

2023 Budget in Brief



CITY OF ASPEN, COLORADO

Executive Summary

Revenues



Annual revenues (excluding internal transfers between funds) are projected to equal **\$155,755,817**. Roughly 52% of this total is expected from the City's various sources of taxation approved by voters; the remainder is largely from elective licenses and fees for services rendered.

Expenditures



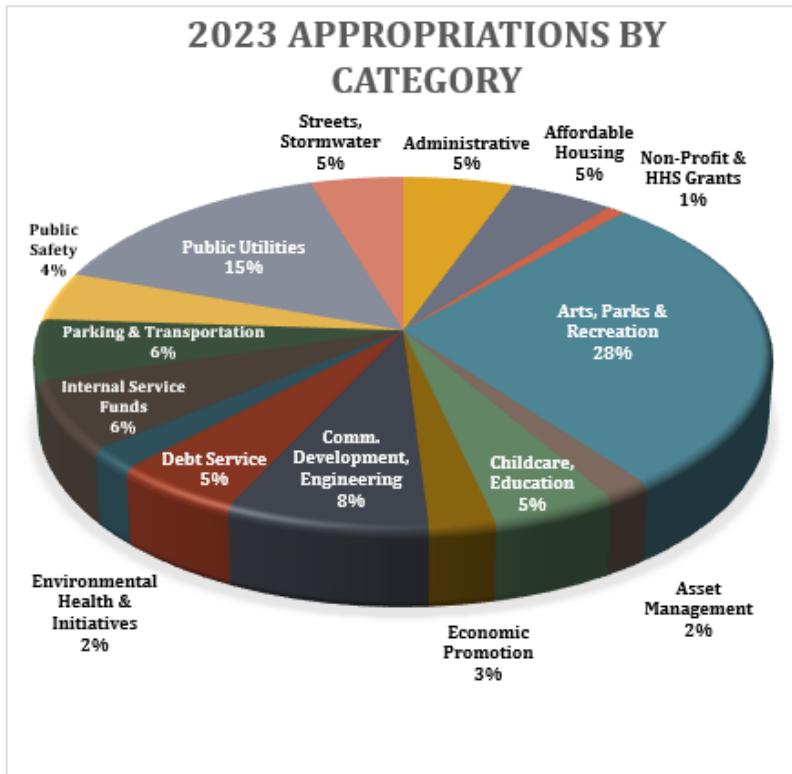
Net expenditure authority approved by City Council across the 21 various funds within the City's budget equates to **\$141,152,460**. This includes \$94.3 million for operations, \$40.4 million for capital infrastructure and acquisitions and \$6.5 million for annual debt payments.

Reserves



If revenue collections and the spending plan were fully executed as noted above, aggregate reserves at the end of 2023 are projected to equal **\$222,316,887**. This total is above the targeted reserve threshold outlined in the City's financial policies due in large part to the timing of large capital projects that require years to complete.

To view the complete 2023 Adopted Budget (available after Jan. 31st), please visit: <https://www.cityofaspen.com/364/Finance>



Though its official population is a mere 7,004, the City of Aspen has a significant budget. The large spending package correlates to the vastness of services provided under the municipal umbrella; including: two City owned and operated utilities, programming at the historic Wheeler Opera House, subsidized childcare and affordable housing development for working families in the upper Roaring Fork Valley and no-fare transit throughout town. These, along with more traditional governmental services, are all managed to support the weight of a tourist economy that can grow to as much as 30,000+ visitors at a given period.

Revenues

Major Taxing Sources

Sales & Lodging Taxes - Aspen voters have approved various taxation measures to fund Community amenities such as parks and open space, no-fare transit services, subsidized childcare and education, affordable housing and tourism promotion. While some of these dedicated taxes have sunset dates associated with them and must be renewed by voters, others remain effective into perpetuity. The chart below depicts some of these taxes in aggregate, along with how they overlap the tax rates levied by other jurisdictions.

Jurisdiction	Tax Rate Levied
<i>City of Aspen Sales Tax</i>	2.40%
<i>Pitkin County Sales Tax</i>	3.60%
<i>RFTA Sales Tax</i>	0.40%
<i>State of Colorado Sales Tax</i>	2.90%
Total Sales Tax	9.30%

In addition to the above, Aspen voters affirmed a new short-term rental (STR) tax proposed on the November 8, 2022 ballot. This new tax authorized a 5% tax on all owner-occupied and lodge-exempt nightly stays, and 10% on all second homeowner property stays. These taxes are in addition to the existing 2% lodging tax on all nightly stays.

Real Estate Transfer Taxes - Aspen voters also adopted two separate real estate transfer taxes to support arts and culture and affordable housing development. These two taxes are unique in that they can no longer be established under the Colorado Taxpayer Bill of Rights (TABOR) and are grandfathered into existence.

RETT	Tax Rate Levied
<i>Affordable Housing RETT</i>	<i>1.00%</i>
<i>Arts and Culture RETT</i>	<i>0.50%</i>

Property Taxes – Unlike previously denoted tax sources, the City has voter approved discretionary authority in how it applies resources from its general-purpose property tax. This is the larger of two property taxes levied by the City with a maximum levy of 5.410 mills. The second levy of 0.650 mills, approved by voters in 2007, is wholly dedicated to the City's Clean River (Stormwater) program.

While the general-purpose mill levy is capped at 5.410 mills, the City has not applied this full levy against assessed values and has instead applied a "credit" on annual tax bills for property owners as a way to limit the overall revenue collection to the City's coffers. For 2022 property taxes (collected in calendar year 2023), the credit applied was 1.069 mills, reducing the applied levy to just 4.341 mills.

The City is just one taxing jurisdiction within Aspen city limits, and as such, its property tax levy accounts for roughly 14% of a property owner's total property tax bill.

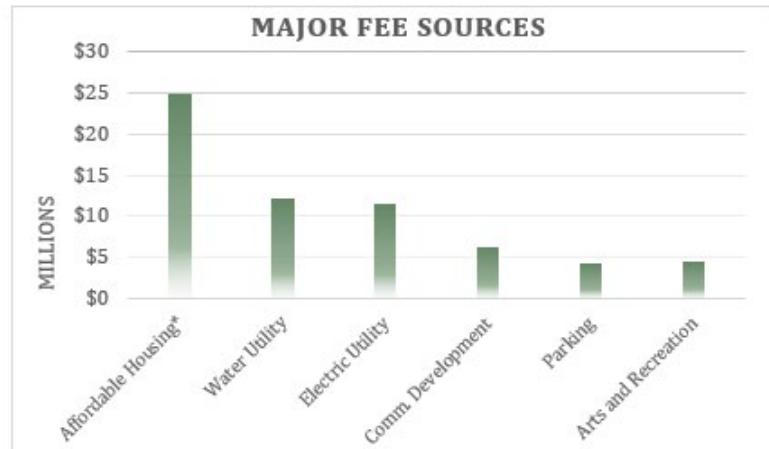


Other Taxes - Lesser taxes adopted by voters includes a dedicated use tax to support transit and a tax on tobacco products to discourage the use of tobacco by youth and to support increased mental health services for the Community.



Licensing, Fines and Fees

Charges for services across all City departments encompass a wide range of transactions, from arts, culture and recreational offerings to water and electric utility service, to regulatory approvals for commercial and residential development. Fees charged by the City are evaluated annually by the Council and changes are adopted under annual ordinance measures at the same time the City budget is reviewed.



* 2023 housing includes \$20M in one-time sales at Burlinaame Phase 3.

Expenditures

Budget Development

The City's annual budgeting process commences in February, roughly ten months prior to an effective date for a new spending plan. This effort requires engagement with internal departments, external advisory boards and ultimately the public. While the adopted budget is only for approval authority in the next calendar year, it is important to note that the City's planning process includes 5- and 10-year outlook horizons for future capital needs to ensure long-term financial health.

Budget Breakdown

	<i>2023 Budget</i>
<i>Wages & Benefits</i>	\$47,256,890
<i>Travel & Training</i>	\$1,231,390
<i>Purchased Services</i>	\$29,253,450
<i>Materials & Supplies</i>	\$3,748,360
<i>Capital Projects & Maintenance</i>	\$40,412,340
<i>Annual Debt Payments</i>	\$6,465,590
<i>Other Outflows</i>	\$12,784,440
<i>Net Appropriations</i>	\$141,152,460
<i>Internal Transfers</i>	\$30,900,450
<i>Total Appropriations</i>	\$172,052,910



The City's budgeting process assumes a continuation-based funding model, whereby prior year's appropriations, plus an inflationary increase, is assumed as the starting point for the next year's spending plan. If these base level resources are not sufficient to deliver the expected service levels desired by the Community, if new regulations are adopted and/or if new programs are established, then staff submits "supplemental" requests as part of the annual budget for Council to consider supporting. These requests, plus capital investments, are generally the drivers for fluctuation in the City's annual budget.

2023 Focus on Critical Council Goals

Housing – Council focused heavily on this goal area leading into 2023, preparing the framework for success in future affordable housing efforts. 2022 successes included a temporary pause on development and rental activities that influenced affordable housing and allowed for discussion with stakeholders and the public. This was done prior to implementing new land use regulations and the eventual adoption of a new short-term rental tax which will support affordable housing preservation, acquisition and development.



The City's next large development project, slated to begin site work in 2024 and phase 1 construction in 2026, is the Lumberyard project. This 277-unit project will follow Burlingame's final phased development, which will be completed in 2023 and will add 79 new units to the Community.

Childcare – The 2023 budget includes significant resources to support childcare in the coming year, with \$645,000 set aside for educator wage support, funding for two additional interns and business support services for providers. Additionally, 2023 will also reflect two new early childhood providers to be located at the CMC airport business center campus and within the city-owned Yellow Brick building, adding an additional 60 childcare slots.



Environment – In its efforts to further reduce greenhouse gases, City Council adopted \$400,000 in renewable energy mitigation program (REMP) funds to advance the City's Building IQ program, targeting energy saving measures for Aspen's built environment. This is in addition to municipal code changes adopted within Ordinances 13 & 14 that targeted residential demolition and updated impact fees associated with development.



Supplemental Increases

Supplemental requests approved in the 2023 budget increased net appropriations by **\$7,794,590**, or 9.0% of the overall annual spending plan. These requests were considered for inclusion in the budget only after careful consideration by the Council and with the intent to address areas of specific concern. Major elements within this package include:

- \$1,067,000 in additional health and human services support and expanded non-profit arts grants
- \$822,740 in increased support for early childhood education, including increased teacher wages and two new intern positions
- \$2,000,000 for affordable housing preservation for a much needed stair replacement project at Truscott II Affordable Housing
- \$400,000 to combat climate change through the advancement of the City's Building IQ program
- \$552,400 across other areas of recreation, parks and golf plus the Red Brick Arts and Wheeler for further support of these public amenities
- \$1,022,120 for 17.5 new FTE: 8.3 FTE are net-zero, funded using existing authority, and 2.5 FTE are termed roles to assist with succession planning
- \$1,025,170 across the organization for a 3% cost of living adjustment to combat persistent and high inflationary impacts and challenging labor market conditions

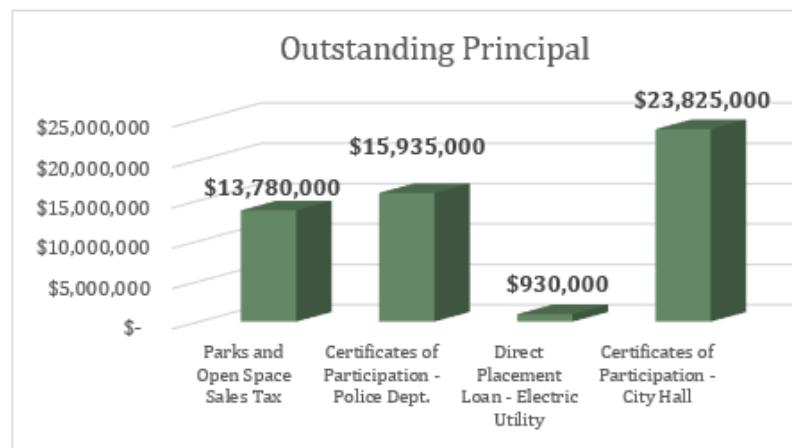
Debt Obligations

The City of Aspen is a home rule city under the laws of the State of Colorado. As such, debt issuance is limited by the terms provided under the City of Aspen municipal charter, which caps indebtedness to a maximum of 20% of the assessed value of properties within Aspen city limits. With current property values exceeding \$20 billion, this limiting threshold is well above the intentions of Council.

On December 21, 2021, the City of Aspen received a ~~AAA~~ rating, the highest credit rating possible, by Moody's Investors Services. This rating was based on a broad recognition of the City's strong financial policies, robust reserves and an economy that has transitioned from a winter-dominate to year-round environment.

Existing Debt

As of January 1, 2023, the City of Aspen has \$54.5 million in outstanding principal debt to repay. By dollar value, these issuances can be categorized to largely support one of three efforts: Parks & Open Space acquisitions and operations, a new police department and new City Hall.



Mission Statement

To engage with positive civil dialogue, provide the highest quality innovative and efficient municipal services, steward the natural environment, and support a healthy and sustainable community for the benefit of future generations with respect for the work of our predecessors.



City Council



Torre, Mayor; Ward Hauenstein, Mayor Pro-Tem; Rachael Richards
John Doyle; Skippy Mesirow