

Welcome
to the
Palmer Lake Revenue Review

Presented by Mayor Bill Bass and the Board of Trustees

AGENDA

Welcome

State of the Town

Questions

Polling

Palmer Lake Mission Statement

The Town Board of Trustees hereby declares their mission is to provide leadership to preserve our small community dynamic with measured and sustainable growth in partnership with the citizens of the town of Palmer Lake including the following vision:

- To serve the community to provide fundamental needs while respecting the diversity and values of our citizens;
- To foster trust through effective communication, transparency, and partnership with the community; and
- To develop sustainable, durable, revenue streams to assure Palmer Lake's future.

The Board is not making a decision tonight.

We are here to explain the status of our Town and what we see as the issues facing our community.

We want citizen input on the future of Palmer Lake.

What is most important to you?

- Public Safety
- Roads and Infrastructure
- Parks, trails and open space
- All of the above

Palmer Lake is currently operating on a zero-basis budget.

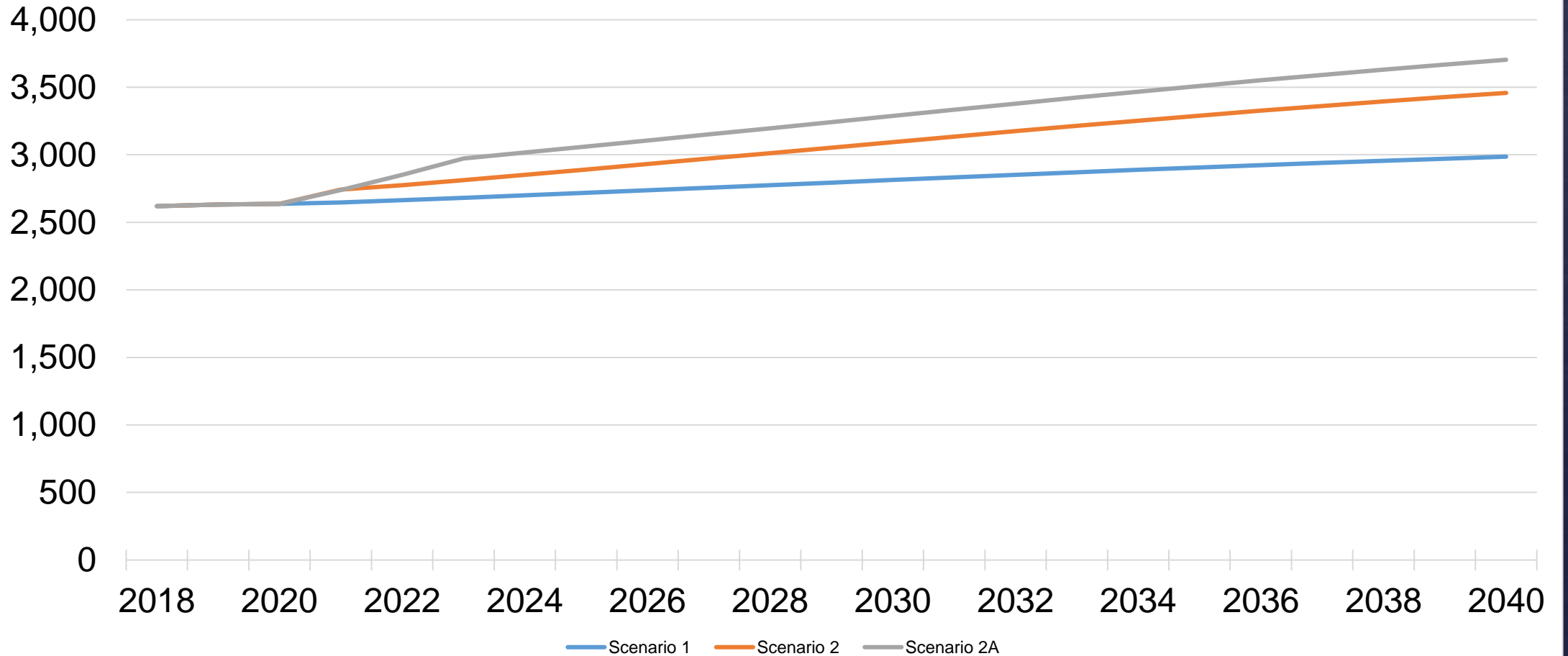
- We spend according to our income. Departments rarely have the resources needed to fully function and we are unable to save for future needs.
- Current budget for general fund is \$2.96 million.
- For 2022, the total projected amount of revenue sources is \$2.56 million.

Why now?

- Population Growth
- Rising Costs
- No one realized or was told of the inevitable need to address a revenue plan
- The town is required by state statute to maintain reserve funds to cover 3 months of operating expenses (we currently hold 4-6 months reserve)
- The town needs a long-term revenue plan to address current and future needs

Population Growth

Population Forecast Scenarios,
Palmer Lake, CO



Population Growth

- The population projections confirm that the tax base is, and will remain, relatively small in Palmer Lake –
 - Scenario 1 projects a 12% increase by 2040
 - Scenarios 2 and 3 both project approximately 24% increases by 2040

Department Needs and Challenges

Public Safety - Fire

Current budget of \$537,622 – Requesting to be at \$1,158,123

- The Fire Dept. is the Town's largest budget expenditure within the general fund.
- The entirety of the cost to run a fire department at a standard level is approximately \$1.8m.
- Adding an ambulance increases costs by \$284,593 (**current** cost for contract services with Tri-lakes = \$277,867)
- Additional revenue will allow for the following – requesting \$1,158,123 with average “equipped” Fire District at \$1.8m –
 - ✓ Appropriate staffing standards to respond to emergency and transport
 - ✓ Capital improvement funds saved annually for vehicles and equipment
 - ✓ Savings for a public safety facility

Public Safety - Police

Current budget of \$649,331 – Requesting to be at \$854,942

- According to the five-year projections the department will be short by an average of \$125,275, each year, over the next five years.
 - ✓ This will not allow for additional staffing or cover 24/7, leaving the Town limited to daytime only coverage or without staff
- Currently no margin in the PD budget to save for capital items.
- Additional revenue will allow for the following – requesting \$854,942 with an average comparable CO municipal PD at \$1.4m –
 - ✓ 24/7 staffing at a competitive wage
 - ✓ Capital improvement funds saved annually for vehicle replacement, equipment replacement
 - ✓ Savings for a public safety facility

Local Police Department Comparisons

Town	2022 Census Population	Police Salaries	Police Operating	Total Police Budget	Police Staffing Levels		
					Sworn FT	Sworn PT	Civilian
Palmer Lake, CO	2575*	\$ 588,861	\$ 60,470	\$ 649,331	4	5	0
Leadville, CO	3,153	\$ 755,156	\$ 167,891	\$ 923,047	6	1	0
Meeker, CO	2,216	\$ 778,602	\$ 177,230	\$ 955,832	6	0	2
Rangely, CO	2,263	\$ 779,360	\$ 179,220	\$ 958,580	8	0	5
Yuma, CO	3,456	\$ 877,000	\$ 329,074	\$ 1,206,074	8	0	1
Palisade, CO	2,811	\$ 944,454	\$ 229,400	\$ 1,173,854	10	0	2
Buena Vista, CO	2,855	\$ 1,059,905	\$ 230,332	\$ 1,290,237	8	0	2
Gandby, CO	2,039	\$ 1,173,841	\$ 424,226	\$ 1,598,067	10	0	1
Frisco, CO	3,261	\$ 1,385,708	\$ 284,100	\$ 1,669,808	10	0	2
Mead, CO	4,749	\$ 1,423,434	\$ 799,739	\$ 2,223,173	10	0	2
Manitou Springs, CO	4,992	\$ 1,643,262	\$ 323,148	\$ 1,966,410	17	0	2
Basalt, CO	3,984	\$ 1,498,371	\$ 1,033,520	\$ 2,531,891	12	0	1
Averages	3,253	1,119,918	\$ 379,807	\$ 1,499,725	9.55	0.09	1.82

Infrastructure – Roads

Current budget of \$595,073 – Requesting to be at \$1,037,330

- The Roads Dept budget is the second highest expenditure for the general fund.
- This department maintains 26 miles of roads - 6.5 miles of paved roads and 19.5 miles of non-paved roads.
- Over the next five years the budget shortfall will average \$214,106.
- With additional revenue, this department can plan for capital improvement projects to address drainage and roadways, at a minimum to afford the material needed to maintain what we have and plan for grant matching funds for projects.
 - ✓ Appropriate staffing standards to manage the roads and drainage infrastructures
 - ✓ Capital improvement funds saved annually for vehicles and equipment – continue for replacement
 - ✓ Capital Road Project funds saved annually for road projects and ongoing maintenance of roads
 - ✓ Capital Drainage Project funds saved annually to address major drainage issues
 - ✓ Possibly develop a Stormwater Enterprise fund to address drainage

Infrastructure – Parks

Current budget of \$85,431 – Requesting to be at \$111,374

- This includes Palmer Lake Recreation Area which covers 36 acres.
- The operating budget is \$23,200 for all these areas. The operating budget is bolstered by Conservation Trust Fund (CTF) grant funds of approximately \$44,000 each year.
- The current budget is \$85,431 and requests \$111,374. This will allow for much needed improvements and the management of the parks, public open spaces, and trails.
 - ✓ Appropriate staffing standards to manage the parks and open spaces
 - ✓ Appropriate funding levels to maintain and improve recreational areas
 - ✓ Capital improvement funds saved annually for infrastructure and maintenance of the parks, open spaces, and the Lake

Infrastructure – Water

Current budget of \$1,823,029 – Requesting to be at \$1,985,925

- Revenue is generated from water accounts, sale of taps and other service fees - estimated to be \$1,208,957.
- The revenue shortfall of \$343,072 is covered through the town's contingency funds. While the revenue covers operating expenses, it does not include capital projects.
- To ensure there is no interruption of the town's water supply, it is critical to upgrade the failing water infrastructure.
- The request also addresses infrastructure deficiencies and plan for future water needs – such as an additional Arapahoe well to be drilled for additional supply to the town.
 - Appropriate staffing standards to manage the water delivery system
 - Capital improvement funding saved annually to improve water infrastructure, improve existing system and drill new wells for future supply
 - Increase water rates to cover the increased loan payments required in 2024

Administration

Current budget of \$1,100,885 – Requesting to be at \$1,244,875

- Administration handles a multitude of functions for the other town departments and for the community.
- There is a need for someone to manage the Town's facilities including property and buildings.
- There is also a need for a zoning/code enforcement officer.
- Currently, the budget includes \$30,000 for all Town buildings.
- Increased staffing required to improve administrative efficiencies, update technologies and improve communications within the departments and with the public.
 - ✓ Allow for small salary increases over 3 years to reach competitive salaries
 - ✓ Additional position(s) to assist with increasing workload and to meet needs of the Town
 - ✓ Capital improvement funds saved annually for building improvements, maintenance, and IT upgrades

Projected Revenues, Expenses by Department, and Budget Shortfall

(what is included in our current town budget)

Projected Revenues through 2027

	2023	2024	2025	2026	2027
Property Tax	1,181,764.25	1,276,305.39	1,378,409.82	1,488,682.60	1,607,777.21
Sales Tax	850,000.00	850,000.00	850,000.00	850,000.00	850,000.00
Misc. Income	580,000.00	580,000.00	580,000.00	580,000.00	580,000.00
Income Total	2,611,764.25	2,706,305.39	2,808,409.82	2,918,682.60	3,037,777.21

Public Safety - Fire

Expense	2023	2024	2025	2026	2027
Salary/Benefits	1,033,328.00	1,167,660.64	1,167,660.64	1,167,660.64	1,167,660.64
Operating	166,554.00	166,554.00	166,554.00	166,554.00	166,554.00
Vehicle Equip	78,250.00	73,130.00	75,324.00	77,584.00	79,911.00
Equipment	164,327.00	172,543.00	181,171.00	190,229.00	199,740.00
Cap X EMS Building	0.00	0.00	0.00	0.00	0.00
Total	1,442,459.00	1,579,887.64	1,590,709.64	1,602,027.64	1,613,865.64

Public Safety - Police

Expense	2023	2024	2025	2026	2027
Salary/Benefits	724,299.03	825,700.89	900,013.97	999,015.51	1,108,907.22
Operating	100,568.40	100,568.40	100,568.40	100,568.40	100,568.40
Capital Equip	12,885.00	13,259.00	14,206.00	14,916.00	15,662.00
Vehicle Replacement	20,000.00	30,000.00	40,000.00	40,000.00	40,000.00
Cap X EMS Building	0.00	0.00	0.00	0.00	0.00
Total	857,752.43	969,528.29	1,054,788.37	1,154,499.91	1,265,137.62

Infrastructure – Roads and Drainage

Expense	2023	2024	2025	2026	2027
Salary/Benefits	216,922.32	232,106.88	239,070.09	239,070.09	239,070.09
Administrative	40,000.00	42,000.00	44,100.00	46,305.00	48,620.00
Operating	237,497.86	284,997.43	284,997.43	284,997.43	284,997.43
Capital Equip Vehicles	27,000.00	27,000.00	45,000.00	53,500.00	86,500.00
Capitail Projects	515,908.00	541,703.00	568,789.00	597,228.00	895,842.00
Total	1,037,328.18	1,127,807.31	1,181,956.52	1,221,100.52	1,555,029.52

Parks

Expense	2023	2024	2025	2026	2027
Salary/Benefits	75,921.82	75,921.82	75,921.82	75,921.82	75,921.82
Operating	30,160.00	36,192.00	41,620.80	47,863.92	55,043.51
Capital Equip Vehicles	5,600.00	5,000.00	25,000.00	5,000.00	0.00
Capital Projects	0.00	5,000.00	10,000.00	15,000.00	20,000.00
Total	111,681.82	122,113.82	152,542.62	143,785.74	150,965.33

Administration

Expense	2023	2024	2025	2026	2027
Salary/Benefits	231,386.01	231,386.01	242,955.31	255,103.08	267,858.23
Professional Admin	347,363.50	347,363.50	347,363.50	347,363.50	375,152.58
Operating	261,517.30	261,517.30	261,517.30	261,517.30	261,517.30
Capital Projects	404,517.00	424,743.00	445,980.00	468,279.00	491,693.00
Total	1,244,783.81	1,265,009.81	1,297,816.11	1,332,262.88	1,396,221.11

Projected Shortfall and Expense Ratio

	2023	2024	2025	2026	2027
Income Totals	2,611,764.25	2,706,305.39	2,808,409.82	2,918,682.60	3,037,777.21
Expense Totals	4,694,005.24	5,130,991.43	5,524,754.90	5,902,596.41	6,632,357.43
Balance	-2,082,240.99	-2,424,686.05	-2,716,345.08	-2,983,913.81	-3,594,580.22
Expense to Income %	179.73%	189.59%	196.72%	202.23%	218.33%

We have wonderful support!

- Dedicated professional town staff, they work here because they love the community and want to see it succeed - they are good stewards of the town finances, responsible to municipal code
- Engaged citizens – Parks, Historical Society, Fire Association, Awake the Lake, special event groups, past town boards
- Restaurant group – these businesses are the heartbeat of our community
- Economic Development Group – newly formed PLEDG is represented by “pillars” of the town – history, art, restaurants, recreation (dive into this)
- Great schools that are an integral part of our community

Our Town is Amazing



Now is the time to act – what are some options?

- Property Tax increase
 - There will still be a shortfall of \$400k without a public safety building
- Allow Recreational/Adult Use Cannabis Sales
- Merge with Tri-Lakes Fire District

Note: following slides provide examples

Your current property tax bill

Current Reality	<i>(Assessed Value x Mill)</i>	
TAX ENTITY	TAX LEVY	
El Paso Co	0.007120	\$ 247
EPC RD & Bridge	0.000165	\$ 6
Town of Palmer Lake	0.021238	\$ 738
EPC Palmer Lake RD & Bridge	0.000165	\$ 6
LPSD 38	0.030021	\$ 1,043
Pikes Peak Library	0.009434	\$ 328
D38 BOND	0.003490	\$ 121
	0.071633	\$ 2,489

Mill Increase Examples

Impact of 35 mill increase to mortgage payment/tax bill

Actual Value	\$500,000
x Assessment Rate	6.95%
Assessed Value	\$34,750
New Palmer Lake tax bill	\$1,954
Increase to tax bill	\$1,216
Cost per month	\$101.35
Mill increase	0.035
Total Mills	0.056238
New Total Tax Bill	\$ 3,705

Mill Increase Examples

Impact of 20 mill increase to mortgage payment/tax bill

Actual Value	\$500,000
x Assessment Rate	6.95%
Assessed Value	\$34,750
New Palmer Lake tax bill	\$1,433
Increase to tax bill	\$695
Cost per month	\$57.92
Mill increase	0.02
Total Mills	0.041238
New Total Tax Bill	\$ 3,184

Local Mill Levy Comparisons

Average Mills
92.963

Avg Home Value
\$539,960

Palmer Lake - Pop. 2,575 (AHV \$557K)	
El Paso Co	7.120
EPC Rd & Bridge	0.165
Town of Palmer Lake	21.238
EPC-Palmer Lake Rd & Bridge share	0.165
LPSD #38	39.455
PPLD	3.490
Palmer Lake Sanitation	0.000
Total Mills	71.633

Castle Rock - Pop. 78,936	
Castlewood Ranch Metro Dist.	40.000
Douglas Co RE-1 Schools	35.743
Douglas Co Government	18.524
Douglas Co Schools Debt Svc	8.054
Douglas Co Library Dist.	4.021
Town of Castle Rock	1.139
Cherry Creek Basin Water Qtly Auth	0.479
Douglas Co Schools Cap Resv	0.000
Douglas Co Schools Ins Resv	0.000
Douglas Co Soil Conserv Dist.	0.000
Total Mills	107.960

Monument - Pop. 8,331	
El Paso Co	7.120
EPC Rd & Bridge	0.165
Town of Monument	5.750
EPC Monument Rd & Bridge	0.165
LPSD #38	39.455
PPLD	3.490
TriLakes Monument Fire Protect	18.400
PL Sanitation	0.000
Lake of the Rockies Metro	55.664
Total Mills	130.209

Larkspur - 218	
Douglas Co RE-1 Schools	35.743
Larkspur Fire Protection	18.730
Douglas Co Government	18.524
Douglas Co Schools Debt Svc	8.054
Perry Park	
Water/Sanitation	5.614
Douglas Co Law Enforcement	4.500
Douglas Co Library Dist.	4.021
Cedar Hill Cemetery Assoc	0.124
Douglas Co Schools Cap Resv	0.000
Douglas Co Schools Ins Resv	0.000
Douglas Co Soil Conserv Dist.	0.000
Total Mills	95.310

Local Mill Levy Comparisons

Average Mills

92.963

Avg Home Value

\$539,960

Parker - Pop. 2,856	
Douglas Co RE-1 Schools	35.743
Douglas Co Government	18.524
South Metro Fire Protection	9.319
Douglas Co Schools Debt Svc	8.054
Parker Water/Sanitation	7.743
Douglas Co Library Dist.	4.021
Town of Parker	2.602
Urban Drainage/Flood Control Dist.	0.900
Cherry Creek Basin Water Qtly Auth	0.479
Urban Drainage/Flood South Platte	0.100
Douglas Co Schools Cap Resv	0.000
Douglas Co Schools Ins Resv	0.000
Regional Transportation Dist.	0.000
Douglas Co Soil Conserv Dist.	0.000
Total Mills	87.485

N. Colo Sprgs Flying Horse - Pop. 18,999	
El Paso Co	7.120
EPC Rd & Bridge unshared	0.330
Academy School Dist. 20	56.507
PPLD	3.490
Donald Wescott Fire Protect	7.000
Donald Wescott Fire North SubDist	14.900
Total Mills	89.347

Woodmoor, Monument - Pop. 9,345	
El Paso Co	7.120
EPC Rd & Bridge unshared	0.330
LPSD #38	39.455
PPLD	3.490
TriLakes Monument Fire Protect	18.400
Woodmoor Water/Sanitation	0.000
Total Mills	68.795

Recreational/Adult Use Cannabis

- Revenue from Adult Use Cannabis takes the financial burden off the residents of Palmer Lake.
- Using \$8mm for Year 1 gross sales and assuming a 10% tax benefit to the Town = \$800k in Year 1 tax revenue, a very reasonable estimate.
- Adult use cannabis is intensely regulated.
- Customers for adult use cannabis are most likely to come from Douglas County, from northern El Paso County, where no current medical or retail stores are located.
- Palmer Lake small businesses can benefit from additional shoppers visiting the area.

Merge with Tri Lakes Fire District

- Proposed merger with Tri-lakes Fire District – moves the funds from the Town to the Fire District with a required mill of 18.4 – fully equipped and staffed to service the Town as is
- Could possibly result in re-allocating 10 mills to the General Fund
- Additional solutions are still needed to meet overall revenue needs

Potential Revenue Forecasts

Increase of 35 mills and additional Adult Use Cannabis Sales Tax

	2023	2024	2025	2026	2027
Adult Use Cannabis	800,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Income Total	5,051,905.17	5,477,657.58	5,721,470.19	5,984,787.80	6,269,170.83
Expense Totals	4,694,005.24	5,130,991.43	5,524,754.90	5,902,596.41	6,632,357.43
Balance	357,899.93	346,666.15	196,715.29	82,191.39	-363,186.61
Expense to Income %	92.92%	93.67%	96.56%	98.63%	105.79%

Potential Revenue Forecasts

Adult Use Cannabis Sales Tax Only

	2023	2024	2025	2026	2027
Adult Use Cannabis	800,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Income Total	3,411,764.25	3,706,305.39	3,808,409.82	3,918,682.60	4,037,777.21
Expense Totals	4,694,005.24	5,130,991.43	5,524,754.90	5,902,596.41	6,632,357.43
Balance	-1,282,240.99	-1,424,686.05	-1,716,345.08	-1,983,913.81	-2,594,580.22
Expense to Income %	137.58%	138.44%	145.07%	150.63%	164.26%

What If We Do Nothing?

- Staff Reductions
- Property Values decrease
- Continued deterioration of infrastructure
- Underfunded, understaffed, underequipped fire and police
- We're stagnant – unable to plan for future town needs

Questions?

What would you consider to support your community?

Take the poll at PollEv.com/plake329.

1. Tax increase of 35 mills
2. Allow for the sale of REC MJ
3. Tax increase of 35 mills + allow sale of REC MJ
4. Tax increase of 20 mills + allow sale of REC MJ
5. Merge with Tri-Lakes Fire District/reallocate 10 mills to GF