

**OURAY COUNTY
2015
BUDGET MESSAGE**

The 2015 budget is based upon budget policies and annual goals established by the Board of County Commissioners, Elected Officials and Department Heads. Ouray County Elected Officials, Appointed Officials and Department Heads submit their budget requests to the County Administrator based upon budgetary guidelines. A budget work session was conducted with Elected Officials and Department Heads to introduce the effects of estimated revenues and expenditures on the 2015 budget.

The budget was prepared in accordance with Colorado Budget Law. It was developed in compliance with the TABOR provisions of Colorado, Amendment One. All Ouray County funds are accounted for utilizing the modified accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budget Process:

The budget was prepared according to the following:

1. Balanced Budget

The Ouray County 2015 Budget is balanced. Budgeted revenues meet or exceed budgeted expenditures.

2. Service Levels

Budget years 2009 through 2014 were challenging years for local governments due to the economy and the recession. The 2015 Budget reflects the following:

- An increase in property tax revenue in the amount of \$23,239 (1.15%) for all funds supported by a mill levy. This percentage increase is a welcome addition when compared to previous years whereby the property tax revenue received for all funds supported by a mill levy, from 2012 to 2014; reflected a total reduction of \$765,326 equating to a 29.75% decrease.
- An increase in sales tax revenue of 9.4% over the 2014 budgeted amount.

Ouray County has been proactively exercising financial planning for future years due to the nationwide economic condition. The budgets for these economically challenged years were developed using a conservative approach. Necessary adjustments were made to departmental operating budgets to create departmental efficiencies. These efficiencies have allowed the County to maintain high quality service levels in the past, while increasing resiliency to help mitigate impacts to service levels during times where property tax or other revenues are significantly reduced. Ouray County continues to look for ways to create efficiencies within county government while still providing outstanding public services.

County Operating Hours:

Due to the property tax revenue declines experienced over the past few years, Ouray County, commencing in January, 2014, implemented a reduced work week with most county departments having a reduction in weekly hours by 10%, and working 36 hours/week, Monday-Thursday. County elected officials, appointed officials, managers and staff in most departments have been able to provide quality public services and efficient operations under a reduced work week strategy (Monday through Thursday). This same practice will be maintained for 2015 with the exception of the Department of Social Services and Road and

Bridge.

- The majority of County offices will continue to be open on Monday through Thursday of each week except for holidays that may occur within a work week and with the exception of the Department of Social Services.
- The Department of Social Services will continue to be open 5-days per week, Monday through Friday, except for holidays that may occur within a work week.
- The Road and Bridge Department will return to forty (40) hour work weeks, Monday through Thursday except for holidays that may occur within a work week in order to attempt to return to pre-recession service levels and increase efficiency by allowing for a smaller ratio of mobilization time to work time.

3. Capital Expenditures

- The 2015 Lease Purchase Schedule consists of annual lease purchase payments for Sheriff's department vehicles, a Weed department vehicle, Road and Bridge department heavy equipment, courthouse boiler and software upgrades for the County Clerk/Recorder and County Treasurer.

Other grant-funded capital projects and purchases include:

- Road and Bridge Fund Capital Improvements and repair work for County Road 361. This project will be funded by Colorado Parks and Wildlife, Off Highway Vehicle grant dollars, Colorado Department of Local Affairs, Energy and Mineral Impact Assistance grant dollars, an aggregate contribution by Fortune Revenue Mine and Highway 361 Fund dollars. The project will include repairs and improvements to County Road 361 to address safety, drainage, shoring and site distance issues identified by Ouray County Engineers through a 50/50 administrative planning grant from the Colorado Department of Local Affairs.
- Emergency Medical Services Fund capital expenditures consist of the purchase of four (4) Lifepak 15 Heart Monitors funded through a 50/50 Emergency Medical Service Provider grant.

4. Human Resources

Employee development is an ongoing, important element, as is attracting and retaining quality staff. A major accomplishment that commenced in 2004 was the development and implementation of Employee Performance Evaluations.

A bonus merit award, not to exceed 1%, was provided to employees each year from 2005 to 2014 as a result of performance evaluations. This practice is being continued for the 2015 budget year.

Through adoption of Resolution 2010-048, the Board will be continuing its practice of evaluating vacated positions for 2015 and annually thereafter that may arise as a result of resignation or termination in order to determine if the position is an essential position to the organization that should be replaced. The Board began this practice in 2008 by and through Resolution 2008-055. The Board believes that it is a good fiscal and organizational policy to evaluate positions as they are vacated to examine such factors as funding, departmental work levels, mandated responsibilities, and health, safety and welfare impacts; to determine if a position is an essential position to the organization and to consider opportunities for organizational efficiencies and effectiveness.

It is an organizational goal to minimize budgetary increases to the County for health insurance costs, while at the same time avoiding exorbitant employee contributions.

After fully examining the County's budget, Ouray County will be providing its employees a 5.5% Cost of Living Adjustment (COLA). Employees had not received a COLA for five contiguous years due to the nationwide economic downturn.

In an effort to ensure that wages are within a market range comparable to other County Government positions and other professional positions within the region, Ouray County has appropriated funding for participation in a Compensation Study with San Miguel County. Fifteen thousand dollars (\$15,000) has been appropriated for this purchase of service.

Employee Health Insurance Overview:

Ouray County has solicited requests for proposals several times over the past twelve years. In 2009, Ouray County solicited a request for proposal (RFP) for employee health insurance benefits for the 2010 budget year. After analysis and meeting with the Personnel/Employee Benefits Committee, the Board of County Commissioners authorized award to County Technical Services, Inc. (CTSI) for the provision of employee health insurance. The premium rates for 2010 were maintained at the same rate as 2009. Premium rates reflected an 8% increase in 2011, a 4% increase in 2012, a 1% decrease in 2013 and a 9% increase for 2014. This equates to an average increase of 5% per year for each of the last four years. In 2015, the premium rates are estimated to increase by 8.77%. The 2014 and 2015 premium increases are due in part to the changes created by the Health Care Reform Act and claims history of the overall county health pool. For the 2014 and 2015 budget years, the Board of County Commissioners elected to participate in a plan that offers employees the opportunity to select a plan that is covered by the County or to buy up to a plan with lesser out-of-pocket and deductible amounts as a payroll deduction. It is a standing goal to offer preventative medical options and education to all employees in order to decrease risk and premium costs in the future.

5. Contributions to Outside Agencies and Programs

Funding contribution requests in the General Fund have increased slightly for the 2015 budget year as listed below. Funding has been allocated for continued support of the backcountry ranger patrol for the high mountain roads and for waste management in the Canyon Creek area. The ranger position is instrumental in the summer months for educating the recreating public, and for promoting safety on the high mountain roads. Ouray County has appropriated funding to support the ranger position in a line item entitled "High Country Rec. Support."

	2014 Budget	2015 Budget
Ouray Historical Society	\$ 200.00	\$ 200.00
Ridgway Railroad Museum	\$ 100.00	\$ 100.00
Public Lands Partnership	\$ 100.00	\$ 500.00
Tri-County Water Cons. Dist.	\$ -0-	\$ -0-
Fair Board	\$ 3,000.00	\$ 3,000.00
High Country Rec. Support	\$ 2,800.00	\$ 3,300.00
Second Chance Humane Society	\$ -0-	\$ -0-
Total	\$ 6,200.00	\$ 7,100.00

6. Capital and Operating Reserves

Allocated reserves have been established by the Board of County Commissioners to provide for three months of emergency operating reserves for the General Fund, Road and Bridge Fund, and EMS Fund. Additional reserves have been established as well for these funds reflecting dedicated reserves and dollars allocated towards future capital projects and purchases.

Revenue Estimates:

Revenue estimates are conservative and are based on the following.

1. Property tax revenue estimates are based on current assessed valuations provided by the County Assessor and multiplied by the current mill levies to arrive at the property tax revenue for all funds in 2015. Property tax revenue for 2015 will be increased by 1.15% or a total \$23,239 for all funds supported by a mill levy.
2. Other budgeted revenues for 2015 are based in part on projected 2014 revenues, taking into consideration potential reductions in revenue generated from other sources such as licenses, grants and other service-based fees.
3. Estimated 2015 revenue from sales tax reflects a 9.4% increase over the 2014 budgeted amount.
4. Estimated severance tax revenue for 2015 reflects a 37% increase (\$50,962) over the 2014 budgeted amount.
5. Estimated 2015 revenue for the entire Ouray County Budget, inclusive of all funds, is 3.8% lower than 2014 budgeted revenues. This reduction is due in part to completion of three large capital projects as follows:
 - a) Fairgrounds Grandstands project in the amount of \$475,000,
 - b) 2) Fairgrounds facility improvements to the Ouray County 4-H Event Center in the amount of \$174,761, and
 - c) 3) Completion of the Waste Tire project that was originally budgeted in the amount of \$75,000 with costs escalating upwards to an estimated \$815,000 based upon the discovery of the amount of tires.
6. Receipt of grant revenue and use of Highway 361 Fund dollars as appropriated for County Road 361 Repairs and Improvements project in the amount of \$728,005. If this project revenue were removed from the Road and Bridge Fund budget, the total revenue budget would be reduced by 26% to \$2,097,856.
7. A close watch will be kept on State and Federal revenue sources most especially Payments-in-Lieu-of-Taxes (PILT) with regard to future funding availability.

Expenditure Estimates:

Department Heads and Elected Officials submit their budget requests to the County Administrator in accordance with budget guidelines provided to them. All requests are compiled and prepared by the County Administrator for submittal and review by the Board of County Commissioners. A budget work session was held with Elected Officials and Department Heads to introduce the effects of estimated revenues and expenditures for the 2015 budget and to discuss capital and human resources requests.

Estimated 2015 expenditures for the entire Ouray County Budget, inclusive of all funds, is 3.8%

lower than 2014 budgeted expenditures.

1. This reduction is due in part to completion of three large capital projects as follows:
 - a) Fairgrounds Grandstands project in the amount of \$612,309,
 - b) 2) Fairgrounds facility improvements to the Ouray County 4-H Event Center in the amount of \$199,517, and
 - c) 3) Completion of the Waste Tire project that was originally budgeted in the amount of \$75,000 with costs escalating upwards to an estimated \$815,000 based upon the discovery of the amount of tires.
2. The County Road 361 Repairs and Improvements project was originally budgeted for in the 2014 budget and has been carried forward into the 2015 budget with an estimated cost of \$728,005. If this project expenditure were removed from the Road and Bridge Fund budget, the total expenditure budget would be reduced by 26% to \$2,094,269.

Property Valuation:

The 2014 valuation for assessment for the County of Ouray, Colorado, as certified by the County Assessor is \$155,515,330.

Ouray County Mill Levy:

For the purpose of meeting all general operating expenses of the County of Ouray, Colorado, during the 2015 budget year a total mill levy of 13.147 was levied upon each dollar of the total valuation for assessment of all taxable property within the County of Ouray as follows:

	<u>Mill Levies</u>	<u>Recovery of Taxes Abated</u>	<u>Total 2014 Mill Levy</u>
County General Fund:	9.074	0.015	9.089
Road and Bridge Fund:	1.500	0.002	1.502
Social Services Fund:	0.552	0.001	0.553
EMS Fund	<u>2.000</u>	<u>0.003</u>	<u>2.003</u>
Subtotal:	13.126	0.021	13.147
Recovery of Taxes Abated:	<u>0.021</u>		
Total Mill Levy:	13.147		

Capital Budget Purchases and Improvements:

General Fund Capital: (020 - 195, 295, 395, 495, 595 and departments 121 and 133)

The General Fund Capital Purchases and Improvements consist of capital purchases, lease purchases and capital projects totaling \$127,571.

Capital Purchase, Lease Purchase, Capital Projects and Purchase of Service items include:

<u>Fund & Department</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchases</u>	
020-121	Treasurer - Eagle Software Upgrade:	\$ 19,960
020-195	Weed Department Vehicle	\$ 5,654
020-195	Courthouse ESCO – Boiler	\$ 23,833
020-295	Sheriff's Department Vehicle Payments	\$ 33,924
	<u>New Lease Purchase</u>	
020-133	Clerk and Recorder - Software Upgrade:	\$ 13,200

	<i>(5-yr Lease Purchase)</i>	
Subtotal:		<u>\$ 96,571</u>
	<u>Internal Departmental Purchase of Vehicle</u>	
020-195	Land Use Department Purchase of S.O. Vehicle	<u>\$ 10,000</u>
Subtotal:		\$ 10,000
020-195	<u>Capital Improvement Project</u> Top of the Pines (TOP) Forest Health / Wildfire Risk Reduction <i>(Funded by Wildfire Risk Reduction Grant and County Conservation Trust Fund dollars.)</i>	<u>\$ 21,000</u>
Subtotal:		\$ 21,000
Total General Fund Capital:		<u>\$127,571</u>

Road and Bridge Fund Capital: (040 - 895)

The Road and Bridge Fund Capital Purchases and Improvements consist of lease purchase payments for equipment and vehicles, and for a capital project totaling \$821,031.

Capital Purchase and Lease Purchase items include:

<u>Fund & Department</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchases</u>	
040-895	2011 Chevy Crew Cab, Used Pneumatic Roller, and 2012 Kenworth T800 Tractor	\$ 53,318
040-895	Caterpillar Motor Grader	<u>\$ 39,708</u>
Subtotal:		\$ 93,026
040-895	<u>New Purchase</u>	
	Crack Seal Machine	<u>\$ 22,000</u>
Subtotal:		\$ 22,000
040-895	<u>Capital Improvement Project - County Road 361</u> Road Repair and Improvement Project <i>(Funded by Energy and Mineral Impact Fund dollars, CPW, State Off-Highway Vehicle Grant dollars and County dollars.)</i>	<u>\$728,005</u>
Subtotal:		\$728,005
Total Road and Bridge Fund Capital:		<u>\$821,031</u>

Beginning in 2003, a Road and Bridge Impact Fees Fund was established for the deposit of impact fees collected at the building permit stage. The creation of this fund enabled the segregation of these dollars to be used specifically for capital facilities to serve new development. Such capital facilities expenditures include capital equipment lease purchase payments and capital road improvements. In 2015, \$63,318 will be transferred from this fund to the Road and Bridge Fund to be used for County Road capital equipment lease purchase payments.

It is important to note that the demands of road improvements and maintenance continue to far exceed the resources of the County with the current available funds. Passage of the 1% sales tax for Road and Bridge has allowed the Road and Bridge Department to alleviate some of its resource shortfalls in order to crush more aggregate, apply more magnesium chloride and assist with capital purchases and leases. However, the reduction in property tax revenue in 2012 and 2014 was counterintuitive to the gain in sales tax because the sales tax dollars have been backfilling the loss of revenue from property tax during this economic downturn period. This coupled by increases in operating costs (i.e. materials, repairs, parts, etc.) has impeded the progression of departmental and road improvements.

The amounts appropriated in 2009, 2010, 2011, 2012, 2013, 2014 and 2015 from the Road and Bridge Sales Tax Fund are as follows:

2009	2010	2011	2012	2013	2014	2015
\$299,397	\$435,000	\$475,000	\$475,000	\$475,000	\$505,470	\$643,000

Pursuant to Resolution 2009-053, the Board of County Commissioners has committed to providing the equivalent of 1 mill to the Road and Bridge Fund from monies received by Ouray County from the federal government known as Payments-in-Lieu-of-Taxes ("PILT") as follows:

2010	2011	2012	2013	2014	2015
\$210,537	\$210,537	\$182,654	\$195,002	\$154,032	\$155,553

EMS Fund Capital: (800-295)

The EMS Fund Capital Purchases and Improvements consist of the purchase of (4) Lifepak 15 Heart Monitors funded through a 50/50 Emergency Medical Service Provider grant in the amount of \$140,000.

Capital Lease Purchase items include:

<u>Department & Fund</u>	<u>Description</u>	<u>Amount</u>
	<u>New Purchase</u>	
800-295	Four (4) Lifepak 15 Heart Monitors (Grant funded – 50%)	<u>\$140,000</u>
Subtotal:		\$140,000
Total EMS Fund Capital:		<u>\$140,000</u>

The EMS Fund was created in 2005 as a result of a voter-approved mill levy to fund emergency medical services. Ouray County has been good stewards of the property tax revenue collected for the EMS Fund and has been able to save funding to meet the three-month reserve requirements set forth in Resolution 2007-076 and save money for a future EMS facility, which is currently being discussed.

Social Services Fund (050):

The Social Services Budget has increased slightly for 2015. Due to economic conditions, the department has seen increased human services needs over the past few years. The department continues to provide much-needed services to the community and citizens of Ouray County and

has been served well by its Director and staff.

Special Grant Fund (690):

The Special Grant Fund is being utilized for grants that are not General Fund, Road and Bridge Fund, EMS Fund, or Public Health Fund related. In 2010, the fund was used to manage the CDOT Enhancement Grant (wildlife ramps and fencing), which later was fully funded by the Federal Government with ARRA dollars in the amount of \$166,666. In 2010, 2011, 2012 and 2013, the fund was utilized for grants benefitting the Voyager Youth Program. The Special Grant Fund was not utilized in 2014 for the Voyager Youth program as Voyager sought out grants from alternative sources that did not require a government sponsor. Similarly, the Special Grant Fund will not be utilized for budget year 2015 either.

Highway 361 Fund (760) (aka CR 361):

On May 24, 1984, the County entered into a contract with the State of Colorado for the use and benefit of the State Highway Commission and the State Department of Highways concerning State Highway 361 (SH 361). The State Highway Commission approved the abandonment of SH 361 and the transfer of all future financial and maintenance responsibilities associated with SH 361, and Ouray County agreed to accept SH 361 onto their County road system for the consideration of \$250,000. Of this amount, \$50,000 was paid to the County R & B Fund to be used for immediate repairs to SH 361. A second \$50,000 was paid to the County R & B Fund for the purchase of road maintenance equipment to be used on SH 361 and other roads and bridges in the county. The remaining \$150,000 was paid to the Ouray County R & B Trust for a period of 21 years. The Trust was dissolved in June of 2005 and the remaining dollars were placed in a newly designated County fund entitled the Highway 361 Fund (fund number 760). There is approximately \$120,000 currently in the Highway 361 Fund. A portion of this amount (\$35,473) has been appropriated in the 2015 budget to be used repair and improvements to a portion of County Road 361.

Public Access Group (PAG) Fund (860):

A separate fund was established in 2008 to begin the segregation and accounting of grant and donation dollars received and expended on behalf of the Public Access Group (PAG). The PAG consists of multi-agency partners inclusive of Ouray County, United States Forest Service, Bureau of Land Management, Ouray Trail Group, Thunder Mountain Wheelers, Uncompahgre Valley Trail Riders, Western Slope Four Wheelers, and Ouray County Historical Society. *The purpose of PAG is "to preserve public access on existing and historical public trails and roads for the future use and enjoyment of all citizens, users and visitors."* The PAG successfully completed a project funded by a State of Colorado Trails Grant. A project coordinator, contracted by the County, worked diligently with PAG members, the Board of County Commissioners, Staff and the public to complete the scope of work by June, 30, 2012. Approximately \$4,500 remains in the PAG Fund. There are not any revenues or expenditures planned for the 2015 budget year.

Road and Bridge Sales Tax Fund (870):

A new fund was created in 2009 entitled the "Road and Bridge Sales Tax Fund" (Fund 870). This fund was created to segregate the collection of a 1% sales tax passed exclusively for Road and Bridge by the electorate in the 2008 General Election. Dollars derived from the collections of Road and Bridge Sales Tax is placed in the Road and Bridge Sales Tax Fund for efficiency of use, tracking and accountability. An estimated \$665,000 has been appropriated in the 2015 Road and Bridge Sales Tax Fund to be collected in 2015. Funding has and will be transferred

from the Road and Bridge Sales Tax Fund into the Road and Bridge Fund (Fund 040) annually, as appropriated by the Board of County Commissioners. In the 2015 budget, \$643,000 has been appropriated by the Board for transfer to the Road and Bridge Fund to help offset the cost of providing services including personnel, funding capital purchases and leases, crushing aggregate, and improving road surfaces. This transfer amount may include the use of some Road and Bridge Sales Tax fund balance.

Public Health Fund (890):

A new fund was created in 2010 for the Public Health Department to segregate public health dollars and its associated programs pursuant to SB 08-194 and C.R.S. 25-1-511(2). Monies may be appropriated from the County General Fund, State and Federal governmental agencies, grants, gifts, donations, and fees for public health purposes. Approximately 58% of the revenue supporting the Public Health Fund is transferred from the General Fund to the Public Health Fund. The Public Health Department provides an essential service to the community and citizens of Ouray County.

Contingency Fund (030):

This fund contains a balance of \$174,882 to meet the TABOR contingency requirement. TABOR requires that the County retain 3% of its fiscal year spending excluding bonded debt service. These dollars are designated in a fund entitled "Contingency Fund."

2015 Budget Summary Conclusion:

The Board of County Commissioners and the County Administrator will continue to administer the County Budget using a conservative approach. Adequate operational reserves are in place for emergency purposes for the General Fund, Road and Bridge Fund, and EMS Fund. Lifting of the TABOR and 5.5% limitation restrictions (aka "De-Brucing") as approved by the electorate of Ouray County has preserved the mill levy for Ouray County. This "De-Brucing" action has been crucial to the County's continued provision of essential public services.

Commencing in 2014, service levels were reduced as a consequence of property tax revenue declines. This impact created a situation whereby creative fiscal solutions were necessary. Such solution elected by the Board of County Commissioners of Ouray County was to reduce the number of workdays within a work week in order to provide public services within the County's budgetary boundaries. Citizens, visitors and companies conducting business with Ouray County may continue to do so under a reduced work week umbrella. This practice will continue for 2015. The Department of Social Services will remain open five days per week and the Road and Bridge Department will work forty hour work-weeks beginning in 2015, Monday through Thursday.

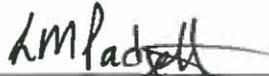
The Board of County Commissioners and County Staff have made it a practice in the past and will continue to do so into the future to seek efficiencies and improvements to county government in order to maintain mandated and essential county services. As always, the Board of County Commissioners continues to seek input from Elected Officials, Department Heads, Staff and the general public concerning County operations and services. Some examples of improved operations, services and efficiencies are listed below:

- Reorganization of Information Technology Department based upon and I.T. audit,
- Implementation of solicitations from Requests for Proposals for internet and telephone services that cut the expenditures in half and created efficiencies and budget reductions,

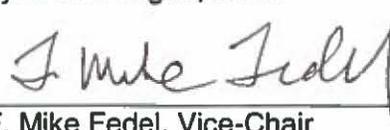
- Worked with an Energy Service Company (ESCO) to develop and implement a replacement heating system for the 1888 Courthouse. A new energy efficient boiler was installed that operates using natural gas. This boiler was also installed to operate using geothermal energy when it may become available. The new boiler provides even heat throughout the courthouse and operates more efficiently generating annual cost savings,
- Inserted storm windows in offices located on the north side of the courthouse facility to improve insulation and reduce heat loss, thus producing cost savings,
- Successfully completed \$1.6 million dollars of grant funded projects in 2014 for: 1) Fairgrounds Grandstands, 2) Ouray County 4-H Event Center Roofing, HVAC and Energy Efficiency improvements, and 3) Waste Tire Mitigation project. In addition, awards were received for improvements and repairs to County Road 361, which will commence in 2015.
- The HVAC, insulation and roof upgrades at the Ouray County 4-H Event Center are expected to generate cost savings in heating and cooling bills for the facility beginning in 2015 and beyond.
- Prepared a Request for Proposal and entered into a contract with Management of America to prepare annual cost allocation plans to reflect the actual cost of doing business.
- Applied for a TIGER VI grant in the amount of \$9.8 million dollars for improvements to County Road 1. Award was unsuccessful, but the data gathered will be valuable for future solutions.
- Solicited a Request for Proposal for a Road and Bridge Audit. Bids will be opened in early December and the project has been appropriated in the 2015 budget.

Approved this 9th day of December, 2014.

BOARD OF COUNTY COMMISSIONERS
OF OURAY COUNTY, COLORADO



Lynn M. Padgett, Chair



F. Mike Fedel, Vice-Chair



Don Batchelder, Commissioner




Michelle Nauer, Clerk and Recorder

By: Hannah Hollenbeck, Deputy Clerk of the Board



Connie I. Hunt, County Administrator