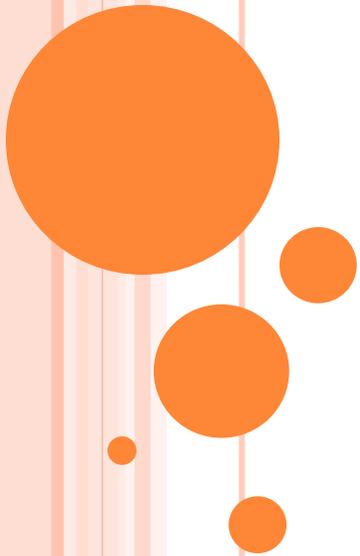
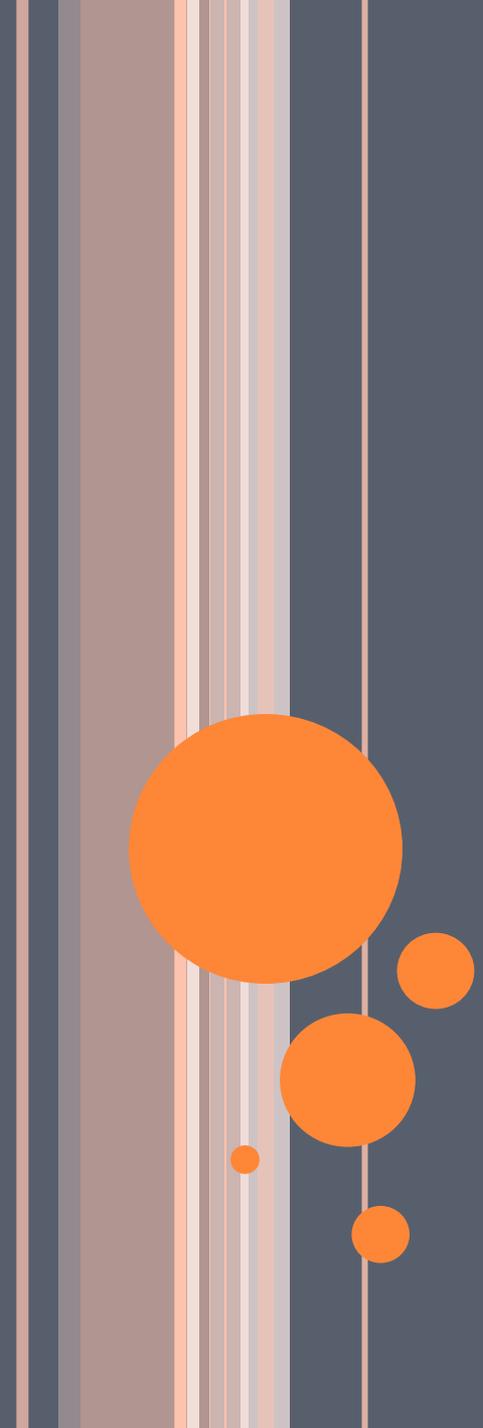


# Town of Avon

**2015 BUDGET WORK SESSION**





# SITUATIONAL ANALYSIS

Short-term factors influencing budget development decisions

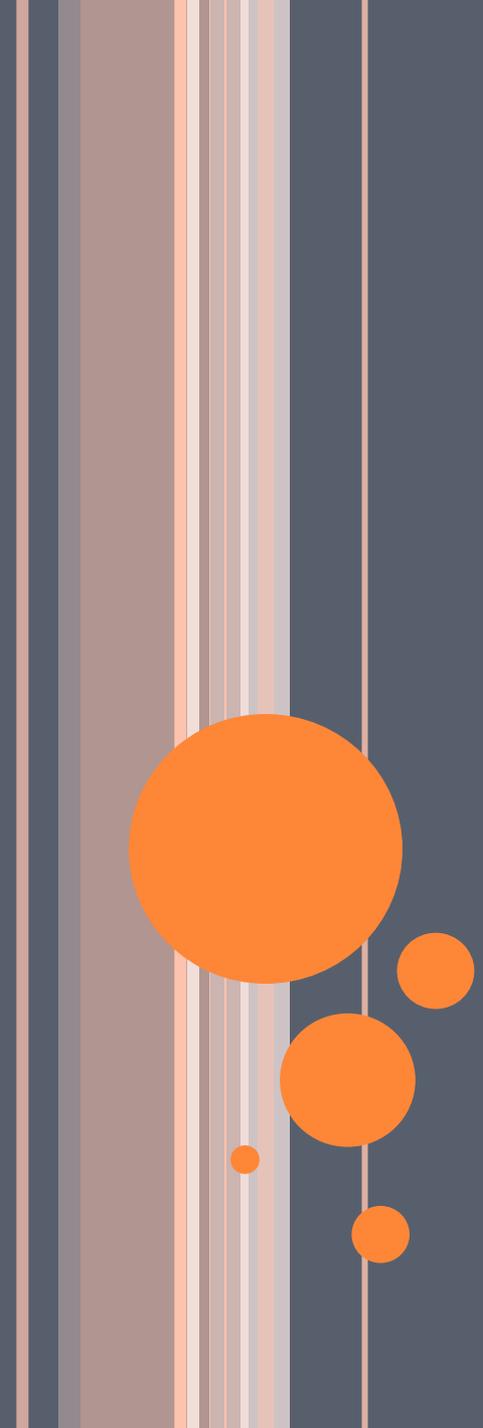
Items	Impact	Strategy
REVENUES		
<p><b>Property Taxes</b></p> <p>The preliminary certification of values indicates that the Town's gross assessed value will increase by 17.1</p>	<p>General Fund revenues will increase by \$254,057 in 2016 and remain flat for 2017.</p>	<p>Continue to encourage growth and new construction.</p>
<p><b>Avon URA TIF</b></p> <p>The preliminary certification of values indicates that the Town Center West TIF District's assessed value increased by \$4,977,850 or 43.3%. This increase is largely due to the completion of the Wyndham project.</p>	<p>Avon URA TIF revenues will increase by approximately \$305,129. Approximately two-thirds of this increase is due to the Wyndham.</p>	<p>Continue to model revenues in the URA for possible leveraging of TIF financing. Continue to evaluate possible additional URA plan areas subject to redevelopment.</p>
<p><b>Sales Tax Revenues</b></p> <p>Year-to-date sales tax revenues are up 11.61% from the same period last year.</p>	<p>Through June, sales tax revenues are over budget by a total of \$390,943.</p>	<p>Continue to encourage new businesses, ease the administrative burden of licensing and sales tax reporting by offering on-line filing.</p>
<p><b>Sales Tax Exemptions</b></p> <p>Councilor Prince has requested that the Town consider waiving sales tax on solar installations.</p>	<p>The impact at this time is not determined.</p>	<p>In order to implement this exemption, the Town Council would need to pass an ordinance providing a temporary credit for a specific period of time for solar installations.</p>
<p><b>Accommodation Tax Revenues</b></p> <p>Year-to-date accommodation tax revenues are up 14.86% from the same period last year.</p>	<p>Through June, accommodation tax revenues are over budget by a total of \$89,097.</p>	<p>Continue to implement the new licensing requirements of short-term rentals, and ensure the compliance with the Town's new ordinance.</p>
<p><b>Real Estate Transfer Tax</b></p> <p>Year-to-date revenues are down from the previous year by \$82,809 or 5.75%. However, RETT from the sale of Wyndham vacation points have failed to materialize.</p>	<p>A write-down of estimated revenues of \$1,325,312 is necessary to reflect the delay in Wyndham vacation ownership shares. RETT revenues in 2016 are estimated at \$1.8 million and for 2017 \$1.9 million.</p>	<p>Revenues projected from the Wyndham have been removed from the CIP long-range plan so that the Town may be assured of being able to pay for projects without these revenues.</p>



## EXPENDITURES

<p><b>Personnel</b></p> <p>Through reorganization of departments and constant review of employee job duties and responsibilities there have been significant budgetary savings in the past two years. In 2016 we see staffing needs in certain departments.</p>	<p>New positions being proposed in the 2016 budget include a Human Resources director, long-range planner, Transit operations supervisor, and Transit wash-bay operator. Positions eliminated for 2016 are the Economic Initiative director.</p>	<p>Continue to review vacant positions for potential savings and work efficiencies prior to re-hire.</p>
<p><b>Employee Compensation</b></p> <p>In 2014 a step pay program was implemented for all job classifications, each well defined in terms of job description, responsibilities, and qualifications required for performance. To qualify for advancement to the next higher step, an employee must demonstrate work at high level of competence.</p>	<p>The staff anticipates a cost of approximately \$290,577 associated with the step program and related market increases for 2016.</p>	<p>Continue to work on and improve the now implemented pay-for-performance step program for 2016-2017 with a long-term commitment toward the program, including annual market surveys, employee evaluations and funding.</p>
<p><b>Capital Improvements</b></p> <p>Town staff prepare a long-range capital improvements plan that models forecasted revenues against priorities in capital projects based upon the Council's strategic plan and other criteria.</p>	<p>Because of delays in receipt of anticipated real estate transfer tax from the Wyndham, resources from other funds, including the General Fund and Equipment Replacement Fund are having to be transferred into the Capital Projects Fund.</p>	<p>Continue to prioritize capital projects and identify projects that should be financed vs. pay-as-you-go.</p>
<p><b>Joint Public Safety Facility</b></p> <p>A new joint public safety facility is being planned and designed in partnership with the Eagle River Fire District.</p>	<p>Town Council will make a final decision in November whether to move forward with the project. The cost of the project and how it will be financed is not included in the current long-range CIP.</p>	<p>Continue to assist Council in their decision-making efforts regarding costs, funding, elections, etc.</p>
<p><b>Town Hall</b></p> <p>A facility assessment and Space Needs Analysis has been completed for Avon Town Hall.</p>	<p>A number of decisions remain to be made regarding a possible replacement or refurbishment of Town Hall. The costs and possible funding options are not currently included in the long-range CIP.</p>	<p>Continue to assist Council in their decision-making efforts regarding costs, funding, elections, etc.</p>
<p><b>Fund Balances &amp; Contingencies</b></p> <p>Revise reserve policy to calculate an appropriate reserve percentage based upon total expenditures. Amounts over and above the reserve minimum would be assigned to be used for capital improvements.</p>	<p>There is no impact to revenues related to changing the General Fund reserve policy.</p>	<p>Continue to maintain adequate reserves and fund deferred maintenance.</p>





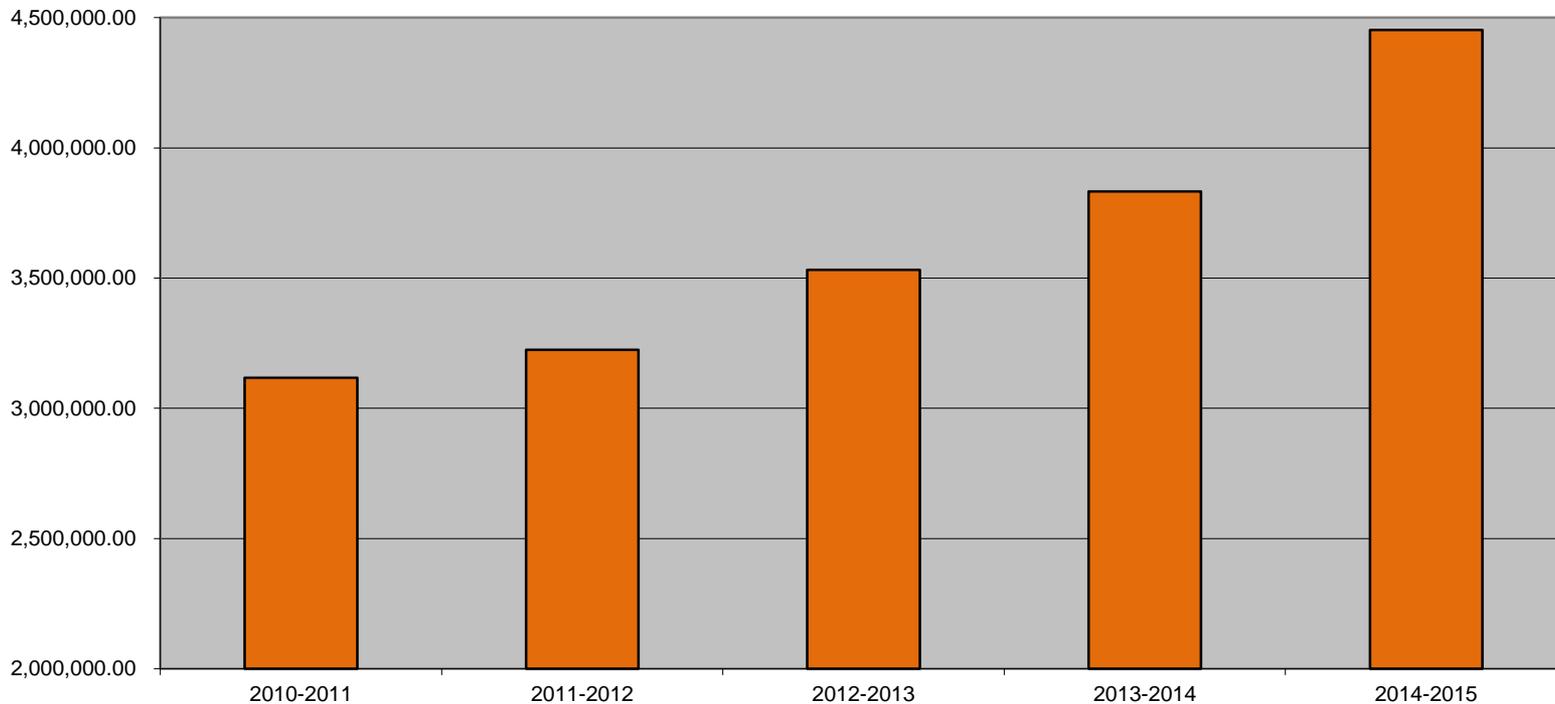
# REVENUE PROJECTIONS

General Fund

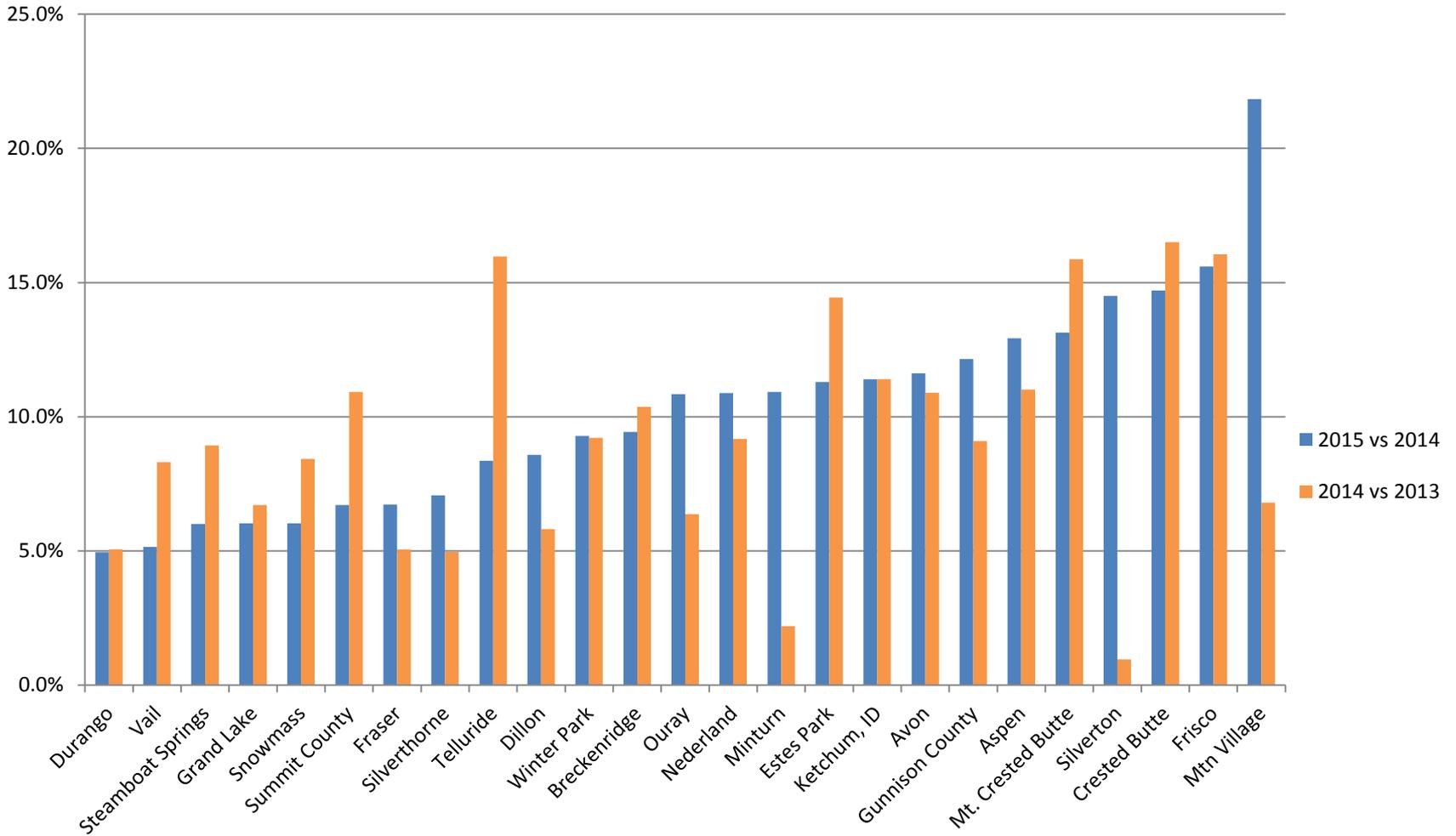
# Sales Tax By Ski Season

	2010-2011	09/10-10/11 Change	2011-2012	10/11-11/12 Change	2012-2013	11/12-12/13 Change	2013-2014	12/13-13/14 Change	2014-2015	13/14-14/15 Change
<b>November</b>	284,528.70	1.01%	301,407.41	5.93%	336,060.63	11.50%	362,460.94	7.86%	397,935.36	9.79%
<b>December</b>	818,360.74	4.02%	921,815.61	12.64%	852,868.64	-7.48%	981,917.79	15.13%	1,221,263.98	24.38%
<b>January</b>	511,040.76	-0.77%	519,784.89	1.71%	677,943.78	30.43%	638,863.27	-5.76%	765,195.68	19.77%
<b>February</b>	532,903.25	5.58%	533,546.48	0.12%	636,702.27	19.33%	673,722.03	5.81%	788,999.06	17.11%
<b>March</b>	665,532.70	7.18%	643,910.29	-3.25%	720,267.31	11.86%	793,301.96	10.14%	875,499.53	10.36%
<b>April</b>	305,269.73	-1.51%	304,220.84	-0.34%	307,407.13	1.05%	381,839.56	24.21%	403,560.42	5.69%
<b>YTD Total</b>	<b>3,117,635.88</b>	<b>3.27%</b>	<b>3,224,685.52</b>	<b>3.43%</b>	<b>3,531,249.76</b>	<b>9.51%</b>	<b>3,832,105.55</b>	<b>8.52%</b>	<b>4,452,454.03</b>	<b>16.19%</b>

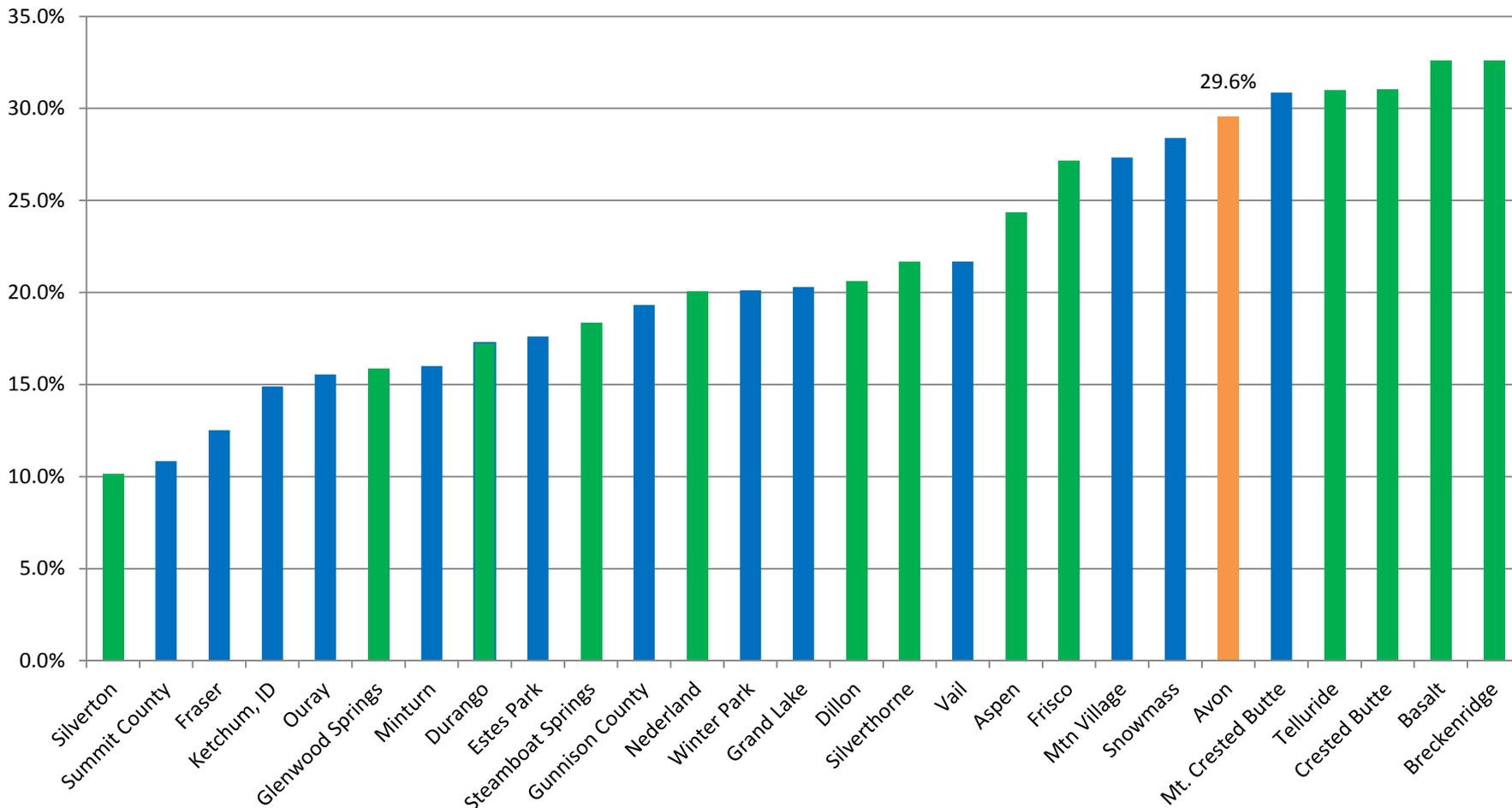
**Ski Season 2010-11 Through 2014-15**



# CAST Year over Year Sales Tax Comparison



# CAST 3 Year Comparison 2011-2014



# SALES TAX – 2015 TRENDS

- 2014 total Sales Tax \$31,288 over 2015 budget
- Total Sales Tax – Up 11.61% over 2014 through June
  - \$405,818 over budget = 6.00%

Sales Tax Annual Totals			
Category	New Business	Growth	Total Growth
Home/Garden	30,513.26	(20,423.37)	10,089.89
Grocery, Specialty, Health	5,037.22	54,548.72	59,585.94
Liquor Stores	98.88	6,305.66	6,404.54
Sporting Goods Retail/Rental	14,811.85	27,953.23	42,765.08
Miscellaneous Retail	12,051.71	3,716.24	15,767.95
Accommodations	9,232.38	70,092.01	79,324.39
Restaurants/Bars	5,354.69	30,042.77	35,397.46
Other	136,923.97	(26,090.74)	110,833.23
Service Related	20,344.50	10,429.92	30,774.42
<b>Total</b>	<b>\$234,368.46</b>	<b>\$156,574.44</b>	<b>\$390,942.90</b>

- New businesses represent 6.24% of total YTD sales tax collections
- New businesses represent 59.95% of Total Growth



# SALES TAX - 2015-2017 PROJECTIONS

	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<b>% Increase</b>	6.00%	5.00%	5.00%
<b>\$ Increase</b>	\$422,192	\$372,936	\$391,583

- Based on average economic growth projections for Colorado mountain areas



## ACCOMMODATIONS TAX - 2015 TRENDS AND PROJECTIONS

- 2014 Total Accommodations Tax \$5,574 over 2015 budget
- Total 2015 Accommodations Tax - Up 14.86% through June
  - \$85,823 over budget = 9.00%
- Riverfront – 3.49% Increase over 2014
- Other Lodging – 29.04% Increase

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	9.00%	4.00%	4.00%
<b>\$ Increase</b>	\$ 89,097	\$ 43,163	\$ 44,889



# PROPERTY TAX STATISTICS

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	0.00%	17.03%	0.00%
<b>\$ Increase</b>	\$ -	\$ 254,057	\$ -

- \$254,057 increase in 2016 General Fund property taxes
  - 2015 Net Assessed Values - \$194,964,330
    - Previous Year - \$166,437,590
    - Increase = 17.03% or \$28,526,740
- Revenues flat for 2017 = \$1,746,101

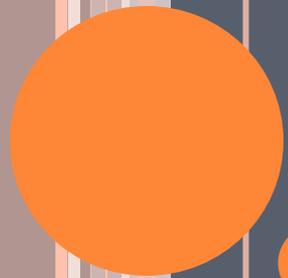


# REAL ESTATE TRANSFER TAX

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	-34.65%	-28.00%	5.56%
<b>\$ Increase</b>	\$(1,325,312)	\$(700,000)	\$100,000

- Revenues down -5.75% compared to 2015 and -31.96% compared to budget
- 2015 Projection – Decrease \$1,325,312 due to Wyndham timeshare sales not coming in as scheduled
- 2016 Projection – Decrease \$700,000 to historical average revenue
- 2017 Projection – Increase \$100,000 to reflect an optimistic housing market
- 2016-2017 Revenues will be monitored for Wyndham timeshare sales





# FEES AND CHARGES

Recommendations



# BUILDING FEES

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	90.36%	-47.47%	0.00%
<b>\$ Increase</b>	\$ 150,000	\$(150,000)	\$ -

- Increase 2015 building fees by \$150,000 for new medical building
- Reduce 2016 fees by \$150,000 – no large projects anticipated
- 2017 fees projected flat



# SPECIAL EVENT ADMISSIONS FEE

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	10.51%	61.37%	8.54%
<b>\$ Increase</b>	\$ 2,424	\$ 15,645	\$ 3,514

- Increase 2015 10.51% based on actuals from WWG and RWB and the addition of \$4,000 for Cielito Lindo
- Propose a \$1 increase on the Special Event Admissions Fee reflected in 2016 and 2017 revenue
- 2016-2017 Includes 10% year over year increase in ticket sales for RWB and WWG with Cielito Lindo remaining flat since it is unknown

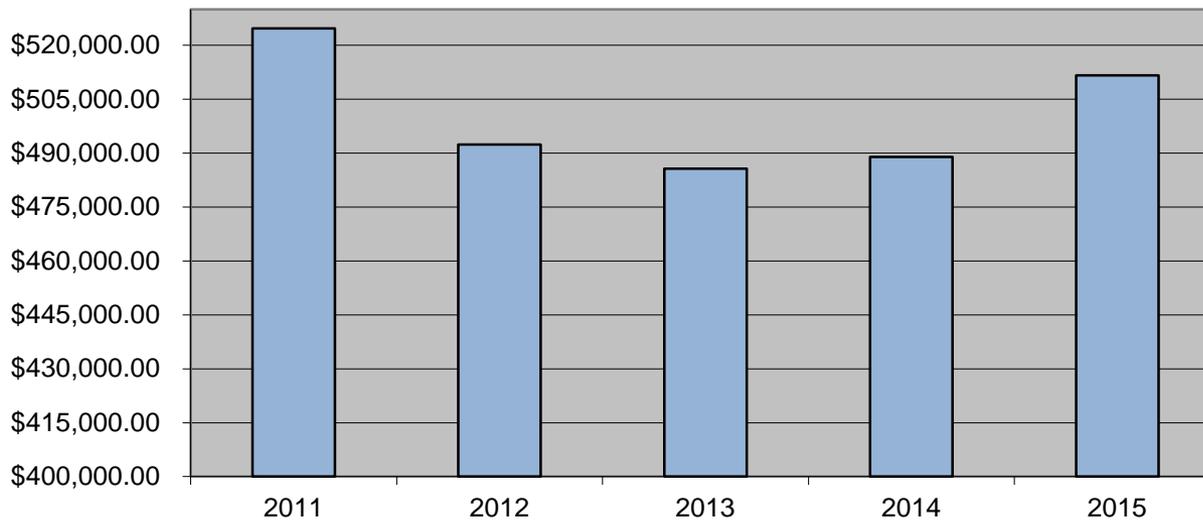
<b>Special Event Ticket Sales Projections</b>			
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>WWG</b>	9,917	10,800	11,880
<b>RWB</b>	830	913	1,004
<b>CL</b>	2,000	2,000	2,000
	12,747	13,713	14,884



## Town of Avon Recreation Center Admissions

						Budget	YTD Collections	Budget	% of change
	2010	2011	2012	2013	2014	2015	2015	Variance	from 2014
January	\$ 73,301	\$ 76,386	\$ 66,113	\$ 70,040	\$ 62,607	\$ 69,034	\$ 64,723	\$ (4,311)	3.38%
February	73,122	72,997	78,782	68,578	63,838	70,791	68,506	(2,285)	7.31%
March	88,983	78,985	62,670	72,616	77,902	75,514	81,664	6,150	4.83%
April	65,250	59,991	49,982	64,370	61,760	59,704	55,452	(4,252)	-10.21%
May	35,716	47,368	44,880	35,064	43,119	40,842	50,067	9,226	16.11%
June	56,166	49,850	49,442	46,194	55,052	50,858	58,431	7,572	6.14%
July	69,558	70,839	73,067	71,491	61,472	68,634	66,400	(2,234)	8.02%
August	63,858	68,324	67,510	57,329	63,233	63,449	66,389	2,940	4.99%
September	44,425	40,822	38,141	43,829	36,846	40,429			
October	45,937	52,476	41,588	48,803	75,818	52,427			
November	113,984	93,746	94,044	93,822	29,570	84,234			
December	81,534	80,985	72,059	69,258	77,672	75,584			
<b>Total</b>	<b>\$ 811,836</b>	<b>\$ 792,769</b>	<b>\$ 738,277</b>	<b>\$ 741,394</b>	<b>\$ 708,889</b>	<b>\$ 751,500</b>	<b>\$ 511,631</b>	<b>\$ 12,805</b>	<b>4.63%</b>

### Rec Admissions YTD Thru August



# RECREATION CENTER ADMISSION FEES

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	0.00%	4.40%	0.00%
<b>\$ Increase</b>	\$ -	\$ 33,074	\$ -

- Propose to increase Resident passes by an average of 16%
- This change will increase revenue by approximately \$33,000
- Otherwise revenues projected to be flat in 2016-2017



# FLEET MAINTENANCE SHOP RATES

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>% Increase</b>	3.09%	5.21%	4.53%
<b>\$ Increase</b>	\$ 42,072	\$ 73,203	\$ 66,870

- ❖ Current rates = \$102/hr - light duty and \$110/hr - heavy duty
  - ❖ Last changed in 2011
- ❖ Market Survey Averages = \$126 - light duty and \$137 - heavy duty
- ❖ Propose 2016 rates = \$107 - light duty and \$116 - heavy duty
  - ❖ 85% of market average
- ❖ Results in approximately \$73,203 in additional revenue
- ❖ Propose 2017 rate increase of additional \$3 for both light and heavy duty
  - ❖ Approximately \$66,870 in additional revenue



# FLEET MAINTENANCE PARTS MARK-UP

- ❖ Current parts mark-up = 15%
- ❖ Market comparison reveals widely varying charges between 25-75%
- ❖ Propose to increase mark-up to 20% in 2016 = \$23,750
- ❖ Propose to increase mark-up another 5% in 2017 to 25% = \$24,938



# EMPLOYEE SALARY STEP PROGRAM

- 2016 Cost = \$290,995
- Market Survey
  - Average salary range market adjustment = 3.65%
- 2017 Cost = \$317,433
  - Includes 2% market adjustment



# STAFFING LEVEL CHANGES

- New Full-Time Positions – \$293,457 Cost
  - Human Resources Director
  - Long Range Planner
  - Transit Operations Supervisor
  - Transit Wash Bay Operator
- Reduction in Full-Time Positions – \$87,708 Savings
  - Economic Initiatives Director

