Structurally Balanced Budget

- A budget that supports financial sustainability for multiple years into the future
  - Recurring Revenues are equal or exceed recurring expenditures

- Examples – Structural Budget Issues
  - Transportation Services Budget
  - Colorado Springs
Colorado Springs Example
Recurring Revenues: revenues that can be reasonably expected to continue year to year, with some degree of predictability
  - Ex: property tax revenue, sales tax revenue

Non-recurring Revenues: one time revenues, volatile revenues
  - Ex: building permit revenues, use tax on building permits
Expenditures

- Recurring Expenditures: those expenditures appearing in the budget each year
  - Ex: salaries, benefits, materials, supplies, asset maintenance costs

- Non-recurring Expenditures: one time expenditures or those expenditures that have a greater degree of flexibility to defer
  - Ex: asset acquisition, capital projects
Special Revenue Funds

- Dedicated and restricted by voters for the uses identified in the ballot language.

**2015 ½ cent sales tax**
- Construction, **operations and maintenance** of recreation facilities, parks, trails, pedestrian and bicycle improvements, maintenance facilities used by parks and recreation department and the urban forest ($4M/yr).

**2005 ½ cent sales tax**
- ¼ OSPT FUND – Open Space, Parks and Trails funding ($2M/yr).
- ¼ CIP* – Debt service on the Library Building and Florida Road ($2M/yr).
  - Library Debt Service 2025 $1.2M/yr
  - Florida Road Debt Service 2028 $1.3M/yr

*Remaining ~ .5M comes from MSIF and General Fund
**2018 timeline…**

**PHASE ONE**
Community Education & Priority Identification

- **March 1, 2018**
  Kick-Off Community Forum at the Library
- **April 16, 2018**
  Community Forum at City Hall with tours of Police Station
- **(March 1 – April 20)**
  Community Satisfaction Survey Open
- **(April 2 – May 4)**
  Youth Engagement Poster Contest

**PHASE TWO**
Collaborative Problem Solving

- **May 17, 2018**
  Community Forum at Ska Brewing
- **(May 10 – June 28)**
  Statistically Valid Survey on Priorities & Funding
- **June 25, 2018**
  Community Forum at Carver’s (Clean Commute Week)

**Implementation!**
Outreach Efforts...

- **2 out of 4** scheduled Community Forums completed
  - 45 attendees on March 1 at Library
  - 38 attendees on April 16 at City Hall

- **48** community workshops
  - All City staff
  - All Boards & Commissions
  - Garden Project, Local First, BID, DATO, Board of Realtors, and Fort Lewis College staff/faculty to name a few

- **4,287+** public comments
Community Satisfaction Survey Participants feel...

The top issues that the City will face in the next 5 years are:

- Lack of affordable housing
- Homelessness
- Retaining and expanding small business
- Local job growth
- Infrastructure

Our community is:

- Very satisfied with the quality of life in Durango.
- Satisfied with livability and current level of services provided by the City.
- Concerned with community affordability and future job opportunities.

We had a total of 404 responses
What do you love about living or working in Durango?
What would you reduce or eliminate?
What would you be willing to pay more for?
MAINTAIN WHAT WE HAVE ...
Community suggested reductions

- DGOV and Social Media <$8,000
- Public Art in 2018 Budget $24,135
- Recreation Programs at 90% Cost Recovery
  (10% ~$140,000 General Fund Subsidy)
- Cemetery $381,860
- Parks $2,474,622 ($364,369 subsidy from 2005 Tax)
- Community Development $2,723,896
What the community is willing to pay more for

- Public Safety
- New Police Station
- Roads and Street Maintenance
- Open Library on Sunday
- Infrastructure
- Transit
General Fund Needs

- New Police Station $19M (~$1.4M/y bonded)
- Roads and Street Maintenance $2M/yr
- Capital Improvements Program
  - Streets Infrastructure $3-4M/yr
  - Storm water $750k-1M/yr
  - Information Systems $250k -300k/yr
- Facilities $15M (~$1.2m/yr bonded)
- Operations

$8.6M - $10M Annually
What programs or services can pay for themselves?
Can current revenues be used to maintain rather than increase?
We are willing to pay to maintain our quality of life...
Potential Revenue Generators

Spring and Fall Clean up

- Increasing fee on Utility Bill from $1.50/month to $3.00/month will rectify the subsidy in from the General Fund.

$8.6M - $10M Annually
Potential Revenue Generators

Review of all fines and fees

- Fees should cover actual cost of service/operations
  - Business License
  - Building Permit fees
  - Other

$8.6M - $10M Annually
Property Tax (Mill Levy)

Assuming a $350,000 home price

- 2.507 = $5.83/month = $1,300,000 annual revenue

Increase:

- 8 mils = $18.50/month = $4,350,000 annual revenue
- 16 mils = $37/month = $8,700,000 annual revenue
### Tax Rate Comparisons

<table>
<thead>
<tr>
<th>Location</th>
<th>County</th>
<th>2016 Property Tax Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEDERLAND</td>
<td>BOULDER</td>
<td>17.274</td>
</tr>
<tr>
<td>DILLON</td>
<td>SUMMIT</td>
<td>3.351</td>
</tr>
<tr>
<td>FT COLLINS</td>
<td>LARIMER</td>
<td>9.797</td>
</tr>
<tr>
<td>BASALT</td>
<td>PITKIN</td>
<td>11.591</td>
</tr>
<tr>
<td>BASALT</td>
<td>EAGLE</td>
<td>11.591</td>
</tr>
<tr>
<td>ALAMOSA</td>
<td>ALAMOSA</td>
<td>6.700</td>
</tr>
<tr>
<td>MT CRESTED BUTTE</td>
<td>GUNNISON</td>
<td>10.978</td>
</tr>
<tr>
<td>CRESTED BUTTE</td>
<td>GUNNISON</td>
<td>10.740</td>
</tr>
<tr>
<td>ESTES PARK</td>
<td>LARIMER</td>
<td>0.000</td>
</tr>
<tr>
<td>GOLDEN</td>
<td>JEFFERSON</td>
<td>12.340</td>
</tr>
<tr>
<td>STEAMBOAT SPRINGS</td>
<td>ROUTT</td>
<td>0.000</td>
</tr>
<tr>
<td>CARBONDALE</td>
<td>GARFIELD</td>
<td>3.594</td>
</tr>
<tr>
<td>BLUE RIVER (MAIL VIA BRECKENRIDGE)</td>
<td>SUMMIT</td>
<td>12.324</td>
</tr>
<tr>
<td>WINTER PARK</td>
<td>GRAND</td>
<td>3.765</td>
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<tr>
<td>MONTROSE</td>
<td>MONTROSE</td>
<td>0.000</td>
</tr>
<tr>
<td>GRAND LAKE</td>
<td>GRAND</td>
<td>6.520</td>
</tr>
<tr>
<td>FRASER</td>
<td>GRAND</td>
<td>5.886</td>
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<td>AVON</td>
<td>EAGLE</td>
<td>8.956</td>
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<tr>
<td>EAGLE</td>
<td>EAGLE</td>
<td>3.853</td>
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<tr>
<td>OURAY</td>
<td>OURAY</td>
<td>16.159</td>
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<tr>
<td>GUNNISON</td>
<td>GUNNISON</td>
<td>3.868</td>
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<tr>
<td>VAIL</td>
<td>EAGLE</td>
<td>4.705</td>
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<tr>
<td>SNOWMASS VILLAGE</td>
<td>PITKIN</td>
<td>9.016</td>
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<tr>
<td>LAKE CITY</td>
<td>HINSDALE</td>
<td>4.265</td>
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<tr>
<td>FOUNTAIN</td>
<td>EL PASO</td>
<td>10.239</td>
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<td>BRECKENRIDGE</td>
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<td>EVANS</td>
<td>WELD</td>
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<td>FRISCO</td>
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<td>SILVERTHORNE</td>
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<tr>
<td>MOUNTAIN VILLAGE</td>
<td>SAN MIGUEL</td>
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<td>SILVERTON</td>
<td>SAN JUAN</td>
<td>10.560</td>
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<tr>
<td>TELLURIDE</td>
<td>SAN MIGUEL</td>
<td>4.856</td>
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<tr>
<td>DURANGO</td>
<td>LA PLATA</td>
<td>2.507</td>
</tr>
<tr>
<td>ASPEN</td>
<td>PITKIN</td>
<td>5.227</td>
</tr>
</tbody>
</table>

Source: 2016 DOLA Annual Report
Sales and Use Tax

- 2% = $17,000,000 annual revenue

Increase:

(Spending $100 on a pair of shoes = an increase of)

1 cent = $8,300,000 annual revenue ($1.00)

½ cent = $4,150,000 annual revenue ($0.50)

¼ cent = $2,050,000 annual revenue ($0.25)
Based on 34 comparable Colorado cities, Durango ranks:

1. **9/12 - city tax rate**
2. **11/18 - overall tax rate**

Farmington, New Mexico Tax Rate is as follows:

<table>
<thead>
<tr>
<th>State Tax Rate</th>
<th>County Tax Rate</th>
<th>City Tax Rate</th>
<th>Total Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.125</td>
<td>0.000</td>
<td>2.500</td>
<td>7.625</td>
</tr>
</tbody>
</table>
Existing Revenues Options

Special Revenues

- 2015 ½ cent = $4,150,000 annual revenue ($0.50)
- 2005 ¼ cent = $2,050,000 annual revenue ($0.25)

- Re-evaluate use of these revenues
- Focus on maintaining what we have
Example Ballot Questions

- Capital Projects
- Multipurpose Sales and Use Tax
- Debt Authority
- Public Safety
Capital projects program: Fort Collins Example

- 1997. 25% sales tax for Community Enhancement Capital Projects Program, expired in 2005, followed by ...

- 2006. 25% sales tax for Building on the Basics (BOB) Capital Projects (with Operations & Maintenance), passed with 71.91% of the vote, expired in 2015, followed by ...

- 2016. 25% sale tax for Building on the Basics (BOB) Capital Projects (with Operations & Maintenance), passed with 80.53% of the vote
  - Specifically names projects but does not allocate revenue by fixed percentages
Example Ballot Questions

- Multipurpose Sales and Use tax: Fort Collins Example
  - 2011 .85% sales and use tax for project types, allocated by percentage, passed with 59.92% of the vote
  - Does not list specific projects, but instead categories and a certain revenue percent allocation (33% Street maintenance and repair, 17% other street and transportation needs, 17% police services etc.)
Increase Debt: Boulder Example

- 2018 Debt authority for the community culture and safety sales and use tax, passed with 72.13% of the vote
  - Separate debt ballot question from the tax question itself
  - Tax question passed with 82.44% of the vote
# City Council Goals

<table>
<thead>
<tr>
<th>City Council Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal 1:</strong> Promote <strong>Community Sustainability</strong> through Economic, Organizational, and Environmental Resiliency</td>
</tr>
<tr>
<td>- Objective 1.1: Maintain a fiscal position resilient to future economic fluctuations</td>
</tr>
<tr>
<td>- Objective 1.2: Support an effective organization with a high-performance workforce</td>
</tr>
<tr>
<td>- Objective 1.3: Improve environmental resiliency and encourage responsible stewardship of natural and cultural resources</td>
</tr>
<tr>
<td><strong>Goal 2:</strong> Foster <strong>Civic Engagement and Democracy</strong> by encouraging citizen and youth participation, open and transparent government, and regional leadership</td>
</tr>
<tr>
<td>- Objective 2.1: Promote civic education and encourage citizen, City employee, and youth participation</td>
</tr>
<tr>
<td>- Objective 2.2: Foster community trust by demonstrating open and transparent governance</td>
</tr>
<tr>
<td>- Objective 2.3: Strive to be a leader both regionally and statewide</td>
</tr>
<tr>
<td><strong>Goal 3:</strong> Demonstrate <strong>Government Performance</strong> through efficient, effective and innovative City operations</td>
</tr>
<tr>
<td>- Objective 3.1: Provide City services with efficiency and effectiveness</td>
</tr>
<tr>
<td>- Objective 3.2: Maintain and Invest in City infrastructure</td>
</tr>
<tr>
<td>- Objective 3.3: Improve City facilities to meet the needs of a growing community</td>
</tr>
<tr>
<td><strong>Goal 4:</strong> Envision Durango’s <strong>Sense of Place</strong> by creating character districts, promoting responsible land use planning, and maintaining the community’s unique character and sense of identity</td>
</tr>
<tr>
<td>- Objective 4.1: Create districts in the community that embrace the unique character of that area and provide housing opportunities</td>
</tr>
<tr>
<td>- Objective 4.2: Promote responsible land use planning</td>
</tr>
<tr>
<td>- Objective 4.3: Maintain Durango’s unique character and sense of identity</td>
</tr>
</tbody>
</table>

- Economic Sustainability and Resiliency
- Civic Education and transparent governance
- Maintain what we have and meet future needs
- Maintain quality of life