

**OURAY COUNTY
2016
BUDGET MESSAGE**

The 2016 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 annual 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 2016 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 2016 Budget is balanced. Budgeted revenues meet or exceed budgeted expenditures.

2. Service Levels

Budget years 2009 through 2015 were challenging years for local governments due to the economy and the recession. The 2016 Budget reflects the following:

- An increase in property tax revenue in the amount of \$9,020 (.44%) for all funds supported by a mill levy.
- An increase in sales tax revenue of approximately 12% over the 2015 budgeted amount.

Ouray County has proactively exercised financial planning 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, 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 Personnel Work Weeks and Hours of Operation:

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 reducing their work weeks from 40 hours per week to 36 hours per week (Monday through Thursday). The work week reduction was also accompanied by a 10% reduction in employee compensation for full-time employees. 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 was maintained for 2015 with the exception of the Department of Social Services and Road and Bridge. In 2016, Ouray County personnel work weeks and hours of operation will be as follows:

- The budget in 2016 is a trial and attempts to return most employees to a full-time 40 hour/week work level. It relies on appropriation of sales taxes and excise taxes which are based on certain assumptions that may or may not prove to be sustainable or true for years beyond 2016. Thus, this budget allows for some departments to remain open to the public 4 days a week vs. 5. Some departments were already on 4-day week schedules prior to the recession.
- The Social Services Department personnel will continue work a forty (40) hour work week, Monday through Friday, from 8:00 to 5:00, except for holidays that may occur within a work week. These hours did not change during the recession.
- The Road and Bridge Department personnel will continue to work a forty (40) hour work week, Monday through Thursday, from 6:30 to 4:30, except for holidays that may occur within a work week. These hours are identical to the pre-recession schedule. Road and Bridge crew members are on-call for plowing and emergencies 24 hours a day/7 days a week.
- The Emergency Medical Services Department personnel will return to a forty (40) hour work week for all County personnel. These hours are identical to pre-recession.
- The Public Health Department personnel will continue to be open 4-days per week, Monday through Thursday, from 8:00 to 4:30, except for holidays that may occur within a work week. These hours are identical to pre-recession hours.
- The General Fund Department personnel will be working weekly schedules varying between thirty six (36) and forty (40) hours per week, Monday through Thursday, except for holidays that may occur within a work week. Operating hours for the County Courthouse and Land Use Facility are 8:00 to 4:30. Public hours for the offices of the Assessor, Clerk and Recorder, and Treasurer/Public Trustee all located within the County Courthouse are 9:00 to 4:00.
- While some offices have had reduced hours where they are open to the public, the county services have become more accessible to the public in other ways.
 - The county web site provides increased access to county records and data, which intentionally came online or was enhanced during the recession. This includes the County Clerk and Recorder recorded documents database and e-recording services; County Assessor parcel and valuation data; and county financial data. Treasurer's data and services will become available online in 2016.
 - The 2016 Meeting Calendar includes a number of evening meetings for the Board of County Commissioners, which incorporate the presence and participation of county staff.

3. Capital Expenditures

- The 2016 Lease Purchase Schedule consists of annual lease purchase payments for Sheriff's department vehicles, Fairgrounds Tractor, Courthouse Boiler, Road and Bridge department heavy equipment, and software upgrades for the County Treasurer.

Other grant-funded capital projects and purchases include:

- **General Fund:**
 1. Courthouse Restoration and new Construction Planning project. This project will be funded by and through an Underfunded Courthouse Commission Grant and will include revisions to existing architectural drawings and construction costs for remaining restoration and new construction work.
 2. Conceptual Plan of County-owned, 37-acre property located in Ridgway / EMS Facility Plans and Construction Costs. This project will be funded by a DOLA Planning Grant and County cash match.
 3. FEMA Pre-Disaster Mitigation Project. This project is funded by the Department of Natural Resources, Wildfire Risk Reduction Grant with Ouray County providing the fiscal grant management and the West Region Wildfire Council maintaining the reporting documentation.
 4. Water Study Grant: This project is funded by two grants, one from the Colorado River Water Conservation Board and another from the Gunnison Basin Roundtable. The project will focus on the development of an engineered study to assess water needs of existing and future agricultural water users, domestic water supplies, recreational and environmental water uses as well as options for stabilizing and augmenting existing and future water uses.
- **Road and Bridge Fund:**
 1. Capital improvements and repair work for completion of Phase I, County Road 361. This project is 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 Ouray Silver Mines, Highway 361 Fund dollars and County in-kind and cash contributions. The project included 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:**
 1. Two Power Cots for Ambulances. This capital purchase is funded by an Emergency Medical Service Provider grant at 50% of the cost.

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 2015 as a result of performance evaluations. This practice is being continued for the 2016 budget year. This is a one-time bonus that does not increase an employee's pay in the future.

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. This practice has resulted in creative partnerships and sharing of resources between county departments and between Ouray County and other counties and public or private entities to allow Ouray County to provide high quality public services with limited resources, and remain flexible and nimble.

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.

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 appropriated funding in 2015 for participation in a Classification and Compensation Study with San Miguel County. The study is substantially complete and adjustments will be made to compensation for specific positions and included in the 2016 budget. Completion of the study and adjustment to wages will enable Ouray County to be competitive in its recruitment practices and further enhance employee retention.

Employee Health Insurance Overview:

Ouray County has solicited requests for proposals several times over the past fourteen 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 a Personnel/Employee Benefits Committee, the Board of County Commissioners authorized award to County Technical Services, Inc. (CTSI) for the provision of employee health insurance. Historical premium rates for Ouray County are as follows:

- The premium rates for 2010 were maintained at the same rate as 2009.
- Premium rates reflected a 8% increase in 2011,
- Premium rates reflected a 4% increase in 2012,
- Premium rates reflected a 1% decrease in 2013,
- Premium rates reflected a 9% increase for 2014,
- Premium rates reflected a 8.77% increase for 2015,
- Premium rates reflected a 6.73% decrease for 2016.

Note: The 2014 and 2015 premium increases were 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, 2015 and 2016 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 2016 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."

	2015 Budget	2016 Budget
Ouray Historical Society	\$ 200.00	\$ 200.00
Ridgway Railroad Museum	\$ 100.00	\$ 100.00
Public Lands Partnership	\$ 500.00	\$ 1,000.00
Tri-County Water Cons. Dist.	\$ -0-	\$ -0-
Fair Board	\$ 3,000.00	\$ 3,000.00
High Country Rec. Support	\$ 3,300.00	\$ 3,300.00
Second Chance Humane Society	\$ -0-	\$ -0-
Total	\$ 7,100.00	\$ 7,600.00

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. Estimated 2016 revenue for the entire Ouray County Budget, inclusive of all funds, is 10.7% higher than 2015 budgeted revenues. This increase is due primarily to the addition of the voter approved 5% Marijuana Excise Tax and grant revenues.
2. Property tax revenue estimates are based on the current assessed valuation provided by the County Assessor and multiplied by the current mill levies to arrive at the property tax revenue for all funds in 2016. Property tax revenue for 2016 will be increased by .44% for a total \$9,020 for all funds supported by a mill levy.
3. Other budgeted revenues for 2016 are based in part on projected 2015 revenues.
4. Estimated 2016 revenue from sales tax reflects an estimated 12% increase over the 2015 budgeted amount.
5. Estimated severance tax revenue budgeted for 2016 remains at the same level as budgeted in 2015 due to the reduction of mining employees at a local mine in the fall of 2015.
6. Estimated 2016 Road and Bridge Fund revenue budget includes grant funding carried over from the 2015 Budget for the County Road 361 Repairs and Improvements project in the amount of \$530,500.82. If this project revenue were removed from the Road and Bridge Fund budget, the total revenue budget for 2016 would be reduced by 20% to \$2,172,684.05.
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 in July. 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 2016 budget and to discuss capital and human resources requests.

1. Estimated 2016 expenditures for the entire Ouray County Budget, inclusive of all funds, is 8.7% higher than 2015 budgeted expenditures and reflects the implementation of the classification and compensation study and grant match funding.
2. The 2016 Road and Bridge Fund expenditure budget includes grant funded expense carried over from the 2015 Budget for completion of the County Road 361 Repairs and Improvements project in the amount of \$415,438. If this project expense were removed from the Road and Bridge Fund budget, the total expenditure budget for 2016 would be reduced by 16% to \$2,116,566.53.

Property Valuation:

The 2015 valuation for assessment for the County of Ouray, Colorado, as certified by the County Assessor is \$156,202,480.

Ouray County Mill Levy:

For the purpose of meeting all general operating expenses of the County of Ouray, Colorado, during the 2016 budget year a total mill levy of 13.154 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 2016 Mill Levy</u>
County General Fund:	9.074	0.020	9.094
Road and Bridge Fund:	1.500	0.003	1.503
Social Services Fund:	0.552	0.001	0.553
EMS Fund	<u>2.000</u>	<u>0.004</u>	<u>2.004</u>
Subtotal:	13.126	0.029	13.154
Recovery of Taxes Abated:	<u>0.029</u>		
Total Mill Levy:	13.154		

Capital Budget Purchases and Improvements:

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

The General Fund Capital Purchases and Improvements consist of capital purchases, lease purchases and capital projects totaling \$105,385.

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	Courthouse ESCO – Boiler	\$ 23,833
020-295	Sheriff's Department Vehicle Payments	\$ 28,269
020-595	Fairgrounds Tractor	\$ 10,223
	<u>New Lease Purchase</u>	
020-295	Sheriff's Department Vehicle (5-yr Lease Purchase)	\$ 8,100

Intergovernmental Purchase of Vehicle

020-195	Weed Department Shared Vehicle Purchase with San Miguel County	<u>\$ 15,000</u>
Total General Fund Capital:		<u>\$105,385</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 \$536,146.

Capital Purchase and Lease Purchase items include:

<u>Fund & Department</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchases</u>	
040-895	Caterpillar Motor Grader	\$ 39,708
	<u>New Lease Purchase</u>	
040-895	Heavy Equipment (5-yr Lease Purchase) <ul style="list-style-type: none">▪ Front-end Loader▪ Semi-tractor▪ (2) Belly-dump trailers	\$ 81,000
040-895	<u>Capital Improvement Project - County Road 361 Road Repair and Improvement Project</u> <i>(Funded by Energy and Mineral Impact Fund dollars, CPW, State Off-Highway Vehicle Grant dollars and County dollars.)</i>	<u>\$415,438</u>
Total Road and Bridge Fund Capital:		<u>\$536,146</u>

Other Revenue Sources for the Road and Bridge Department:

Road and Bridge Impact Fees Fund:

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 2016, \$60,000 will be transferred from this fund to the Road and Bridge Fund to be used for County Road capital equipment lease purchase payments.

Road and Bridge Sales Tax Fund:

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 experienced commencing in 2012 through the present, has been counterintuitive to the gain in sales tax as the sales tax dollars have simply backfilled 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 of Road and Bridge Sales Tax appropriated in 2009 through 2016 to the Road and Bridge Fund is listed below:

2009	2010	2011	2012	2013	2014	2015	2016
\$299,397	\$435,000	\$475,000	\$475,000	\$475,000	\$505,470	\$643,000	\$688,000

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	2016
\$210,537	\$210,537	\$182,654	\$195,002	\$154,032	\$155,553	\$156,505

Road and Bridge Audit – 2015:

In November of 2014, Ouray County solicited a Request for Proposal inviting consultants to submit sealed proposals for the development of a comprehensive Road and Bridge audit. The purpose of the audit was to evaluate the effectiveness of current road and bridge activities, identify current and future road and bridge needs and to propose recommended improvements and solution-based planning for the County Road and Bridge Department. A Scope of Work was developed for the audit and broken out into seven elements as follows: organizational and management structure, departmental administration, department inventory of roads, equipment and facilities, community relations and customer service, best management practices, other audit discoveries, and recommendations. Ouray County engaged the services of an engineering firm (SGM) and a complete audit was undertaken along with a citizen survey with a final report delivered and presented to the County in August of 2015.

The results of the audit identified three Core Strategies as follows: 1) to optimize the current road and bridge systems, 2) to be proactive rather than reactive, and 3) to re-build the Road and Bridge Foundation. Referencing these three core strategies, Ouray County contracted with a consultant to begin implementation of the audit recommendations and to work with the Road Superintendent two full days per week commencing in December 2015, to create and formalize several plans including: 1) a communication plan, 2) capital improvement plans for equipment, and facilities, 3) a recommendation for departmental staffing, and 4) to address road and bridge operations with regard to winter and non-winter maintenance plans, to ensure that adequate and necessary mechanic operational tools are purchased, and to optimize the utilization of the existing PubWorks software program. Deliverables from the consultant are due by April 15, 2016.

EMS Fund Capital: (800-295)

The EMS Fund Capital Purchases and Improvements consist of the purchase of two (2) Power Cots for the ambulances funded through a 50/50 Emergency Medical Service Provider grant in the amount of \$35,975.80.

Capital Lease Purchase items include:

<u>Department & Fund</u>	<u>Description</u>	<u>Amount</u>
	<u>New Purchase</u>	
800-295	Two (2) Power Cots for ambulances (Grant funded – 50%)	\$ 35,976
Total EMS Fund Capital:		<u>\$ 35,976</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, of which plans are currently underway by and through a contract with a consultant to for the preparation of facility drawings and construction costs.

Social Services Fund (050):

The Social Services Budget has increased slightly for 2016. 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, Social Services 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 American Recovery and Reinvestment Act (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 or 2015, for the Voyager Youth program, as Voyager sought grants from alternative sources that did not require a government sponsor. The Special Grant Fund will be utilized for budget year 2016 to house special project grants such as the: 1) Courthouse Restoration and new Construction Planning project, 2) Conceptual Plan of County-owned, 37-acre property located in Ridgway / EMS Facility Plans and Construction Costs, 3) FEMA Pre-disaster Mitigation project, and 4) Water Study Grant project.

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 \$89,029.89 currently in the Highway 361 Fund. There are no expenditures planned out of the Highway 361 Fund for the 2016 budget year.

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 no expenditures planned for the 2016 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 \$644,767 has been appropriated in the 2016 Road and Bridge Sales Tax Fund to be collected in 2016. 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 2016 budget, \$688,000 has been appropriated by the Board of County Commissioners as a "transfer-out" 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 32% of the revenue supporting the Public Health Fund is transferred from the General Fund to the Public Health Fund. The amount of transfer from the General Fund to the Public Health Fund has been reduced by 26% for the 2016 budget year primarily due to successful grant awards received by the Public Health Agency to offset program costs and to provide additional monies for new public health services. The Public Health Department provides an essential service to the community and citizens of Ouray County.

Emergency Management Fund (930):

A new fund was created in 2014, to house donated dollars received in associated with the Ridgway Reservoir airplane accident. In 2016, the Emergency Management Fund will be brought into the overall County Budget for the purpose of depositing monies for Declared Emergency Disaster Response and Pre-disaster Mitigation efforts. The Board may appropriate revenue on an annual basis to the Emergency Management Fund into a line-item within the Fund, entitled "MJ Excise Tax" in an effort to achieve a fund balance accumulation over time in an amount adequate to cover several days of complex declared emergency/disaster response responsibilities, post-disaster recovery activities and pre-disaster mitigation activities.

There is \$8,500 appropriated in the Emergency Management Fund, MJ Excise Tax line-item, for the 2016 budget year.

MJ Excise Tax Fund (955):

A new Fund has been created entitled “MJ Excise Tax Fund” to deposit marijuana excise tax revenues collected as a result of a voter-approved ballot question on November 3, 2015. Beginning January 1, 2016, a 5% Marijuana Excise Tax will be imposed based upon the average market rate, as determined by the Colorado Department of Revenue, on the first sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility located within Ouray County. Such revenue will be used as determined by the Board of County Commissioners to fund Public Health and Safety, County Facilities and other General Purposes of the County including not less than 20% of the revenues generated and collected annually from the excise tax be utilized for Ouray County road and Bridge. There is \$350,000 appropriated in the MJ Excise Tax fund for the 2016 budget year. Of this amount, 273,500 will be transferred to the funds listed below as follows:

General Fund:	\$185,000
Road and Bridge Fund:	\$ 70,000
EMS Fund:	\$ 10,000
Emergency Mgt. Fund:	<u>\$ 8,500</u>
	<u>\$273,500</u>

Not: Should the marijuana excise tax revenue collected exceed the \$350,000 appropriated budget amount, 20% of the additional dollars collected would be transferred to the Road and Bridge Fund as stipulated in the ballot question.

Contingency Fund (030):

This fund contains a balance of \$174,882 and was established years ago to meet the TABOR contingency requirement. TABOR requires that the County retain 3% of its fiscal year spending excluding bonded debt service. Ouray County Budgetary Funds associated with a dedicated mill levy (i.e. General Fund, Road and Bridge Fund, Social Services Fund and EMS Fund) all contain adequate fund balances to meet the TABOR contingency requirement.

2016 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, Social Services 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.

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:

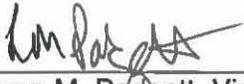
- Reorganization of Information Technology Department based upon and I.T. audit,

- 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 have improved the comfort level of occupants, provided energy efficiencies and protected facility infrastructure.
- 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 VII grant in the amount of \$13,011,920 million dollars for improvements to County Road 1. Award was unsuccessful, but the data gathered will be valuable for future solutions.
- Entered into a contract for the preparation of a Road and Bridge Audit. The Audit Report was provided and presented to the Road Committee, Board of County Commissioners and County Staff. Implementation of the audit findings are underway by and through engagement of a consultant to work with the Road Superintendent two full days per week commencing in December 2015, with deliverables due by April 15, 2016.
- Participated in a Classification and Compensation Study in partnership with San Miguel County. The study is substantially complete and implementation is included in the proposed 2016 Budget.
- Solicited Requests for Proposals for the Courthouse Restoration and the project will commence in January, 2016. This project is funded by an Underfunded Courthouse Commission Grant.
- Solicited Requests for Proposals for the purpose of developing a Conceptual Plan of County-owned property located in Ridgway and for the development of EMS facility drawings and construction costs. This project is funded by a Department of Local Affairs Administrative Planning Grant.
- Implemented a Single-Point-of-Entry at the Ouray County Courthouse funded by Courthouse Security funding.

BOARD OF COUNTY COMMISSIONERS
OF OURAY COUNTY, COLORADO



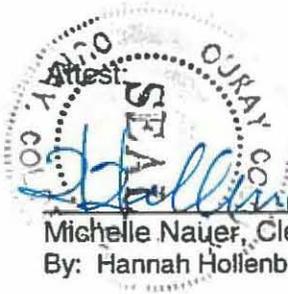
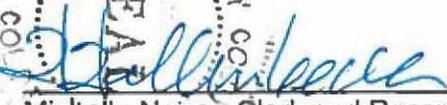
Don Batchelder, Chair



Lynn M. Padgett, Vice-Chair



Ben Tisdell, Commissioner


Attest:


Michelle Naujer, Clerk and Recorder
By: Hannah Hollenbeck, Deputy Clerk of the Board



Connie I. Hunt, County Administrator