



**BASALT**

101 Midland Avenue, Basalt, CO 81621

**Meeting Date: Thursday, April 29, 2020**

**Location: Via Electronic Meeting**

**Time: 5:00 – 6:00 PM**

**BASALT FINANCE ADVISORY BOARD MEETING**

**5:00 pm**

1. Call to Order
2. Review 2019 Preliminary results, and community support.
3. Next meeting date – May 13

**6:00 Adjourn**

**TOWN OF BASALT  
FINANCIAL UPDATE AND  
COMMUNITY ASSISTANCE**

**Item Number:**

Date: April 23, 2020

From: Ryan Mahoney, Town Manager,  
and Christine Hamrick, Finance  
Director

**SUBJECT:** Financial Update and Community Assistance

**RECOMMENDATION:**

Recommendation to approve community support, including \$10,000 for Food Bank of the Rockies to come out of the General Fund for 2020, \$10,000 to Aspen Community Foundation for COVID-19 Regional Response Fund to come out of the general fund, and \$50,000 to the Hope Center in support of the Town's community health to come out of Tobacco tax funding.

**DETAILS:**

The information in this item includes recommendations for community support and a financial update. This financial update includes 2019 DRAFT financial results, with updated general fund balance numbers and a high-level summary of revenues and expenses for unrestricted and restricted general funds. The next Council update will include detail regarding the carryover funding for all restricted funding sources. Additionally, we will update the Town's 2020 revenue projection at the next Council meeting after we receive the next month of sales tax information.



**DATE:** April 28, 2020  
**TO:** Mayor and Council  
**FROM:** Ryan Mahoney, Town Manager  
**RE:** Community Financial Support

The COVID-19 pandemic has shuttered our local economy and has put an unprecedented economic strain on many of the Town's businesses and residents. The Town staff has been actively participating in the formal incident response with both Eagle and Pitkin counties. This was initially a rapidly changing incident with new information coming out almost daily. The stay-at-home orders were unprecedented in most of our lifetimes. It seems that the initial uneasiness and lack of information has turned to a better understanding of how this virus behaves and how to best control its spread. There is certainly a long way to go but we are starting to enter a new phase, which includes planning for how we slowly come back out of the stay-at-home orders and resume "normal" life.

During this time, staff has been actively working on budget projections as well as learning how to provide essential services in the face of a pandemic. We have also been working on the reconciliation of the 2019 budget year to prepare for the upcoming annual audit. With this information in hand, we are able to make an informed recommendation to the Council regarding our ability to provide financial support to the community.

As we have stated in previous communications, the largest share of our General Fund goes toward the provision of services for the community. The largest portion of the General Fund revenue is from sales tax so it is important that we carefully weigh our ability to provide community support with our ability to continue to provide essential services to the community over the long run.

We know that the needs of the community today will shift over the coming months as families are able to get back to work and businesses are able to reopen. We also know that the new normal will require adaptation so part of this recommendation will be to continue the conversation with the Council over the coming months as we learn more.

The Council will soon begin a listening tour of local businesses as part of a regional effort aimed at understanding the impacts of COVID-19 and what resources are needed to help the economy regain its footing. We will need to rely on our partnerships with regional governments and non-profits as we move forward in order to make successful recovery. As I have stated recently, it is important to approach our response and fiscal outlook as if it's a marathon and not a sprint.

We know that we are just beginning a recovery phase and the pandemic is still underway and may continue for some time. Knowing this and looking at today's needs for the community while continuing to look toward the future, my recommendation for support at this time is as follows. Provide \$10,000 to the Food Bank of the Rockies to help support the weekly food drive at the Basalt Middle School. This contribution will cover the cost of 40,000 meals for approximately 500 families attending the weekly food drive. Another \$10,000 is proposed to be given to the COVID-19 Regional Response Fund established through the Aspen Community Foundation. This donation will support access to appropriate healthcare and essential human needs such as food access, rent and utilities assistance, and emergency services for individuals and families impacted by the virus. Finally, I would recommend a donation of \$50,000 to the HOPE Center in support of our community's mental health. This would provide

counseling for those in our community that are experiencing stress and anxiety due to job loss and other triggers that are resulting from COVID-19. This would allow not only adults but families and children to received counseling through the summer months when the school counselors may not be in regular contact with students.

The source of funds for the first two \$10,000 donations would come from the Town's General Fund. The \$50,000 donation would be sourced from the Tobacco Tax revenue.

In addition to the community support contributions described above, we will have set aside money earmarked for events and marketing to come up with a plan to help our local economy begin its recovery. We will work with the Chamber of Commerce and our regional partners to come up with a strategy for its use. We also continue to work with our regional partners through the Childcare Coalition which have been discussing how best to address support for families who will need childcare services as they are able to return to work.

The Town will continue to work locally and regionally to help support the community during the COVID-19 pandemic. We know that recovery will last years and given our modest resources, we will aim to maintain our essential services while providing both direct and indirect support to our families and businesses.

**Town of Basalt**  
**Recommendations for Community Support**  
**Dated 4/23/2020**

	<u>Amount</u>	<u>Account</u>	<u>Account Description</u>
Food Bank of the Rockies	\$ 10,000	10-41-671	Council discretionary Funding
COVID-19 Regional Response Fund - Aspen Community Foundation	\$ 10,000	10-41-671	Council discretionary Funding
HOPE Center - Mental health/addiction prevention and assistance	\$ 50,000	20-76-699	Tobacco Tax Restricted Funding

**Town of Basalt**  
**Estimated Financial Impacts, 3 year Horizon**  
**Estimating 21% reduction years 2 & 3 Plus \$400,000**  
**Dated 4/23/2020**

	2020			2021	2022
	Budget	Projection	Fav/(Unfav)		
Est. Beginning Balance	\$ 5,234,880	\$ 6,143,720	\$ 908,840	\$ 5,476,304	\$ 3,733,169
Revenue	\$ 7,581,618	\$ 5,915,929	\$ (1,665,689)	\$ 5,515,929	\$ 5,515,929
Expense	\$ 7,759,063	\$ 6,583,345	\$ 1,175,718	\$ 7,259,063	\$ 7,259,063
Ending Fund Balance	\$ 5,057,435	\$ 5,476,304	\$ 418,869	\$ 3,733,169	\$ 1,990,035

**NOTES:**

**Fund Balance:**

1. The 2020 projected beginning balance is the draft actual results, and is subject to change.
2. The Fund Balance Policy is 33% of General Fund Revenues, or \$2.5 million for the 2020 budget.

**2020 Revenue Projection:**

3. There are A LOT of unknowns, and this information will be updated with Council at least monthly.
4. Revenues were discussed with Department Heads, include year-to-date actual, and are based upon a revenue model that estimates a reduction by revenue account. Sales tax is a detailed calculation that includes % average collected by month, anticipated declines by sector, and is based upon declines vs. 2019 actuals.
5. Above scenario assumes stay at home order through June.

**2020 Expense Projection:**

6. We are taking a conservative approach due to the vast array of unknowns. If the COVID-19 situation resolves itself quicker, we can reconsider expenses that were reduced or delayed.
7. Department Head discussions help to determine potential cuts, but these discussions are ongoing and will include specific committees.
8. These numbers include a hiring freeze that reduces 2 public works seasonal positions, plus one police officer position that is unfilled.

**2021 and 2022:**

9. Revenue for years 2021 and 2022 were reduced an additional \$400,000, due to the economy being strong for three months during 2020.
10. 2020 budgeted expenses used for 2021 and 2022 budget estimates, less \$500,000.

**NEXT STEPS**

1. Review restricted funding to ascertain current potential priorities/changes. The Town is currently not spending restricted funding until that funding is in the bank.
2. Continue to work towards finalizing the 2019 financials.
3. Continue to monitor changing community priorities and needs.

**Fund Balance Discussion**  
**2019 DRAFT Actual**  
**Presented at 4/28/2020 Council Meeting**

**General Fund/Restricted Fund:**

	<u>2018 Actual</u>	<u>2019 Projection</u>	<u>2019 DRAFT Actual</u>
Total Restricted (Ordinance/grant/ballot)	\$ 3,925,514	\$ 5,686,080	\$ 6,155,853
Unspendable Fund Balance (Prepaid Expenses)	6,138	6,137	73,117
3% of Operations, Restricted, TABOR	250,000	450,698	310,000
Unrestricted	1,068,201	4,784,182	5,833,720
<b>TOTAL General Fund Balance</b>	<b><u>\$ 5,249,853</u></b>	<b><u>\$ 10,927,097</u></b>	<b><u>\$ 12,372,690</u></b>

Current Fund Balance Policy: 33% of unrestricted General Fund revenues, 2020 \$ 2,501,934

**Fund balance is used for:**

- Cash flow for operations
- Emergency reserves (TABOR and recessions)
- Approved one-time costs
- To demonstrate financial health to bondholders, auditors, and rating agencies

**General Fund  
Revenues and Expenditures - Financial Summary  
2019 Budget vs. Projection vs. Actual**

	2017 Actual	2018 Actual	2019				2020 Budget	
			Revised Budget	Projection	2019 DRAFT Actuals	Fav/(Unfav) Budget vs. Actual		Fav/(Unfav) Projection vs. Actual
<b>Revenues</b>								
Taxes	\$ 5,360,351	\$ 5,707,516	\$ 5,933,066	\$ 5,940,065	\$ 6,186,807	\$ 253,741	\$ 246,742	\$ 6,113,336
Licenses & Permits	337,473	888,500	457,000	605,113	696,914	239,914	91,801	537,200
Intergov't Revenue	237,128	286,920	238,900	300,676	316,178	77,278	15,502	253,672
Charges for Services	126,767	131,769	193,600	202,625	228,599	34,999	25,974	231,500
Fines	18,723	15,455	16,750	13,394	15,223	(1,527)	1,829	14,200
Miscellaneous	113,067	199,705	167,200	312,230	339,284	172,084	27,054	175,800
Community Enhancement	-	-	-	-	-	-	-	-
<b>Total Before Financing</b>	<b>6,193,509</b>	<b>7,229,865</b>	<b>7,006,516</b>	<b>7,374,103</b>	<b>7,783,005</b>	<b>776,489</b>	<b>408,902</b>	<b>7,325,708</b>
Other Financing Sources	658,349	264,107	3,945,910	4,052,010	4,052,010	106,100	-	255,910
<b>Total Revenues</b>	<b>6,851,858</b>	<b>7,493,972</b>	<b>10,952,426</b>	<b>11,426,113</b>	<b>11,835,015</b>	<b>882,589</b>	<b>408,902</b>	<b>7,581,618</b>
<b>Expenditures by Department:</b>								
Legislative	921,990	453,177	470,856	461,856	374,316	96,540	87,540	587,117
Judicial	21,594	25,908	31,250	27,050	21,900	9,350	5,150	27,150
Administration	1,244,748	1,072,124	1,318,638	1,310,073	1,186,229	132,409	123,844	1,568,358
Elections	2,786	13,622	-	5,000	1,939	(1,939)	3,061	15,000
Planning	482,254	560,508	793,430	808,327	773,696	19,734	34,631	672,638
Muni. Buildings/Facilities	708,435	329,495	345,279	280,927	291,184	54,095	(10,257)	373,193
Muni - Restricted LOC Housing TABOR Disclosure	-	-	-	-	-	-	-	-
Affordable Housing	-	-	204,134	178,834	118,103	86,031	60,731	13,506
Police	2,160,910	1,917,049	2,129,922	1,925,921	1,809,565	320,357	116,356	2,386,391
Building Inspection	145,198	158,339	196,194	190,742	179,915	16,279	10,827	199,632
Engineering	38,061	37,445	65,000	-	3,090	61,910	(3,090)	65,000
Streets	810,556	1,152,454	1,046,347	1,088,199	963,575	82,772	124,624	1,039,967
Streets - Restricted LOC Underpass TABOR Disclosure	-	-	-	-	-	-	-	-
Motor Pool	64,832	-	-	-	-	-	-	-
Public Works Admin.	272,425	286,675	262,955	271,411	263,573	(618)	7,838	285,270
Cemetery	2,364	189	15,000	3,000	934	14,066	2,066	15,000
Recreation	176,854	185,523	215,187	211,003	204,729	10,458	6,274	200,922
Swimming Pool	150,168	164,227	193,150	162,620	164,220	28,930	(1,600)	155,578
Gardens, Parks & Forestry	380,475	11,118	121,176	52,018	14,028	107,148	37,990	75,841
Flood Mitigation not reimk	-	789	-	6,000	45,217	(45,217)	(39,217)	3,500
Open Space Sales Tax	-	-	-	-	-	-	-	-
Cigarette Restricted Exps	-	-	-	-	-	-	-	-
Lodging Restricted Exps.	-	-	-	-	-	-	-	-
1% Arts Restricted	-	-	-	-	-	-	-	-
Town Sharing	-	-	-	-	-	-	-	-
Riverside HOA	-	-	50,000	50,000	48,129	1,871	1,871	75,000
<b>Expenses before Finance Use:</b>	<b>7,583,649</b>	<b>6,368,642</b>	<b>7,458,518</b>	<b>7,032,981</b>	<b>6,464,342</b>	<b>994,176</b>	<b>568,639</b>	<b>7,759,063</b>
TABOR Refund	-	1,848,261	311,739	341,739	348,465	(36,726)	(6,726)	-
Expenses, Sale of Asset	-	-	134,715	134,714	134,689	26	25	-
<b>Total Expenditures</b>	<b>7,583,649</b>	<b>8,216,903</b>	<b>7,904,972</b>	<b>7,509,434</b>	<b>6,947,496</b>	<b>957,476</b>	<b>561,938</b>	<b>7,759,063</b>
<b>Change in Fund Balance</b>	<b>(731,791)</b>	<b>(722,931)</b>	<b>3,047,454</b>	<b>3,916,679</b>	<b>4,887,519</b>			<b>(177,445)</b>
NOTE: Sale of Shining Mountain & COPs (Major financing)			3,258,546	3,268,547	3,261,846			
NOTE: Change in Fund Balance after SMW & COPs			(211,092)	648,132	1,625,673			

NOTE: Some restricted funds are included in 2017 and 2018 in the unrestricted part of the presentation.



**Restricted Fund - New for 2020**  
**Revenues and Expenditures - Financial Summary**  
**2020 Budget**

	2017 Actual	2018 Actual	2019				2020 Budget	
			Revised Budget	Projection	Preaudit Actual	Fav/(Unfav) Budget vs. Actual		Fav/(Unfav) Projection vs. Actual
<b>Revenues</b>								
Taxes	\$ 1,902,090	\$ 2,215,220	\$ 2,143,547	\$ 2,258,338	\$ 2,593,023	\$ 449,476	\$ 334,685	\$ 2,510,000
Licenses & Permits	4,485,707	1,884,139	728,389	1,398,489	1,295,919	567,530	(102,570)	1,087,964
Intergov't Revenue	-	-	1,349,875	1,065,000	1,495,931	146,056	430,931	65,000
Charges for Services	-	3,737	-	5,206	5,306	5,306	100	3,000
Fines	8,644	38,491	6,000	6,091	6,950	950	859	6,400
Miscellaneous	-	-	-	275	375	375	100	-
Community Enhancement	37,070	37,693	39,700	40,668	40,668	968	-	40,600
<b>Revenues before Financing</b>	<b>6,433,510</b>	<b>4,179,279</b>	<b>4,267,511</b>	<b>4,774,067</b>	<b>5,438,172</b>	<b>1,170,661</b>	<b>664,105</b>	<b>3,712,964</b>
Other Financing Sources	-	-	-	-	-	-	-	500,000
<b>Total Revenues</b>	<b>6,433,510</b>	<b>4,179,279</b>	<b>4,267,511</b>	<b>4,774,067</b>	<b>5,438,172</b>	<b>1,170,661</b>	<b>664,105</b>	<b>4,212,964</b>
<b>Expenditures by Department:</b>								
Legislative	24,378	55,262	190,000	150,000	87,536	102,464	62,464	1,400,000
Judicial	-	-	-	-	-	-	-	-
Administration	-	-	115,000	15,700	15,445	99,555	255	5,475
Elections	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-
Muni. Buildings/Facilities	-	-	-	-	-	-	-	-
Affordable Housing (starte	182,502	209,208	275,000	220,080	223,626	51,374	(3,546)	200,000
Muni - Restricted LOC Housing TABOR Disclosure	-	-	239,714	-	-	239,714	-	-
Police	-	8,359	64,500	85,852	113,734	(49,234)	(27,882)	145,500
Building Inspection	-	-	-	18,347	18,119	(18,119)	228	28,000
Engineering	-	-	-	-	-	-	-	-
Streets	73,375	566,048	331,753	200,398	155,599	176,154	44,799	621,753
Motor Pool	-	-	-	-	-	-	-	-
Public Works Admin.	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Swimming Pool	-	-	-	-	-	-	-	-
Gardens, Parks & Forestry	-	-	-	-	-	-	-	-
Flood Mitigation	-	-	1,349,875	970,000	1,369,903	(20,028)	(399,903)	-
Open Space Sales Tax	3,738,425	539,225	3,891,129	1,097,771	951,269	2,939,860	146,502	3,848,484
Tobacco Restricted Exps	-	12,378	50,000	24,854	24,945	25,055	(91)	200,000
Lodging Restricted Exps.	-	133,901	240,000	230,500	247,657	(7,657)	(17,157)	290,000
1% Arts Restricted	-	-	(2,400)	-	-	(2,400)	-	-
Town Sharing	29,175	31,000	-	-	-	-	-	-
<b>Expenses before Financing Us</b>	<b>4,047,855</b>	<b>1,555,381</b>	<b>6,744,571</b>	<b>3,013,502</b>	<b>3,207,833</b>	<b>3,536,738</b>	<b>(194,331)</b>	<b>6,739,212</b>
TACAW Developer Contrib.	-	-	-	-	-	-	-	500,000
<b>Total Expenditures</b>	<b>4,047,855</b>	<b>1,555,381</b>	<b>6,744,571</b>	<b>3,013,502</b>	<b>3,207,833</b>	<b>3,536,738</b>	<b>(194,331)</b>	<b>7,239,212</b>
<b>Change in Fund Balance</b>	<b>2,385,655</b>	<b>2,623,898</b>	<b>(2,477,060)</b>	<b>1,760,565</b>	<b>2,230,339</b>			<b>(3,026,248)</b>
<b>TOTALS FOR GENERAL FUND AND RESTRICTED FUND</b>								
Total Revenues	13,285,368	11,673,251	15,219,937	16,200,180	17,273,187			11,794,582
Total Expenses	11,631,504	9,772,284	14,649,543	10,522,936	10,155,329			14,998,275
Change in Fund Balance	1,653,864	1,900,967	570,394	5,677,244	7,117,858			(3,203,693)