

10/3/2022 1:10 PM



Board of Trustees  
**WORK SESSION**  
Tuesday, October 4, 2022, 5 pm

**Attend in person:**  
Cedaredge Civic Center, Dining Hall, 140 NW 2<sup>nd</sup> St.

**Attend virtually:**  
On Your Computer: <https://bit.ly/3C6IV0s> | Password 443001  
On Your Phone: 253-215-8782 | Webinar ID: 874-9904-6934 | Password: 443001

#### **AGENDA**

*Please note decisions are not made at Work Sessions*

- 1) Call to Order, Roll Call & Pledge of Allegiance
- 2) Board Vacancy
- 3) 2023 Draft Budget
- 4) Tax Initiatives for April 2023 Election
- 5) Golf Course Revenue Streams

# MEMO

Date: October 3, 2022  
To: Mayor and Board of Trustees  
From: Kami Collins, Town Administrator



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Subject: October Work Session Items

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## **Filling Board Vacancy**

Section 2-7(c) of the [Cedaredge Home Rule Charter](#) outlines how the Board must fill the Trustee seat vacated by the death of Trustee Dick Cartin. To fill the vacancy, the Board can choose to seat the person who received the next highest number of votes in the April 2022 election. That election had a 40% voter turnout. Alan “Al” Brown was the next highest vote getter, garnering 450 votes. Alternatively, the Board can choose to solicit letters of interest from community members to serve on the Board. Should the Board choose this route, it would be appropriate to have letters due to Town Clerk Jess Shelton by noon on Monday, Oct. 17, allowing the Board to interview and potentially seat the new Trustee at the Oct. 20 Regular Board meeting. To qualify for office, the person selected for the position must be at least 18 years old; have lived in town limits for the past 12 consecutive months; and be a registered voter. The person will serve until the April 2024 election, at which time they will be eligible to run for that seat if they desire.

## **2023 Draft Budget Draft Budget Changes/Updates**

### **Labor**

- All Funds: The labor spreadsheet has been updated to reflect 4% COLA raises for each staff member and 5% for merit increases for each staff member, based on employee reviews conducted in December (employees will still be eligible for 0%-6% merit increases, as there is a 2% change between each step, but per the Board’s request, only 5% total has been budgeted for merit increases, understanding not every staff will receive the full 6%).
- Golf Course: Two positions are budgeted (Golf Course Manager and Golf Course Superintendent) at \$70,000/year plus the maximum health benefit. Since neither position is filled yet, we don’t yet know the health care benefit implications (a family versus single person) nor where those positions will fall on the Board-adopted Wage Scale. Therefore, both have been budgeted high. Those numbers will be adjusted in November upon the hiring of the positions. For seasonal labor, it is budgeted to have three pro shop/cart staff and six maintenance staff, all at \$15/hour.

### **General Fund Revenue**

- Staff continues to budget conservatively, and plans for a 1% increase in sales tax revenue over 2022 revenue numbers.

- With a few more months under our belt to review marijuana sales tax revenues, Staff is more comfortable estimating to end 2022 with \$108,000 in revenue and projecting \$175,000 in revenue for 2023.

### **Expenditures**

- 10-400-205: Transfers: The total, \$388,598 includes \$40,000 transfer to the Golf Course Fund and \$348,598 in ARPA dollars that are transferred to between the Water Fund and Wastewater Fund for those projects.
- Elections: 10-410: Budgeting for two elections, April 2023 and November 2023
- Program Operation Specific
  - Admin: 10-400-400: \$53,500 (\$50,000 for the Master Plan update; \$3,500 normal operations)
  - Legislative: 10-405-400: \$9600 total (\$3,600 for three former Trustee lifetime golf passes; \$2,000 for Party in the Park; \$300 for Parade of Lights; \$2,500 for Board/Commission/Staff Christmas Party; \$1,200 for Board/Staff meals)
  - Economic Development: 10-415-400: \$8,800 total (\$7,000 for two community clean up days; \$1,800 for cameras for Main Street and Town Park)
  - Marijuana: 10-418-400, \$60,000, transfer earmarked for the Golf Course Fund.
  - Abatement & Mitigation: 10-426-400, \$750, for expenses regarding mosquito larvaciding
- Contract Services is one of the largest line items in Administration at \$208,420. The Town has a small staff, and we utilize several contract services to fill in the gaps of the small staff, including:
  - Legal: \$48,000
  - Managed IT Services: \$72,000
  - Annual Audit: \$19,000
  - ClearGov Budgeting Software: \$16,500
  - Janitorial Services: \$12,500
  - Caselle (utility billing, accounting, business licensing, etc): \$10,800
  - Civic Plus (Town website) \$8,100
  - All Copy (all departments copiers/toner): \$7,400
  - Xpress BillPay (Online bill pay) \$6,000
  - Grant Writer: \$5,000
  - MuniCode (codification): \$1,500
  - Payroll Department (time clock system for hourly staff): \$1,200
  - Credit Card Processing Fees: \$420

Ending General Fund Unrestricted Resources is now \$794,734, a much more palatable number to end with!

### **Water Fund**

- Budgeting for a \$5.50 per month per customer increase to cover debt retirement. Seen in 51-351-102.

### **Wastewater Fund**

*No significant changes from last draft.*

## **Golf Course Fund**

- Reduced the amount of user fee increase from 12% in the last budget draft to 8% now. The Golf Course Advisory will present to the Board its suggested fee increase at the Oct. 20 Regular Board Meeting. The fees vary from 0% - 12% in some cases, so an 8% increase was estimated for budget purposes. The Golf Course Advisory Committee additionally suggested the \$2 capital improvement fee not be charged and instead be wrapped up into the overall fee. Reduction in Staff's proposed fee increase resulted in needing a bit more additional transfers.
- 53-370-655: Transfers from other Funds total \$180,000:
  - \$60,000 from Marijuana Revenue
  - \$40,000 from General Fund
  - \$40,000 from Water Fund
  - \$40,000 from Wastewater Fund
- \$3,000 for marketing was added to the budget
  - Remember, there is a \$15,000 marketing stipend in the General Fund Economic Development line item to hire a contract marketer to assist with entire Town operations. This \$3,000 will be used for advertising specifically, not for the contract staff.
- The community has asked for a line item accounting on specifically what is spent in the Golf Course Fund. This information can be found in the monthly financial statements and the monthly financial reports that are posted on the website. However, generally speaking:
  - 54-470-320 Operating Supplies: Paper products; credit card processing fees; sand; seed; and some chemicals are spent out of this line item
  - 54-470-400 Program Operation Specific: this \$23,000 is the cart lease
  - 54-470-550 Repair/Maintenance: All repairs and maintenance costs for both pro shop and grounds, excepting vehicles and equipment.
  - 54-470-800 Vehicle/Equipment: This is all fuel and supplies to repair or maintain the equipment. This line item also includes \$12,000 loan payment on the tractor and a \$15,000 loan payment on the rough mower.
- 54-471-102: Reduced from \$16,000 to \$6,000 by eliminating chemical storage. The chemicals have been moved and are stored appropriately and a separate building is not needed at this time. The remaining \$6000 is earmarked for electrical upgrades to the clubhouse.

## **Capital Improvement Fund**

*No significant changes from last draft.*

## **Conservation Trust Fund**

*No significant changes from last draft.*

## **Law Enforcement Fund**

*No significant changes from last draft.*

## Possible Tax Initiatives for 2023 Ballot

### Sales Tax Increase:

- Consumers within the Town of Cedaredge currently pay 8.5% total sales tax rate. Of that amount, 2.9% is the State of Colorado; 3.6% is Delta County; 2% is Town of Cedaredge.
  - In comparison, the City of Delta and Town of Paonia's total sales tax rate is 9.5%; Town of Crawford and Hotchkiss each are at 8.5%. Outside of the County, Montrose is 8.53% and Grand Junction is 8.52%.
- Locally, using the 2021 actual tax revenue (including sales, use and motor vehicle taxes) of \$820,474:
  - 0.5% increase would result in an increase of \$205,119 for a total collection of \$1,025,593
  - 0.75% increase would result in an increase of \$307,693 for a total collection of \$1,128,167
  - 1% increase would result in an increase of \$410,257 for a total collection of \$1,230,731

### Property Tax Increase, In Town Residents Only:

- The Town's current mill levy is 6.28 mills, which is approximately \$160,000 in revenue annually.
- A property owner within municipal limits of Cedaredge has a total mill levy rate of 64.859 mills. This includes all the special districts residents pay into, including the school, library, hospital, fire and ambulance districts.
  - This total mill levy rate is in line with other county municipalities; the Paonia area has the highest rate at around 70 mills, depending on where the property owner lives and which special districts they pay into. Especially as the Board discusses both a recreation and mosquito abatement special district, the addition of those two districts will impact residents and must be weighed in consideration with any tax initiative.
- If the Board puts the decision to the voters, increasing the mill levy to 9.455 mills would result in approximately \$225,000 annually in total property tax revenue; 12.56 mills would result in \$300,000 annually.

### Formation of Recreation and/or Mosquito Abatement Special Districts

- Research and information collected from the County's two most successful special district elections, Delta Health's sales tax and North Fork Ambulance's formation of a special district.
  - Both strongly recommended to engage professional firm to help with data collection and research (to gauge community interest in passing the initiative) and then to coordinate the voter contacts (advertising, mailers, phone calls, surveys, everything done to encourage people to vote)
    - Costs range from \$40,000 - \$80,000 including the firm and legal expenses
  - Really needs to be done with a broader community group, not only the Board
    - Strongly recommended for a big group to assist with community touchpoints and identification of a "community champion"

- Time is a factor. Strongly encouraged to take the time to get the community behind the initiative before putting on the ballot. Anywhere from 1-3 years, depending on the community engagement.
- Additional cost consideration: if looking at a special district, who bears the cost of putting the issue on the ballot? The Town or the special district committee? The Town has accommodated for two elections in the Draft 2023 Budget, one in April and one in November. Additionally no additional funds have been budgeted to assist with the formation and successful election of a special district.

It is imperative that the Board does not put too many tax initiatives on each ballot – multiple asks are often rejected by voters. Staff recommends the citizen’s petition for the Golf Course General Improvement District to be on the April ballot, if that group is prepared to do so. This will allow the Town the time to gauge the anticipated economic slowdown at the end of 2022 and first quarter of 2023 and to better gauge consumer confidence and allow for a better chance at a successful November 2023 ballot initiative for either sales tax or property tax.

**In Town Building Permit Fee Comparison - September 2022**

Item	Cedaredge	Orchard City	Hotchkiss	Delta	Paonia	Delta County
Permit fee (4)	\$94.76/sq. ft.	\$77.95/sq. ft.	\$97.97/sq. ft.	\$83.95	\$118.48	\$0.00
Plan check fee	40% of permit	\$0.00	0	65% of permit	\$90.00	\$0.00
Use tax	2% of materials	3% of materials	3% of materials	3% of materials	3% of materials	3% of materials
Impact fee	As per muni code	\$0.00	0	\$0.00	\$0.00	\$0.00
Parks & Recreation	\$500.00	\$0.00	0	\$0.00	\$0.00	\$0.00
Excavation	\$50	\$0.00	0	\$0.00	\$50.00	\$0.00
Water tap	\$8,000	\$9,000.00	\$5,500	\$4,400.00	\$6,000.00	\$11,500.00
Sewer tap	\$4,000	\$10,000.00	\$4,100	\$5,450.00	\$5,000.00	\$10,000.00

**Current Example permit for a 2500 sq. ft. home**

Permit fee	\$1,986.00	\$1,692.00	\$2,042.00	\$1,609.75	\$2,406.00	\$0.00
Plan check fee	\$795.00	\$0.00	\$0.00	\$1,046.34	\$90.00	\$0.00
Use tax	\$4,740.00	\$2,923.00	\$3,674.00	\$3,148.00	\$4,443.00	\$3,786.00
Impact fee	\$1,475.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parks & Recreation	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Excavation	\$50.00	\$0.00	\$0.00	\$0.00	\$50.00	\$0.00
Water tap	\$8,000.00	\$9,000.00	\$5,500.00	\$4,400.00	\$6,000.00	\$11,500.00
Sewer tap/OWTS	\$4,000.00	\$10,000.00	\$4,100.00	\$5,450.00	\$5,000.00	\$10,000.00
<b>Total</b>	<b>\$21,546.00</b>	<b>\$23,615.00</b>	<b>\$15,316.00</b>	<b>\$15,654.09</b>	<b>\$17,989.00</b>	<b>\$25,286.00</b>

Average for  
Delta County

**Note:**

1. Assume the cost of an average septic system (OWTS) to be \$10K including engineering
2. Water in the county assumed from Upper Surface Creek Domestic Water Users Assoc.
3. Assume an average of 3% local sales tax for materials purchase (Delta/Montrose/Grand Junction)
4. Permit fees are based on ICC total valuation figures as adopted/modified by the municipality