**AGENDA**
**OURAY CITY COUNCIL**

**Monday, August 17, 2026 - 4:00 PM**

**Ouray Community Center**
**320 6th Ave**
**Ouray, CO 81427**

**VIRTUAL OPTION -** https://zoom.us/j/9349389230
Meeting ID: 934 938 9230 Passcode: 491878 Or dial: 408 638 0968 or 669 900 6833

## Ouray City Council Work Session

- Changes to this agenda can be found on the bulletin board at City Hall
- Electronic copies of the Council Packet are available on the City website at www.cityofouray.com. A hard copy of the Packet is also available at the Administrative Office for interested citizens.
- Notice is hereby given that a majority or quorum of the Planning Commission, Ouray Economic Development Committee, Beautification Committee, Tourism Advisory Committee, Main Streets Committee, and/or Parks and Recreation Committee may be present at the above noticed City Council meeting to discuss any or all of the matters on the agenda below for Council consideration

1. CALL TO ORDER
2. DISCUSSION ITEMS
   a. Council Code of Conduct (4 pm)
   b. Capital Improvement Policy / Reserve Policy (5 pm)

320 6th Avenue
PO Box 468
Ouray, CO

CITY OF OURAY COLORADO

970.325.7211
Fax 970.325.7212
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# City Council
# Code of Conduct and Cooperation

## Identity and Purpose

City Councilors are representatives of the community. The Home Rule Charter dictates the responsibilities assigned to City Councilors and City Staff. City Council sets policy, enacts laws and policies through ordinances and resolutions, and adopts an annual budget. City Council also conducts quasi-judicial hearings through land-use and permitting approvals and authorizes administrative and executive functions of the City. The City Administrator, hired by the City Council, is charged with the responsibility of managing the ongoing activities of the City. This includes hiring Staff, following policy directives set by Council, ensuring enforcement of codes, laws, and regulations, and preparing the annual budget.

## City Council Commitment to Cooperation, Ethics, Decorum, Respect, and Civility

City Councilors commit to cooperation with City Staff in allowing them to perform their assigned duties as professionals. Council members will not interfere with Staff in daily operations or attempt to direct City Staff members on how to perform the tasks to which they have been assigned. All department directors report to the City Administrator. The City Administrator reports to City Council as one body and receives directives from City Council as one collective body. No one Council member singularly speaks for the City Council.

Council members should refrain from publicly criticizing any Staff member or the City Administrator in public meetings. City Councilors who wish to address concerns about a Staff member's performance shall do so with the City Administrator individually through private correspondence or conversation and not with the Staff member directly. Council members may address matters regarding the City's approach or process to carrying out City functions generally during a public meeting; however, commentary regarding the performance of an individual Staff member should be brought to the City Administrator outside of the public meeting.

A City Council meeting is a governmental process with a governmental purpose. Business shall be accomplished in a reasonably efficient manner. Members of the public shall be provided an opportunity to be heard while City Council maintains order and safeguards the deliberative process of the Council at all times. The purpose of public comment is to provide citizens an opportunity to address the City Council as a whole. City Council may listen to citizen comments and respond briefly or provide direction to the City Administrator to follow up with the citizen if further discussion is required.

City Council members commit to the following obligations:

- Practice proactive listening. Listen to fellow Councilors, Staff, and citizens ensuring all voices are heard equally.
  - Focus on issues, not individuals.
  - Agree or disagree with the ideas, not the person.
  - Take responsibility for understanding fully the substance of the issue before the Council.
  - Acknowledge differing perspectives.
  - Treat the perspectives of others with respect.
  - Find the common ground among varying viewpoints, if possible, to arrive at a consensus of adequacy.

- Actively participate in Council discussion. Mindfully engage with fellow Council members during public meetings.

- Equally respect both the majority and the minority opinions. The minority, though not the prevailing position, will not be criticized, discredited, or chastised for their position. Manage emotions while engaging with other Councilors and Staff.

- Ask questions with the intent to learn and answer questions with respect at all times.

- Seek common ground to find the commonalities and shared understandings as a basis for productive, resolution-oriented communication and problem-solving.

- Never publicly embarrass, shame, or condescend fellow Council Members, Staff, or citizens, but instead maintain an atmosphere of good will and respect.

- Be prepared for all City Council meetings:
  - Read Council packets,
  - Be familiar with the issues on the agenda, and
  - Arrive prepared to engage in discussion.

- Provide clear direction to the City Administrator and Staff during City

Council meetings and support Staff in implementing the direction given by City Council.

- Communicate clearly the decisions made by Council to all interested parties, even if or when a Council member disagrees with the decision, thereby affirming the respect and integrity of the decision-making process.

- Be transparent, conducting City business consistent with the Open Meetings Law.

- Remain dedicated to any committee assignments by attending all committee meetings and reporting findings and information back to the Council at a regular Council meeting.

- Work together for the common good of the community, which requires making tough decisions that are at times counter to the desires of individual citizens.

## Communication with Staff

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## Attendance

Pursuant to Section 2.5.D of the Home Rule Charter, Council members effectively vacate their position on Council after three consecutive unexcused absences from regular meetings of the Council.

An *excused absence* shall mean an absence in the following instances:

1. Family emergencies;
2. Maternity leave;
3. Serious illness or injury as documented by a note or report from a medical professional;
5. Jury duty;
6. Religious observances; and
7. Unusual hardship that justifies excusing an absence.

An *unexcused absence* shall mean any absence not meeting the definition of *excused absence*. It shall also include absences occurring without prior notification as required below.

For an absence to be excused, the Council member must provide notification to the City Administrator by phone or in writing at least twenty-four (24) hours in advance of a regular meeting, unless the circumstances make it impossible to provide advance notice. If possible, the Council member shall notify the City Administrator by the end of business day on the Friday before a regular Council meeting. The Council member shall provide a reason for the requested absence. The City Clerk shall take roll call of all Council members at the meeting. The City Council, by motion, shall then determine by majority vote whether any absence of a Council member is excused or unexcused. The City Clerk shall record attendance in the official meeting minutes and monitor attendance requirements for non-compliance.

## Quasi-Judicial Matters and Ex Parte Communications

Quasi-judicial matters involve City Council members essentially acting as judges. This requires applying the law to particular facts to determine the rights of an individual or entity regarding their property or business. City Council thereby exercises a heightened responsibility to provide due process to the applicants in a duly noticed public hearing. In the quasi-judicial role, City Council must maintain impartiality, recuse themselves if there is a conflict of interest, and apply the facts to the legal criteria to arrive at their decision. Only evidence presented at the hearing is relevant to the decision. No City Council member may engage with the applicant or others outside the hearing regarding issues to be decided at that hearing.

## Council Actions and Open Meetings

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## Social Media

City Council members' individual use of social media should reflect the same professionalism, transparency, and thoughtfulness required for the role of an elected official. On personal accounts, Council members must distinguish between personal opinions and official Council positions and avoid any indication the individual Council member is speaking on behalf of the Council as a whole unless authorized. Social media activity may constitute a public record and could implicate open meetings laws if discussions with other Council members occur online. Avoid engaging with constituents on quasi-judicial matters and when possible, use social media to share factual information, highlight community initiatives, and encourage constructive civic engagement.

## City Council Engagement with the Media

Any media requests received by Council members regarding official City matters should be promptly communicated to the City Administrator to ensure coordination and awareness.

The Mayor serves as the primary spokesperson for the City. If it is determined a response to a media request is warranted, the Mayor and City Administrator will consult to ensure responses are accurate, consistent, and based on established Council policy and direction. If the Mayor is not accessible, the task would fall to the Mayor Pro Tem or other designee.

Individual Council members may express their personal views, without City Administrator coordination, but will clearly distinguish their views from those of the official City position.

## Commitment to Work with Partners in the Region and Beyond

City Council Members are assigned to represent the City of Ouray on a selection of various committees, boards, and other entities. Council Members' active participation and preparedness for meetings of these assigned entities is expected. Should you be unable to attend, request the assistance of an alternate to ensure the City is appropriately represented.

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~~Emergency Ordinances are defined in Article 3.6 of The City of Ouray Home Rule Charter.~~

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CITY OF OURAY PARKS AND RECREATION

| Project Projection 10 year CIP | | | | | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parks Enterprise** | | | | | | | | | | | | | | |
| **Fund** | **Facility** | **Project Name** | **Cost** | **Notes** | | | | | | | | | | |
| Park Enterprise | Box Cañon | Bathroom lights and power | 9500 | | 9500 | | | | | | | | | |
| Park Enterprise | Box Cañon | Box Cañon Parking Retaining wall | 48000 | | | 48000 | | | | | | | | |
| Park Enterprise | Box Cañon | Box Cañon Stairway sand blasting/ repainting | 350000 | Will require significant expense associated with keeping the site clean. | | | 350000 | | | | | | | |
| Park Enterprise | Box Cañon | Fire Mitigation | 50000 | Bi Annual Line item | | 50000 | | 50000 | | 50000 | | 50000 | | 50000 |
| Park Enterprise | Box Cañon | Flora/ fauna signs/ Fence improvement | 13500 | | 13500 | | | | | | | | | |
| Park Enterprise | Box Cañon | Flower loop retaining wall | 25000 | | | 25000 | | | | | | | | |
| Park Enterprise | Box Cañon | Gazebo repair | 40000 | | | 40000 | | x | | | | | | |
| Park Enterprise | Box Cañon | Parking Lot Retention wall | 40000 | Rebuild of the retaining wall running south to north is collapsing and needs full replacement. | | | | | | | | | | |
| Park Enterprise | Box Cañon | Storage | 10000 | Add lights/ Dry good storage/ maint supplies | | 10000 | | | | | | | | |
| | **Box Cañon** | **TOTAL – Box Cañon** | **586000** | | **23000** | **173000** | **350000** | **50000** | **0** | **50000** | **0** | **50000** | **0** | **50000** |
| Park Enterprise | Fitness Center | Floor renovation | 500000 | Depends on what our support structure can accommodate (FCA IN PROGRESS) | 500000 | | | | | | | | | |
| Park Enterprise | Fitness Center | Gym Elevator | 200000 | | | 200000 | | | | | | | | |
| Park Enterprise | Fitness Center | Gym Equipment | 15000 | | 15000 | | 15000 | | 20000 | | | | | |
| Park Enterprise | Fitness Center | Gym landing Repair | ? | Working on FCA | X | | | | | | | | | |
| | **Fitness Center** | **TOTAL – Fitness Center** | **715000** | | **515000** | **200000** | **15000** | **0** | **20000** | **0** | **0** | **0** | **0** | **0** |
| Park Enterprise | Pool and Hot Springs | AED replacement | 6000 | | | | | | | 6000 | | | | 6000 |
| Park Enterprise | Pool and Hot Springs | Canopy replacement | 30000 | Outdoor Tent | | 30000 | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Deck repair | 10000 | | | | X | | | X | | | | X |
| Park Enterprise | Pool and Hot Springs | Defender filter rebuild activity pool | 19000 | | 19000 | | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Defender filter rebuild lap pool | 19000 | | | | | 19000 | | | | | | |
| Park Enterprise | Pool and Hot Springs | Drain cover replacement | ? | Changes to state standards | | x | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Hot Pool Resurface | 300000 | Life span can be extended if we fix the themocycleing issue | 300000 | | | | | | | | | 350000 |
| Park Enterprise | Pool and Hot Springs | Hot Pool Tarp | 30000 | | | | 30000 | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Lap lane heat exchange replacement | ? | | | | | | | | | | | X |
| Park Enterprise | Pool and Hot Springs | Lap Tarps | 20000 | | | | | 20000 | | | | | | |
| Park Enterprise | Pool and Hot Springs | Move and repair the activity boulder | 100000 | | | | | | 100000 | | | | | |
| Park Enterprise | Pool and Hot Springs | Overlook tarps | 20000 | | | | | 20000 | | | | | | |
| Park Enterprise | Pool and Hot Springs | PLC replacement | 110000 | | | | | | | | | | | 110000 |
| Park Enterprise | Pool and Hot Springs | Pool Backup Generator | ? | If we have significant power failure or lightning pools could flood until staff arrive | | | | | X | | | | | |
| Park Enterprise | Pool and Hot Springs | Pool deck concrete repair 12,000 sq ft | 40000 | | | | | | 40000 | | | | 40000 | |
| Park Enterprise | Pool and Hot Springs | Pool entry way | 25000 | | | | | | | 25000 | | | | |
| Park Enterprise | Pool and Hot Springs | Pool house replacement | 10000000 | | | | | | | 10000000 | | | | |
| Park Enterprise | Pool and Hot Springs | Pool lights/ water lights | 20000 | Need to confirm the lifespan on a new light fixture | | | 20000 | | | | | | 20000 | |
| Park Enterprise | Pool and Hot Springs | Pre Filter tank | 160000 | Corroded | 160000 | | | | | | | | | 175000 |
| Park Enterprise | Pool and Hot Springs | Pump Station ventilation | 5000 | | 9000 | | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Resurface activity | 350000 | | | | | | | | 350000 | | | |
| Park Enterprise | Pool and Hot Springs | Resurface laps | 300000 | | | | | | | | | 300000 | | |
| Park Enterprise | Pool and Hot Springs | Resurface Shallow | 350000 | | | | | 350000 | | | | | | |
| Park Enterprise | Pool and Hot Springs | Sand filter change (hot) | 15000 | | | 15000 | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Sand filter change (overlook) | 15000 | | | | 15000 | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Sand filter change (shallow) | 15000 | | 15000 | | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Shade sale replacement | 39000 | | | 39000 | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Sidewalk repair (Pumphouse) | | | | | | | | x | | | | |
| Park Enterprise | Pool and Hot Springs | Slide Gel Coat | 80000 | | | 80000 | | | | | | | | 90000 |

| Project Projection 10 year CIP | | | | | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parks Enterprise** | | | | | | | | | | | | | | |
| **Fund** | **Facility** | **Project Name** | **Cost** | **Notes** | | | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Snack Shack Renovation | 35000 | Electrical/ Grease traps/ Fire suppression | | | 35000 | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Splash pad install | ? | | | | | | | | | | | X |
| Park Enterprise | Pool and Hot Springs | Tarp storage locker | 15000 | Reconfigure fencing to allow off deck storage enclosure | 15000 | 15000 | | | | | | | | |
| Park Enterprise | Pool and Hot Springs | Wibbit | 16000 | | | 16000 | | | 16000 | | | 17000 | | 18000 |
| park Enterprise | Pool and Hot Springs | Yurt Install | 30000 | Winter amenity for outdoor warming and drying | | 30000 | | | | | | | | |
| | **Pool and Hot Springs** | **TOTAL – Pool and Hot Springs** | **12174000** | | **518000** | **225000** | **100000** | **409000** | **156000** | **10031000** | **350000** | **317000** | **60000** | **749000** |
| Park Enterprise | Poolhouse | Electrical Improvements (Snack shack/ Fitness Center) | 15000 | | | | 15000 | | | | | | | |
| Park Enterprise | Poolhouse | Floor tough coat | 15000 | | 15000 | | | | 16000 | | | | 17000 | |
| Park Enterprise | Poolhouse | Locker room renovation | 15000 | | | | 150000 | | | | | | | |
| Park Enterprise | Poolhouse | New lobby layout | 35000 | | | | | | | | | | | |
| Park Enterprise | Poolhouse | Paint Pool house | 68500 | | | 68500 | | | | | | | | |
| Park Enterprise | poolhouse | Pool house Balcony repair | ? | Working on FCA | X | | | | | | | | | |
| Park Enterprise | Poolhouse | Pool house HVAC | 280000 | | | 280000 | | | | | | | | |
| Park Enterprise | poolhouse | Pool house lockers | 65000 | Cost for Accepting tokens | | 65000 | | | | | | | | |
| Park Enterprise | Poolhouse | POS/ IT/ security/ AV/ PDK and activenet replacement | 75000 | Require IT Support | 75000 | | | | | | | | | |
| Park Enterprise | Poolhouse | Restroom add to the family change | 30000 | | | | 30000 | | | | | | | |
| Park Enterprise | Poolhouse | Sewer line replacement | 100000 | $30,000 for the sewer, tile replacement $20,000, unknown utility conflict $10,000/ week /long closure | 50000 | | | | | | | | | |
| Park Enterprise | Poolhouse | Structural improvements | ? | | | | | | | | | | | |
| Park Enterprise | poolhouse | Urinal Line repair | 30000 | Floor tear out, plumbing reconfiguration, tile, etc | 30000 | | | | | | | | | |
| | **Poolhouse** | **TOTAL – Poolhouse** | **728500** | | **170000** | **413500** | **195000** | **0** | **16000** | **0** | **0** | **0** | **17000** | **0** |
| | | | | | 2204027 | 1611528 | 1127029 | 920030 | 370031 | 20164032 | 702033 | 736034 | 139035 | 1600036 |
| Via Ferrata | | CIP needs to be built | | | | | | | | | | | | |
| | | **TOTAL ALL FACILITIES** | **14203500** | **0** | **1226000** | **1011500** | **660000** | **459000** | **192000** | **10081000** | **350000** | **367000** | **77000** | **799000** |

CITY OF
OURAY
PARKS AND RECREATION

| General Fund (other parks) | | | | | $2,027.00 | $2,028.00 | $2,029.00 | $2,030.00 | $2,031.00 | $2,032.00 | $2,033.00 | $2,034.00 | $2,035.00 | $2,036.00 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund** | **Facility** | **Project Name** | **Cost** | **Notes** | | | | | | | | | | |
| Parks General Fund | Box Cañon park | Fire Mitigation | 50000 | Greater BC tree/ deadwood removal | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 |
| | **Box Cañon park** | **TOTAL – Box Cañon park** | **50000** | | **50000** | **50000** | **50000** | **50000** | **50000** | **50000** | **50000** | **50000** | **50000** | **50000** |
| Parks General Fund | Cascade | Cascade Trail realignment | | Switchback from the perimeter trail heading from the pool parking to cascade | | | | | X | | | | | |
| | **Cascade** | **TOTAL – Cascade** | **0** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | City Hall | Clock Tower and Front side of City Hall | 20000 | I need of Resealing and painting in order to preserve it. | 20000 | | | | | | | | | |
| Parks General Fund | City Hall | HVAC overhaul | 50000 | Replace aged swamp coolers. Upgrade Massard Room baseboard heaters for efficiency and aesthetics. | | | | 50000 | | | | | | |
| Parks General Fund | City Hall | Roof repair | 25000 | Needs to be resealed on City Hall and Community Center sides. | | | 30000 | | | | | | | |
| Parks General Fund | City Hall | Server room and AC replacement | 30000 | Future proofing CNL room. Need IT input. | | | | | | | | | | x |
| | **City Hall** | **TOTAL – City Hall** | **125000** | | **20000** | **0** | **30000** | **50000** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Com Center | Kitchen upgrade | ? | Plumbing, appliance replacement, remodeling. | | | | | | | X | | | |
| | **Com Center** | **TOTAL – Com Center** | **0** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Dog Park | Dog Park Uplift | 20000 | Irrigation, planting, benches, dog fountain | 20000 | | | | | | | | | |
| | **Dog Park** | **TOTAL – Dog Park** | **20000** | | **20000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Fellin Park | Basketball court and long jump repair | 48000 | | | 48000 | | | | | | | | |
| Parks General Fund | Fellin Park | Fellin Park Delineation for events and softball | 25000 | | | | 25000 | | | | | | | |
| Parks General Fund | Fellin Park | Fellin Park Destination Playground | 300000 | | | 300000 | | | | | | | | |
| Parks General Fund | Fellin Park | Fellin Park Retaining wall repair | 10000 | | 10000 | | | | | | | | | |
| Parks General Fund | Fellin Park | Fellin Stage | 1600000 | Alt 4 reduced cost | | | | | | 1600000 | | | | |
| Parks General Fund | Fellin Park | Fish Pond dredge and retaining wall | | | | X | | | | | | | | |
| Parks General Fund | Fellin Park | Old skate park rehab | 14000 | Irrigation Turf, landscaping | 14000 | | | | | | | | | |
| Parks General Fund | Fellin Park | OX2 / OX2 | | Exchange unit designed Implementation | X | | | | | | | | | |
| Parks General Fund | Fellin Park | Parking lot lights | 30000 | Solar Break away | | | 30000 | | | | | | | |
| Parks General Fund | Fellin Park | Parking lot paving | 1360000 | (Post Poolhouse replacement) | | | | | | | | 1360000 | | |
| Parks General Fund | Fellin Park | Power upgrades | 100000 | Concerts, food trucks, convenience. | | | | | 100000 | | | | | |
| Parks General Fund | Fellin Park | Softball improvement | 50000 | Backstop fence rehab, base anchors, fringe, temp fence, turface | | | 50000 | | | | | | | |
| Parks General Fund | Fellin Park | Track resurface | 30000 | | | | | | 30000 | | | | | |
| Parks General Fund | Fellin Park | Tree Replacement | 4000 | Wind break on the east and south side of the park | 4000 | | | | | | | | | |
| Parks General Fund | Fellin Park | Turf Renovation | 45000 | Sand, Soil, Seed, Spread and Drag Level up to 92,000 square feet of field. Infield Renovation and turf | | | | | 45000 | | | | | |
| | **Fellin Park** | **TOTAL – Fellin Park** | **3616000** | | **28000** | **348000** | **105000** | **0** | **175000** | **1600000** | **0** | **1360000** | **0** | **0** |
| Parks General Fund | Hot Springs/ Rotary | Park Sign Repair | 12000 | Community volunteer support could offset | 12000 | | | | | | | | | |
| | **Hot Springs/ Rotary** | **TOTAL – Hot Springs/ Rotary** | **12000** | | **12000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Lee's Ski Hill | Ralign the reel and update the motor. | | Irrigation to the picnic area and Ice Rink area. Top Dress burms for future planting. | | | X | | | | | | | |
| | **Lee's Ski Hill** | **TOTAL – Lee's Ski Hill** | **0** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Lee's Ski Hill rope | rope replacement | 5000 | | | 5000 | | | 6000 | | | 7000 | | 8000 |
| | **Lee's Ski Hill rope** | **TOTAL – Lee's Ski Hill rope** | **5000** | | **0** | **5000** | **0** | **0** | **6000** | **0** | **0** | **7000** | **0** | **8000** |
| Parks General Fund | Perimeter Trail | Perimeter trail parking lot | 20000 | | | 20000 | | | | | | | | |
| | **Perimeter Trail** | **TOTAL – Perimeter Trail** | **20000** | | **0** | **20000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | River Trail | CD Box Cañon Link to PED Path | 70000 | Concept alignment. | 70000 | | | | | | | | | |
| Parks General Fund | River Trail | River Trail to Hot springs connection | | Easement Required or CDOT or Bridge | | | | | X | | | | | |
| | **River Trail** | **TOTAL – River Trail** | **70000** | | **70000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Rotary Park | Ice Rink lights | 20000 | | | | | | | | 20000 | | | |
| Parks General Fund | Rotary Park | Ice Rink Pad, Power and Roof | 2140000 | Cost will depend on scope (Simple or with event ability) | | | | 2140000 | | | | | | |
| Parks General Fund | Rotary Park | Playground replacement | 150000 | | | | | | | | | | | 150000 |
| Parks General Fund | Rotary Park | Rotary Park irrigation/ Soil | 50000 | Irrigation to the picnic area and Ice Rink area. Top Dress burmes for future planting. | | | 50000 | | | | | | | |

| General Fund (other parks) | | | | | $2,027.00 | $2,028.00 | $2,029.00 | $2,030.00 | $2,031.00 | $2,032.00 | $2,033.00 | $2,034.00 | $2,035.00 | $2,036.00 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund** | **Facility** | **Project Name** | **Cost** | **Notes** | | | | | | | | | | |
| Parks General Fund | Rotary Park | Rotary Park Sewer | 30000 | Move Restroom or add lift. | | 30000 | | | | | | | | |
| Parks General Fund | Rotary Park | Skate Park | 75000 | | | | | 75000 | | | | | | |
| | **Rotary Park** | **TOTAL – Rotary Park** | **2465000** | | **0** | **30000** | **50000** | **2215000** | **0** | **0** | **20000** | **0** | **0** | **150000** |
| Parks General Fund | Rotary/ Fellin/ Womens | Playground fall protection | 35000 | | | 35000 | | | | | | | | |
| | **Rotary/ Fellin/ Womens** | **TOTAL – Rotary/ Fellin/ Womens** | **35000** | | **0** | **35000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Switzerland of America sign | Repair | | Do not believe this is a city asset needs research | | | | | | | | | | |
| | **Switzerland of America sign** | **TOTAL – Switzerland of America sign** | **0** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Trails | Trail Repair | | Rolling line item for high level maintenance above the ability of local volunteers | | | | | | | | | | |
| | **Trails** | **TOTAL – Trails** | **0** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Tourism | VC | Restroom Remodel | | | | | X | | | | | | | |
| Tourism | VC | Roof Repairs | 8000 | Eastside Roof - wind and ice have caused damage and need replacement. | | 8000 | | | | | | | | |
| Tourism | VC | Window Replacement | | | | | X | | | | | | | |
| | **VC** | **TOTAL – VC** | **8000** | | **0** | **8000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Parks General Fund | Womans park | Playground replacement | 100000 | | | | | | | | | | 100000 | |
| Parks General Fund | Womans Park | Turf renovation | 9000 | Irrigation and turf | | | 9000 | | | | | | | |
| | **Womans park** | **TOTAL – Womans park** | **109000** | | **0** | **0** | **9000** | **0** | **0** | **0** | **0** | **0** | **100000** | **0** |
| | | | | | 402027 | 848028 | 372029 | 202030 | 464031 | 3302032 | 122033 | 2836034 | 102035 | 118036 |
| Parks General Fund | | SCADA replacement | | | | | | | | | | | | |
| | | **TOTAL ALL FACILITIES** | **6535000** | **0** | **200000** | **496000** | **244000** | **2315000** | **231000** | **1650000** | **70000** | **1417000** | **150000** | **208000** |

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**Capital Improvement Plan (CIP) Policy**

## Purpose

The Capital Improvement Plan (CIP) is a multi-year planning tool used to identify, prioritize, and fund major capital investments necessary to maintain and improve the City of Ouray's infrastructure, facilities, and equipment. The CIP ensures that capital spending aligns with City Council goals, Strategic Plan objectives, and long-term financial sustainability.

City of Ouray staff will create a long-range Capital Improvement Plan (CIP). The CIP included for budget consideration will define and prioritize the capital projects the City plans to undertake over the next five years. The first year will represent the current budget year appropriation; years two through five are illustrative planning years.

Capital infrastructure is essential for the community's health, safety, and economic vitality. This policy supports responsible stewardship by:

- Protecting and improving historical investments in City assets
- Promoting wise investment in new infrastructure
- Ensuring transparent, predictable, and fiscally responsible capital planning

## Capital Projects

A Capital Improvement Project is a permanent addition to the City's assets of major importance and cost. A capital project is an investment of public or private funds totaling $50,000 or more with a three-year or longer useful life.

Examples include construction of new structures, reconstruction of existing structures, or renovation that extends useful life.

Planning, design, engineering, land acquisition, construction, renovation, demolition, equipment, and studies are included when calculating capital expenditures. Ongoing operating and maintenance costs must be considered during project evaluation and prioritization.

Construction projects, equipment purchases, and certain studies costing between $5,000 and $50,000 will be included in the operating budget.

If an operating or maintenance project exceeds $50,000 but does not meet the useful-life criteria for CIP inclusion, it will remain in the operating budget.

## Budget Process

During the annual budget cycle, after Council priorities are established, staff will recommend projects for the CIP. At minimum, each project must include:

- Summary of project scope
- Long-term operating and maintenance costs
- Funding source
- Project timing (planning, bidding, construction, milestones)
- Explanation of how the project supports Council goals and the Strategic Plan

The City Manager, Finance staff, and Department Directors will evaluate project proposals, determine phasing, and review the CIP section of the proposed budget. Project evaluation and selection will consider:

- Long-term forecasts of capital spending and operational impacts
- Project impact on other projects and shared costs
- Funding of preliminary activities when appropriate
- Operating and maintenance costs
- Life-cycle costing
- Project timing and scope feasibility
- City and departmental priorities
- Compliance with City standards

A quarterly CIP report will be provided to City Council for monitoring.

Annual CIP appropriations are based on projects designated by City Council through adoption of the annual budget. If new projects or additional resources are needed during the fiscal year, they will be brought to Council for review and approval consistent with Colorado budget law.

Multi-year projects or projects not completed within the fiscal year will be submitted as part of the annual budget process for review and approval. Unspent funds from completed projects will be returned to the appropriate funding source.

**Funding Strategy**

The CIP is a balanced long-term plan and serves as a companion to the operating budget and fund balance policies. Over the full CIP period, revenues must equal projected costs. Council may consider unfunded projects and may defund an existing project in favor of another.

The City will use a mix of grants, dedicated revenues, general revenues, enterprise revenues, and other available sources to support capital projects. All decisions regarding debt issuance, repayment, and long-term financing shall follow the City's adopted Debt Policy, which governs allowable debt instruments, financial capacity, and required evaluation criteria.

**Asset Inventory**

The City will develop and maintain a full asset inventory projecting equipment replacement and maintenance needs over a multi-year period. The inventory will describe current asset condition, compare it to standard condition, and account for full lifecycle maintenance costs and risks associated with assets below standard condition.

Departments must ensure their records align with the City's capital asset records.

**Funding of Asset Maintenance**

It is the City's policy to assign sufficient resources to preserve existing assets before assigning resources to build or acquire new assets. This protects historical investment and prevents acquisition of assets that are cost-prohibitive to maintain.

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# CAPITAL ASSET MANAGEMENT POLICY

## Capital Asset Management Elements

The major elements of the Capital Asset Management process for the City are:

1. Capital Improvement Planning – Establish and maintain a 5-year Capital Expenditures Plan (CEP)
2. Capital Budgeting – Refer to the CEP when preparing the annual budget
3. Capital Project Management – Outsource when there is potential for significant staff impact
4. Capital Asset Maintenance – Evaluate prior to acquisition and throughout asset life-cycle

## Capital Improvement Planning

The City shall establish and maintain a five-year Capital Expenditures Plan (CEP) for the purpose of identifying anticipated capital projects and equipment purchases, as well as the related financing sources. The CEP provides a link between the Strategic Plan and the annual budget. The CEP shall be updated annually to include all department needs, in conjunction with the annual budget process. The City shall strive to maintain a balanced mix of financing for funding capital projects, including current available revenue, grants, fees, and debt financing without reliance on any one source. Future operating costs associated with new capital improvements shall be projected and included in budget forecasts, accordingly.

## Capital Budgeting

The annual budget shall incorporate those improvements identified and prioritized within the CEP for the next year. The capitalization level is $5,000 with a life expectancy of two or more years. In conjunction with presenting the cost of a new asset, the ongoing maintenance cost of that asset shall be considered prior to budget approval. Funding sources for new assets shall be identified in the annual budget. Significant purchases of less than $5,000 should be budgeted and recorded in Inventory Equipment, so those items may be tracked for management purposes.

## Capital Project Management

Project management is critical to the success of a capital project. The City shall consider the time and expertise required for each capital project, and contract for project management at times when it is not feasible to utilize staff. Capital spending and funding sources shall be tracked and maintained with supporting documentation in a Capital Projects Notebook by year. Project spending shall be summarized by year and recorded in the Asset Management module of the City's accounting system for asset cost and depreciation purposes.



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## Capital Asset Maintenance

The City shall operate and maintain its physical assets in a manner that protects capital investment and ensures achievement of maximum useful life. Capital assets shall be scheduled for evaluation of condition, timely maintenance, and expected year for replacement. The annual budget shall provide adequate funding for capital asset maintenance and repair. The City shall provide for the orderly replacement of capital assets.



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# Reserves Policy

## Purpose

Adequate reserve levels are essential to the City's financial stability. Reserves provide protection against revenue shortfalls, unanticipated expenditures, emergencies, and economic downturns. They also contribute to strong credit ratings and lower borrowing costs. This policy establishes reserve requirements for the City's General Fund, Special Revenue Funds, Enterprise Funds, and Fiduciary Funds.

## General Fund Reserves

The City will maintain General Fund reserves equal to six (6) months of regular operating expenditures, plus the TABOR emergency reserve of 3% of fiscal year spending.

This exceeds the GFOA minimum recommendation of two months and reflects Council's direction to strengthen financial resilience.

The TABOR reserve may only be used for declared emergencies (excluding financial emergencies) and is included within the overall General Fund reserve requirement.

## Special Revenue Funds Reserves

Special revenue funds include the Tourism Fund, Beautification Fund, and Conservation Trust Fund.

These funds will maintain reserves equal to six (6) months of annual operating expenditures, consistent with Council direction.

## Enterprise Funds Reserves

Enterprise funds include the Water Fund, Sewer Fund, Utilities Capital Improvements Fund, Refuse/Recycle Fund, and Parks Fund.

All enterprise funds will maintain reserves equal to six (6) months of annual operating expenditures, except:

> Parks Fund - The Parks Fund will maintain reserves equal to nine (9) months of annual operating expenditures, reflecting Council direction and the fund's unique operational and seasonal risk profile.

Enterprise Funds should accumulate capital reserves to meet future debt service payments, prepare for future capital needs, and comply with any financing agreement requirements.

## Fiduciary Fund Reserves

The City's fiduciary fund is the Ouray Volunteer Firemen's Pension Fund, administered by the Fire and Police Pension Association (FPPA).

FPPA conducts a biennial actuarial study to determine the City's pension liability and required reserve level. The State will match up to 90% of the City's prior-year pension contribution, limited to one-half mill of assessed valuation.

The City will strive to:

- Budget its annual pension contribution at a level that achieves the maximum State match, and
- Maintain a fully funded status for the pension plan.

**Replenishment of Reserves**
If any fund's reserves fall below the required threshold, the City will strive to restore the minimum level within the next budget cycle, and no later than the third budget cycle following the use.

Longer-term replenishment plans must be incorporated into a long-term financial plan.

**Surplus Funds**
When reserves exceed the required outlined thresholds and the fund is structurally balanced, a minimum of 10% of surplus funds will be devoted to capital projects or future infrastructure and facility maintenance needs or remaining surplus may be used to support one-time expenditures, strategic initiatives, or long-term capital planning.

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# RESERVES POLICY

## Reserves Elements

The major elements of the Reserves process for the City are:

1. General Fund Reserves – The primary reason for General Fund reserves is to be prepared for contingencies.
2. Special Revenue Funds Reserves – The purpose of each special revenue fund guides the evaluation of appropriate reserves level.
3. Enterprise Funds Reserves – The unique needs and significance of each enterprise fund guides the evaluation of appropriate reserves level.
4. Fiduciary Fund Reserves – The biennial actuarial study of the Firemen's Pension Plan provides the reserves level to meet expected retirement costs.

## General Fund Reserves

The main reason for General Fund reserves is for risk management and financial flexibility. TABOR law requires a minimum General Fund reserve of 3% of 'fiscal year spending' to be used for declared emergencies only (excludes financial emergencies). The Government Finance Officers Association (GFOA) recommends a minimum reserves level of two months (or 17%) of General Fund operating expenditures. The City shall strive to establish and maintain the GFOA recommended reserves level.

## Special Revenue Funds Reserves

The City's special revenue funds consist of the Tourism Fund, Beautification Fund, and Conservation Trust Fund. In general, there is no minimum reserves requirement for these funds, and they may be spent to a zero balance annually. Due to unforeseen needs that may arise, it is prudent for the City to maintain a 10% reserve in each of these funds. Additionally, an accumulation of reserves may serve as a grant match for a future capital project, and should be considered in conjunction with the Strategic Plan.

## Enterprise Funds Reserves

The City's enterprise funds consist of the Water Fund, Sewer Fund, Utilities-Capital Improvements Fund, Refuse/Recycle Fund, and Parks Fund. Generally, a reserve of 10-20% of annual operating expenditures is desirable. For capital, reserves should accumulate for future debt service payments and in anticipation of future capital needs. The City shall maintain reserves required by any financing agreement.



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## Fiduciary Fund Reserves

The City's one fiduciary fund is the Ouray Volunteer Firemen's Pension Fund. The assets of this fund are administered by the Fire and Police Pension Association (FPPA). The FPPA contracts for a biennial actuarial study to determine the City's pension liability and reserves level. The State will match up to 90% of the City's prior year pension contribution, limited to one-half mill of the City's assessed valuation. Annually, the City shall strive to budget its pension contribution at a level to achieve the maximum State match and maintain a fully funded status.



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# STATEMENT OF FINANCIAL POLICIES

## Purpose and Scope

The City has a responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the provision of services desired by the public. Sound financial policies are necessary to carry out that responsibility. This Statement of Financial Policies (SOFP) provides a summary of significant financial and budgetary policies required by State law, the City's home rule charter, City ordinances, generally accepted accounting principles (GAAP), and administrative practices.

The purpose of the SOFP is to provide conceptual standards for financial decision making; to enhance consistency in financial decisions; and to establish parameters for administration to use in directing the day-to-day financial affairs of the City.

The scope of the SOFP includes the following individual policies, as recommended by the Government Finance Officers Association (GFOA):

Long-term Financial Planning
Annual Budget
Reserves
Investments
Revenues
Expenditures
Capital Asset Management
Debt
Financial Reporting
Internal Controls and Risk Management
Procurement
Local Economic Development

These policies shall be reviewed periodically and presented to Council annually during the budget process.

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# LONG-TERM FINANCIAL PLANNING POLICY

## Financial Planning Elements

The major elements of the Financial Planning process for the City are:

1. Strategic Plan – Establishes goals and objectives for organizational planning.
2. Forecast of Revenues and Expenditures – Determines fiscal sustainability over the long-term.

## Strategic Plan

The purpose of the Strategic Plan (SP) is to identify Council goals and objectives to address major policy issues. Adopted by Council in 2014, the SP establishes a prioritized framework to guide the City with all aspects of organizational planning to meet service expectations. In conjunction with the annual Council goal-setting retreat, the SP shall be reviewed and then updated at a Council work session with staff. This process may occur on an interim basis, as needed. Council shall adopt revisions to the SP at a regular Council meeting. Council shall consider any new proposal in light of the goals and objectives of the adopted SP, including prioritization, prior to taking action to approve the proposed item. Generally, preservation of existing infrastructure and core services has higher priority than any new project.

## Forecast of Revenues and Expenditures

The City recognizes the importance of long-term financial planning to prepare for future needs. Similarly, it recognizes that prudent financial planning considers the multi-year implications of financial decisions. In order to determine fiscal sustainability, a long-term financial forecast should be updated annually. Prior to the annual budget process, staff shall prepare a ten-year financial forecast of revenues and expenditures, based on general assumptions of inflation, demographics, and economic projections. This effort should identify any long-term imbalances in financial position, so that strategies may be developed to counteract those imbalances.

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# ANNUAL BUDGET POLICY

## Budget Elements

The major elements of the Annual Budget process for the City are:

1. Budget Principles – Adherence to standards for governmental accounting
2. Budget Process – Timeline for development and adoption of annual budget.
3. Budget Format and Content – Required and recommended presentations in budget notebook

## Budget Principles

*Balanced Budget* – The budget shall be balanced for each fund, represented by a positive fund balance for each fund for the next year end. The formula is: + beginning fund balance + next year revenues – next year expenditures = positive fund balance. When necessary, the following budget-balancing strategies will be used, in order of priority:

1) Reduce expenditures through improved productivity
2) Shift expense to other parties
3) Create new service fees or increase existing fees
4) Seek tax rate increases
5) Reduce or eliminate services
6) Schedule personnel reductions to come primarily from attrition
7) Annual review of fund transfers

*Conservatism* – Revenues will be projected conservatively, but realistically, considering:

1) Past experience
2) Volatility of the revenue source
3) Inflation and other economic conditions
4) Cost of providing services

*One-time or special purpose revenues* – These unique revenues should be used to finance capital projects or expenditures required by the revenue source, and should not be used to subsidize recurring personnel or other operating costs.

*Cost Allocations* – Payroll and other shared expenditures shall be allocated to the funds for which the services support. The allocation may be based on time tracking or reasonable assumptions of service effort.



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*Capital Assets* – The budget shall provide for adequate maintenance and repair of capital assets. Staff shall establish a maintenance and replacement needs analysis for the life-cycle of assets, in order to plan for an orderly process of asset replacement. The City shall consider technological and capital investment projects which are cost effective and which will reduce operating costs as high priorities for funding.

*Financing* – The budget will provide sufficient funding to cover annual debt retirement costs, as well as to comply with existing debt covenants throughout the life of debt obligations.

*Budgetary Controls* – The City will maintain a budgetary control system to ensure adherence to the budget. City Administration will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts. Monthly departmentals shall be prepared and distributed to department heads to monitor their expenditures. A Treasurer's Report shall be included in the Council packet. This report shall include a financial analysis of variations to budget, fund summary, cash flow, capital project tracking, and log of Council actions approving unbudgeted expenditures.

*Coordination with Long-term Financial Planning* – The City shall refer to the Strategic Plan as a guide for budgeting capital projects and maintenance in the next year budget.

## Budget Process

According to State budget law (C.R.S. 29-1), the City's budget year is January 1 – December 31st. By January 31st a certified copy of the budget must be filed with the Department of Local Government (DLG). The annual audit must be filed (or extended) with the Office of the State Auditor by July 31st. Staff shall develop a recommended budget for Council review at a multi-day work session in early October. The statutory deadline for submission of the proposed budget to Council is October 15th. After submission of the proposed budget to Council, staff shall post and have published a Notice of Budget for the public hearing. The proposed budget shall be made available to the public by October 31st, with the public hearing scheduled for the first regular Council meeting in November. The policy of the City is to have Council adopt the annual budget at the first regular Council meeting in December, in order to certify the mill levy to the County by the statutory deadline of December 15th. The budget must be adopted prior to certifying the mill levy, and may be adopted at a special Council meeting if necessary. By statute, Council must approve any supplemental appropriations for the current year budget by December 31st. The policy of the City is to have supplemental appropriations approved at the second regular Council meeting in December.

## Budget Format and Content

The budget shall be prepared on the modified accrual basis and adopted at the fund level. State budget law requires that the budget include estimated beginning and ending fund balances, as well as three years of comparable data (prior year audited, current year estimated, and next year budget), developed as follows:

- Current year estimated (e.g. EST15) – This is a staff review of current year-to-date actual (typically through August financials), consideration of remaining budget, and identification of unplanned revenues and expenditures. This process determines the beginning fund balances for the next year budget.
- Next year budget (e.g. BUD16) – This is a collaborative process of staff and Council to present a proposed budget for a public hearing, followed by adoption at a subsequent meeting.

City Administration shall prepare a Budget Notebook with the following sections as a guide for the multi-day Council and staff budget work sessions:



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Budget Calendar and Work Session Agenda (timeline from August – December, time slots for specific work session topics)
Budget Memo (summary of current year activities, multi-year trends of revenues and expenditures, economic forecast, departmental review with policy questions for Council consideration in next year budget)
Budget (fund balance summary, fund summary, budget worksheet)
Payroll (salaries & wages, taxes & benefits by department)
Debt (principal & interest payments by year)
Taxes (cumulative flume property tax, sales tax, lodging occupation tax)
Other (outside funding requests)



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# RESERVES POLICY

## Reserves Elements

The major elements of the Reserves process for the City are:

1. General Fund Reserves – The primary reason for General Fund reserves is to be prepared for contingencies.
2. Special Revenue Funds Reserves – The purpose of each special revenue fund guides the evaluation of appropriate reserves level.
3. Enterprise Funds Reserves – The unique needs and significance of each enterprise fund guides the evaluation of appropriate reserves level.
4. Fiduciary Fund Reserves – The biennial actuarial study of the Firemen's Pension Plan provides the reserves level to meet expected retirement costs.

## General Fund Reserves

The main reason for General Fund reserves is for risk management and financial flexibility. TABOR law requires a minimum General Fund reserve of 3% of 'fiscal year spending' to be used for declared emergencies only (excludes financial emergencies). The Government Finance Officers Association (GFOA) recommends a minimum reserves level of two months (or 17%) of General Fund operating expenditures. The City shall strive to establish and maintain the GFOA recommended reserves level.

## Special Revenue Funds Reserves

The City's special revenue funds consist of the Tourism Fund, Beautification Fund, and Conservation Trust Fund. In general, there is no minimum reserves requirement for these funds, and they may be spent to a zero balance annually. Due to unforeseen needs that may arise, it is prudent for the City to maintain a 10% reserve in each of these funds. Additionally, an accumulation of reserves may serve as a grant match for a future capital project, and should be considered in conjunction with the Strategic Plan.

## Enterprise Funds Reserves

The City's enterprise funds consist of the Water Fund, Sewer Fund, Utilities-Capital Improvements Fund, Refuse/Recycle Fund, and Parks Fund. Generally, a reserve of 10-20% of annual operating expenditures is desirable. For capital, reserves should accumulate for future debt service payments and in anticipation of future capital needs. The City shall maintain reserves required by any financing agreement.



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**Fiduciary Fund Reserves**

The City's one fiduciary fund is the Ouray Volunteer Firemen's Pension Fund. The assets of this fund are administered by the Fire and Police Pension Association (FPPA). The FPPA contracts for a biennial actuarial study to determine the City's pension liability and reserves level. The State will match up to 90% of the City's prior year pension contribution, limited to one-half mill of the City's assessed valuation. Annually, the City shall strive to budget its pension contribution at a level to achieve the maximum State match and maintain a fully funded status.

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# INVESTMENTS POLICY

## Investments Elements

The major elements of the Investments process for the City are:

1. Authority – State law and City's home rule charter define the scope of investment portfolios.
2. Objectives – Key principles of investing: safety, liquidity, and yield are to be followed.
3. Pooling of Funds – Funds are combined to maximize earnings and increase efficiencies.

## Authority

Investment of public funds of governmental entities is restricted and qualified by the provisions of C.R.S. 24-75-601.1 and 24-75-702. Additionally, the City's home rule charter section 9.9 provides for deposit of funds into any bank, depository, savings and loan, financial institution, investment, or security authorized by State statute. Common types of investment are U. S. Treasury obligations and agency instruments that have a liquid market, certificates of deposit, commercial paper, investment-grade obligations of governmental entities, money market mutual funds, and local government investment pools. Full collateralization as required by the Public Deposit Protection Act (PDPA), shall be required on all demand deposit accounts, including checking accounts and certificates of deposit.

## Objectives

Safety of principal is the foremost objective of the investment portfolio, thereby mitigating credit risk and interest rate risk. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated, by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Core investments are limited to relatively low risk securities in anticipation of earning a fair rate of return relative to the risk being assumed. Securities shall generally be held until maturity.

## Pooling of Funds

The City shall consolidate cash balances from all non-fiduciary funds to maximize investment earnings and provide for staff efficiencies. Investment income shall be allocated to the various funds based on their



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respective fund participation. Also, State statutes allow the City to participate in one or more investment pools consisting of other governmental entities.

## Internal Controls

The Council and City Administrator shall be the only signatories on banking and investment accounts. Liquidation of an investment shall only be made by deposit into the City's checking account, and requires only one authorized signature. The City Clerk/Treasurer shall utilize the 'prudent person' standard in making recommendations for investment options, and shall not have transactional authority. The City Clerk/Treasurer shall timely reconcile all banking and investment accounts.



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# REVENUES POLICY

## Revenues Elements

The major elements of the Revenues process for the City are:

1. Revenue Goals – Plan and allocate resources in accordance with long-term financial planning
2. Revenue Estimates – Forecast revenues conservatively and objectively, incorporating trends
3. Taxes – Correlate service beneficiaries with any request to increase taxes
4. User Fees – Evaluate for adequate cost recovery for services benefiting service recipients
5. Grants – Seek grants with reasonable match to leverage City funds for special projects
6. Non-recurring and Volatile Revenues – Apply non-recurring revenues to reserves or one-time expenditures, and rely upon normal trend of volatile revenues to fund expenditures

## Revenue Goals

The City shall strive to maintain a diversified and stable revenue system to mitigate short-term fluctuations in any one revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of an economic downturn. The City shall pay for current expenditures with current revenues, avoiding procedures that balance the current budget by postponing needed expenditures. Periodically, staff shall analyze the potential and purpose for new revenue sources, and present to Council.

## Revenue Estimates

The City shall prepare revenue estimates based on conservative and objective data, including consideration of historical revenue trends.

## Taxes

Inherently, economic conditions and citizen demand for services put pressure on existing tax sources and levels for financial sustainability. When trying to maintain core services, the City shall strive to manage expenditures before asking voters to increase taxes. The City shall relate the tax source to the tax beneficiaries when asking voters for a tax increase or a new tax source.

## User Fees

Annually, the City shall review and recommend General Fund user fees at a level related to the cost of providing the service. For enterprise funds, the City shall consider total direct and indirect costs of the



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activity, including a provision for capital replacement. Additionally, the recommended rates shall take into account any required debt service coverage or reserve commitments. City Council has the authority to set user fees by ordinance. Staff shall be timely and diligent in collecting all user fees.

## Grants

Any grant pursued should be consistent with the City's strategic priorities. Initially, grant revenues reduce the reliance on taxes and fees drawn from the community, but after a grant expires, general tax dollars may be needed to maintain the asset acquired or support an ongoing program. Therefore, a full life-cycle analysis to consider the value of the grant should be performed, including the cost of administering the grant.

## Non-recurring and Volatile Revenues

Non-recurring revenues (e.g. sale of assets, settlement from a law suit) should not be used to fund ongoing operations. Such revenues may be expended for one-time uses, or applied to reserves, as directed by Council. Volatile revenues (e.g. sales tax revenues higher than the normal growth rate) should not be used to fund ongoing operations. Such revenues should be used for one-time expenditures, or to increase reserves for an economic downturn.



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# EXPENDITURES POLICY

## Expenditures Elements

The major elements of the Expenditures process for the City are:

1. Funding Operations – Connect expenditures to core service expectations
2. Personnel Compensation – Attract, retain, and reward quality employees to provide quality services
3. Funding Non-current Liabilities – Prepare for and adequately fund future obligations
4. Efficiency – Make efficient use of limited resources through process improvements and technology
5. Outsourcing – Evaluate cost/benefit of using employees vs. contractors for projects

## Funding Operations

For the General Fund, City expenditures should be connected to ongoing services providing health, safety, and welfare. For the enterprise funds, City expenditures should support the ongoing services that are the purpose of the fund, and should be limited to the current revenues of the fund. Ongoing operating expenditures shall not be funded by one-time revenue sources. Cost allocations shall be made across funds for shared goods and services, and for capital projects. The City shall structure service levels in the context of financial sustainability.

## Personnel Compensation

Due to the service nature of municipal government, personnel costs are approximately 50% of expenditures. Employees are the City's most important 'asset'. Therefore, the City shall maintain compensation strategies that are sufficient to attract and retain quality employees, and that are competitive with other regional employers having similar job positions. The City shall periodically review and adjust its pay ranges to ensure pay rates are reasonable based on market analysis and value of work, as well as individual job performance. The City shall strive to reward employees through pay rate increases that exceed the inflation rate. The City shall maintain a benefits plan that enhances total compensation, when determining value to prospective and current employees. The City shall establish personnel budgets necessary to provide quality services.

## Funding Non-current Liabilities

The City shall have a strategic intent to keep its assets in good condition and to prioritize funding for maintenance and replacement during the budget process. The City shall timely and adequately fund its



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Firemen's Pension Plan, in accordance with the results of the biennial actuarial study provided by the Fire and Police Pension Association (FPPA).

## Efficiency

The City shall make efficient use of limited financial and personnel resources through process improvements and technology. Prior to the annual budget, each department should work as a team to analyze its systems and procedures to remove unnecessary tasks, evaluate the benefit of new technologies and capital investment that should be considered in the next year budget. The City shall develop the skills and abilities of its employees through proper training courses and cross-training among department employees. Each year-round employee shall timely receive an annual performance evaluation, followed by a quarterly meeting of the supervisor and employee to review progress towards identified goals.

## Outsourcing

Regular City operations should be performed by City employees. For special projects and unplanned needs, the City should evaluate the cost/benefit of utilizing contract labor. Any contract for services should include competitive forces for the life of the contract (should the contractor fail to deliver); be specific as to performance expectations (end result vs. means); include penalties for lack of performance; and the economics should make sense (staff time to manage contractor).



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# CAPITAL ASSET MANAGEMENT POLICY

## Capital Asset Management Elements

The major elements of the Capital Asset Management process for the City are:

1. Capital Improvement Planning – Establish and maintain a 5-year Capital Expenditures Plan (CEP)
2. Capital Budgeting – Refer to the CEP when preparing the annual budget
3. Capital Project Management – Outsource when there is potential for significant staff impact
4. Capital Asset Maintenance – Evaluate prior to acquisition and throughout asset life-cycle

## Capital Improvement Planning

The City shall establish and maintain a five-year Capital Expenditures Plan (CEP) for the purpose of identifying anticipated capital projects and equipment purchases, as well as the related financing sources. The CEP provides a link between the Strategic Plan and the annual budget. The CEP shall be updated annually to include all department needs, in conjunction with the annual budget process. The City shall strive to maintain a balanced mix of financing for funding capital projects, including current available revenue, grants, fees, and debt financing without reliance on any one source. Future operating costs associated with new capital improvements shall be projected and included in budget forecasts, accordingly.

## Capital Budgeting

The annual budget shall incorporate those improvements identified and prioritized within the CEP for the next year. The capitalization level is $5,000 with a life expectancy of two or more years. In conjunction with presenting the cost of a new asset, the ongoing maintenance cost of that asset shall be considered prior to budget approval. Funding sources for new assets shall be identified in the annual budget. Significant purchases of less than $5,000 should be budgeted and recorded in Inventory Equipment, so those items may be tracked for management purposes.

## Capital Project Management

Project management is critical to the success of a capital project. The City shall consider the time and expertise required for each capital project, and contract for project management at times when it is not feasible to utilize staff. Capital spending and funding sources shall be tracked and maintained with supporting documentation in a Capital Projects Notebook by year. Project spending shall be summarized by year and recorded in the Asset Management module of the City's accounting system for asset cost and depreciation purposes.



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**Capital Asset Maintenance**

The City shall operate and maintain its physical assets in a manner that protects capital investment and ensures achievement of maximum useful life. Capital assets shall be scheduled for evaluation of condition, timely maintenance, and expected year for replacement. The annual budget shall provide adequate funding for capital asset maintenance and repair. The City shall provide for the orderly replacement of capital assets.



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# DEBT POLICY

## Debt Elements

The major elements of the Debt process for the City are:

1. Short-term Debt
2. Long-term Debt
3. Government Lease-purchase Agreements
4. Pay-as-you-go Financing

## Short-term Debt

Short-term debt is for a period of one year, or less. The City may use short-term debt to cover temporary cash flow shortages caused by a delay in receipting tax revenues or issuing long-term debt. The City shall not use short-term debt for current operations. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. All interfund short-term borrowing will be subject to Council approval by ordinance or resolution and will bear interest based upon prevailing rates.

## Long-term Debt

Long-term debt is for a period of more than one year. The City may issue long-term debt for a capital project of $1 million, or more. The City will not use long-term debt for current operations. The City should contract with a 'registered municipal advisor' to determine financing capacity and strategies for any bond issue. Every project proposed for financing through a bond issuance shall be accompanied by a full analysis of the future operating and maintenance costs associated with the project. Bonds may not be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed. Other financing sources, such as grants and donations, shall be explored in order to minimize the amount of long-term debt needed to finance a project.

## Government Lease-purchase Agreements

Government lease-purchase agreements shall be used when the cost of borrowing or other factors make it in the City's best interest. This type of financing is not a multi-year obligation as defined in TABOR law, and as such, does not require voter approval. Lease payments must be appropriated on an annual basis, and if not appropriated, the financed equipment is returned to the lessor.



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**Pay-as-you-go Financing**

Pay-as-you-go financing may be used when the project can be adequately funded from available current revenues and fund balances, and when the project can be completed in an acceptable timeframe given the available revenues.



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# FINANCIAL REPORTING POLICY

## Financial Reporting Elements

The major elements of the Financial Reporting process for the City are:

1. Accounting Authority – Comply with Generally Accepted Accounting Principles and State law
2. Fund Accounting – Establish funds according to service provision and regulatory requirements
3. Budget Comparisons – Present financial information in a budget vs. actual format
4. External Reporting – Create transparency with audited financial statements and regulatory reporting
5. Internal Reporting – Prepare monthly financials for management purposes

## Accounting Authority

The City shall comply with Generally Accepted Accounting Principles (GAAP) and applicable Colorado Revised Statutes (Statutes). Periodically, the Governmental Accounting Standards Board (GASB) promulgates new standards that governmental entities are required to follow. The City shall provide training and resources for staff to develop and maintain competencies with respect to implementing proper accounting practices. The Clerk/Treasurer shall have the authority to develop accounting estimates, the interpretation of accounting principles, and the design of the general ledger and chart of accounts.

## Fund Accounting

The most unique aspect of governmental accounting, as compared to business accounting, is the use of self-balancing funds to separate revenues and expenditures by type of activity, or as required by regulations. The Council shall strive to make financial decisions that will maintain the integrity and sustainability of each fund operating independently from any other fund. The General Fund represents activities in support of health, safety, and welfare. Its sources of revenue are mostly tax based, under the theory that all citizens benefit from these services. Special purpose funds are also tax based, or distributed to the City by Statute. These funds include the Tourism Fund, the Beautification Fund, and the Conservation Trust Fund. City Code and Statutes are the authority for the restricted spending of these funds. Enterprise funds are established for City services that function like a business, whereby user fees are charged at a level expected to cover the cost of services and provide for capital replacement. These funds include the Water Fund, the Sewer Fund, the Utilities – Capital Improvements Fund, the Refuse/Recycle Fund, and the Parks Fund. A fiduciary fund is established to maintain the financial transactions of funds held in trust for specific recipients in the future. The Firemen's Pension Fund is the City's only fiduciary fund.



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**Budget Comparison**

The accounting system shall be maintained on the modified accrual basis, and separately track revenues, expenditures, and balances by fund. The next year budget as adopted and appropriated by Council is the legal authority for spending. Therefore, it is critical to the organization to timely monitor actual revenues and expenditures, as compared to budget, in order to ensure activities are managed within the budget authority. Unplanned expenditures need to be approved by Council and tracked for comparison to budget. Prior to year end, a resolution for supplemental appropriations is required if expenditures will exceed the adopted budget on the fund level.

**External Reporting**

The external reporting process ensures transparency and legal compliance for stakeholders. The City shall engage a Certified Public Accountant to perform an annual audit of its financial statements. Following the audit presentation to Council, staff shall make the audit available to the public and to the City's current lenders. Staff shall prepare and timely file all required financial statements according to the various federal and State regulations pertinent to the City's activities.

**Internal Reporting**

For management purposes, monthly departmentals shall be prepared on a line item basis in a budget vs. actual format, including a presentation of the three prior years' actual, prior year-to-date actual, and current year-to-date actual.

*First Council meeting of the month* – A Treasurer's Report of the monthly Lodging Occupation Tax statistics generally will be included in the Council packet for the first Council meeting of the month. This report shall include spreadsheets tracking available rooms, rooms rented, and dollars collected by month and for multiple years.

*Second Council meeting of the month* – A Treasurer's Report will be prepared and generally included in the Council packet for the second meeting of each month (except at the beginning of the year due to the delay of the year-end closing process). The report shall include a multi-year Fund Balance Summary; a Fund Summary of Revenues and Expenditures by major category with a comparison to budget and percentage variance; a Cash Position Summary by fund; a Council Minutes Log of actions approving revenues and expenditures subsequent to the adopted budget; and a Capital Projects Summary comparing capital spending against authorizations. Significant variances to budget shall be summarized in a cover memo to assist Council and staff in managing the budget for the remainder of the year. Additionally, the report shall include monthly Sales Tax statistics for multiple years on a summary level with business categories, in order to comply with State law to maintain confidentiality of proprietary information.



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# INTERNAL CONTROLS AND RISK MANAGEMENT POLICY

## Internal Control and Risk Management Elements

The major elements of the Internal Controls and Risk Management process for the City are:

1. Control Environment – Be committed to internal controls and risk management at all levels of the organization
2. Control Risks and Hazards – Provide assurances against control risks and hazards
3. Control Responsibility – Establish and maintain effective control related policies and procedures
4. Communication and Review of Controls – Communicate and periodically review internal controls

## Control Environment

It is imperative that the City shall maintain a system of internal controls and risk management to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

## Control Risk and Hazards

There shall be reasonable assurances against control risks through segregation of duties to prevent any single individual from authorizing and recording transactions, and obtaining custody of related assets. There shall be security over assets and records to protect against theft or environmental damage, as well as to provide for the recovery of records and continued operations of the finance function following a disaster. There shall be reconciliations to third-party representations and verification of assets through periodic physical inventories. The City shall mitigate hazards by providing for a safe work and service environment that should result in improved employee morale and citizen satisfaction.

## Control Responsibility

The Administrative Department shall develop control-related policies and procedures, which all departments are to follow. All transactions shall be authorized in accordance with management's policies. The cost of a control should not exceed the projected benefits to be received. The evaluation of costs and benefits requires estimates and judgment by management. Department heads shall establish and maintain safety rules pertinent to their areas of responsibility and service.

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**Communication and Review of Controls**

Written documentation of procedures is a primary means for communicating information about internal controls and safety rules to employees. Procedures shall be actively relied upon and updated as needed for changes in operations. Periodically, internal controls and safety rules should be tested for effectiveness and reasonableness. Any problems identified shall be resolved by updating written procedures and communicating the changes to employees.



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# PROCUREMENT POLICY

## Procurement Elements

The major elements of the Procurement process for the City are:

1. Guiding Values – Accountability, ethics, impartiality, professionalism, transparency
2. Objectives – Cost, quality, competition, integrity
3. Authority – City's home rule charter and City Code
4. Preferences – Economic, credit cards

## Guiding Values

The City shall be responsible and accountable in the procurement of goods and services using standard procurement practices. City staff shall comply with business ethics, demonstrate professionalism, and maintain transparency in all aspects of procurement. Council and staff shall disclose any actual or perceived conflicts of interest, and shall not accept vendor gifts or entertainment.

## Objectives

The City shall base purchasing decisions on value, taking into account cost and quality. Consideration shall be given to long-term maintenance and operating costs when determining value. Full and open competition shall be encouraged, in order to get the best value of goods and services from public purchasing. Local preferences shall be given when cost and quality are reasonably comparable to non-local offers.

## Authority

Section 3.8 of the City's home rule charter states that Council shall approve all contracts and that personal service contracts shall terminate in one year or less. City Code section 2-5 Contracts and Purchasing details the thresholds for application of the procurement objectives, as well as exceptions to those requirements.

## Preferences

The City shall be a 'good citizen' by procuring goods and services in a manner that supports the economic needs of the community. The City shall establish credit with local vendors where practical and consider the full cost (e.g. travel time and vehicle cost) when comparing to the pricing of non-local vendors. The City may utilize a credit card program to achieve purchasing efficiencies and participate in a rewards program.



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# LOCAL ECONOMIC DEVELOPMENT FINANCE POLICY

## Local Economic Development Finance Elements

The major elements of the Local Economic Development Finance process for the City are:

1. Scope – Strategies and instruments
2. Goals for Economic Development – Diversification, business retention, new jobs creation, affordable housing, transportation
3. Project Eligibility Criteria – Infrastructure improvements, improve local tax base, improve livability
4. Evaluating Economic Development Proposals – Utilize Planning Commission, public purpose
5. Performance Standards – Offer incentives tied to performance standards
6. Other Issues Related to the Economic Development Instrument – Coordinate with other entities, evaluate effectiveness

## Scope

The City's financial and staff resources are limited, so they must be used to achieve the maximum impact. There needs to be a disciplined approach to defining the outcomes desired from government activity in local development, and then budgeting to achieve those outcomes. Local economic development is important to the City's ongoing financial health, impacting land uses, tax bases, and local employment. A well-managed economic development program can result in job creation, diversification, income growth, and tax-base enhancement. The City shall define the criteria for projects that are eligible for government assistance and place limits on how extensively the City will use a given strategy or instrument. Strategies and instruments may include direct investment in infrastructure, loans, tax exemption, public promotion, building standards, or consolidated permit issuance.

## Goals for Economic Development

Council shall define the goals of local government involvement in private economic activity and the criteria under which such involvement can occur. Council shall work with the Community Development Committee (CDC) and with the Ouray Chamber Resort Association (OCRA) to coordinate goals and objectives, as well as define roles and responsibilities. Goals may include economic diversification, business retention, new jobs creation, affordable housing, and transportation.



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**Project Eligibility Criteria**

Economic development proposals should demonstrate how they will support or enhance the City's Community Plan and Strategic Plan. Assistance will be provided for projects that would not have occurred "but for" the assistance of local government, so that otherwise the market works on its own. The City shall establish a maximum investment by the government and a minimum investment by the private sector. The City's support shall primarily be the development of infrastructure and for projects that would increase the local tax base or livability of the community.

**Evaluating Economic Development Proposals**

Since economic development projects may have a visible impact, a public oversight component is important for economic development and planning activities. The Planning Commission may be used to evaluate proposals that include government funds and/or significant staff resources. Specific criteria should be established for the evaluation of proposals, including the public purpose and appropriate level of public participation.

**Performance Standards**

Economic development incentives should be offered up front in influencing location decisions, and should be tied to performance standards. The City's investment can be safeguarded by requiring that certain performance standards be met in order for the private-sector participants to receive or retain the public incentive. For example, the standards may be expressed as number of new jobs created, or amount of new tax revenue generated.

**Other Issues Related to the Economic Development Instrument**

When there are potential impacts to other local governments, school districts, and special districts, the City shall coordinate economic development efforts with those taxing entities. The City shall evaluate the ongoing use of an economic development instrument against the criteria that justifies its use, to ensure that a program no longer meeting the criteria is discontinued.

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