

Town of Baca Grande

Financial
Analysis



Big Picture

A property owners association (POA) is an organizational structure with one goal, and one primary method of collecting revenue. The goal is to preserve property values, and the revenue collection is annual assessments.

A town is an organizational structure with many goals and many revenue streams. It may preserve property values, and it may also provide public services such as education, cultural events and recreational spaces.

Methodology

All data is from publicly available budget info from the towns considered.

Figures used are budgeted, not actual. Because 2022 is not over, actual numbers are not available for 2022, and I chose to use the same metric for consistency

Many costs and expenses are “per capita.” This is done because the towns are different sizes. A town of 104 will have a different scale of budget than a town of 2,000, and per capita numbers relate to each other better than absolute totals

Different Vehicles Different Destinations

We understand that different vehicles are equipped and suited to different pursuits. You wouldn't take a limousine off-roading.

Financial instruments and organizations share this quality, and you may have heard of an investment vehicle.

A town and a POA are also different vehicles and are equipped for different terrain.



How are towns funded?

Towns are funded in a variety of ways, some of which we will examine in greater detail.

Colorado has very low property taxes in an absolute sense and relative to other regions of the USA.

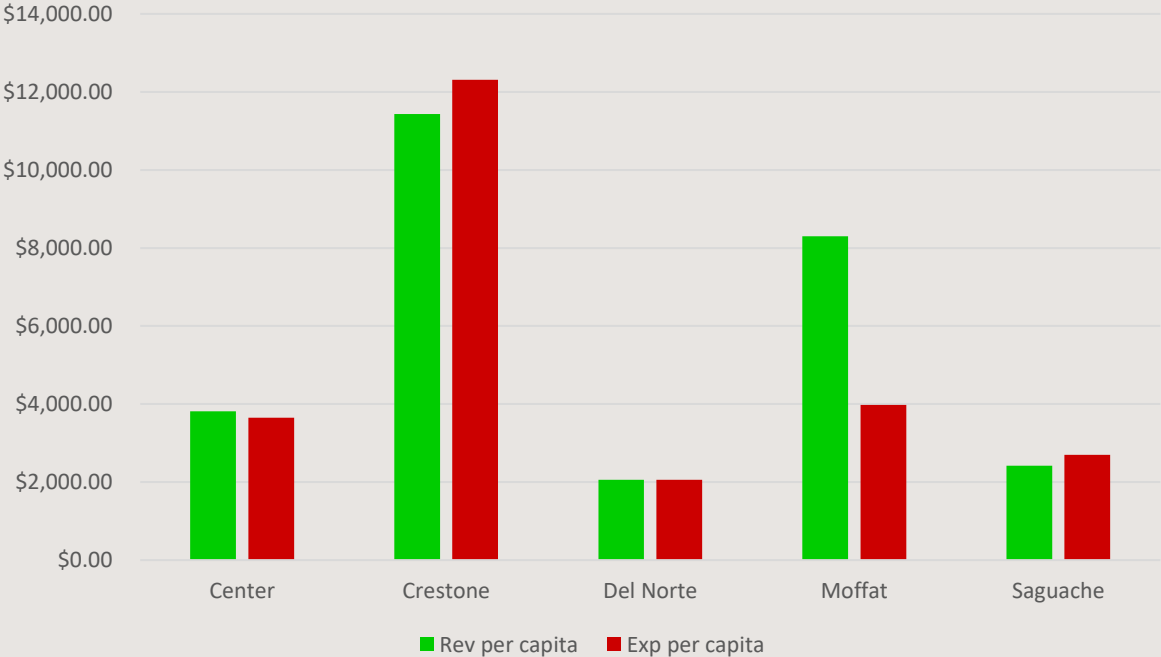
Towns have much greater flexibility in how they may collect revenue and have access to revenue sources that are not accessible to privately held institutions like a POA.

We will look at specific examples, Crestone and Moffat, to see how some towns are able to collect revenue to fund their growth and community.

A look at our neighbors

Town	2022 Revenues	2022 Expenditures	Population	Rev per capita	Exp per capita
Center	\$9,079,770.00	\$8,680,453.00	2,379	\$3,816.63	\$3,648.78
Crestone	\$2,264,006.00	\$2,436,888.00	198	\$11,434.37	\$12,307.52
Del Norte	\$3,103,629.00	\$3,103,629.00	1,509	\$2,056.75	\$2,056.75
Moffat	\$863,659.00	\$413,658.00	104	\$8,304.41	\$3,977.48
Saguache	\$1,121,540.71	\$1,251,846.62	464	\$2,417.11	\$2,697.95
			Average	\$5,605.86	\$4,937.69

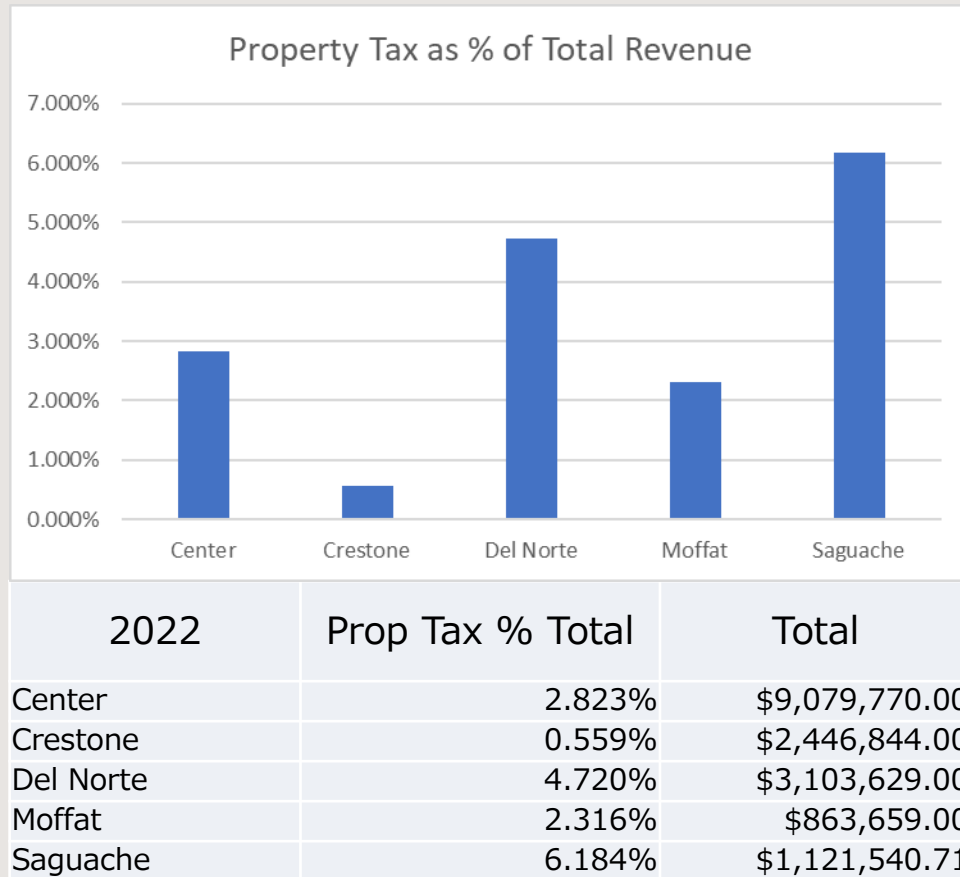
Per Capita Budgets in San Luis Valley



The communities of the San Luis Valley have different sizes of budget and different expenditures

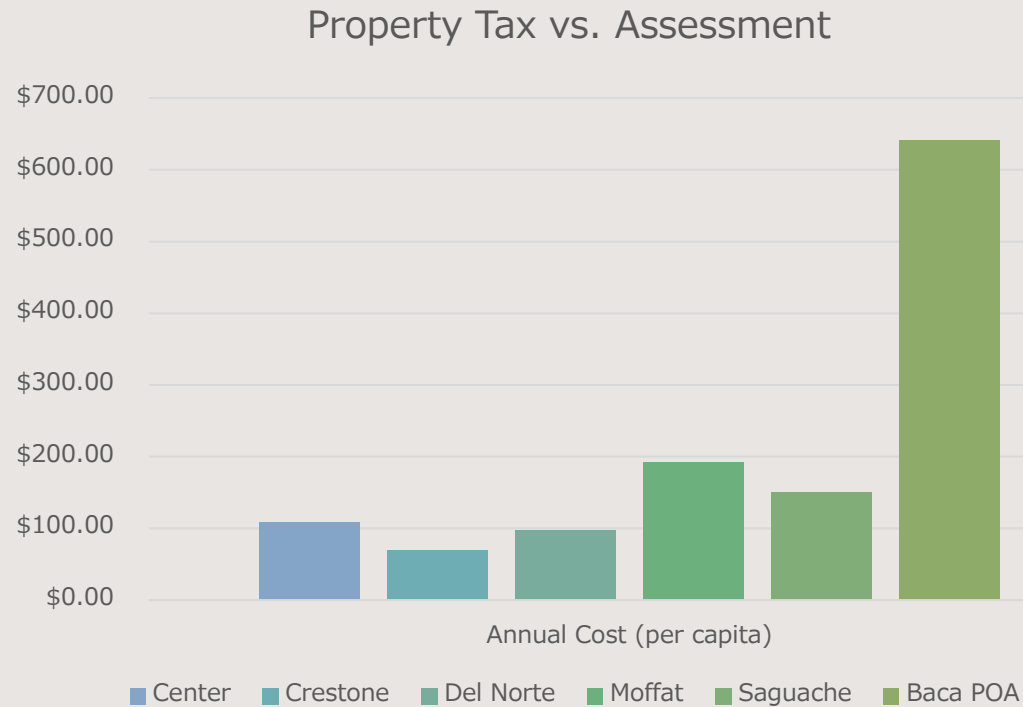
Revenue per capita, in every town, is greater than the amount of POA annual assessments

A look at our neighbors



A survey of five nearby towns in the San Luis Valley shows that neighboring communities receive most of their revenue from sources other than property taxes.

A look at our neighbors



When a property tax is your only source of revenue, it must be higher, because all of your expenditures have to be funded from that one source.

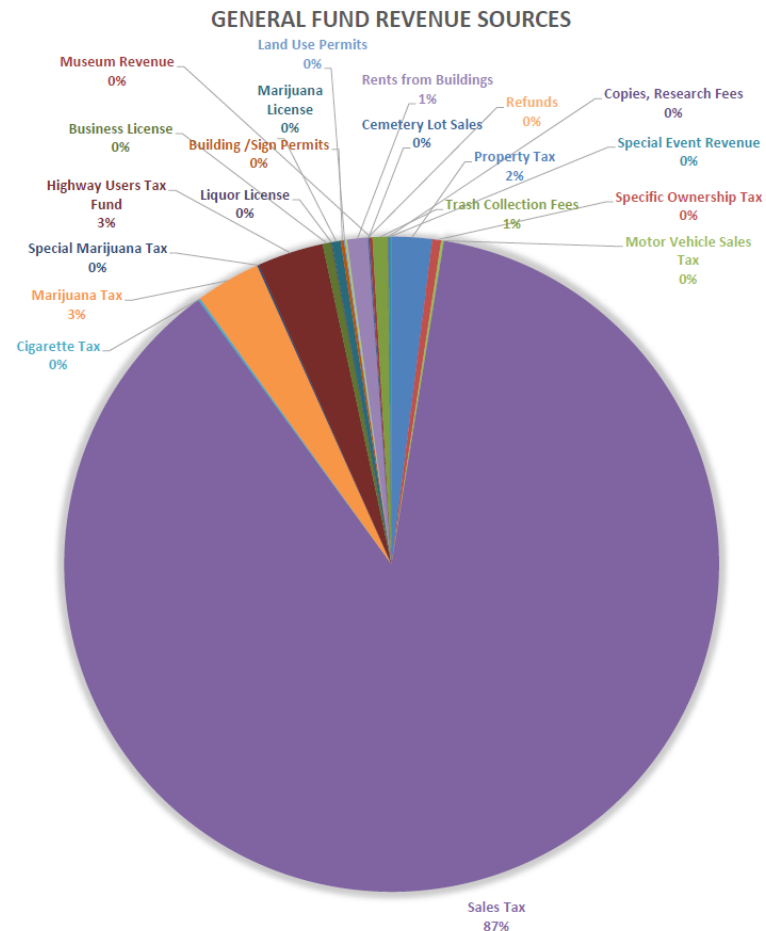
The POA assessment is more than three times (300%) more than any other nearby town pays for property taxes.

The Whole Pie

A POA is only able to collect annual assessments. These assessments function similarly to a property tax.

If you are not able to fund everything you want to accomplish with only one slice of the revenue pie that towns are enjoying, you don't need a bigger slice, you need the rest of the pie.

Crestone



Crestone is the nearest neighbor of the proposed town of Baca Grande

The town has a very low population, and a very healthy local economy

Crestone receives most of its revenue from sales tax

Crestone

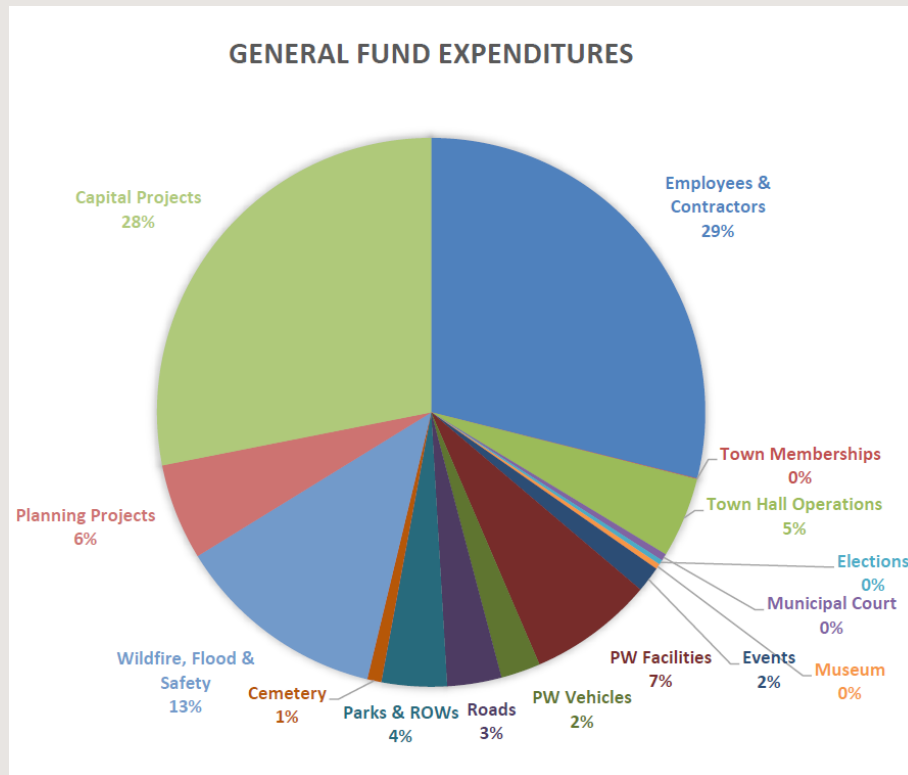
Collecting revenue on sales taxes is an entirely different model than annual assessments.

It allows Crestone to fund itself from economic activity, which people participate in voluntarily at the rate which they can afford

An annual assessment is an involuntary charge that people have to pay in order to keep their home

Collecting revenue through sales taxes is not only a good financial practice, it is a good ethical practice that collects more from those who can afford to pay more without jeopardizing people's housing

Crestone



Crestone is able to fund many different projects because it has a broader purpose and mission than a POA.

Road expenditures are relatively minor, an issue we will look at further.

Capital projects improve the town for everyone

Payroll is the largest expense

Crestone

Key takeaways

- Sales tax represents 87% of Crestone's revenue while property taxes represent only 2%
- The largest expense is payroll. This is typical for most institutions across public and private sectors
- The largest expense after payroll is capital projects- investing in improvements the entire community can enjoy

Moffat

Moffat is growing in a big way.

Area 420, a 420 acre cannabis business park is the largest in the country.

The decision to embrace a new business venture is yielding more revenue per capita than the POA assessments

Town of Moffat Budget	2020 Est.	2020 Actual	2021 Est.	2021 Actual	2022 Budget
Income					
Community Center Income					
Community Ctr Committee	0	0	0	0	0
Deferred Income	0	0	0	0	0
Donation	120	120	0	0	0
Interest	4	4	5	5	6
Moffat Match	9,624	9,624	0	0	0
Other Grants (Boettcher, Gates, etc)	0	0	0	0	0
Rental Fees	15	15	15	15	150
Rental Security Deposits	75	75	100	100	200
Saguache Grant	0	0	0	0	0
Community Center Income - Other	0	0	0	0	0
Total Community Center Income	9,838	9,838	120	120	356
Excise Tax Income					
Grant Funds	0	0	0	0	0
Excise Tax Collected	29,396	44,755	80,000	103,898	120,000
Total Excise Tax Income	29,396	44,755	80,000	103,898	120,000
General Fund Income					
Annexation	9,319	9,319	5,000	0	10,000
Building permits	6,110	6,110	5,000	5,000	8,000
Business licenses	100,725	100,725	100,000	100,000	401,550
DOR Collections	2,800	2,800	0	0	0
Education & Training Scholarship	0	0	0	0	0
Franchise Tax	2,500	2,500	2,500	2,500	2,500
GF CD Interest	106	106	110	110	110
Grant - DOLA / SHF	0	0	0	50,000	50,000

Moffat

Moffat, a town of 104 people, is collecting over \$100,000 annually in business licenses from a single business venture.

Over three years (2020, 2021, 2022), they are collecting \$600,000. That amounts to \$2,000 per person, per year.

These funds aren't coming out of the wallets of those 104 residents, they are coming into the community from a new source

Road Construction

One major goal and responsibility of small towns is to build and maintain roads.

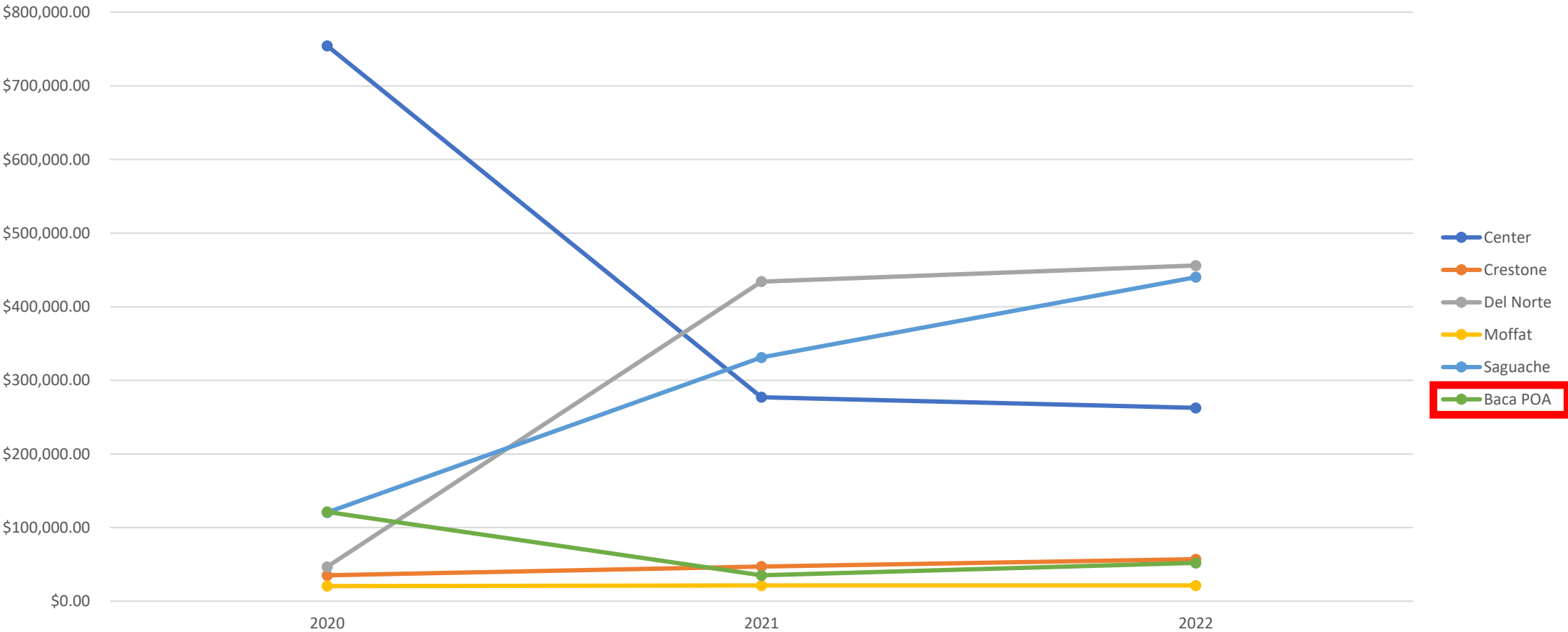
Towns have access to different funds and pay for roads differently than a POA.

A POA is limited by a financial reality- they may never spend more on roads than they are able to collect from assessments. The available funding for roads is always limited, and all of the funds come directly from members (you!).

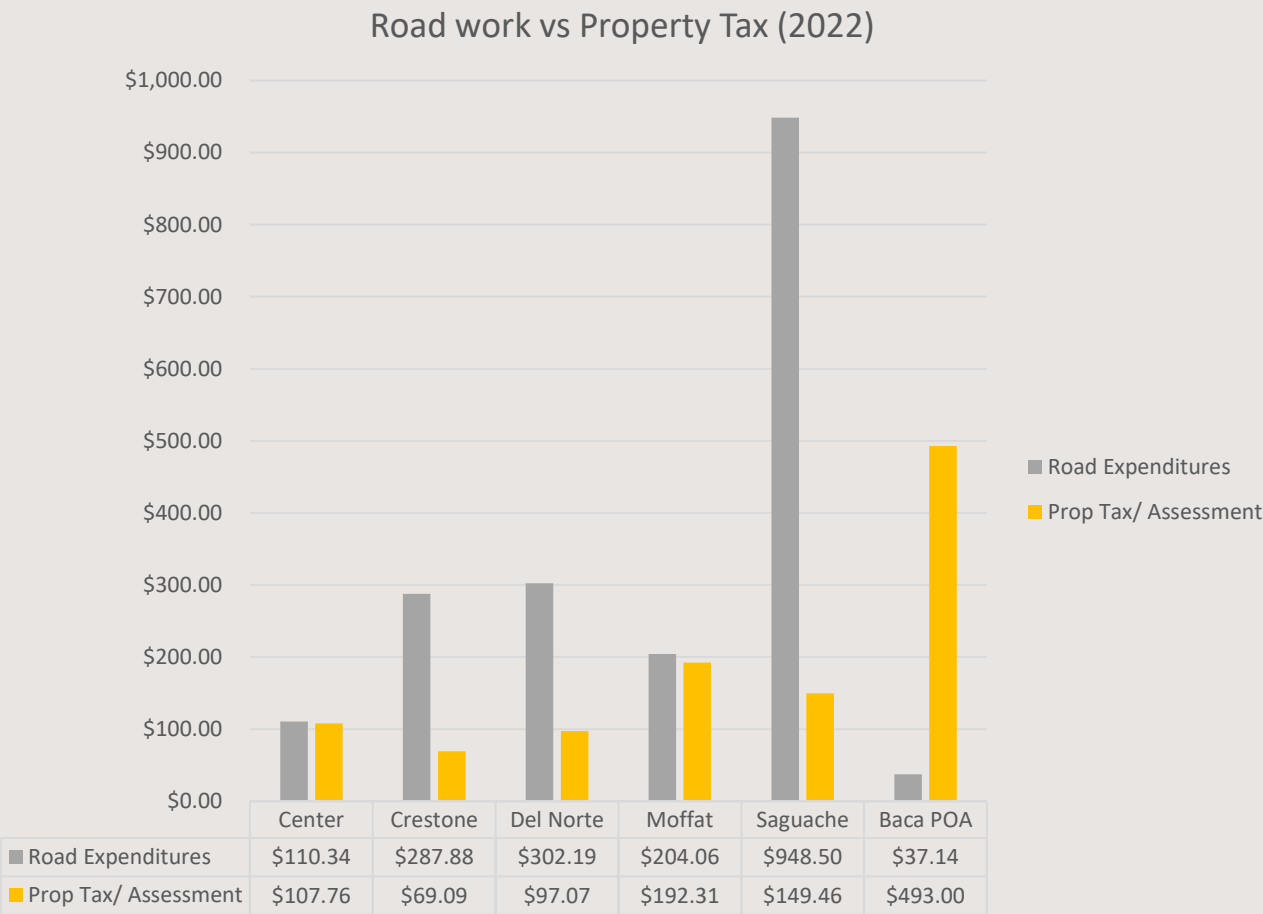
CDOT has regional planning meetings where they distribute funds for prioritized work. These funds are used to expand and maintain road networks managed by local governments.

Road Construction

Road Expenditures 2020, 2021, 2022



Road Construction



This is a comparison of road expenditures to property taxes/assessments.

The assessments have to pay for everything, and road work is a proportionally small piece of that.

Towns are able to access public funds to increase their ability to build and maintain roads.

Road Construction

Road Expenditures							
Entity/Year	2020	2021	2022	Pop	2020 Exp per Cap	2021 Exp per Cap	2022 Exp per Cap
Center	\$754,520.00	\$277,021.00	\$262,500.00	2379	\$317.16	\$116.44	\$110.34
Crestone	\$35,000.00	\$47,000.00	\$57,000.00	198	\$176.77	\$237.37	\$287.88
Del Norte	\$46,669.00	\$434,200.00	\$456,000.00	1509	\$30.93	\$287.74	\$302.19
Moffat	\$20,520.00	\$21,221.00	\$21,222.00	104	\$197.31	\$204.05	\$204.06
Saguache	\$120,386.00	\$331,082.03	\$440,102.48	464	\$259.45	\$713.54	\$948.50
Baca POA	\$121,250.00	\$35,000.00	\$52,000.00	1400	\$86.61	\$25.00	\$37.14

The Baca Grande POA spends a similar amount to Crestone and Moffat, it's closest neighbors. In size, the Baca Grande has a population closer to Del Norte, which is spending roughly 900% more (\$450k:\$50k)

Highway User Tax Fund

Entity/Year	2020	2021	2022
Center	\$82,679.00	\$62,111.00	\$63,000.00
Crestone	\$18,785.00	\$19,706.00	\$22,417.00
Del Norte	\$55,348.00	\$55,586.00	\$61,879.00
Moffat	\$18,281.00	\$10,936.00	\$13,000.00
Saguache	\$26,000.00	\$23,000.00	\$25,000.00

Entity/Year	Pop	2020 HUTF per Cap	2021 HUTF per Cap	2022 HUTF per Cap
Center	2379	\$34.75	\$26.11	\$26.48
Crestone	198	\$94.87	\$99.53	\$113.22
Del Norte	1509	\$36.68	\$36.84	\$41.01
Moffat	104	\$175.78	\$105.15	\$125.00
Saguache	464	\$56.03	\$49.57	\$53.88

The Highway user tax fund is disbursed by the state to assist local municipalities with road maintenance.

Incorporating a town will allow town leaders to gain access to these funds

CDOT Process


CDOT holds quarterly meetings for the the region including the San Luis Valley (region 5).

Community leaders- town leaders and county commissioners, meet with CDOT leadership to identify priorities.


Traffic studies are conducted to evaluate utility of proposed projects.

CDOT prioritizes and funds some projects. Projects that are not funded through CDOT, they may provide planning and oversight services.

CDOT Projects in the region














COLORADO
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Projects

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Region 5 Southwestern Colorado Projects

Title	Last modified
 Bridge Rehabilitation Project between Gateway and Naturita	May 11, 2022 08:54 AM
 CO 149 Creede North & Lake City North Resurfacing	Mar 07, 2022 12:38 PM
 Regionwide Striping in southwest Colorado	Jul 07, 2022 10:00 AM
 US 24 Wildlife Fencing Johnson Village East	Mar 07, 2022 02:04 PM
 US 50 - Monarch Pass Emergency Truck Ramp Repair	Sep 02, 2022 11:07 AM
 US 160 and CO 370 in Rio Grande and Alamosa Counties	Mar 16, 2022 12:10 PM
 US 160 McCabe Creek Culvert Replacement in Pagosa Springs	Jul 20, 2021 02:11 PM
 US 160 Resurfacing Project from Four Corners to Aztec Creek	Apr 13, 2022 10:15 AM
 US 160 Wolf Creek Pass Fiber & Safety Systems	Aug 16, 2021 01:00 PM
 US 285 Resurfacing between Monte Vista and Saguache	Jun 09, 2022 11:47 AM
 US 550 Ouray to Colona Resurfacing Project	Mar 16, 2022 11:40 AM
 US 550/US 160 Connection South	Jan 31, 2022 11:33 AM

CDOT Projects in the county

US 285 Resurfacing Monte Vista to Saguache

Work this Week

August 29 - September 2, 2022

- Crews will begin the fogging this week. Fogging locks in chips in a chip seal treatment. This helps prevent chip seal loss and snowplow damage.
- Work will end on Friday, September 2 at 12:00 noon for the holiday weekend.

About the Project:

The Colorado Department of Transportation and United Companies will chip seal US Highway 285 in Saguache and Rio Grande Counties. The project will take place from north of the city of Monte Vista to south of the Town of Saguache (Mile Points 51.4 to 83). The work consists of a single, full width chip seal of the existing roadway from MPs 51.4 to 77.47, and microsurfacing of the existing roadway from MP 77.47, south of County Road R to MP 86.

Work Schedule

- The project is now scheduled to begin on July 12.
- Normal working hours will be Monday through Friday during daylight hours.

Project Facts

- **Cost:** \$3.2 Million
- **Contractor:** United Companies
- **Timeline:** June - September 2022
- **Location:** US 285 between Monte Vista and Saguache



A wide-angle landscape photograph showing a majestic mountain range under a clear blue sky. The mountain peaks are rugged and partially covered in snow. The slopes are steep and appear to be covered in dense, dark green forest. In the foreground, there is a vast valley filled with low-lying, yellowish-brown shrubs and grasses. A small, dark-colored vehicle is visible in the distance, parked on a flat area within the valley. The overall scene is serene and expansive.

Questions?