

Memorandum

December 6, 2024

To: Town Council

From: Lizbeth Lemley

RE: 2025 Budget - Second Reading

The 2025 Budget is included in this packet for your review. The budget presented reflects the priorities of Town Council for the coming year as well as the input of the Finance Committee and staff. The budget presented incorporates direction given by Town Council at the October budget meeting and November Council Meeting. Below is a discussion of the budget by fund along with discussion of significant changes made since the November Council meeting. The general fund is budgeted to receive one-time revenues related to large scale development of over \$12 million in 2025.

General Fund

General Fund					
Budget Category	2024 Budget	2024 Forecast	2025 Preliminary Budget	Budget to Budget variance	Forecast to Budget variance
Revenues	25,941,739	21,616,390	30,547,839	-16.7%	41.3%
Operating Expenses	15,495,506	15,950,880	18,203,526	2.9%	14.1%
Capital Outlay	1,797,740	2,126,607	3,329,833	18.3%	56.6%
Other Sources/(Uses)	(3,879,481)	(6,637,950)	(993,753)	71.7%	-85.0%
Surplus (Deficit)	4,769,011	(3,099,047)	8,020,727	-165.0%	358.8%
Beginning Fund Balance	16,697,373	25,746,854	22,647,807		
Ending Fund Balance	21,466,334	22,647,807	30,668,534		

Revenues

The budget reflects 2025 sales tax collections in line with the 2024 forecast.

Property tax projections are based on the preliminary valuation received from San Miguel County and will be updated based on the final valuation we receive at the beginning of December. The 2024 forecast includes a reimbursement of \$216,856 from the State of Colorado under SB 22-238, which requires the state to reimburse local governments for property tax revenue lost due to reductions in property valuation due to a reduction in assessment rates. The budget has been updated to include a similar reimbursement in 2025.

The Town is forecasting a 25% decline in residential permit revenue in 2025; however, the budget includes a significant increase in General Fund use tax and permit revenue associated with projected 2025 large scale development. Projections are based on construction cost estimates

received from the developers. The general fund is budgeted to receive one-time revenues related to large scale development of over \$12 million in 2025. A portion of these onetime revenues, approximately \$4.1 million, will be used to offset town incurred expenses related to the development, capital costs related to the expansion of Mountain Munchkins, capital upgrades to the Telluride Conference Center necessary to maintain and attract new events that draw visitors to the community, gondola and gondola station planning expenses related to the new gondola and the purchase of commercial property within the Town. The council's intent is to retain the majority of these revenues in fund balance and evaluate using the funds for capital improvements to the community in the future. Staff will continue to track these funds and provide Council with annual reporting.

Overall, General Fund revenues are projected to increase 41.3% over forecasted 2024 revenues and the fund balance is budgeted to increase just over \$8.0 million in 2025.

Operating Expenses

General Fund operating expenses are expected to increase 14.1% over 2024 forecasted expenses, in part due to market forces outside of the control of the Town impacting the prices of goods and services. The 2024 forecast was adjusted for savings in labor due to open positions which offset debt service expenditures related to the Village Court Apartments expansion. This debt service was originally budgeted in the Village Court Apartments Fund, but this was amended as the debt was ultimately issued by the Town. Village Court Apartments reimburses the General Fund for the debt service, and this reimbursement is reflected in the Other Sources and uses category. The 2025 budget assumes full staffing and a 3% average merit increase. This budget also assumes the addition of 1.7 FTEs, however, 1.0 FTE is temporary for 2025 as it is anticipated new staff will be brought on to train under key staff retiring in the next year.

The budget includes increases in several expense categories such as information technology security, future gondola planning related consulting, technology upgrades to improve the efficiency of operations and implementation of the results of the recently completed compensation study.

Capital Outlay

General Fund capital outlay budgeted in 2025 includes improvements to public restrooms, continued investment in trail improvements, public security, network upgrades for the new SCADA system and audio-visual equipment to improve the experience of remote participants during council meetings. The capital outlay was increased to include the purchase of commercial space within the Town.

Transfers to other funds

General Fund transfers to other funds are anticipated to cover capital projects in the Capital Projects Fund, Vehicle Acquisition Fund, and Parking Service Fund. Additionally, transfers are budgeted to the Child Development Fund and Telluride Conference Center Fund to provide assistance with operations and capital investments. A transfer from the Village Court Apartments to cover debt service related to Phase IV expansion is included in the 2024 forecast and 2025 budget.

Summary of Significant changes from First Reading of the 2025 Budget

- Subsequent to the first reading of the budget, the Town entered into a contract to purchase a commercial space in the Town for \$1,750,000.
- Telluride Capital expenditures totaling \$260,000 were moved from the 2024 forecast to the 2025 budget due to the timing of completion. This reduced transfers in 2024 and increased transfers in 2025. This update did not impact ending fund balance in 2025.
- A grant award of \$70,000 related to community development software was added to the 2025 budget.

These changes combined with other small miscellaneous changes resulted in a decrease in projected 2025 ending fund balance of \$1,670,534.

Capital Projects Fund

The October draft of the 2025 budget included \$250,000 to replace the Blue Mesa bus stop. This was removed from the 2025 budget per Council direction. There are no capital projects budgeted in this fund in 2025.

Parking Services Fund

The preliminary budget assumes the continuation of winter paid parking with similar rates to the 2023/2024 rates. Parking fine revenues have decreased due to the implementation of a new tiered fine structure. The capital outlay budgeted in this fund includes improvements to the Meadows Parking Lot, continuation of the Gondola Parking Garage structural painting project and concrete sealing. No significant updates were made to this budget from the October draft.

Tourism Fund

Lodging and Restaurant taxes and related airline guaranty expenses have been adjusted to be in line with sales tax projections. The budget includes engaging a third-party public relations firm in 2025 to expand the Town's communication initiatives. The original draft of the budget was updated to include a \$300,000 transfer to the Telluride Conference Center Fund to offset marketing and other allowable expenses. Additionally, expenses were increased by \$9,500 to reflect final software pricing for 2025. The net impact of these updates was a decrease in ending fund balance of \$310,000.

Affordable Housing Development Fund

The Affordable Housing Development Fund reflects \$2.5 million in housing mitigation fees related to large-scale development. The budget includes projected housing mitigation fees of \$1,400,000 based on 2025 forecasted permitting valuations. The 2025 budget continued focus on moving the Ilium development forward. The original draft of the budget was updated to reflect a reduction in revenue of \$350,000. This was due to a property the Authority anticipated repurchasing in 2024 and selling in 2025. The Authority will not be repurchasing the property in 2024 to sell in 2025.

Village Court Apartments

The 2025 budget reflects the completion of the VCA Phase IV expansion with a full year of occupancy. A 5% increase is included in this budget along with a proposed rental tier structure for tenant with AMI's exceeding 100% in VCA Phases 1-3. This will be discussed in additional detail during the meeting. This budget was updated from the first reading to reflect the Housing Authority's decision to limit rent increase for lease renewals to no more than 20% for those tenants who will be in the new rent tier. This update impacted studios and two bedroom units and resulted in a decrease in revenue of \$28,000.

The Village Court Apartments budget includes reimbursements to the General Fund for debt service related to the expansion of Village Court Apartments.

Budgeted capital outlay in 2025 includes a roof replacement and the first phase of a three-year paving project. The original draft of the budget was updated to include an additional \$35,000 in capital expenses to replace the playground removed during Phase IV construction.

A long-term replacement study was completed in 2024. Staff is working to prioritize upcoming capital requirements and determine annual capital funding levels and strategies to meet reserve funding requirements to ensure capital maintenance can be completed as the property ages.

Child Development Fund

The 2025 budget has been updated to include the expansion of the program to care for six additional children between the infant and toddler programs. Staff is working with the state to determine required staffing levels for the increase in students. The Town has budgeted for two additional staff members to move forward with this expansion. Munchkins continues to see a decline in grant funding as pandemic related grants have ended. Council and staff are still evaluating strategies for more public support of Munchkins A correction was made to Infant care personnel costs resulting in a decrease in operating expenses of \$59,000.

Telluride Conference Center

The Town recently took over operation of the Telluride Conference Center in May of 2024. The 2025 budget is based on historical performance and actual results from the second and third quarters of 2024. The 2025 budget includes consulting expense as we look to the future of the Conference Center and capital expenses to replace the HVAC system, nonfunctional lighting, vent hood replacement and conference equipment replacements. Additionally, capital improvements of \$260,000 were moved from 2024 to 2025 due to the timing of completion. Staff and the TCC committee will closely monitor performance in 2025.

Gondola Fund

The 2025 budget includes capital expenditures for grip replacements, AC Drives/Motors and replacement of a snow mobile. The budget also includes one additional FTE to be shared between gondola operations and maintenance departments to allow the departments to continue to meet objectives after the retirement of a key staff member. No significant adjustments were made to the original draft of the budget.

Water & Sewer Fund

Water and sewer rates reflect an inflationary increase of 4.76% as recommended in the rate study approved in 2024. Council will review the revised capital reserve rate study in an upcoming work session.

Budgeted capital outlay for 2025 includes meter replacements, sewer infiltration remediation, tank maintenance, regional sewer capital for the existing plant and a pump replacement. The budgeted capital also includes feasibility studies and the purchase of land in Ilium.

The original draft of the budget was adjusted to reflect updated projections for the Regional Wastwater Treatment Plant provided by the Town of Telluride. As a result operating expenses increased by \$80,000 and capital outlay increased by \$1,008,000.

Recommended Council Actions:

1. Convene as the Board of Directors of the Mountain Village Metropolitan District and approve resolutions setting the mill levy, adopting the 2025 budget and appropriating sums of money for 2025.
2. Re-convene as the Town Council, conduct a public hearing and approve on second reading an ordinance levying property taxes for the town in 2024 to be collected in 2025.
3. As the Town Council, conduct a public hearing and approve on second reading an ordinance adopting the 2025 Town Budget and revising the 2024 Budget for the Town.

A RESOLUTION OF THE MOUNTAIN VILLAGE METROPOLITAN DISTRICT SAN MIGUEL COUNTY, COLORADO SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE MOUNTAIN VILLAGE METROPOLITAN DISTRICT, SAN MIGUEL COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2025 AND ENDING ON THE LAST DAY OF DECEMBER 2025.

Resolution No. 2024-1212-20

RECITALS:

- A. The Town of Mountain Village Town Council, acting as the Board of Directors of the dissolved Mountain Village Metropolitan District has appointed the Finance Director to prepare and submit a proposed budget to said governing body at the proper time.
- B. The Finance Director has submitted a proposed budget to the governing body on September 19, 2024, for its consideration.
- C. Upon due and proper notice, published in accordance with the law, said proposed budget was open for inspection by the public at a designated place following a public hearing on November 21, 2024, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.
- D. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MOUNTAIN VILLAGE METROPOLITAN DISTRICT, SAN MIGUEL COUNTY, COLORADO:

Section 1. That the budget as submitted, amended, summarized by fund below, hereby is approved and adopted as the budget of the Mountain Village Metropolitan District for the year 2024.

<u>DEBT SERVICE FUND</u>	
Revenues	713,292
Current Operating Expenses	-
Capital Outlay	-
Debt Service	686,367
Total Fund Expenditures	<u>686,367</u>
Other Sources (Uses)	(25,000)
Surplus / (Deficit)	1,925

SECTION 2. *That the budget hereby approved and adopted shall be signed by Martinique Prohaska, President, and Susan Johnston, Secretary and made a part of the public records of the Mountain Village Metropolitan District, San Miguel County, Colorado.*


ADOPTED, this 12th day of December, 2024

**TOWN OF MOUNTAIN VILLAGE,
COLORADO, a home-rule municipality**




Martinique Prohaska, President

ATTEST:


Susan Johnston, Secretary

APPROVED AS TO FORM:

By: 
David McConaughy, Attorney

A RESOLUTION OF THE MOUNTAIN VILLAGE METROPOLITAN DISTRICT, SAN MIGUEL COUNTY, COLORADO APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES, IN THE AMOUNTS AND FOR THE PURPOSE AS SET FORTH BELOW, FOR THE MOUNTAIN VILLAGE METROPOLITAN DISTRICT, SAN MIGUEL COUNTY, COLORADO, FOR THE 2025 BUDGET YEAR.

Resolution No. 2024-1212-21

Recitals:

- A. The Town of Mountain Village Town Council, acting as the Board of Directors has adopted the annual budget in accordance with Local Government Budget Law, on December 12, 2024.
- B. The Town of Mountain Village Town Council, acting as the Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.
- C. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purpose described below, so as not to impair the operation of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF MOUNTAIN VILLAGE TOWN COUNCIL, ACTING AS THE BOARD OF DIRECTORS OF THE DISSOLVED MOUNTAIN VILLAGE METROPOLITAN DISTRICT, SAN MIGUEL COUNTY, COLORADO:

That the following sums are hereby appropriated from the revenue of each fund to each fund, for purposes stated:

Debt Service Fund	\$686,367
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ADOPTED this 12th day of December 2024.

MOUNTAIN VILLAGE METROPOLITAN DISTRICT, a Colorado Special District




Martinique Prohaska, President

ATTEST:


Susan Johnston, Secretary

APPROVED AS TO FORM:

By: 
David McConaughy, Attorney

Mountain Village Metropolitan District 2024 Proposed, 2023 Forecasted Budget
Municipal Debt Service

Worksheet		Account Name		2024 Original	2024	2024 \$	2025	2025 \$	2025 %	2026 Long	2027 Long	2028 Long	2029 Long
Actuals 2022	Actuals 2023	- Amended	Forecasted	Adjustments	Proposed	Adjustments	Adjustments	Adjustments	Projection	Projection	Projection	Projection	
DSF Revs	Tax - Specific Ownership	21,440	21,880	25,000	25,000	-	25,000	-	0.0%	25,000	25,000	25,000	25,000
DSF Revs	Tax - Property - 2014/2020 Bonds (1)	478,123	470,193	486,692	486,692	-	487,092	400	0.1%	479,000	483,000	486,500	485,000
DSF Revs	Tax - Property - 2006A Bonds	-	-	-	-	-	-	-	na	-	-	-	-
Total Property Taxes		499,563	492,073	511,692	511,692	-	512,092	400	0.1%	504,000	508,000	511,500	510,000
DSF Revs	2014 Bond Reserve Fund	1,273	5,470	300	300	-	300	-	0.0%	300	300	300	300
DSF Revs	Interest-2006B Liquidity Fund	384	382	1,500	1,500	-	1,500	-	0.0%	1,500	1,500	1,500	1,500
DSF Revs	Interest-Other Interest	-	-	-	-	-	-	-	na	-	-	-	-
DSF Revs	Interest Revenue - 2011 Gondola Bonds	10	10	200	200	-	200	-	0.0%	200	200	200	200
Total Investment Income		1,667	5,862	2,000	2,000	-	2,000	-	0.0%	2,000	2,000	2,000	2,000
DSF Revs	Contribution- TMOVA	60,834	59,238	144,402	60,598	(83,804)	58,884	(1,714)	-2.8%	58,647	59,829	59,416	60,421
DSF Revs	Contribution-Telski	144,966	141,162	60,598	144,402	83,804	140,316	(4,086)	-2.8%	139,753	142,571	141,584	143,979
Total Contributions		205,800	200,400	205,000	205,000	-	199,200	(5,800)	-2.8%	198,400	202,400	201,000	204,400
Total Debt Service Revenues		707,030	698,335	718,692	718,692	-	713,292	(5,400)	-0.8%	704,400	712,400	714,500	716,400
Debt Service	Bond Admin Fees/Trustee Charges	1,995	6,048	6,048	6,048	-	6,048	-	0.0%	6,048	6,048	6,048	6,048
Debt Service	Audit Fees	-	2,000	2,000	2,000	-	2,000	-	0.0%	2,000	2,000	2,000	2,000
Debt Service	Cost of Issuance	-	-	-	-	-	-	-	na	-	-	-	-
Debt Service	County Treasurer Collection Fees	14,314	14,082	14,788	14,788	-	14,799	12	0.1%	14,566	14,681	14,782	14,739
Total Administrative Fees		16,309	22,130	22,836	22,836	-	22,847	12	0.1%	22,614	22,729	22,830	22,787
Debt Service	2011 Gondola Bonds Principal	135,000	135,000	145,000	145,000	-	145,000	-	0.0%	150,000	160,000	165,000	175,000
Debt Service	2011 Gondola Bonds Interest	70,800	65,400	60,000	60,000	-	54,200	(5,800)	-9.7%	48,400	42,400	36,000	29,400
Debt Service	2014/2020 Parking Bonds Principal	345,000	375,000	385,000	385,000	-	390,000	5,000	1.3%	390,000	400,000	410,000	415,000
Debt Service	2014/2020 Parking Bonds Interest	122,635	89,515	80,480	80,480	-	74,320	(6,160)	-7.7%	68,080	61,840	55,440	48,880
Total Bond Principal & Interest		673,435	664,915	670,480	670,480	-	663,520	(6,960)	-1.0%	656,480	664,240	666,440	668,280
Total Expense		689,744	687,045	693,316	693,316	-	686,367	(6,948)		679,094	686,969	689,270	691,067
DSF Revs	Transfer (To)/From General Fund	-	-	-	-	-	-	-	na	-	-	-	-
DSF Revs	Bond Proceeds	-	-	-	-	-	-	-	na	-	-	-	-
DSF Revs	Payment to Refunding Bonds Escrow	-	-	-	-	-	-	-	na	-	-	-	-
DSF Revs	Transfer (To)/From GF Specific Ownership Taxes	(21,440)	(21,880)	(25,000)	(25,000)	-	(25,000)	-	0.0%	(25,000)	(25,000)	(25,000)	(25,000)
Total Other Source/Uses		(21,440)	(21,880)	(25,000)	(25,000)	-	(25,000)	-	0.0%	(25,000)	(25,000)	(25,000)	(25,000)
Surplus (Deficit)		(4,154)	(10,590)	376	376	-	1,925	1,548		306	431	230	333
Beginning Fund Balance		351,594	347,440	339,540	336,850		337,226			339,151	339,457	339,888	340,117
Ending Fund Balance		347,440	336,850	339,916	337,226		339,151			339,457	339,888	340,117	340,450