limited to the following:

- Programming and furnishing of the community space within Ridgway Space to Create
- Completion of Preliminary Needs Assessment for relocation of Wastewater Treatment Plant or improvements to the lagoons
- Continued due diligence on testing and data collection for potential transition from chlorine dioxide treatment to Granular Activated Carbon filtration alternative at Water Treatment Plant
- Completion of standard specifications for streets and sidewalks
- Completion of update to subdivision standards and Planned Unit Development regulations per Master Plan recommendations
- Completion of Lena Street Improvements Project
- Completion of Water Supply Assessment
- Purchase and installation of water meter at water tanks
- Completion of landscaping on the east side of Rollans Park
- Completion of repairs of skatepark
- Completion of extension of wate line from west to east Cottonwood Park
- Purchase and installation of curtain between wastewater ponds, aerator for wastewater pond, and dissolved oxygen monitoring equipment
- Purchase and installation solar PV system on Athletic Park restrooms
- Purchase and installation of solar-powered speed radar signs on Highway 62
- Completion of the second phase of the water meter and radio replacement program

None of this effort would have been possible without the continuing support and direction of the Town Council. As representatives of the public interest of the Town of Ridgway, each Council member has spent a considerable amount of time and energy in governing the process of preparing this document. In addition, preparation of the annual budget requires a significant effort on the part of Town staff. The staff's commitment to financial management and efficient and effective operations and services is the key to making the most of every taxpayer dollar spent.

Respectfully submitted,

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Pam Kraft, MMC  
Town Clerk/Treasurer

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Preston Neill  
Town Manager