

# Castle Rock's State of the Community

2009 brought reductions in every Town fund and several layoffs. The Town, however, is in reasonable financial condition given the current extraordinary economic conditions. All Town funds have gone through a rigorous review, which has led to many changes, including in direct core service-delivery areas.

We are anticipating Town tax revenues will be flat in 2010. Unfortunately, it has become increasingly difficult to maintain our existing levels of service without impacting the community.

Town Council provided leadership and direction to incorporate into the 2010 budget reductions to some non-public health and safety services – namely, public transit and recreation.

After hearing public feedback, Council chose to keep some reductions in the budget – the FrontRange Express commuter has been eliminated for 2010; two hours a day, Saturday and holiday service are being eliminated from the Town's bus service, and fares are being implemented; and fees are going up and hours being reduced at the Recreation Center. However, changes were made to retain two other programs considered for elimination at a reduced level: the Masters Swimming program and Town bus service to Founders Village and The Meadows. The latter will be funded through a grant and user fees.

## Recent Accomplishments

- Implementing a Downtown Development Authority.
- Negotiating an agreement with the Castle Rock Fire Protection District for fire services, increasing revenues starting in 2010.
- Opening Bison Park and Ridgeline Open Space in The Meadows.
- Preserving 105 acres of open space and extending the East Plum Creek Trail.
- Opening the Southeast Arterial Connection Road, joining Plum Creek Parkway to Ridge Road and providing a trail connection.
- Opening the Southwest Arterial Connection Road and adjacent trail connection. Also, the I-25/Plum Creek interchange was reconstructed, and I-25 widened.
- Expanding the Reuter-Hess Reservoir.
- Launching a new Town Web site.
- Improving development review, permitting and communications.
- Establishing a Community Economic Partnership with the Castle Rock Economic Development Council, DDA and Chamber.



## Key Challenges and Issues

The community can anticipate challenges during 2010, including:

- Reducing public transit, recreation and other services as the Town operates with less employees and less investment in infrastructure and equipment. Meanwhile, the community continues to grow, costs continue to increase and revenues are not increasing.
- Attracting and retaining high-quality employees who can provide outstanding services and creatively accomplish more with less during a period of no pay increases; increases in health insurance costs; reductions in training; reductions in the number of employees; and increased work demands.
- Working with the South Metro Water Supply Authority and other partners to establish projects and design financial approaches to implement the long-term renewable water plan.
- Continuing to work with stakeholders to reach an agreement on the alignment of the North Meadows Extension to U.S. Highway 85 and Interstate 25 as well as the financial approaches to this project. This includes dealing with the reality that the Town will not have adequate resources to fund any project for several years.
- Meeting service expectations at the Recreation Center as capacity is being rapidly absorbed and as proposals to decrease levels of service while increasing rates are implemented.
- Implementing transit service reductions; establishing a fare for the Town's bus service and working on options for funding public transit services for the future.
- Continuing to effectively manage finances for 2010 – and strategically, for the longer term – during continued extraordinary economic and financial times.

## 2010 Major Projects

- Restructuring the Miller Trust Fund to eliminate deficits, and creating a Public Art Fund. A committee will be formed to recommend a Philip S. Miller legacy project to Town Council.
- Providing public education on any charter amendment Town Council decides to place on the April 2010 election ballot or for any special election in November 2010.
- Planning for future funding for the Recreation Center.
- Conducting a study of development rates, fees and levels of service.
- Conducting an update of utility rates, fees and master plans.
- Planning for future elections for long-term water and funding for transit services.



- Completing the North Meadows Extension Environmental Assessment, selecting a preferred alignment and engaging financial and phasing issues and options.
- Deciding whether to implement a downtown railroad quiet zone.
- Updating the Transportation Master Plan.
- Implementing retail development, DDA and other economic development priorities.
- Establishing a new plan for park and open space priorities.

## The Future of Castle Rock's Finances

Town Council has decided these elements will be used to guide future budget and strategic decisions.

- Relying on user and development fees to maintain a groundwater system and add a renewable water system is not feasible. Revenue sources and bonding capability must be supplemented to achieve a long-term water supply. Voters will be asked to increase property tax and bonding authorization for water projects and to permanently de-Bruce water revenues.
- If voters approve a property tax dedicated to water, the Town will plan no further increases to its property tax mill levy rate, and the existing General Fund property tax mill levy will be dedicated entirely to police and fire functions.
- The Town's sales tax rate will revert from 3.6 percent to 4 percent in 2011. The County shareback agreement also will decline in 2011 from .4 percent to .3 percent. These changes are needed to help maintain public health and safety services.
- Voters will be asked to approve a TABOR de-Bruce measure so the Town can retain all revenues received.
- The Town remains reliant upon sales tax revenue to pay operating costs and development revenue for infrastructure. Therefore, expanding the tax base through economic development and sustaining a positive business climate are priorities.
- Priority will be given to public health and safety functions. Funding and service levels not directly related will be restructured based upon priorities. Voters will be given the choice of a reduced level of non-public safety service versus a tax increase.
- The Town is not a part of the Regional Transportation District and not subject to RTD sales tax. Sales tax revenue is used to fund public transit. That practice will be phased out, and an election scheduled to decide whether to establish a transit tax.
- \$1.75 million in sales tax revenue is used annually for recreation. A .25 percent parks and recreation sales tax has been used for recreation to cover the difference between costs and fees. To sustain safe parks, a plan will be implemented to reduce tax support to recreation by reducing services and increasing fees.
- A new plan for park and open space priorities will be established in 2010. It will address funding limitations among competing priorities. Pending adoption of the plan, no funds are budgeted in 2010 for new parks or open space preservation.
- Project plans for the Transportation Fund are being driven by the North Meadows Extension project. The Town lacks the financial capability to accomplish any option. Decisions are required and will impact planning for other street projects. Until decided, no funding for new street construction projects will be included in the 2010 budget.
- The Development Services Enterprise Fund cannot fulfill the mission of ensuring safely constructed infrastructure and a quality development process as a 100 percent user-fee-supported fund. Plans shall be made to transition Development Services to the General Fund, which will likely result in the General Fund having to absorb an annual operating deficit in this area.
- Consideration needs to be given to how the Town wants to position itself within the development cost market. If we want lower fees, we will have to engage issues of levels of capital and operating services. Standards and expectations for new municipal facilities, street and water projects must be considered in relationship to the amount of development fees.
- A third ambulance likely will be needed in 2013-14 an annual cost of about \$500,000. Along with Development Services, that will cause a \$1 million increase in General Fund costs. The General Fund is balanced in 2010 with nonsustainable items such as a staff pay freeze, minimal vehicle replacement and no addition of employees.