

Economic Shifts

Town of Telluride



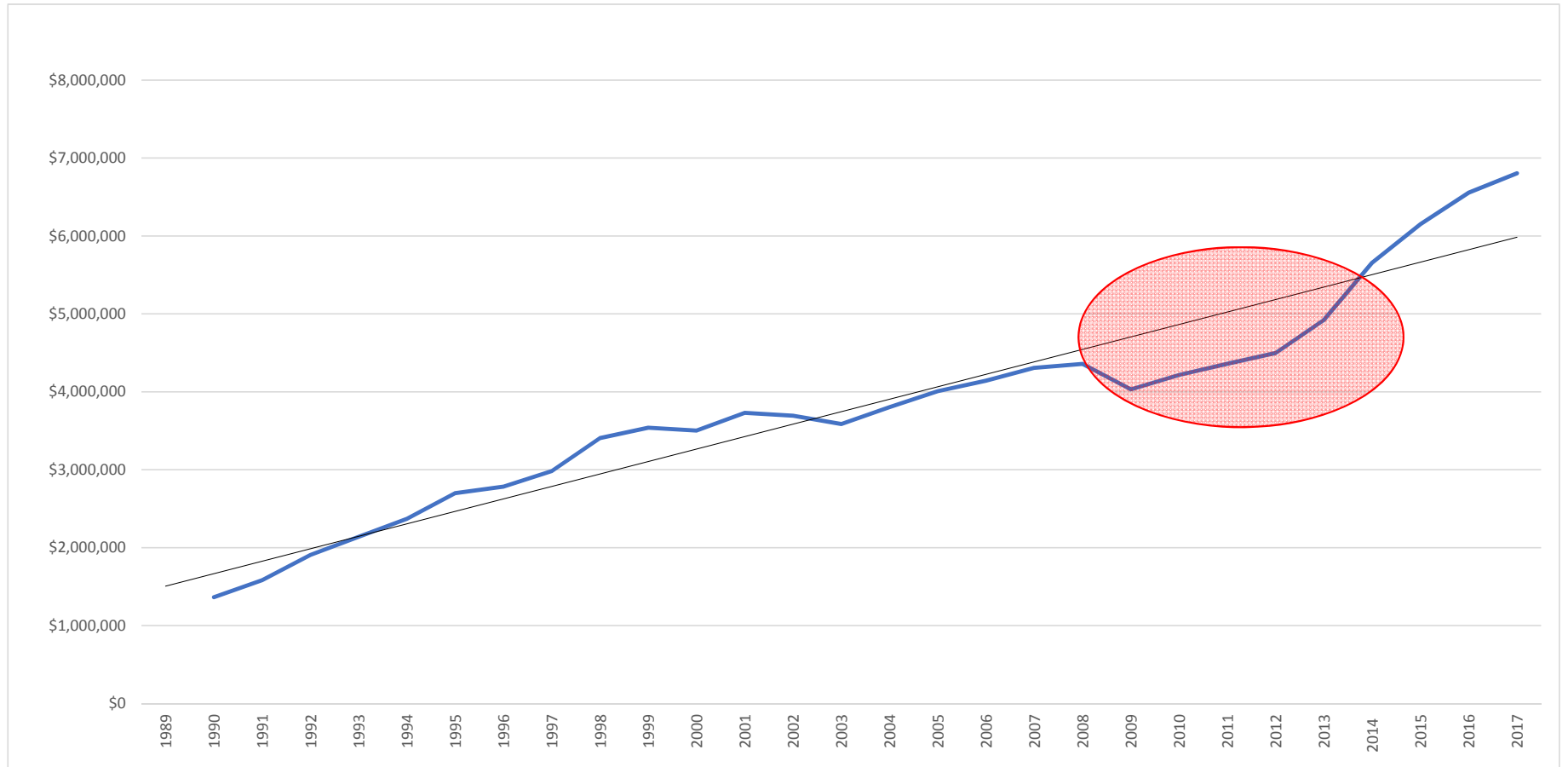
Telluride's Recession Plan

- Created in 2008, anticipating The Great Recession
- Five stages relate to available revenues and reserves
 - Minor
 - Moderate
 - Significant
 - Major
 - Crisis
- Direction to implement any actions may come from the Town Finance Director and Town Manager, but action ONLY occurs with the consent and resolution of the Town Council

Telluride's Revenues

- Two primary sources
 - Sales and Use Taxes (4.5% out of total 12.65% on accommodations), which primarily support the General Fund
 - Significantly dependent on tourism

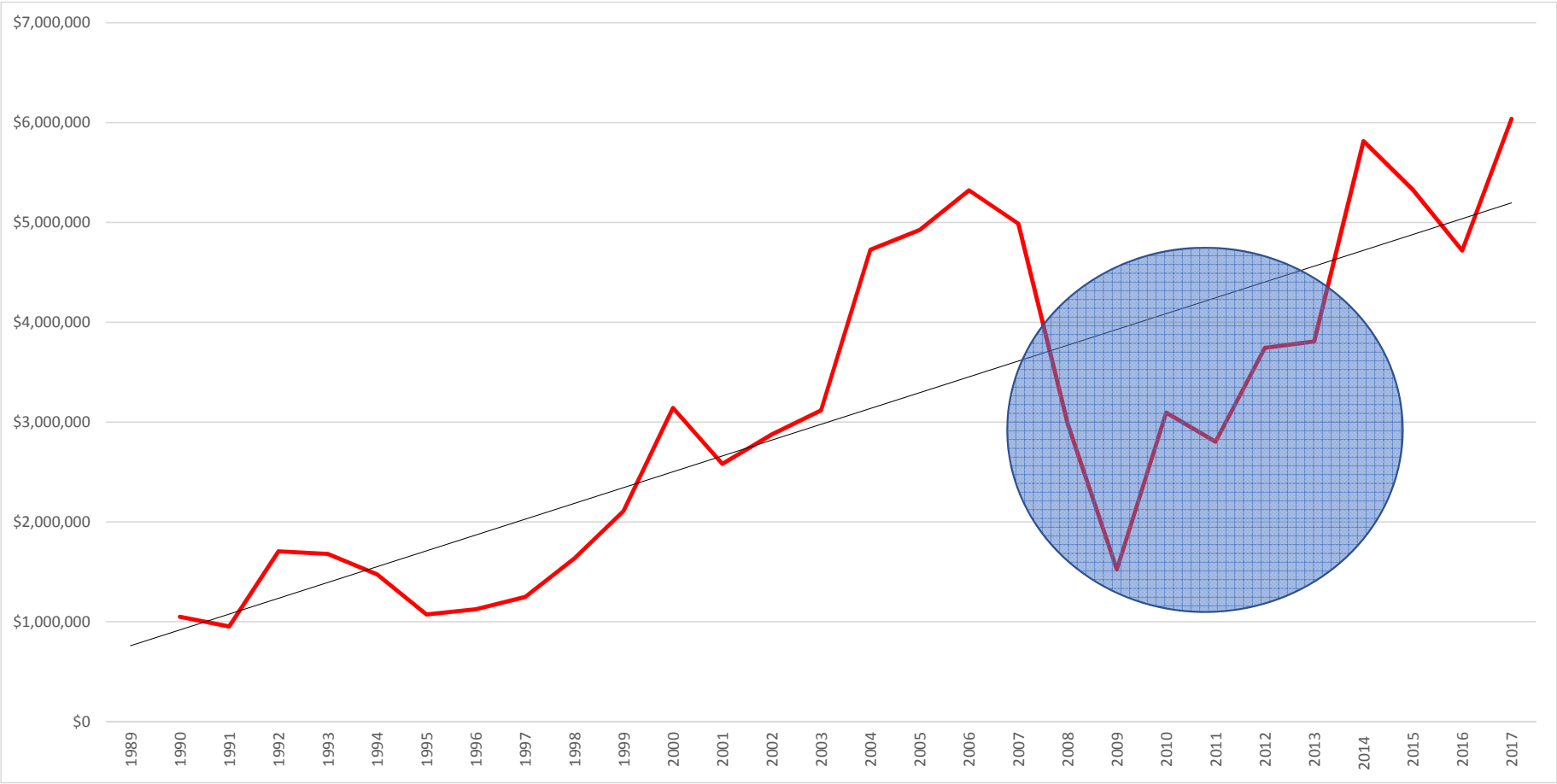
Telluride Sales Tax Revenue



Telluride's Revenues

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 - Significantly dependent on tourism
 - Has been less variable than Real Estate Transfer Tax
 - Real Estate Transfer Tax (3%), which primarily supports the Capital Fund, after taking out 20% for Open Space spending (principal and interest on the Valley Floor acquisition)
 - Also related to tourism ...
 - And global economic trends

Real Estate Transfer Tax Revenues



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- Enterprise Funds are supported by their own rates and fees

Stage Definitions

1. Minor - An anticipated, unbudgeted, net reduction in available reserves or revenues from 1% to 9%. Under this scenario, expenditures will be reduced where reasonably possible. Most services can be maintained without reduction or public impact. Departments are responsible for monitoring budgets and reducing expenditures.
2. Moderate -A projected and unbudgeted reduction in revenues or reserves in excess of 9% but less than 25%. The town will attempt to maintain normal services, but the review of expenditures is intensified to include the deferment of large purchases, cancellation of contracts and consulting services, reduction/postponement of capital expenditures, and delaying recruitment for vacant positions or relying on other strategies to fill current or projected vacancies.

More Severe Stages

3. Significant -A projected and unbudgeted reduction in revenues or reserves in excess of 25% but less than 50%. Requires strong justification for large purchases, elimination of expenditures related to travel, meetings, and discretionary training, deferring a significant number of capital projects and a hiring freeze on all but essential health, safety, and welfare positions.
4. Major -A projected and unbudgeted reduction in revenues or reserves in excess of 50%. This phase requires actions aimed at major service cuts, a total hiring freeze, reducing temporary, contract, and part-time employees, deferring salary increases, further reductions in capital expenditures, and development of a reduction in force strategy.

Most Severe Stage

5. Crisis -Though unlikely, this phase assumes that reserves have been almost entirely depleted and the potential for a deficit is present. At this point, the Town implements its reduction in force and employee cost reduction policies, eliminates programs and services, and stops all capital improvement projects and purchasing.

How It Worked

- 4th Quarter 2009 – implemented the fourth stage (Major)
 - Elimination of eight full-time positions (15% reduction in work force)
 - Hiring freeze
 - Reduction in temporary, contract, and part-time employees
 - Salary increases deferred
 - Cuts in services
 - Reduced transit services
 - Reduced sworn officer count – less patrolling
 - Reduced snow removal
 - Large capital projects cancelled
 - Actions remained unchanged for four years!

Slow and Careful Walk-back

- Council, in budget planning, scaled back to Phase 3 (Significant) for the 2014 Budget
- 2015 Budget was reduced to Phase 2 (Moderate) with increasing revenues and restructuring of the General Fund and Capital Fund. Two vacant positions were filled
- 2016 Budget was reduced to Phase 1 (Minor), which remains in effect
 - Two additional positions were refilled in 2015
 - 2016 saw hiring back to pre-recession levels, plus two additional positions in Public Works to institute a 7-day work schedule
 - Reserves have been rebuilt to targeted levels

Caution Abounds

- We're seeing a significant slowdown in real estate sales this year
 - 2019 Budget is being based on FLAT, not growth expectations
 - Capital planning is being pushed further out