

LONG TERM FINANCE COMMITTEE
County Fiscal Sustainability and Capital Improvements Analysis
Updated January 28, 2015

The creation of the Long Term Finance Committee (“LTFC”) was captured in the Board of County Commissioners (“BCC”) Resolution No 2009-07, a copy of which can be made available upon request. The Resolution outlines (Article 9) that the purpose of the LTFC is to act solely in an advisory capacity to the BCC with respect to long term financial planning and (Article 10) that the duties of the LTFC are to:

- a. Review revenue and expenditure trends with a view to identifying potential financial threats and opportunities;
- b. Make recommendations to maintain a structurally balanced budget and preserve the County’s fiscal soundness
- c. Review capital improvement programs and the recommendations for funding those improvements.

It is with this Resolution in mind that the Committee, comprised of:

Gene Bradley / Richard Butler / Ron Corkish / Ken Fusco / Pam Miles

has been meeting with LPC Staff over the past year in preparation of this presentation.

The LTFC has been tasked to perform the duties of the Resolution with a 10 year forward look:

1. **Operations - County Fiscal Sustainability** - within a structurally balanced budget. Based on down turns in the oil/gas property tax revenues (downward trend since 2011 – see **Exhibit A**) the LTFC has identified a financial imbalance that does not allow for long term fiscal sustainability, without exploring alternatives. Those alternatives include new revenue sources or a reduction in Operating Expenses including cuts in services. The following pages will identify a forecasted:

- Operating Deficit in the General Fund (“GF”) of \$4.786M;
- Operating Deficit in the Road & Bridge Fund (“R&B”) of \$6.305M. R&B Operations includes such items as snow removal, grading and application of mag chloride to road surfaces but does NOT include Capital Improvements outlined in the Plan (identified below) :

Over the next 10 years – a total \$11.09M

2. **The Organizational Development Initiative for Capital Improvements** (“Plan” – a copy of which can be made available upon request) which was prepared by a team and includes buildings and facilities managed by the General Services Department and road and bridge infrastructure managed by the Public Works Department. The LTFC concludes that this plan (in its current state) cannot be fulfilled absent new revenue sources. The following pages will identify two components of the Plan:

- a) Facilities Capital Plan (new facilities - \$53.135 and maintenance - \$3.207M) of \$56.342M (not including “soft costs”);
- b) Transportation Projects - Capital Improvement Plan – \$60.193M. It is important to note that if this portion of the Plan is not completed, the transportation network in LPC will be significantly impacted in a negative manner. The LTFC believes that finding a sustainable cure for funding the Operating Deficit and the Transportation Projects is of utmost importance.

removal, grading, mag chloride and staff costs. The majority of the Road & Bridge “Capital” account includes basic maintenance (road repair, chip seal, resurfacing, bridge maintenance and repair). The following sheets capture the serious need of seeking new revenue sources to sustain the operation of the County and sustain the integrity of County’s transportation network.

Each option includes a one sheet Narrative Recap and the first page of the Option Workbook. If more detail is needed the entire Workbook can be made available upon request.

Base Case – Status Quo – identifies the operating shortfalls and the lack of funding for the Capital Improvements.

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015. **NOTE: THIS IS AN OPTOMISTIC OUTLOOK.**

1 Recession in 14 Years Is Optimistic.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and

Tax Funding: No New Taxes. Growth in Existing Sales and Property Taxes Cannot Offset Weak Oil & Gas Property Tax Revenues. 2018 Recession Puts GF In Operating Deficit

Reserve Funding: \$26mm Capital Purchases and Improvement Reserve Is Exhausted in 2016 to Fund GF & R&B Capital Plans. Restricted GF Ending Fund Balance Also

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of its Capital Plan Needs Via Grants (\$13MM).

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Oper Account only includes basic services (snow removal, grading, mag chloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

BOCC Can Selectively Delay Funding of R&B and General Fund Capital Facilities Projects As Funding Permits. However, the LTFC Expects the Next Recession Would Create OPERATING Deficits.

Strengths: None Noted

Weaknesses: Cripples the fiscal sustainability of the County

Option 1

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Taxes Stabilize in 2015.
 10 Year Funding Need ~ \$94mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.1mm Operating Needs for R&B and the Gen Fund
 Tax Funding: New 6.25 Mill Property Tax (3.6 Mills to GF / 2.65 Mills to R&B). Raises \$56mm for the GF and \$35mm for R&B. \$8mm of R&B Property Tax is Paid to La Plata cities. Total Millage = 14.75
 Reserve Funding: the \$26mm Capital Purchases and Improvement Reserve Is Spent to Fund Large Projects in 2015/16/20/23 And Is Replenished by Operating Surpluses in the GF
 Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants .
 Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.
 Note: R&B Operating Account only includes basic service (snow removal, grading, mag choloride, etc). Repairs, improvements, resurfacing, chip seal, bridge repair are in R&B Capital Acct.

Strengths:

- Meets the funding needs of the Plan;
- Provides sustainable Operating Revenues;
- Leaves the current Capital Reserves in place;

Weaknesses:

- 74% increase in the mill – how is that received by the voting public;
- May not foster public support by NOT using the Capital Reserves as intended ;
- “Allocations to the Cities” – a portion of a Mill increase is paid out to Bayfield, Durango, Ignacio (18% - 20%);
- R&B Projects are subject to obtaining 50% matching grant – historically occurring;
- Competitive Tax – other entities are preparing to ask for additional taxes”:
 - Airport expansion initiative;
 - Bayfield road improvement;
 - City of Durango – retention of “Rec Center” funds

Increased Mill Levy 6.25

Assumption:	Residential	Commercial
Value of Property	\$ 350,000	\$ 1,010,000
Assessment Ratio	7.96%	29.00%
Assessed Value	27,860	292,900
Mill Levy	8.5	8.5
Current Property tax	237	2,490
Increased Mill levy to	14.75	14.75
New Property Tax	411	4,320
Increase in Dollars	\$ 174	\$ 1,830

Option 2

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and General Fund

Tax Funding: New 4.75 Mill Property Tax (2.1 Mills to GF / 2.65 Mills to R&B). Raises \$34mm for the GF and \$35mm for R&B. \$8mm of R&B Property Tax is Paid to La Plata cities.

Reserve Funding: Approximately 90% of the \$26mm Capital Purchases and Improvement Reserve will be Spent to Finance a Portion of the Funding Need & Not Be Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag choloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Strengths:

- Meets the funding needs of the Plan;
- Provides sustainable Operating Revenues;
- Demonstrates to the Voter Public that the Capita Reserve funds are used as intended

Weaknesses:

- 55.9% increase in the mill – how is that received by the voting public;
- Reduces the Capital Reserve funds to 10%
- May not foster public support by NOT using the Capital Reserves as intended ;
- R&B Projects are subject to obtaining 50% matching grant – historically occurring;
- “Allocations to the Cities” – a portion of a Mill increase is paid out to Bayfield, Durango, Ignacio (18% - 20%);
- Competitive Tax – other entities are preparing to ask for additional taxes”:
 - Airport expansion initiative;
 - Bayfield road improvement;
 - City of Durango – retention of “Rec Center” funds

Increased Mill Levy 4.75

Assumption:	Residential	Commercial
Value of Property	\$ 350,000	\$ 1,010,000
Assessment Ratio	7.96%	29.00%
Assessed Value	27,860	292,900
Mill Levy	8.5	8.5
Current Property tax	237	2,490
Increased Mill levy to	13.25	13.25
New Property Tax	369	3,881
Increase in Dollars	\$ 132	\$ 1,391

Option 3

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax revenues Stabilize in 2015. **THIS IS AN OPTIMISTIC SCENARIO.**
 10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Facilities Projects in General Fund + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B
 Tax Funding: New 3.95 Mill Prop Tax (1.3 Mills to GF / 2.65 Mills to R&B). Raises \$21mm for the GF and \$35mm for R&B. \$8mm of R&B Property Tax is Paid to La Plata cities. Remainder raise from Grants & Reserves.
 Reserve Funding: Approximately 90% of the \$26mm Capital Purchases and Improvement Reserve will be Spent to Finance a Portion of the Funding Need & Not Be Replenished
 Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 25% of its Capital Plan Needs Via Grants (\$13MM).
 Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.
 Note: R&B Operating Acct only includes basic services (snow removal, grading, mag choloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Strengths:

- Meets the funding needs of the Plan;
- Provides sustainable Operating Revenues;
- Demonstrates to the Voter Public that the Capita Reserve funds are used as intended
- Lowest Voter Ask – still below the median

Weaknesses:

- 46.5% increase in the mill – how is that received by the voting public;
- Reduces the Capital Reserve funds to 10%
- May not foster public support by NOT using the Capital Reserves as intended ;
- R&B Projects are subject to obtaining 50% matching grant – historically occurring;
- “Allocations to the Cities” – a portion of a Mill increase is paid out to Bayfield, Durango, Ignacio (18% - 20%);
- Competitive Tax – other entities are preparing to ask for additional taxes”:
 - Airport expansion initiative;
 - Bayfield road improvement;
 - City of Durango – retention of “Rec Center” funds
- Capital Projects are subject to obtaining 25% matching grant

Increased Mill Levy 3.95

Assumption:	Residential	Commercial
Value of Property	\$ 350,000	\$ 1,010,000
Assessment Ratio	7.96%	29.00%
Assessed Value	27,860	292,900
Mill Levy	8.5	8.5
Current Property tax	237	2,490
Increased Mill levy to	12.45	12.45
New Property Tax	347	3,647
Increase in Dollars	\$ 110	\$ 1,157

Option 4

Assumption Summary:



Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax revenues Stabilize in 2015. THIS IS AN OPTIMISTIC OUTLOOK

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund

Tax Funding: New 1% Sales Tax Dedicated to the County (0.62% to GF / 0.3% to R&B) Covers 10 years of Operating and Capital Needs of GF and R&B..

Reserve Funding: the \$26mm Capital Purchases and Improvement Reserve Is used to Fund Large Projects in 2015/16/20/23 And Is Replenished by Operating Surpluses in the GF.

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Oper Acct only includes basic services (snow removal, grading, mag choloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Strengths:

- Meets the funding needs of the Plan;
- Provides sustainable Operating Revenues
- Sales Tax is collected by all acquirers of goods – not just LaPlata County property owners;
- No Allocations To The Cities – all revenue is retained for LPC Operations / Facilities / Transportation improvements;

Weakness

- 50% increase in Sales Tax
- Sales Tax is more regressive / progressive / aggressive
- Reduces the Capital Reserve but is replenished
- May not foster public support by NOT using the Capital Reserves as intended;
- R&B Projects are subject to obtaining 50% matching grant – historically occurring;
- Competitive Tax – other entities are preparing to ask for additional taxes”:
 - Airport expansion initiative;
 - Bayfield road improvement;
 - City of Durango – retention of “Rec Center” fund

Option #5

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015. THIS IS AN OPTIMISTIC OUTLOOK.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund

Tax Funding: New 0.76% Sales Tax (0.38% to GF / 0.38% to R&B). Raises \$35mm for the GF and \$36mm for R&B. Uses \$23mm (90%) of Capital Res. Total County Sales Tax Rises to 2.76% (38% Incr).

Reserve Funding: 90% of \$26mm Capital Purchases and Improvement Reserve Is Spent to Fund Large Projects in 2015/16/20/23 And Is **Not** Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag cholride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Strengths

- Meets the funding needs of the Plan;
- Provides sustainable Operating Revenues

Weaknesses

- 38.0% increase in Sales Tax
- Reduces the Capital Reserve – which is not replenished;
- May not foster public support by NOT using the Capital Reserves as intended;
- R&B Projects are subject to obtaining 50% matching grant – historically occurring;
- Competitive Tax – other entities are preparing to ask for additional taxes”:
 - Airport expansion initiative;
 - Bayfield road improvement;
 - City of Durango – retention of “Rec Center” fund

Option #6

Assumption Summary:



Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015. THIS IS AN OPTIMISTIC FORECAST.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund.

Tax Funding: New 0.625% Sales Tax (0.245% to GF / 0.38% to R&B). Raises \$22mm for the GF and \$35mm for R&B.

Reserve Funding: ~ \$23.5mm (90%) of the \$26mm Capital Purchases and Improvement Reserve Is Spent to Fund Capital Projects in 2015/16/20/23 And Is Not Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 25% (\$13mm) of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag choloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Strengths

- Meets the funding needs of the Plan;
- Provides sustainable Operating Revenues

Weaknesses

- 31.3% increase in Sales Tax
- Reduces the Capital Reserve funds to 10%
- May not foster public support by NOT using the Capital Reserves as intended;
- R&B Projects are subject to obtaining 50% matching grant – historically occurring;
- “Allocations to the Cities” – a portion of a Mill increase is paid out to Bayfield, Durango, Ignacio (18% - 20%);
- Competitive Tax – other entities are preparing to ask for additional taxes”:
 - Airport expansion initiative;
 - Bayfield road improvement;
 - City of Durango – retention of “Rec Center” funds
- Capital Projects are subject to obtaining 25% matching grant

These Options allow for 100% of the Plan and forecasted Operating Deficits to be funded. However, the LTFC understands that another option for the BCC is to consider not pursuing or delaying specific capital projects outlined in the Plan. Every dollar not spent is a dollar that does not need to be raised with new revenues. We have included an “Incremental Analysis” (**Exhibit C**) that shows a forecasted amount of revenue raised by a 1 mill increase to the property tax millage and a 0.1% increase in the county sales tax rate over the next 10 years.

The LTFC also explored and considered other options:

Debt Issuance – while generating a funding source for the Plan, incurring debt would require a public vote AND the debt service creates an additional operating expense that could only be satisfied by an increase in operating revenue – requiring a public vote. The model included a \$25k issuance with a 20 year repayment.

Use Tax – was reviewed but not found sufficient in itself to complete the goals – could raise \$13M over the 10 year period, requires a public vote, has significant compliance and monitoring requirements for impacted businesses.

Fees – Each fee category assessed by LPC should be reviewed for opportunities. The accumulation of all fee categories was not found sufficient to complete the goals. Fees to be reviewed include, but are not limited to:

- Charges for Services
- Lodgers Tax
- Real Estate Transfer Tax
- User Fees
- Building Fees
- Impact Fees

Option 0 - Do Nothing

Option 0: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH + MILD RECESSION IN 2018: NO NEW TAXES

Combined General Fund and R&B Operating & Capital Accounts

Assumes No New Taxes: GF Exhausts Reserves in 2016. R&B Incurs Operating Deficits. Capital Plans Cannot Be Funded With Revenues or Reserves

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
New General Fund Tax Revs	0	0	0	0	0	0	0	0	0	0	0
Total Operating Revs: GF	32,013,541	33,809,256	34,069,604	34,276,847	34,550,548	34,920,996	35,444,796	36,441,159	36,992,790	38,135,866	350,655,403
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Operating Surplus/(Deficit): GF	(896,318)	179,532	40,852	294,761	38,593	(477,443)	(865,570)	(807,426)	(1,221,186)	(1,071,587)	(4,785,791)
ROAD & BRIDGE											
Gen Fund Grant Funding for Capital Facilities	0	0	0	0	0	0	0	0	0	0	0
Net GF Capital & Main. Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net Operating + Capital Surplus/(Deficit)	(5,567,018)	(20,738,968)	(2,988,148)	58,487	(1,007,607)	(13,864,443)	(1,434,370)	(2,031,926)	(12,201,421)	(1,352,755)	(61,128,168)
ROAD & BRIDGE											
New R&B Tax Revs	0	0	0	0	0	0	0	0	0	0	0
Total Operating Revenues: R&B	8,502,763	8,119,693	8,231,538	8,181,505	8,180,212	8,368,244	8,594,139	8,867,530	9,101,802	9,394,143	85,541,568
Total Operating Expenses: R&B	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus / (Deficit): R&B	27,413	(560,578)	(547,540)	(548,288)	(688,047)	(754,379)	(790,528)	(787,108)	(830,990)	(825,250)	(6,305,295)
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditures	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
Net R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/(Deficit)	(1,279,587)	(4,205,578)	(2,727,540)	(3,613,288)	(5,028,047)	(4,430,379)	(3,357,528)	(3,648,608)	(4,495,990)	(3,615,250)	(36,401,795)
Total GF + R&B Op & Cap Surplus/(Deficit)	(6,846,605)	(24,944,546)	(5,715,688)	(3,554,801)	(6,035,653)	(18,294,822)	(4,791,898)	(5,680,534)	(16,697,411)	(4,968,005)	(97,529,964)
Alloc. to R&B from Cap Improvement Res.	0	4,205,578	2,727,540	3,613,288	5,028,047	4,430,379	3,357,528	3,648,608	4,495,990	3,615,250	35,122,209
Cap Purchase & Improve Res (\$26mm)	22,056,000	(2,670,046)	(8,143,734)	(11,462,261)	(17,291,715)	(35,399,537)	(39,622,634)	(44,942,669)	(61,459,844)	(66,146,682)	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015. **NOTE: THIS IS AN OPTOMISTIC OUTLOOK.**

1 Recession in 14 Years Is Optimistic.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund

Tax Funding: No New Taxes. Growth in Existing Sales and Property Taxes Cannot Offset Weak Oil & Gas Property Tax Revenues. 2018 Recession Puts GF In Operating Deficit

Reserve Funding: \$26mm Capital Purchases and Improvement Reserve Is Exhausted in 2016 to Fund GF & R&B Capital Plans. Restricted GF Ending Fund Balance Also Exhausted by 2016

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants (\$13MM).

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Oper Account only includes basic services (snow removal, grading, mag choloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

BOCC Can Selectively Delay Funding of R&B and General Fund Capital Facilities Projects As Funding Permits. However, the LTFC Expects the Next Recession Would Create OPERATING Deficits.

Option 1 - 6.25 Mill Levy Increase

LA PLATA COUNTY: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH + MILD RECESSION IN 2018
Combined General Fund and R&B Operating & Capital Accounts Funded with New 6.25 Mill Property Tax in 2017
Assumes 100% of GF and R&B Capital & Operating Needs Paid For with New Prop Taxes of 6.25 Mills (3.6 to the GF, 2.65 to R&B): New Total Millage = 14.75

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
New General Fund Tax Revs	0	0	7,049,768	7,181,829	7,155,351	7,087,340	7,152,872	7,376,175	7,443,345	7,724,708	58,171,388
Total Operating Revs: GF	32,165,456	33,961,171	41,404,213	41,743,516	41,936,241	42,238,677	42,962,896	44,182,562	44,939,621	46,364,059	411,898,411
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Operating Surplus/(Deficit): GF	(744,403)	331,447	7,375,461	7,761,431	7,424,286	6,840,238	6,652,530	6,933,977	6,725,645	7,156,607	56,457,217
GENERAL FUND CAPITAL ACCOUNT											
One Time Grant Funding	0	0	0	0	0	0	0	0	0	0	0
Gen Fund Capital & Main. Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net Operating + Capital Surplus/(Deficit)	(5,415,103)	(20,587,053)	4,346,461	7,525,157	6,378,086	(6,546,762)	6,083,730	5,709,477	(4,254,590)	6,875,439	114,840
ROAD & BRIDGE											
New R&B Prop Tax Revs	0	0	5,189,413	5,286,624	5,267,134	5,217,070	5,265,308	5,429,685	5,479,129	5,686,243	42,820,605
Sharing of Prop Tax with Cities (50% levy)	(181,225)	(191,192)	(904,796)	(931,940)	(931,940)	(917,961)	(917,961)	(963,859)	(963,859)	(1,021,690)	(7,926,422)
Total Operating Revenues: R&B	7,786,094	8,068,057	12,668,447	12,688,482	12,662,476	12,814,423	13,101,482	13,493,351	13,790,315	14,231,938	121,305,064
Total Operating Expenses: R&B	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus / (Deficit): R&B	(689,255)	(612,214)	3,889,370	3,958,688	3,794,217	3,691,801	3,716,814	3,838,712	3,857,523	4,012,545	29,458,200
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditures	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
NET R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/(Deficit)	(1,996,255)	(4,257,214)	1,709,370	893,688	(545,783)	15,801	1,149,814	977,212	192,523	1,222,545	(638,300)
Total GF + R&B Op & Cap Surplus/(Deficit)	(7,411,359)	(24,844,268)	6,055,830	8,418,845	5,832,303	(6,530,961)	7,233,544	6,686,689	(4,062,067)	8,097,984	(523,460)
Alloc. to R&B from Cap Improvement Res.	0	4,257,214	0	0	545,783	0	0	0	0	0	4,802,997
Cap Purchase & Improve Res (\$26mm)	22,056,000	(2,569,768)	2,018,693	9,780,124	15,818,627	9,458,865	16,111,395	22,181,372	18,107,017	25,263,624	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Taxes Stabilize in 2015.
 10 Year Funding Need ~ \$94mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.1mm Operating Needs for R&B and the Gen Fund
 Tax Funding: New 6.25 Mill Property Tax (3.6 Mills to GF / 2.65 Mills to R&B). Raises \$56mm for the GF and \$35mm for R&B. \$8mm of R&B Property Tax is Paid to La Plata cities. Total Millage = 14.75
 Reserve Funding: the \$26mm Capital Purchases and Improvement Reserve Is Spent to Fund Large Projects in 2015/16/20/23 And Is Replenished by Operating Surpluses in the GF
 Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants .
 Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.
Note: R&B Operating Account only includes basic service (snow removal, grading, mag choloride, etc). Repairs, improvements, resurfacing, chip seal, bridge repair are in R&B Capital Acct.

Option 2 - 4.75 Mill Levy Increase

OPTION 2: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH with ONE MILD RECESSION IN 2018

Combined General Fund and R&B Operating & Capital Accounts

Assumes 100% of GF and R&B Capital & Op Needs Paid For with New Prop Taxes of 4.75 Mills (2.1 to GF/2.65 to R&B) + 90% Drawdown of Capital Improvement Reserves

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
New General Fund Property Tax Revs	0	0	4,112,365	4,189,400	4,173,955	4,134,282	4,172,509	4,302,769	4,341,951	4,506,079	33,933,310
Total Operating Revs: GF	32,165,456	33,961,171	38,466,809	38,751,088	38,954,845	39,285,618	39,982,532	41,109,155	41,838,227	43,145,431	387,660,333
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Net Operating Surplus/(Deficit): GF	(744,403)	331,447	4,438,057	4,769,002	4,442,889	3,887,180	3,672,167	3,860,570	3,624,251	3,937,978	32,219,139
General Fund Capital Account											
Gen Fund Grant Funding for Cap. Projects	0	0	0	0	0	0	0	0	0	0	0
General Fund Capital & Main. Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net Operating & Capital Surplus/(Deficit)	(5,415,103)	(20,587,053)	1,409,057	4,532,728	3,396,689	(9,499,820)	3,103,367	2,636,070	(7,355,984)	3,656,810	(24,123,238)
ROAD & BRIDGE											
New R&B Property Tax Revs	0	0	4,284,617	4,354,684	4,335,194	4,299,109	4,347,348	4,465,826	4,515,270	4,664,553	35,266,600
Sharing of Prop Tax with Cities (50% levy)	(181,225)	(191,192)	(904,796)	(931,940)	(931,940)	(917,961)	(917,961)	(963,859)	(963,859)	(1,021,690)	(7,926,422)
Total Operating Revenues	8,336,094	8,068,057	12,668,447	12,688,482	12,662,476	12,814,423	13,101,482	13,493,351	13,790,315	14,231,938	121,855,064
Total Operating Expenses	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus/(Deficit)	(139,255)	(612,214)	3,889,370	3,958,688	3,794,217	3,691,801	3,716,814	3,838,712	3,857,523	4,012,545	30,008,200
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditures	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
Net R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/(Deficit)	(1,446,255)	(4,257,214)	1,709,370	893,688	(545,783)	15,801	1,149,814	977,212	192,523	1,222,545	(88,300)
Total GF + R&B Op & Cap Surplus/(Deficit)	(6,861,359)	(24,844,268)	3,118,427	5,426,416	2,850,907	(9,484,020)	4,253,181	3,613,283	(7,163,461)	4,879,355	(24,211,538)
Alloc. to R&B from Cap Improvement Res.	0	4,257,214	0	0	545,783	0	0	0	0	0	4,802,997
Cap Purchase & Improve Res (\$26mm)	22,056,000	(2,569,768)	(918,710)	3,850,292	6,907,399	(2,405,421)	1,266,745	4,263,315	(2,912,433)	1,025,545	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and General Fund

Tax Funding: New 4.75 Mill Property Tax (2.1 Mills to GF / 2.65 Mills to R&B). Raises \$34mm for the GF and \$35mm for R&B. \$8mm of R&B Property Tax is Paid to La Plata cities.

Reserve Funding: Approximately 90% of the \$26mm Capital Purchases and Improvement Reserve will be Spent to Finance a Portion of the Funding Need & Not Be Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag chloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Option 3 - 3.95 Mill Levy Increase

Option 3: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH with ONE MILD RECESSION IN 2018 Combined General Fund and R&B Operating & Capital Accounts

Assumes 100% of GF and R&B Capital & Op Needs Paid For with New Prop Taxes of 3.95 Mills, ~90% Drawdown of Capital Reserves & Grant Funding for All Capital Projects

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
<i>New General Fund Property Tax Revs</i>	0	0	2,545,750	2,593,438	2,583,877	2,559,317	2,582,982	2,663,619	2,687,875	2,789,478	21,006,335
Total Operating Revs: GF	32,165,456	33,961,171	36,900,194	37,155,126	37,364,766	37,710,654	38,393,005	39,470,005	40,184,150	41,428,829	374,733,357
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Operating Surplus/(Deficit): GF	(744,403)	331,447	2,871,442	3,173,040	2,852,811	2,312,215	2,082,639	2,221,420	1,970,175	2,221,377	19,292,164
General Fund Capital Account											
GF Grant Funding (25% of Capital Costs)	986,000	5,175,000	696,750	0	210,000	3,300,000	0	216,000	2,700,000	0	13,283,750
GF Capital Facilities Plan Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net Capital & Main. Expenditures	(3,684,700)	(15,743,500)	(2,332,250)	(236,274)	(836,200)	(10,087,000)	(568,800)	(1,008,500)	(8,280,235)	(281,168)	(43,058,627)
Net Operating & Capital Surplus/(Deficit)	(4,429,103)	(15,412,053)	539,192	2,936,766	2,016,611	(7,774,785)	1,513,839	1,212,920	(6,310,060)	1,940,209	(23,766,463)
ROAD & BRIDGE											
<i>New R&B Property Tax Revs</i>	0	0	4,284,617	4,354,684	4,335,194	4,299,109	4,347,348	4,465,826	4,515,270	4,664,553	35,266,600
<i>Sharing of Prop Tax with Cities (50% levy)</i>	(181,225)	(191,192)	(904,796)	(931,940)	(931,940)	(917,961)	(917,961)	(963,859)	(963,859)	(1,021,690)	(7,926,422)
Total Operating Revenues	8,336,094	8,068,057	12,668,447	12,688,482	12,662,476	12,814,423	13,101,482	13,493,351	13,790,315	14,231,938	121,855,064
Total Operating Expenses	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus/(Deficit): R&B	(139,255)	(612,214)	3,889,370	3,958,688	3,794,217	3,691,801	3,716,814	3,838,712	3,857,523	4,012,545	30,008,200
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditures	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
Net R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/(Deficit)	(1,446,255)	(4,257,214)	1,709,370	893,688	(545,783)	15,801	1,149,814	977,212	192,523	1,222,545	(88,300)
Total GF + R&B Op & Cap Surplus/(Deficit)	(5,875,359)	(19,669,268)	2,248,562	3,830,454	1,470,829	(7,758,984)	2,663,654	2,190,133	(6,117,538)	3,162,754	(23,854,763)
Alloc. to R&B from Cap Improvement Res.	0	4,257,214	0	0	545,783	0	0	0	0	0	4,802,997
Cap Purchase & Improve Res (\$26mm)	23,042,000	3,591,232	4,372,425	7,545,465	9,222,494	1,634,709	3,717,349	5,290,769	(839,057)	1,382,320	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax revenues Stabilize in 2015. **THIS IS AN OPTIMISTIC SCENARIO.**

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Facilities Projects in General Fund + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B

Tax Funding: New 3.95 Mill Prop Tax (1.3 Mills to GF / 2.65 Mills to R&B). Raises \$21mm for the GF and \$35mm for R&B. \$8mm of R&B Property Tax is Paid to La Plata cities. Remainder raise from Grants & Reserves.

Reserve Funding: Approximately 90% of the \$26mm Capital Purchases and Improvement Reserve will be Spent to Finance a Portion of the Funding Need & Not Be Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 25% of Its Capital Plan Needs Via Grants (\$13MM).

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag chloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Option 4 - 1% Increase in Sales Tax

OPTION 4: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH with ONE MILD RECESSION IN 2018 Combined General Fund and R&B 10 Year Operating & Capital Needs: Funded With New 1.0% Sales Tax

Assumes 100% of GF and R&B Capital & Operating Needs Paid For with New 1% Sales Tax (0.62% to the GF, 0.38% to R&B): New County Sales Tax Total = 3.0%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
New General Fund Tax Revs	0	0	6,783,057	6,579,566	6,645,361	6,900,884	7,163,219	7,431,929	7,708,444	7,990,640	57,203,101
Total Operating Revs: GF	32,165,456	33,961,171	41,137,502	41,141,253	41,426,251	42,052,220	42,973,243	44,238,315	45,204,720	46,629,992	410,930,124
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Operating Surplus/Deficit: GF	(744,403)	331,447	7,108,750	7,159,168	6,914,296	6,653,782	6,662,877	6,989,730	6,990,744	7,422,539	55,488,930
General Fund Capital Account											
Gen Fund Grant Funding	0	0	0	0	0	0	0	0	0	0	0
Net GF Capital & Main. Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net Operating + Capital Surplus/(Deficit)	(5,415,103)	(20,587,053)	4,079,750	6,922,894	5,868,096	(6,733,218)	6,094,077	5,765,230	(3,989,491)	7,141,371	(853,447)
ROAD & BRIDGE											
New Net R&B Tax Revs	0	0	4,157,358	4,032,637	4,072,963	4,229,574	4,390,360	4,555,053	4,724,530	4,897,489	35,059,965
Total Operating Revenues: R&B	8,517,319	8,259,249	12,541,188	12,366,435	12,400,246	12,744,888	13,144,494	13,582,579	13,999,574	14,464,874	122,020,845
Total Operating Expenses: R&B	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus / (Deficit): R&B	41,969	(421,022)	3,762,111	3,636,641	3,531,987	3,622,265	3,759,827	3,927,940	4,066,783	4,245,481	30,173,982
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditure:	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
Net R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/Deficit	(1,265,031)	(4,066,022)	1,582,111	571,641	(808,013)	(53,735)	1,192,827	1,066,440	401,783	1,455,481	77,482
Total GF + R&B Op & Cap Surplus/Deficit	(6,680,134)	(24,653,076)	5,661,860	7,494,535	5,060,083	(6,786,953)	7,286,904	6,831,671	(3,587,708)	8,596,853	(775,966)
Alloc. to R&B from Cap Improvement Res	0	4,066,022	0	0	808,013	53,735	0	0	0	0	4,927,770
Cap Purchase & Improve Res (\$26mm)	22,056,000	(2,378,576)	1,943,174	9,102,342	14,368,625	7,768,672	14,431,549	20,557,280	16,748,024	24,170,563	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax revenues Stabilize in 2015. THIS IS AN OPTIMISTIC OUTLOOK

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund

Tax Funding: New 1% Sales Tax Dedicated to the County (0.62% to GF / 0.3% to R&B) Covers 10 years of Operating and Capital Needs of GF and R&B..

Reserve Funding: the \$26mm Capital Purchases and Improvement Reserve Is used to Fund Large Projects in 2015/16/20/23 And Is Replenished by Operating Surpluses in the GF.

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Oper Acct only includes basic services (snow removal, grading, mag choloride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Option 5 - .76% Increase in Sales Tax

OPTION 5: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH with ONE MILD RECESSION IN 2018											
Combined General Fund and R&B Operating & Capital Accounts: Funded With New 0.76% Sales Tax											
GF and R&B 10 YR Capital & Operating Needs Funded with Capital Reserves + New Sales Tax of 0.76% (0.38% to the GF, 0.38% to R&B New Sales Tax Total = 2.76%)											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
New General Fund Tax Revs	0	0	4,157,358	4,032,637	4,072,963	4,229,574	4,390,360	4,555,053	4,724,530	4,897,489	35,059,965
Total Operating Revs: GF	32,165,456	33,961,171	38,511,802	38,594,325	38,853,853	39,380,911	40,200,384	41,361,440	42,220,806	43,536,841	388,786,988
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Operating Surplus/(Deficit): GF	(744,403)	331,447	4,483,050	4,612,239	4,341,898	3,982,472	3,890,018	4,112,855	4,006,830	4,329,388	33,345,794
General Fund Capital Account											
General Fund Grant Funding	0	0	0	0	0	0	0	0	0	0	0
Net GF Capital & Main. Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net Operating + Capital Surplus/(Deficit)	(5,415,103)	(20,587,053)	1,454,050	4,375,965	3,295,698	(9,404,528)	3,321,218	2,888,355	(6,973,405)	4,048,220	(22,996,583)
ROAD & BRIDGE											
New Net R&B Tax Revs	0	0	4,157,358	4,032,637	4,072,963	4,229,574	4,390,360	4,555,053	4,724,530	4,897,489	35,059,965
Total Operating Revenues: R&B	8,517,319	8,259,249	12,541,188	12,366,435	12,400,246	12,744,888	13,144,494	13,582,579	13,999,574	14,464,874	122,020,845
Total Operating Expenses: R&B	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus / (Deficit): R&B	41,969	(421,022)	3,762,111	3,636,641	3,531,987	3,622,265	3,759,827	3,927,940	4,066,783	4,245,481	30,173,982
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditures	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
Net R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/(Deficit)	(1,265,031)	(4,066,022)	1,582,111	571,641	(808,013)	(53,735)	1,192,827	1,066,440	401,783	1,455,481	77,482
Total GF + R&B Op & Cap Surplus/(Deficit)	(6,680,134)	(24,653,076)	3,036,161	4,947,606	2,487,685	(9,458,262)	4,514,045	3,954,795	(6,571,622)	5,503,702	(22,919,101)
Alloc. to R&B from Cap Improvement Res.	0	4,066,022	0	0	808,013	53,735	0	0	0	0	4,927,770
Cap Purchase & Improve Res (\$26mm)	22,056,000	(2,378,576)	(682,525)	3,929,714	6,623,599	(2,647,664)	1,242,354	4,491,209	(2,301,961)	2,027,428	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015. THIS IS AN OPTOMISTIC OUTLOOK.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund

Tax Funding: New 0.76% Sales Tax (0.38% to GF / 0.38% to R&B). Raises \$35mm for the GF and \$36mm for R&B. Uses \$23mm (90%) of Capital Res. Total County Sales Tax Rises to 2.76% (38% Incr).

Reserve Funding: 90% of \$26mm Capital Purchases and Improvement Reserve Is Spent to Fund Large Projects in 2015/16/20/23 And Is **Not** Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 0% of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag cholride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

Option 6 - .625% Increase in Sales Tax

Option 6: 10 YEAR BASE CASE FORECAST: MODERATE GROWTH with ONE MILD RECESSION IN 2018											
General Fund and R&B Operating & Capital Accounts: Funded With 0.625% Sales Tax + Reserve Spending + Grants											
Assumes 100% of GF and R&B Capital & Op Needs Paid For with New Sales Taxes of 0.625% (0.245% to the GF, 0.38% to R&B): New Sales Tax Total = 2.625%											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 Year Sum
GENERAL FUND											
New General Fund Tax Revs	0	0	2,680,402	2,599,990	2,625,990	2,726,962	2,830,627	2,936,811	3,046,079	3,157,592	22,604,451
Total Operating Revs: GF	32,165,456	33,961,171	37,034,846	37,161,677	37,406,879	37,878,299	38,640,651	39,743,197	40,542,354	41,796,943	376,331,474
Total Operating Expenses: GF	32,909,860	33,629,724	34,028,752	33,982,085	34,511,955	35,398,439	36,310,366	37,248,585	38,213,976	39,207,452	355,441,194
Operating Surplus/(Deficit): GF	(744,403)	331,447	3,006,094	3,179,592	2,894,924	2,479,860	2,330,285	2,494,612	2,328,379	2,589,491	20,890,280
General Fund Capital Account											
GF Grant Funding (25% of Capital Costs)	986,000	5,175,000	696,750	0	210,000	3,300,000	0	216,000	2,700,000	0	13,283,750
GF Capital Facilities Plan Expenditures	4,670,700	20,918,500	3,029,000	236,274	1,046,200	13,387,000	568,800	1,224,500	10,980,235	281,168	56,342,377
Net GF Capital & Main. Expenditures	(3,684,700)	(15,743,500)	(2,332,250)	(236,274)	(836,200)	(10,087,000)	(568,800)	(1,008,500)	(8,280,235)	(281,168)	(43,058,627)
Net Operating + Capital Surplus/(Deficit)	(4,429,103)	(15,412,053)	673,844	2,943,318	2,058,724	(7,607,140)	1,761,485	1,486,112	(5,951,856)	2,308,323	(22,168,347)
ROAD & BRIDGE											
New Net R&B Tax Revs	0	0	4,157,358	4,032,637	4,072,963	4,229,574	4,390,360	4,555,053	4,724,530	4,897,489	35,059,965
Total Operating Revenues: R&B	8,517,319	8,259,249	12,541,188	12,366,435	12,400,246	12,744,888	13,144,494	13,582,579	13,999,574	14,464,874	122,020,845
Total Operating Expenses: R&B	8,475,350	8,680,271	8,779,077	8,729,794	8,868,259	9,122,623	9,384,667	9,654,639	9,932,792	10,219,393	91,846,864
Net Operating Surplus / (Deficit): R&B	41,969	(421,022)	3,762,111	3,636,641	3,531,987	3,622,265	3,759,827	3,927,940	4,066,783	4,245,481	30,173,982
R&B Grant Funding (50% of Project Cost)	1,307,000	3,645,000	2,180,000	3,065,000	4,340,000	3,676,000	2,567,000	2,861,500	3,665,000	2,790,000	30,096,500
R&B Maintenance & Capital Expenditures	2,614,000	7,290,000	4,360,000	6,130,000	8,680,000	7,352,000	5,134,000	5,723,000	7,330,000	5,580,000	60,193,000
Net R&B Capital & Main. Expenditures	(1,307,000)	(3,645,000)	(2,180,000)	(3,065,000)	(4,340,000)	(3,676,000)	(2,567,000)	(2,861,500)	(3,665,000)	(2,790,000)	(30,096,500)
Net R&B Oper. & Capital Surplus/(Deficit)	(1,265,031)	(4,066,022)	1,582,111	571,641	(808,013)	(53,735)	1,192,827	1,066,440	401,783	1,455,481	77,482
Total GF + R&B Op & Cap Surplus/(Deficit)	(5,694,134)	(19,478,076)	2,255,955	3,514,959	1,250,711	(7,660,874)	2,954,311	2,552,552	(5,550,074)	3,763,804	(22,090,865)
Alloc. to R&B from Cap Improvement Res.	0	4,066,022	0	0	808,013	53,735	0	0	0	0	4,927,770
Cap Purchase & Improve Res (\$26mm)	23,042,000	3,782,424	4,698,269	7,877,860	9,334,772	1,860,897	4,191,182	6,037,794	266,173	2,855,664	

Assumption Summary:

Growth: Moderate Growth Until Mild Recession in 2018 Lasting 1 Year. Assumes Oil & Gas Prop Tax Revenues Stabilize in 2015. THIS IS AN OPTOMISTIC FORECAST.

10 Year Funding Need ~ \$98mm: Capital Plans of \$56mm for Gen Fund Facilities Projects + Net \$30mm for R&B Capital Investments + \$11.6mm Operating Needs for R&B and the Gen Fund.

Tax Funding: New 0.625% Sales Tax (0.245% to GF / 0.38% to R&B). Raises \$22mm for the GF and \$35mm for R&B.

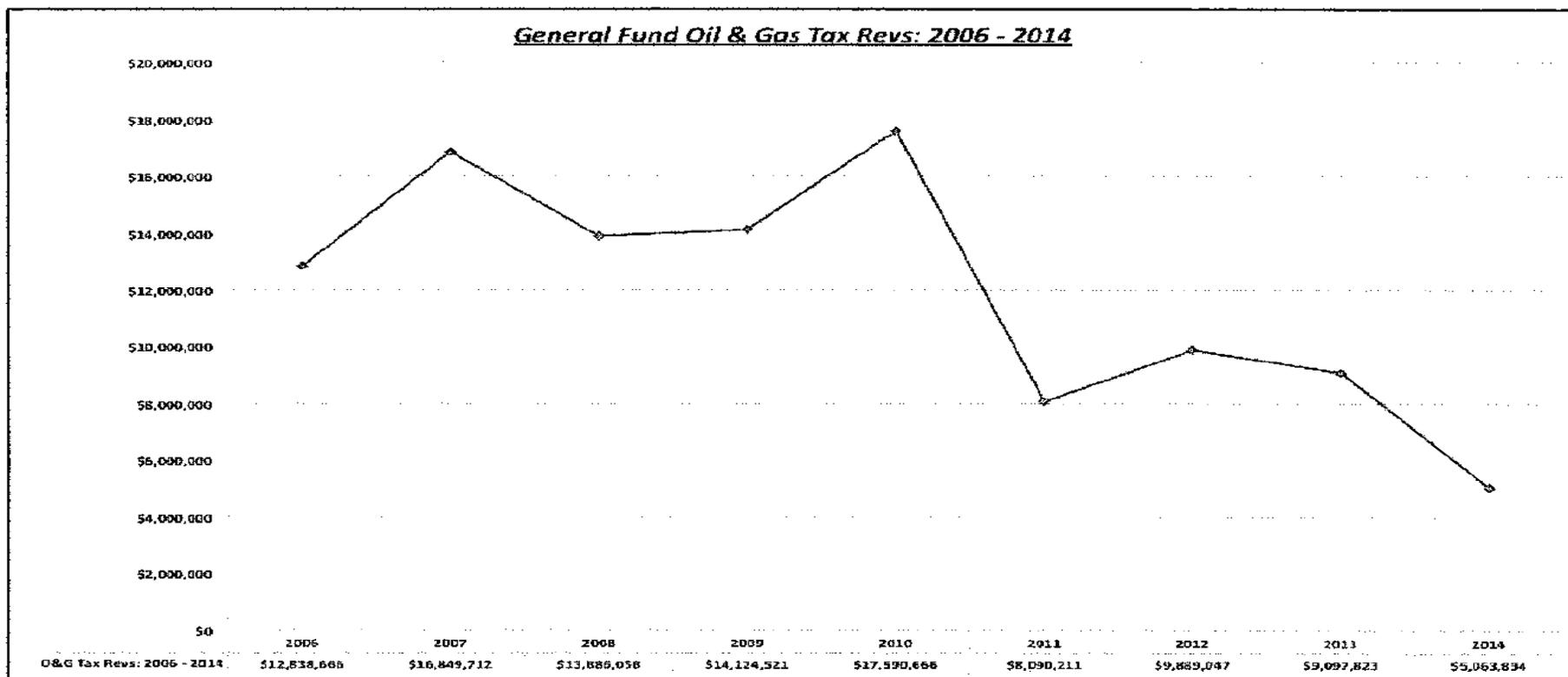
Reserve Funding: ~ \$23.5mm (90%) of the \$26mm Capital Purchases and Improvement Reserve Is Spent to Fund Capital Projects in 2015/16/20/23 And Is Not Replenished

Grant Funding: Assumes R&B Raises 50% of its Capital Plan Needs Via Grants (\$30mm) and Assumes the GF Raises 25% (\$13mm) of Its Capital Plan Needs Via Grants.

Assumes the \$26mm Capital Purchase and Improvement Reserve is Used As The Financing Vehicle to Bridge Timing Gaps in Funding and Expenditures. No Debt Financing.

Note: R&B Operating Acct only includes basic services (snow removal, grading, mag cholride, etc). Road repair, resurfacing, chip seal, bridge repair and improvements are in R&B Capital Acct.

EXHIBIT A



General Fund Oil & Gas Property Tax Revenues: 2006 - 2013 Actual - 2014 Budget									
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>9 Year %</u>
\$12,838,666	\$16,849,712	\$13,886,058	\$14,124,521	\$17,590,666	\$8,090,211	\$9,889,047	\$9,097,823	\$5,063,834	
	31.2%	-17.6%	1.7%	24.5%	-54.0%	22.2%	-8.0%	-44.3%	-60.6%

General Fund Operating Expenditures: 2006 - 2013 Actual - 2014 Budget									
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>9 Year %</u>
\$28,943,843	\$29,395,037	\$31,438,105	\$34,063,070	\$34,420,679	\$32,175,083	\$32,634,349	\$31,445,052	\$31,986,442	
	1.6%	7.0%	8.3%	1.0%	-6.5%	1.4%	-3.6%	1.7%	10.5%

Exhibit B

La Plata County Colorado County Comparisons All Counties

County:	Similar to LPC	2011 Population	2013 Assessed Valuation	2013 Mill Levy	County Sales Tax	County Use Tax	USA.COM Per Capita Income
Adams County		451,443	4,787,399,210	26.815	0.75	-	
Alamosa County		15,710	159,608,315	25.238	2.00	-	
Arapahoe County		584,948	7,567,293,270	17.130	0.25	0.25	
Baca County		3,795	82,070,610	25.328	-	-	
Bent County		6,250	77,651,290	30.619	1.00	1.00	
Boulder County		299,378	5,733,962,685	25.120	0.80	0.80	
Broomfield County		57,352	1,157,759,040	17.511	-	-	
Chafee County		17,932	355,731,181	9.220	2.00	-	
Cheyenne County		1,876	156,051,559	20.160	-	-	
Clear Creek County		9,012	597,218,340	34.156	1.00	-	
Conejos County		8,291	63,299,762	24.828	-	-	
Costilla County		3,662	122,308,579	18.697	1.00	-	
Crowley County		5,736	39,340,864	41.339	2.00	2.00	
Custer County		4,255	100,132,670	20.245	2.00	2.00	
Denver County		619,968	11,264,201,810	33.119	-	-	
Dolores County		2,056	109,063,092	28.013	-	-	
Douglas County		524,861	4,689,459,530	19.774	1.00	1.00	
El Paso County		820,790	6,337,964,970	7.714	1.23	1.23	
Elbert County		23,174	261,324,650	28.132	1.00	1.00	
Gilpin County		5,467	339,353,590	9.889	-	-	
Grand County		14,548	704,799,260	15.155	1.00	-	
Gunnison County		15,408	576,185,530	14.396	1.00	-	
Hinsdale					5.00	4.00	
Huerfano County		6,520	121,155,780	20.699	2.00	-	
Jackson County		159,748	43,438,510	16.041	4.00	-	
Jefferson County		534,543	7,056,234,182	25.846	0.50	-	
Kiowa County		9,416	41,881,510	46.553	-	-	
Kit Carson County		8,142	139,623,620	37.967	-	-	
Lake County		7,427	231,000,099	33.037	4.00	-	
Larimer County		305,525	4,216,130,533	22.424	0.60	0.60	
Las Animas County		15,037	372,744,180	9.525	-	-	
Lincoln County		5,454	123,789,427	35.500	2.00	2.00	
Logan County		22,619	266,879,860	29.943	1.00	1.00	
Mineral County		708	39,309,266	26.291	2.60	2.00	
Moffat County		13,451	466,342,922	24.787	2.00	-	
Morgan County		28,175	445,723,250	28.948	-	-	
Otero County		18,865	132,004,491	21.948	1.00	1.00	
Ouray County		4,356	153,744,860	13.188	2.00	-	
Park County		16,089	394,015,177	19.450	1.00	-	
Phillips County		4,399	73,632,698	28.280	1.00	1.00	
Prowers County		12,549	123,697,841	27.170	1.00	1.00	
Pueblo County		160,545	1,667,904,201	30.750	1.00	1.00	
Rio Blanco County		6,782	1,231,537,460	9.050	3.60	3.60	
Rio Grande County		11,956	173,181,708	15.567	2.60	-	
Routt County		23,239	1,019,011,840	17.003	1.00	1.00	

County:	Similar to LPC	2011 Population	2013 Assessed Valuation	2013 Mill Levy	County Sales Tax	County Use Tax	Per Capita Income
Saguache County		6,228	69,091,730	23.340	1.00	-	
San Juan County		692	44,329,170	19.882	5.00	-	
San Miguel County		7,490	728,593,350	10.120	1.00	1.00	
Sedgwick County		2,364	56,675,440	33.079	2.00	2.00	
Teller County		23,356	541,545,820	14.699	1.00	1.00	
Washington County		4,770	131,784,699	30.251	1.50	1.50	
Weld County		258,638	7,118,834,517	16.804	-	-	
Yuma County		10,100	239,523,150	21.773	-	-	
Archuleta County	yes	12,013	289,044,330	18.364	4.00	-	29,771
Delta County	Yes	30,451	304,416,950	15.970	2.00	-	23,890
Eagle County	Yes	51,854	2,656,336,380	8.499	1.50	-	38,665
Fremont County	Yes	47,426	432,853,560	12.908	2.50	2.50	19,379
Garfield County	Yes	56,960	2,894,995,490	13.655	1.00	-	26,989
Mesa County	Yes	149,617	1,826,178,050	12.272	2.00	2.00	27,030
Montezuma County	Yes	25,442	664,294,960	14.254	-	-	24,731
Montrose County	Yes	41,011	492,659,450	19.681	1.00	1.00	23,018
Pitkin County	Yes	17,148	2,599,004,220	7.500	3.60	0.50	52,428
Summit County	Yes	27,994	1,543,400,370	12.789	2.75	-	34,575

Counties Similar to LPC							
Average		45,992	1,370,318,376	13.589	2.04	0.60	30,048
Median		35,731	1,103,847,665	13.282	2.00	-	27,010

All Colorado Counties							
Average		91,049	1,394,334,272	21.587	1.39	0.62	30,048
Median		15,223	347,542,386	20.203	1.00	-	27,010

	2011 Population	2013 Assessed Valuation	2013 Mill Levy	County Sales Tax	County Use Tax	Per Capital Income
La Plata County	51,917	1,842,416,460	8.500	2.00	-	30,562
Compared to Like Counties Average	5,925	472,098,084	(5.089)	(0.04)	(0.60)	514
Compared to Like Counties Median	16,186	738,568,795	(4.782)	-	-	3,553
Compared to All Counties Average	(39,132)	448,082,188	(13.087)	0.61	(0.62)	514
Compared to All Counties Median	36,695	1,494,874,075	(11.703)	1.00	-	3,553