

# **VILLAGE OF TAOS SKI VALLEY**

## **FY 2014 BUDGET SUMMARY**

### **(Post Budget Workshop\*)**

Building off of last year, staff continues to maintain current expenses and remains committed to initiating and supporting cash reserves for the General Fund to provide funding for the Village's slow period from July to December of each year. Continuing to take conservative steps with this budget, staff is recommending how to strengthen the budget for sustainability in longer-term low economic periods and to provide reserves for debt service on future projects. Again, each department was asked to control costs with restricted revenue in mind, and we've cut cost in some line items where we saw it feasible. Federal suggestions to the Taos County is a drop in GRT of 7%, Village staff wasn't quite as conservative and is estimating a 5% drop in GRT. In preparing this budget and summary, staff committed to hold foreseeable expenses constant, utilized conservative revenue estimates, and is dedicated to building cash reserves for future capital expenditures.

As with the previous year, staff's first objective was to maintain the budget. We reanalyzed water, sewer, and trash rate structure. Staff is recommending that all single family homes, townhomes, and condominiums, unless they fall into the exception, be considered residential for billing purposes. The exception is: a condominium would be considered commercial when it is in the commercial core zone and is connected to a commercial building, i.e. a building that has a restaurant, and/or spa, and/or retail business. A process will be set up for condominium owners who do not rent their unit in which they can petition the village council for a change in status from commercial to residential. Staff is recommending an increase in the fixed rate charges that coincides with the stated COLA this year, which is 1.7%; no increase to the usage fee is being requested. This 1.7% will very gradually begin to move VTSV towards the 70/30 (fixed/variable) rates split recommended by McLaughlin Water Engineers (MWE).

*POST: Discussion took place concerning a recommendation to remove commercial or residential designations on ALL properties. Council envisioned one flat fixed rate and reworking EQR allocations to correlate to usages/demands; it was recommended that a committee of various members of the community and Village personnel be formed to discuss and present an equitable EQR based fixed/variable rate fee schedule. To meet Water/Sewer budget revenue requirements in the short-term, and until an EQR rate schedule can be reanalyzed and approved, an idea considered was all properties would be charged \$51.50 per month per one EQR. This means if a property was previously considered residential, one EQR would be raised from \$33.00/EQR to \$51.50/EQR. If a property was previously considered commercial, the rate would change from \$66.00/EQR to \$51.50/EQR. Target date for the new EQR schedule to be put into place is September 2013.*

In our continued pursuit in making trash collection/revenues a sustainable fund, various discussions with the Public Works staff in regards to rates and increases have taken place. It has been noted by staff that the commercial entities in the VTSV limits

are by far the biggest contributors, or put the most strain on our Solid Waste/Recycling. In keeping that in mind, the staff recommends that residential trash rates stay the same, while the commercial rates are increased from \$6 to \$8 per EQR; not only does staff see this as an effort to allocate the cost on the biggest users of the Village Solid Waste/Recycling program, it will also allow for continue buildup of reserve funds. Any buildup of Solid Waste/Recycling reserve funds will eventually be utilized to build a containment/cover structure for the Solid Waste/Recycling area, but this initiative will not take place until the townsite act has been approved and VTSV has legal title to the property.

*POST: As with Water & Sewer rates council sees the possibility of removal of commercial or residential designations on ALL properties. Council envisioned one flat fixed rate and reworking EQR allocations to correlate to usages/demands; it was recommended that a committee of various members of the community and Village personnel be formed to discuss and present an equitable EQR based fixed/variable rate fee schedule. To meet Solid Waste/Recycling budget revenue requirements in the short-term, and until an EQR rate schedule can be reanalyzed and approved, all properties could be charged \$5.50 per month per one EQR. This means if a property was previously considered residential, one EQR would be raised from \$4.00/EQR to \$5.50/EQR. If a property was previously considered commercial, the rate would be changed from \$6.00/EQR to \$5.50/EQR. Again, target date for new EQR schedule to be put into place is September 2013.*

Funding reserves are critical for municipalities gaining, or having access to grant funding because, more times than not, some portion of matching funds are required to qualify for grants and low interest loans. Continuing with staff's number one priority of building up cash reserves, this budget will show that steps taken last budget cycle and with this budget will continue to shore up many account's beginning balances and the reserves for various accounts are improving. For example, included in this proposed budget the following transfers into reserve accounts are proposed: \$5,000 for Water Depreciation, \$25,000 for Sewer Depreciation, \$10,000 for Vehicle/Equipment, and \$150,000 General Reserve. Whereas General Reserve is loosely broken out into General Fund grant match, VTSV Buildings (Treatment Plant, DPS building, Admin building), Streets, Land Acquisition (Town Site Act), and O&M (operations and maintenance). We must continue to build reserves to prepare for the unexpected costs that could be detrimental and long term planning that is vital for VTSV.

*POST: The amount that will now transfer into the General Reserve account is \$135,000.00. Council decided to allocate the amount of \$15,000.00 from property tax revenue to fund the road stabilization (dust control) initiative. No \$50.00 assessment will be levied on residences along and above Twining Road.*

#### **SALARIES & BENEFITS:**

As of October 2012, COLA was estimated at 1.7%. In an effort to keep our employee's pay from falling too far behind in respect to COLA and to offer an incentive for hard work and dedication, the Village Administrator is proposing a .5% COLA with a possibility of an additional 1.5% merit increase. All employees will get the full .5%

COLA adjustment, but it will be the Department Heads' discretion on how much each employee will get in regards to the 1.5% merit amount. Not all employees will get the full 1.5% merit increase. In addition to the COLA and merit, we have held in place buy-back time, overtime, and increase in grade for getting higher water and sewer certifications. The management team understands the tight budget and concurs with this decision.

We have received verification that the property and liability insurance will remain the same, which is very good news. There will be a reduction in worker's comp insurance of 2%. However, our employee health insurance will be going up 15%; the adjustment is reflected in this budget.

Staff advises to maintain the same matching for PERA coverage and MPPP for this fiscal year. And, the staff maintains recommendation of the \$259 per employee for health incentive.

#### **CONTRACT LAWYERS:**

Over the past year, Village staff has settled, or in some other way dismissed all of the lawsuits the Village was involved in except one. The last one was forecasted to go to trial in April of this year, but because of unforeseen circumstances, it is now slated for trial in December 2013 or January 2014. Because of the additional time and with it set for a five-day trial, staff has set aside an additional \$72,000.00 for this lawsuit, which is above our general or standard budgeted legal services.

### **PUBLIC WORKS DEPARTMENT**

The number one priority for Public Works remains the upgrades to the waste water treatment plant. Even though the rates have been adjusted, the General Fund is still supporting the Water/Sewer budget by approximately \$80,000.00, which are unfunded employee salaries and benefits within the Water/Sewer budget. Since this revenue stream will eventually be used for debt service to secure funding for a new treatment plant and also operation and maintenance cost on the existing infrastructure, these funds will be critical as the Village moves forward.

*POST: Additional transfer for capital asset purchase -- \$15,000.00 will be transferred from Roads Impact Fees (acct 55) to O&M (acct 32). This will hopefully allow the Village to purchase a large front-end loader mounted snow blower for streets snow removal.*

**Road Expenses** – One of the main concerns that VTSV citizens brought before the council is the issue with dust, or dust control. The Village will be looking at allocating \$10,000.00 in funding to lay down some type of dust control suppressant. The initial application will be contracted out. To help maintain the product once in place, the Village is looking into purchasing our own equipment and water truck. In discussions between the Mayor and staff, it is suggested that a \$50.00 per residence (along Twining Road and above) per year should be assessed, and that a minimal assessment of some type be set up for construction contractors. It is estimated approximately \$6,000.00 could

be raised with this assessment on residents alone. When adding in a possible contractor assessment, it will help substantially subsidize the \$10,000.00 coming from the General Fund. Residences in Amizette and the Core Area will not be assessed.

*POST: Please see note above for General Reserve account. A \$50.00 assessment will **NOT** be levied on residence along and above Twining Road. A possible contractor assessment will still be considered and put into place if deemed viable and is legally possible.*

**Solid Waste/Recycling Expenses** – This year the Village will move to purchase our own baler, glass pulverizer and equipment for Solid Waste/Recyclables. VTSV could save money by reducing the “trash pulls” and possibly make a little money for the recyclable items turned in. Preliminary estimates show that the cost to purchase this equipment over three years would offset the savings from not hauling it. Major savings will begin once the equipment is paid off, with an estimate in saving of approximately of \$20,000.00 per year.

## **COMMUNITY DEVELOPMENT**

### **Capital Improvement Projects**

- **Core area water tank and pressure reducing stations:** Final electrical controls installation will be accomplished this year. All funding has been secured and is encumbered for this project.
- **The Phoenix springs chlorination and metering station:** Project will be completed early this fiscal year. All funding has been secured and is encumbered for this project.
- **Kachina and Lakefork water distribution lines:** Project will be completed early this fiscal year. All funding has been secured and is encumbered for this project.
- **Bighorn Road and Blue Jay Ridge water distribution lines:** Project will be bid out shortly and the goal is to have this project completed by the end of the upcoming build season. All funding has been secured for this project. If any funding is still available after this project is complete, we will look to possibly allocate those funds to other improvements. Depending on the amount of funding to work with, a portion, or portions of Cliffhanger Loop, Coyote, & Twining upgrades will be considered.
- **The NMDOT Road COOP:** This will be a total budget of \$58K. Various smaller grading and fill maintenance projects will be accomplished, with a larger grading/fill project in the hiker parking area. This is a 75% NMDOT & 25% VTSV split. This fiscal year we will not be utilizing impact fees to cover the 25% match; VTSV's match will be supported solely by the General Fund (i.e. property taxes).
- **The Kit Carson three phase:** The conversion from overhead to underground will continue this year. The main focus will continue to be the overhead electric (cabin phase) line. Funding will come from franchise fees collected by Kit Carson Electric dedicated for this use.
- **The USFS Town Site Act:** As with last year, the treatment plant land acquisition could possibly be conveyed for a fraction of market rate, but, to adhere to conservative budgeting efforts, staff feels that funding should be maintained for purchase at full market rate. Also, funding will be required for any additional fees necessary to secure

the transfer, i.e. surveys, appraisals, etc. A carryover amount from the 2012/13 budget is included in this budget.

- **The Kachina water tank, controls, and piping project:** A Water Trust Board grant for \$1.88 million has been applied for, but if we do not receive this funding, this project will not move forward this year. Minimum Village match will be \$360,000.00.

## **CLOSING**

The VTSV staff feels that we have put together a fiscally conservative budget that will assure the Village can maintain its' present level of operations and service, while setting aside reserve funds for emergency, unforeseen expenses and provides the funding building blocks for future planning.

*\* Please NOTE a public hearing will be held on Tuesday, April 30<sup>th</sup>, 2:00pm at the Edelweiss Lodge and Spa. At this meeting, final determinations, adjustments, and changes will be voted on and approved. All "POST" comments were directions staff was given by council to consider looking into for the budget hearing on April 30<sup>th</sup>. Once the budget is voted on and approved, more than likely, only minor, or urgent changes to the budget will be considered throughout the next fiscal year (Jul 2013 to Jun 2014). This is an open meeting and the public is encouraged to attend so the council can hear their suggestions and concerns.*