

Budget Message



January 30, 2017

County Administration
108 8th Street
Glenwood Springs, Colorado 81601

Dear Commissioners and Citizens of Garfield County,

We are pleased to present the 2017 Adopted Budget for Garfield County. This budget is the result of a six-month process that included internal review meetings, workshops, and public hearings, all involving our Elected Officials, Department Heads, and you, the Board. Adopted on November 14, 2016, in conformity with the Local Government Budget Law of Colorado, the budget complies with generally accepted accounting principles and all relevant statutes.

The budget is a financial plan allocating resources strategically to reflect your policy directives and those of the Elected Officials of Garfield County, within the constraints of available resources. The plan provides adequate funding to continue current levels of operations with a focus on effective and efficient management, enhancement of services, and maintenance and replacement of capital assets, as needed.

Background

Garfield County's economy continued to show signs of improvement in 2016 in all sectors except for the energy industry. This trend is expected to continue in 2017 with growth in the housing and job markets, rising incomes, and increasing retail, tourism, and related sales tax revenues. Property tax revenues have decreased in 2017 due to both a lower price and production of natural gas in 2015, the year in which assessments are made for 2017 revenues. In all, revenues for 2017 are expected to be approximately \$91 million, about \$14 million less than 2016 revenues. The reduction is due primarily to a \$17 million decline in collections of oil and gas property tax – a 35% decrease from that sector, due to declining natural gas production and soft market pricing which is expected to have a major impact on revenues in future budget years. We counsel prudence and restraint regarding multiyear capital projects because a sustained reduction in natural gas production that could put a significant strain on the county's reserves.

The County continues to experience strong demand for many of its services, especially Human Services and Road and Bridge projects. The direction from the board to our staff, was to provide a balanced operating budget; maintain services at their current level; sustain current employee count; and provide a minimal employee merit increase. The Board's policy called for the adoption of a balanced operating budget and total fund balances above \$100 million. With careful and prudent management and efficient use of funds, the County will continue to provide quality services and maintain operating expenditures in 2017. This budget meets both goals.

Priorities for 2017 include maintaining operating costs while providing a high level of service; replacement of two communication towers; construction of a Search and Rescue and Coroner building

in the Rifle Sheriff's Office Annex Campus; improvements in County facilities; construction of an Airport Snow Removal Equipment Facility; development of the fairgrounds as a year round event center; and continue Road and Bridge maintenance and capital projects.

Budget Summary

The 2017 budget estimates \$91,345,608 in revenues and appropriates \$105,687,458 in expenditures. The difference is taken from fund balances and will be used for Airport, Remote Communications and Fairgrounds projects and infrastructure improvements, many of which are carried forward from 2016. The operating budget revenues and expenditures equal each other and is, therefore, balanced. Total expenditures have decreased 13% from 2016, the difference due to a reduction in capital projects.

The County's operating expenditures are budgeted at \$86,482,215, a 4.5% decrease from 2016. Operating efficiencies and prudent cost reductions produced this result.

Capital expenditures are budgeted at \$9,857,888 and include capital in support of operations and replacement capital. Significant capital expenditures include the replacement of two communication towers, construct a Search and Rescue and Coroner building in the Rifle Sheriff's Office Annex Campus, improvements in County facilities, construct an Airport Snow Removal Equipment Facility and purchase a Multi Task Snow Removal Vehicle, and the continued development of the fairgrounds as a year round event center. Road and bridge projects include construction of CR207 Carr Creek arch culvert, two Battlement Mesa drainage projects, CR324/311 bridge mill/repave asphalt project and replacement of the CR137/Canyon Creek Bridge.

Discretionary expenditures total \$4,169,355 that includes the back-fill for Road and Bridge property tax distributions; grants to various non-profit organizations and municipalities; RFTA bus services; and payment to CDOT for the Grand Avenue Bridge in Glenwood Springs.

The total personnel budget increased 3% from 2016 and includes one less position, a 4% increase in health insurance costs, and a performance based pay increase of 2.5% and an equity adjustment for certain positions. Included in this year's personnel budget, is the first year of the County's Health and Wellness Education Program. The total budgeted headcount for 2017 is 516, the decrease of one full-time employee is the combination of three eliminations and two position additions.

Conclusion

Overall, the 2017 budget and the policy-driven strategic plan enable Garfield County to continue to provide high levels of service to its citizens; invest in prudent capital improvements; and support municipalities with key infrastructure projects, while maintaining a strong financial position.

We thank the Board of County Commissioners, the Elected Officials, and all employees of Garfield County for their efforts and cooperation in adoption of this budget.

Sincerely,



Kevin Batchelder
County Manager



Cathleen Van Roekel
Interim Finance Director