



CITY COUNCIL WORK SESSION

448 E. 1st Street, Room 190 Salida, Colorado 81201

October 03, 2023 - 5:00 PM

AGENDA

Please register for the City Council Work Session

<https://attendee.gotowebinar.com/register/8054749917914710285>

After registering, you will receive a confirmation email containing information about joining the webinar.

DISCUSSION ITEMS

- [1.](#) Council Strategic Planning
- [2.](#) Short Term Rental Revenue



WORKSESSION MEMORANDUM

DEPARTMENT	PRESENTED BY	DATE
Administration	Christy Doon - Interim City Administrator	October 3, 2023

ITEM

2023/2024 Strategic Priorities

BACKGROUND

In June 2023 the Salida City Council, City Treasurer, City Clerk, City Attorney and members of the management team held a two-day retreat to review existing and establish new priorities through the end of 2024. In August and September, the management team met to review and provide additional priority input. The entire process has been facilitated by Jennifer Visitacion, Moonstone Ventures, LLC.

This tool provides direction for Council and Staff as decisions are made that affect the budget and the workload of City Staff. The priorities are tied to the budget, which has been developed during the same period.



City of Salida- Strategic Priorities 2023/2024

Council Mission:

To guide the future of the City through thoughtful and inclusive decision-making, preserving what makes Salida unique and focusing on positive outcomes.

Core Values:

Transparent dialogue and information sharing

Proactive and defensible decision making

Sustainability of investments

Ability to maintain and improve investments

Focus Area 1: Fiscal Stability

Priority Strategies	Responsibility	Budget Considerations	Outcomes
Establish annual budget & priorities in alignment with policy	Council/Treasurer/Finance Department/City Management Team		Program specific budget/ transparency purposes- values and priority alignment with budget- early identification of budget issues
Update long-term financial management and capital improvement plans	Finance		
Ensure proper accounting in preparation for annual audit	Finance		
Conduct ongoing analysis and implementation of state and local tax measures, including comparisons with other municipalities to identify new opportunities	Com. Devel/Finance/City Admin		
Determine feasibility to transition to Program Based Budgeting for 2025			
Ensure effective and efficient customer service with billing, payroll, and ongoing financial management.	Finance Department		
Provide ongoing budget preparation and tracking training for departments	Finance		

Engage in utility rates study	City Administrator/Finance Dept./ Public Works/ Community Development	Increase in revenue	Bringing revenue in line with expenditures
Implement paid parking strategy downtown	Com Dev/Police/City Admin/Finance		

Focus Area 2: Internal Operations/ Communication

Priority Strategies	Responsibility	Budget Considerations	Outcomes
New Council elections and on-boarding to understand roles, responsibilities, chain of command and organizational/ department priorities	Council/City Management Team		Council and staff have clarity of direction and processes
Hire and on-board new City Administrator			
Recruit and retain effective workforce through policy and engagement	City Management Team		Staff capacity is increased supporting overall efficiency and effectiveness
Hire Sustainability and/or Communications focused position(s)	City Admin	Sustainability and/or Communication Position(s)	
Salary Survey/ Market Analysis		Adjustment of personnel costs based on results	
Implement City Works- Asset Mgmt. Workflow System	City Management Team	Annual Fee	Increase city efficiency
Educate and engage council, boards/ commission on department priorities (utilizing monthly staff reports, annual department reports and work sessions)			
Implement new records management system	City Clerk		Increased security and organization
Auditing/monitoring social media accounts	Slate?		

Focus Area 3: Stakeholder Engagement/ Communication

Priority Strategies	Responsibility	Budget Considerations	Outcomes
Council is proactive in understanding staff priorities and capacity to be effective with community engagement in advance of decisions	Council/ City Management		Engaged and educated public regarding financial and operational priorities
Provide professional level customer service and clear communication to community around projects and budget.	City Management Team		
Manage elections/ petition process	City Clerk/ Finance Dept.		Core operations of City Government have standard operating procedures
Maintain court and licensing processes	City Clerk		
Respond to increase of CORA requests	City Clerk		
Maintain records of building leases and contracts	City Clerk/Finance		
Review/ Process building permits/ land use applications	Community Development		Engaged and educated public regarding planning and permitting processes
Stakeholder engagement with long range planning projects and strategies for revenue generation.	City Management Team		

Implementation of Creative District Plan	Arts & Culture		Salida citizens and visitors have access to unique arts and culture offerings
Update Arts and Culture website			
Promote Salida tourism and festivals	Arts & Culture		
Recreation league/ program coordination focus	Parks, Recreation & Open Space		Salida citizens and visitors have access to health and recreational opportunities
Provide opportunities for community health and recreation	Park and Recreation		
Seek opportunities for increase quality of life of citizens through capital improvements and program development	Park and Recreation		
Provide community fire/ emergency prevention education	Fire and Police Depts.		Salida citizens engage and increase their understanding of how to prevent emergency situations
Develop a State of the City Address which communicates City priorities, current status and financial conditions	Mayor		

Focus Area 4: Community Infrastructure

Priority Strategies	Responsibility	Budget Considerations	Outcomes
Lead and engage in smart, long-range community planning	Community Development	Housing Planner position	Engaged and educated public regarding long-term planning and implementation processes
Create economic development opportunities and engage in workforce housing solutions		Short term rental and occupational lodging tax leveraged to secure funding and partnerships for affordable housing projects	
South Ark Development Plan adoption, fundraising and implementation	Com Dev/Park and Recreation		
D-Street Affordable Housing Project Plan, Fundraising and Implementation			
Implementation of land use code			
Research/analyze opportunities for UP property			
Parks master plan and code update	Parks & Recreation		Parks and recreational facilities are updated and maintained to strive meet community wants and needs
Annual Park Bathroom remodel	Parks & Recreation	\$350-\$500k every other year	
Providing safe, clean and updated public spaces for appropriate public use	Parks & Recreation	Varied	

Soaking pool feasibility study	Parks & Recreation		Determine possible revenue source
Develop Facilities Rental Business Plan	Arts and Culture		Arts and culture facilities are properly funded to ensure they are updated and maintained
Manage facility rental/ public use	Arts & Culture/Parks & Rec		
Firehouse project construction	Fire Department	Firehouse Project	Fire Department has permanent residence/ updated systems of support to meet growing needs of community
Develop transition plan for historic firehouse			
Maintain community safety programs including inspections and mitigation			
Review Fire & Safety plans			
Provide training, certifications, and education to preserve life and property			
Completion of Poncha Blvd project	Public Works		Community infrastructure is well maintained and updated to strive to meet the wants and needs of growing community
Maintain existing infrastructure (streets, utilities, sewer, fleet)	Public Works/Park and Recreation	Possible increases in annual maintenance	
Proactive planning and implementation on projects/ goals			

Implementation of Oak street CDOT Improvements			
Replace police vehicles	Police Department	Replacement costs	Police Department has fleet to meet the growing needs of community
Explore land banking project for affordable housing	Com Dev		

Development of Strategic Priorities
Process Timeline

Council/ Staff Annual Retreat
June 2023

Staff Review & Priority Input
August/ September 2023

Interim City Administrator and Council Review
October 2023

Process Facilitated by:

Jennifer Visitacion
Moonstone Ventures, LLC



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Short Term Rental Tax Evaluation and Use of Funds

BACKGROUND

In 2022, Salida City Council submitted ballot questions to the voters (Ordinance 2022-17) asking if they wanted to see an annual \$1000 license tax on all short-term rental licenses (Question 2A) and raising the occupational lodging tax on short-term rentals to \$15 per night, per room (Question 2B). Revenues from both would be used towards affordable housing.

Proceeds from 2A were estimated to raise up to \$275,000 and proceeds from 2B were estimated to raise up to \$525,000, totaling \$800,000. Both questions were approved by voters – 2A by a margin of 55% yes/45% no, and 2B by a margin of 51% yes/49% no. The City began collecting these taxes on January 1, 2023. The City has collected \$493,963 through short-term rental occupational lodging taxes for the first two quarters of 2023 and is on track to generate close to the \$800,000 originally estimated.

A group of citizens submitted a petition on June 20, 2023, to repeal and replace the taxes approved in November of 2022 – to a \$540 license tax on out-of-County license holders and to \$5 per night per bedroom on all STRs. On June 29th the City Clerk sent the Letter of Initial Sufficiency to the petitioners. On August 9, 2023, after the 40-day protest period, the City Clerk sent the Final Determination letter. The petition and Citizen's Ordinance (2023-12) to repeal and replace the taxes approved in November of 2022 was submitted to Council on August 15, 2023.

City Council did not take up this ordinance and instead chose to send it to the voters as part of the November 2023 election (Question 300). A "Yes" vote on Question 300 would repeal and replace 2A and 2B and the revenues generated therein for affordable housing, up to \$297,000 – a \$504,000 reduction from current revenue projections. A "No" vote on Question 300 would keep the present taxes intact.

Currently, there are 221 STR licenses and 62% of these are held by people to reside outside of Chaffee County.

Staff has identified three primary affordable housing projects, listed below, where the funds could be used over the next several years–

1. 1st and D Workforce Housing – estimated to cost approximately \$8m
2. South Arkansas Neighborhood – infrastructure and housing approximately \$14m
3. Potential Low-income Tax Credit/Senior Living Project – purchase of land approximately \$350,000

While the taxes collected from the current STR tax structure are not enough to fully fund any one of the larger projects, staff is aware of grant opportunities and low-cost financing that would allow the city to leverage the local dollars collected.

Staff have indicated that the most recent changes to the structure took approximately 8 months to implement with our software provider and numerous additional hours on the part of staff to communicate changes with STR owners, updating the website and forms.



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Staff were directed by Council to evaluate various iterations of the STR tax structure. Below is an analysis which shows revenues based on a number of scenarios.

License Tax / STR Tax Scenarios

Base values used in calculations

	1st 1 Qtrs 2023 actual collections	Projected 2023 Annual
License Fees	227,000	227,000
STR Tax	266,363	532,726
	493,363	759,726

License Tax / STR Tax Scenarios

			Alternative Scenario Considerations			
	Currently in Place (voter approved Nov 2022)	Question 300 *	A	B	C	D
<u>Rates</u>						
License Fee	\$ 1,000	\$ 540	\$ 1,000	\$ 800	\$ 600	\$ 300
STR Tax Rate (room/night)	\$ 15.00	\$ 5.00	\$ 10.00	\$ 7.50	\$ 5.00	\$ 5.00
<u>Anticipated Housing Fund Revenue</u>						
License Fee	\$ 227,000	\$ 89,640	\$ 227,000	\$ 181,600	\$ 136,200	\$ 68,100
STR Tax** (room/night)	532,726	207,264	390,666	292,999	195,333	195,333
	\$ 759,726	\$ 296,904	\$ 617,666	\$ 474,599	\$ 331,533	\$ 263,433

* For Question 300, STR tax calculations are based on applying the stated rates only to the 138 license holders who reside outside Chaffee County. Calculation is inflated by 10% to provide for some growth in rentals due to the lower rate.

** Each scenario, including Question 300 assumes a 10% increase in bookings over current due to lower rates.