



Public Workshop on 2021 Budget

August 26, 2020



Agenda

Goal: Provide Information and Seek Ideas

- 1 Introduction to the City's Budget, Tough Decisions
- 2 Financial Projections & Understanding Sales Tax
- 3 Efficiencies, Innovations, and Partnerships
- 4 **Discussion#1** What other operational innovations efficiencies, or cost reductions should the City explore?
- 5 Increasing Revenues
- 6 **Discussion#2** What ideas do you have about potential new revenue sources for the City?
- 7 Next Steps and Summary: Keep the conversation going



Workshop Conversation Guidelines



- Treat each other with respect
- Listen to learn
- Help to make sure everyone has a chance to share
- Assume good intentions
- Use the raise hand function in Zoom to provide comment, when asked
- Our moderator will allow one person to speak at a time
- Comments limited to 2 minutes



Introduction to the City's Budget






Important Annual Budget milestones



Goal Driven Budget



City Council's Goals 2019-2020

	1. Continue to address Durango's affordable/attainable housing, including options for homeless population
	2. Expand Durango's unique identity as a driver of enhanced quality of life and sense of place
	3. Improve environmental resiliency and encourage responsible stewardship of natural resources
	4. Require & support effective utilization of resources to supply the following
	5. Advance fiscal sustainability and resiliency

Budget Basics



- A fiscal year is a twelve-month period used for budgeting, forecasting, and reporting. The City’s fiscal year is Jan 1 – Dec 31
- General Fund is the primary operating fund to pay for basic City services, programs, and the daily operations of the City
- Separate funds for standalone businesses (or enterprises) like water and sewer utilities;
 - **Water**
 - **Sewer**
 - **Airport**
 - **Sustainable Services**
 - **Transportation Services**
- **Special Revenue Funds** (legally-restricted sources of revenue)
 - 2005 Sales Tax; 2015 Sales Tax; 2019 Sales Tax
 - Durango Tourism Fund
- **Internal Service Funds** (services provided internally)
 - Vehicle Replacement
 - Risk Management

General Budget assumptions



Personnel:

- Changes to staffing will support City Council Goals or legal mandates
- Hiring hiatus - for positions that must be refilled, may consider 60-day hiring hiatus when possible (dependent on revenue projections)

Operating:

- General Fund- Through June 31, 2020 Sales Tax is reflecting a 11% decrease in actual collections for sales tax compared 2020 budget estimates. Departmental budgets will be developed using the assumption of a 7-16% reduction over 2020 budget- to be reviewed in further
- Use of special revenues for maintenance in operating budget for Streets Maintenance and Parks Maintenance

Capital Guidance:

- Review of existing carryforward projects should be considered first
- Capital Improvement Program (CIP) Process/Policy adoption by council as part of 2021 budget process With the reduction in sales tax capital project funds will also see a 7-16% reduction in anticipated revenues

Tough Decisions



Revenue Shortfalls

COVID-19 Pandemic will result in a 7-15% revenue shortfall for the 2021 budget and beyond.



City Facilities & Asset Management

2015 Facilities Master Plan estimates \$81.9 M in facility improvements needed in the next 10 years, which includes \$19 M for a new Police Station. With no dedicated funding source in place to finance the improvements.



Infrastructure & CIP

As part of the FY 2020 budget the City deferred Capital Improvement Projects as a result of the COVID-19 Pandemic.

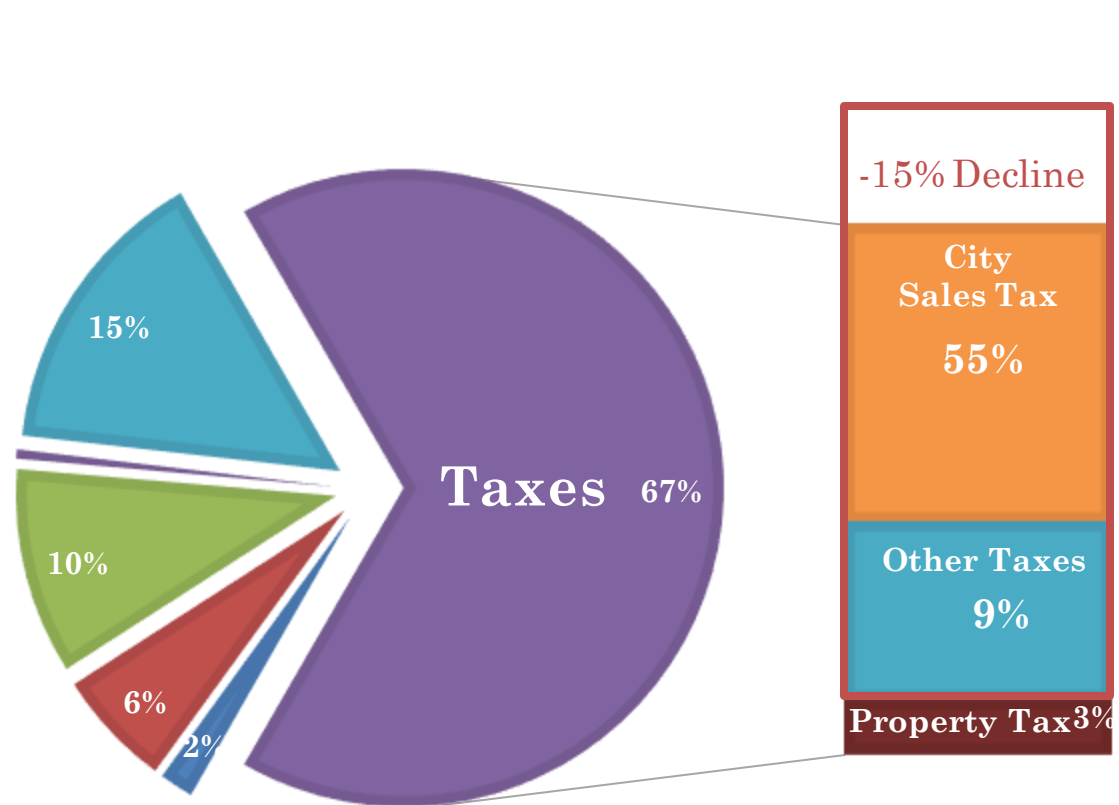


Service Delivery

The budget process also evaluates service delivery methods and addresses structural deficits in operational expenditures.

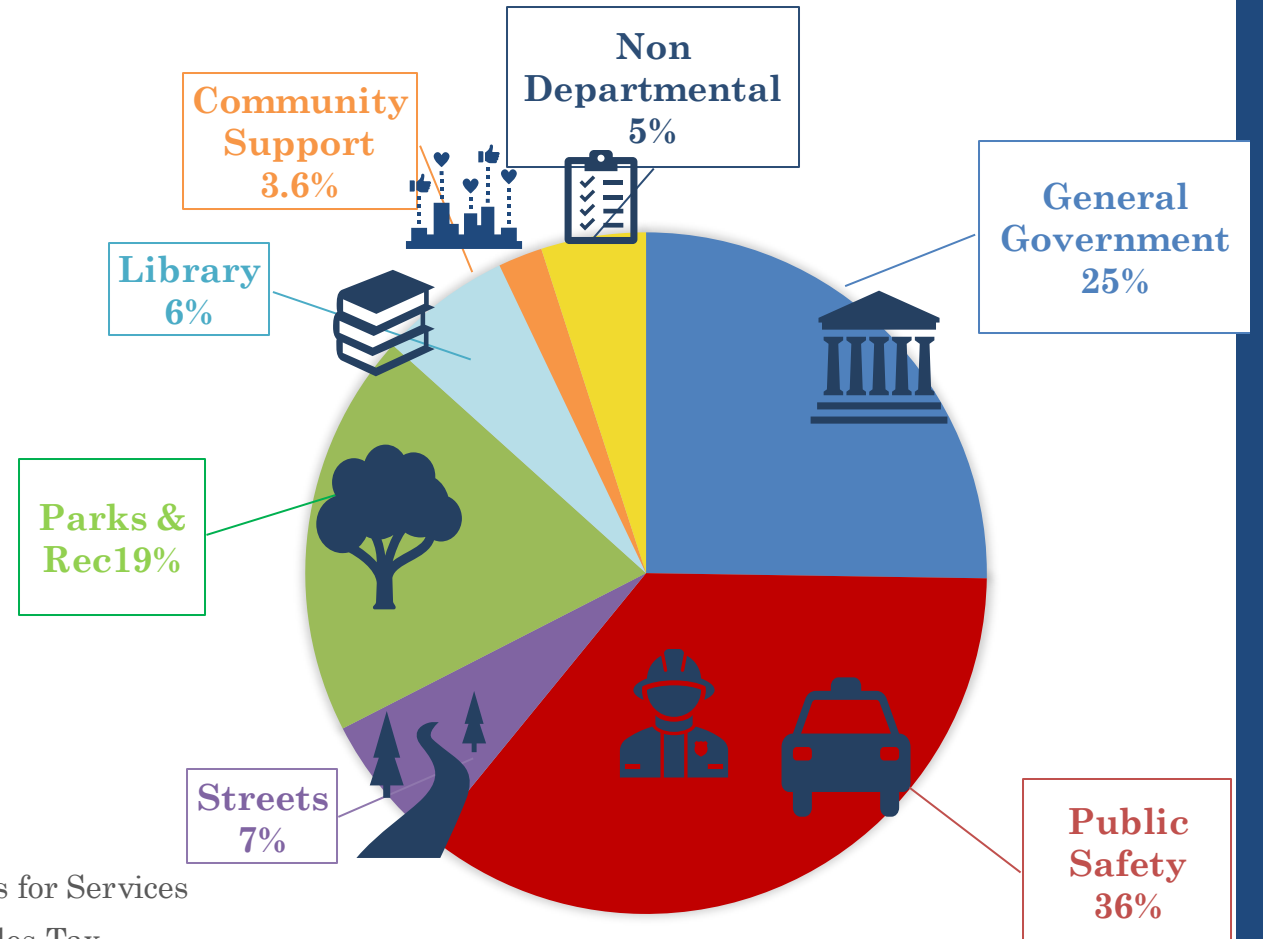
Balanced General Fund Budget

Revenues – Where it Comes From

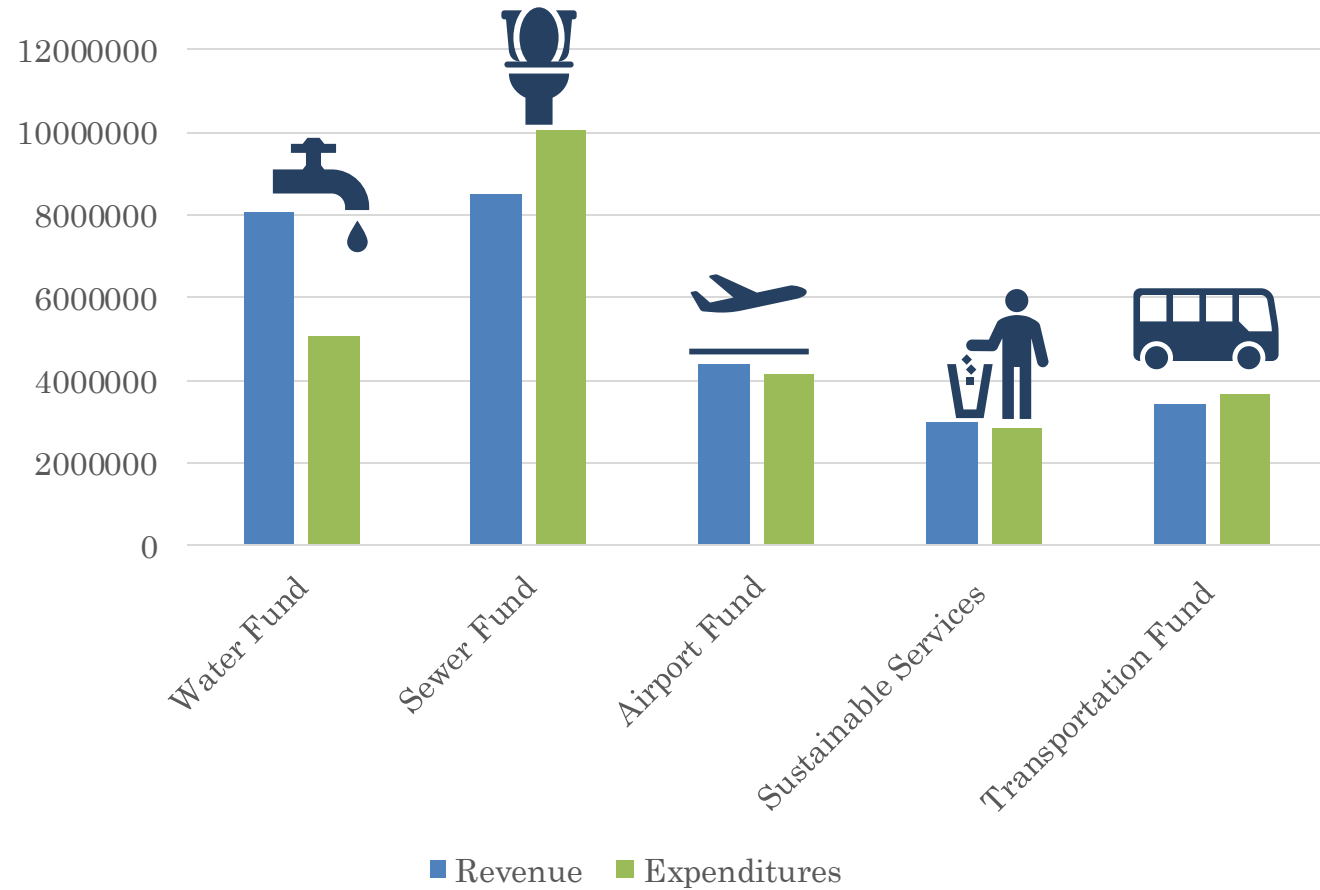
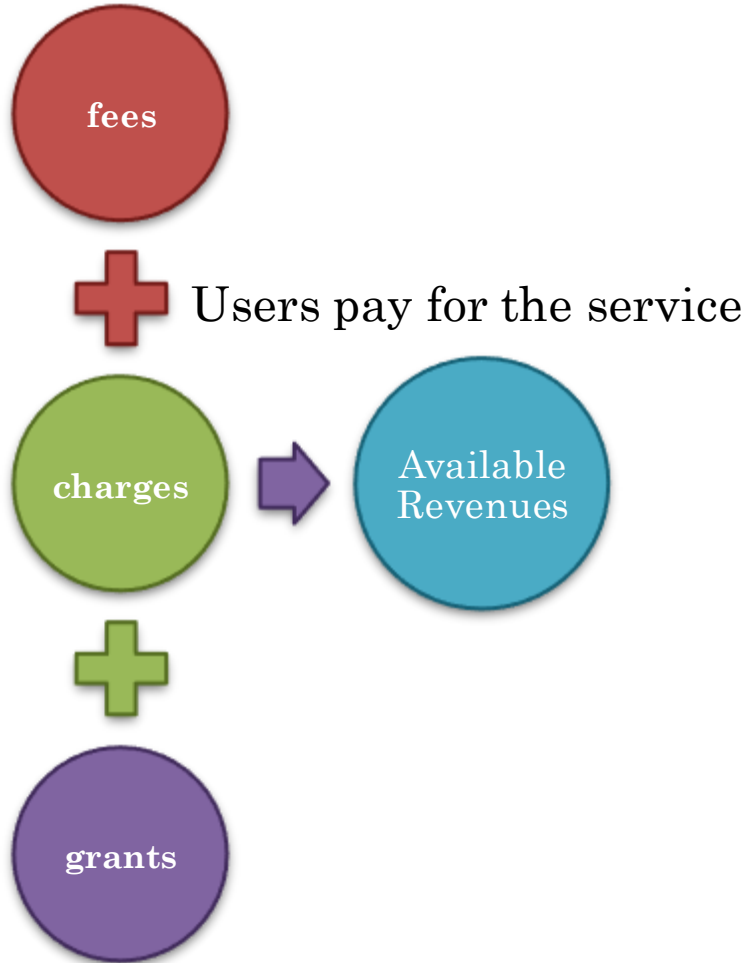


- Licenses & Permits
- Fines & Forfeits
- Other Taxes
- Intergovernmental
- Miscellaneous
- Property Tax
- Charges for Services
- City Sales Tax

Expenditures – Where it Goes



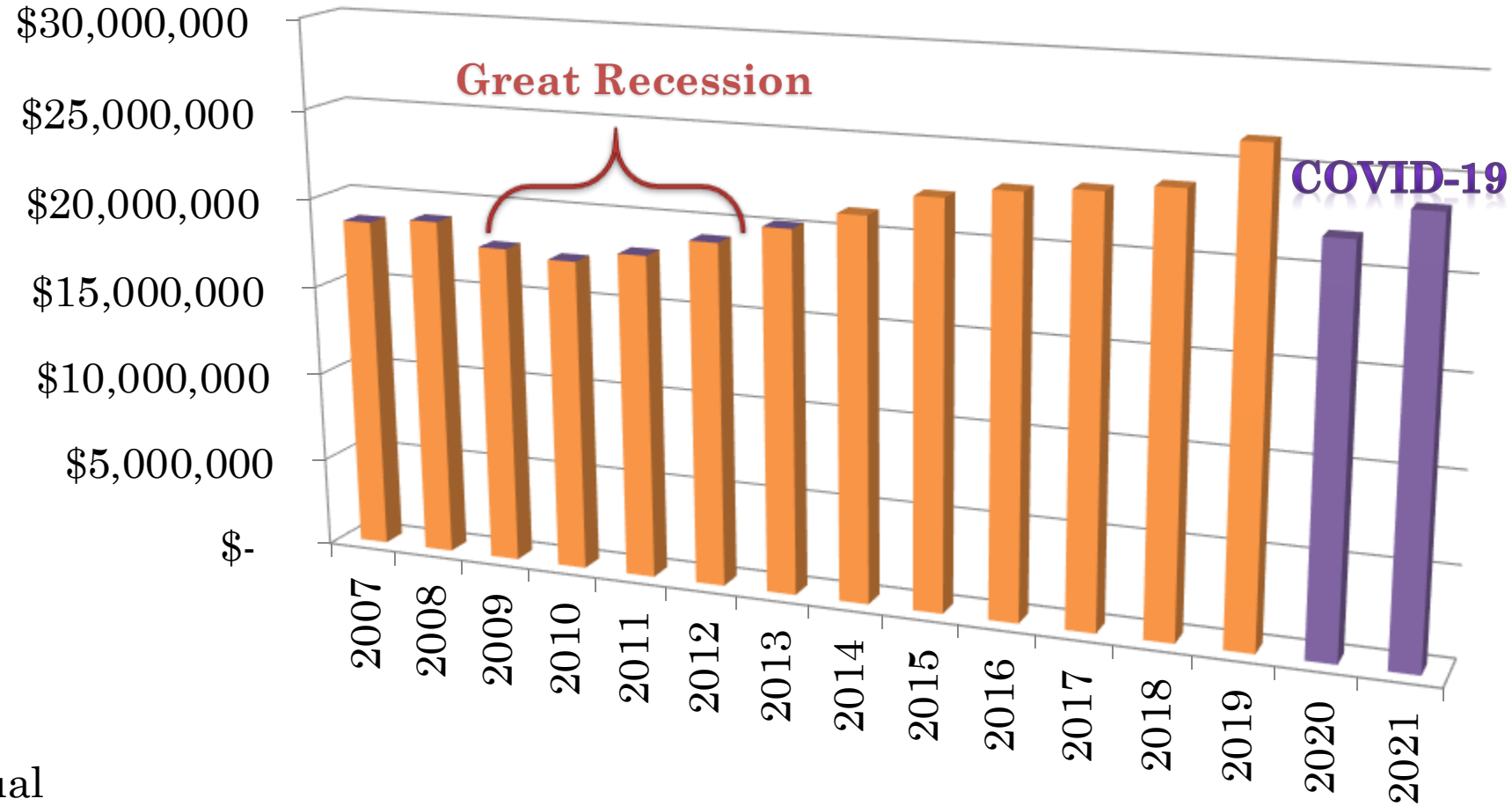
Budgeting by Fund (Enterprise)





Financial Projections & Understanding Sales Tax

Sales Tax Trends 2007-2021



SPENDING \$100 IN DURANGO



+ \$8.40 TAX
\$108.40 TOTAL

\$2.90 STATE OF COLORADO

\$5.50 STAYS LOCAL



\$1.78
COUNTY WIDE SHARED

LA PLATA COUNTY
\$1.27

CITY OF DURANGO
\$0.36

BAYFIELD
\$0.08

IGNACIO
\$0.07

A collection of coins and a one-dollar bill representing the breakdown of the \$1.78.

\$0.22
JOINT (CITY/COUNTY)

PUBLIC LIBRARY

SENIOR CENTER

Two photographs: one of a modern public library building and one of a senior center building.

\$3.50
CITY OF DURANGO

GENERAL FUND
\$2.00

SPECIAL REVENUE FUNDS
\$1.50

A collection of coins and one-dollar bills representing the breakdown of the \$3.50.



Efficiencies, Innovations, and Partnerships

Efficiencies, Innovations, and Partnerships



- Exploring **grant** opportunities
- **Shared service models** utilized for 911 Communications, POST Regional Training for Police Officers
- Reviewing **existing contracted services** for potential savings
- 2020 Budget prepared on 5-year actual averages 2021 to be prepared from 2020 with 15% reduction due to revenue shortfall forecasts
- **Partnerships** with the County, health organizations, and school districts to support services for COVID-19 Pandemic
- Providing **community support services** to outside agencies, generating revenue for the City

Steps Towards Best Practices

- **Questica** Budget software for transparency
- Moved Investment Fiduciary responsibility to **Morgan Stanley**
- **SUTS System** (Sales and Use Tax Software)
 - May generate additional revenues from remote remittance.
 - Makes filing easier!
- Exploring having a **vendor collect sales tax and business licenses**
- Following **GFOA best practices** for Policies
 - CIP and Reserve Policy in process
- Isolating **Special Revenue Capital projects** in each of their own funds
- **Evaluating a two-year budget cycle** starting in FY 2022-2023
- Overhauled **Quarterly CIP report** and Monthly Financials for greater Transparency and Council decision making





DISCUSSION #1

What other operational innovations efficiencies, or cost reductions should the City explore?

Typical new revenue options



- Attract Sales Tax generator Annual averages
 - Grocery Store: \$500K average
 - Car Dealership \$215K average
 - Restaurants \$264K average
 - Big Box Retailer: \$2.9 Million average
 - Local Retailer:
 - Corporate Retail: \$165K
 - Liquor stores: \$100K
 - Outdoor retail / Entertainment: \$25K average
- Lodgers Tax Increase (Hotel and Vacation Rental Tax)
- Business License Tax increases
- Increases to charges and services



DISCUSSION #2

What ideas do you have about potential new revenue sources for the City?

Next steps



Oct. TBD City Manager Presents Proposed Budget to City Council

Oct/Nov Council will review departmental budgets and host public study sessions

Nov. 10 Public Hearing on Proposed FY2020 Budget

Dec. 1 FY2021 Final Budget Adoption

Opportunities to Learn More and Provide Feedback

Send comments
by September 14th to:

City Manager
949 E. 2nd Avenue
Durango, CO 81301

or

CityManager@DurangoGov.org