CITY COUNCIL REGULAR MEETING

448 E. 1st Street, Room 190 Salida, Colorado 81201
December 03, 2024 - 6:00 PM

AGENDA

Please register for Regular City Council Meeting
https://attendee.gotowebinar.com/register/3742005742374996822.

After registering, you will receive a confirmation email containing information about joining the webinar. To watch live meetings:

http://www.youtube.com/@cityofsalidacolorado

CIVILITY INVOCATION

CALL TO ORDER

Pledge of Allegiance

Roll Call

CONSENT AGENDA

1. Approve Agenda
2. Approve November 19, 2024 Minutes

CITIZEN COMMENT–Three (3) Minute Time Limit

LIQUOR LICENSING AUTHORITY

3. Transfer of a Retail Store Liquor License request for Nine Stripes, LLC dba Arlie Dale's Jug Liquors at 220 North F Street

UNFINISHED BUSINESS / ACTION ITEMS

NEW BUSINESS / ACTION ITEMS

4. **Resolution 2024-70** A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING AN AMENDMENT TO RESOLUTION 2023-47 ESTABLISHING BUDGET AND APPROPRIATIONS BY FUND FOR THE CITY OF SALIDA OPERATIONS FOR CALENDAR YEAR 2024. **(Public Hearing)**
5. **Resolution 2024-72** A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING THE COMMERCIAL LEASE AGREEMENT WITH SALIDA BOTTLING COMPANY LLC.
6. **Resolution 2024-73** A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING CITIZEN APPOINTMENTS TO THE PARKS, RECREATION, OPEN SPACE, AND TRAILS PURSUANT TO SECTION 2-14-20 a. OF THE SALIDA MUNICIPAL CODE

COUNCILORS, MAYOR AND CITY TREASURER REPORTS

Council Reports

- Critelli, Fontana, Martin, Naccarato, Pappenfort, Stephens

Mayor Report

Treasurer Report

Attorney Report

Department Updates

7. Department Update

Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting the City Clerk at 448 E. 1st Street, Ste. 112, Salida, CO 81201, Ph.719-530-2630 at least 48 hours in advance.

ADJOURN

CITY OF SALIDA
SEAL
COLORADO

City Clerk | Deputy City Clerk

Mayor Dan Shore

CITY COUNCIL REGULAR MEETING

448 E. 1st Street, Room 190 Salida, Colorado 81201
November 19, 2024 - 6:00 PM

MINUTES

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CIVILITY INVOCATION

CALL TO ORDER

Pledge of Allegiance

Roll Call

PRESENT
Council Member Suzanne Fontana
Council Member Dominique Naccarato
Council Member Justin Critelli
Council Member Aaron Stephens
Council Member Alisa Pappenfort
Council Member Wayles Martin
Mayor Dan Shore
Treasurer Ben Gilling

CONSENT AGENDA

Council Member Martin moved to combine and approve items on the consent agenda, Seconded by Council Member Pappenfort.
Voting Yea: Council Member Fontana, Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin

Approve Agenda

Approve November 5, 2024 Minutes

Approve Special Event Liquor Licenses for Sventastik Productions Inc.

Approve Contract Amendment with Dibble & Associates Consulting for the Airport Fuel Farm Bulk Refueling Re-Design

Approve DOLA grant application for the Energy & Mineral Assistance Fund

MOTION PASSED

CITIZEN COMMENT–Three (3) Minute Time Limit

Jess Smith and Adam Martinez spoke during Citizen Comment

LIQUOR LICENSING AUTHORITY

New Tavern Liquor License request for Lucky Penny Group, LLC dba Liberty Hall at 136 Old Stage Road, Unit 1-A.

Mayor Shore opened the Public Hearing. Clerk Kristi Jefferson presented the Liquor License request. The applicants, Thomas Hayes and Joe Walsh asked Council to approve the request.

Michelle Saab spoke in favor of the request. Hearing no other comment, the Mayor closed the Public Hearing.

Council Member Critelli moved to approve the new Tavern Liquor License, Seconded by Council Member Stephens.
Voting Yea: Council Member Fontana, Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin

MOTION PASSED

UNFINISHED BUSINESS / ACTION ITEMS

AMPLIFIED SOUND PERMIT

Amplified Sound Permit for the Parade of Lights -**Public Hearing**

The Mayor opened the public hearing. Hearing no further comments the Mayor closed the public hearing.

Council Member Naccarato moved to approve the Amplified Sound Permit, Seconded by Council Member Martin.
Voting Yea: Council Member Fontana, Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin

MOTION PASSED

Amplified Sound Permit for the New Years Eve Ball drop -**Public Hearing**

The Mayor opened the public hearing. Hearing no further comments the Mayor closed the public hearing.

Council Member Pappenfort moved to approve the Amplified Sound Permit, Seconded by Council Member Stephens.
Voting Yea: Council Member Fontana, Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin

MOTION PASSED

NEW BUSINESS / ACTION ITEMS

Approve appointment of a Designated Representative to the Greater Salida Recreation Corporation Board

Council Member Pappenfort moved to appoint Council Member Fontana to the Board, Seconded by Council Member Critelli.
Voting Yea: Council Member Fontana, Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin

MOTION PASSED

Resolution 2024-69 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, EXPRESSING SUPPORT FOR THE COLORADO ASSOCIATION OF SKI TOWNS 2024 LEGISLATIVE POSITION STATEMENT ON HOUSING LEGISLATIVE PRIORITIES AND THE COLORADO MUNICIPAL LEAGUE’S POLICY COMMITTEE RECOMMENDATIONS FOR CML INITIATED LEGISLATION

Council Member Naccarato moved to approve Resolution 2024-69, Seconded by Council Member Pappenfort.
Voting Yea: Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin
Voting Nay: Council Member Fontana

MOTION PASSED

Resolution 2024-71 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING AN ANNEXATION AGREEMENT WITH NED SUESSE FOR THE ANNEXATION OF CERTAIN REAL PROPERTY INTO THE CITY

Council Member Pappenfort moved to approve Resolution 2024-71, Seconded by Council Member Naccarato.
Voting Yea: Council Member Fontana, Council Member Naccarato, Council Member Critelli, Council Member Stephens, Council Member Pappenfort, Council Member Martin

MOTION PASSED

COUNCILORS, MAYOR AND CITY TREASURER REPORTS

Council Reports

Pappenfort, Stephens, Naccarato, Martin, Critelli, Fontana

Reports were given.

Mayor Report

Report was given.

Treasurer Report

Report was given.

Attorney Report

Department Updates

ADJOURN

Meeting Adjourned at 6:56 pm

CITY OF SALIDA

SEAL

COLORADO

____

City Clerk | Deputy City Clerk

____

Mayor Dan Shore

CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Administration	Kristi Jefferson - City Clerk	December 3, 2024

AGENDA ITEM

Application for a Transfer of Ownership Retail Liquor Store liquor license for Nine Stripes LLC dba Arlie Dale's Jug Liquor located at located at 220 North F Street. **Public Hearing**

BACKGROUND

An application for a transfer of a Retail Liquor Store Liquor License application was filed with the City Clerk on October 10, 2024. Typically, applications for liquor license transfers are reviewed and approved administratively as long as all criteria are met. Staff had a few concerns with the background check and deemed it necessary to have the Local Licensing Authority hold a public hearing.

Notice Of Public Hearing and Posting: In accordance with C.R.S. § 44-3-303, the Notice of Public Hearing to be held by the Liquor Authority concerning the above-referenced application, filed with the City Clerk on October 10, 2024. The Notice of Public Hearing was published on October 28, 2024, in the Mountain Mail and the premises at 220 North F Street was posted on November 21, 2024.

In accordance with C.R.S. §§ 44-3-312, Staff has conducted an investigation of the statutory and relevant criteria for the issuance of a transfer liquor license of the class proposed by the application. The results of such investigation are as follows:

1. Approval criteria includes good moral character. The focus is on the proposed licensee. Because this is a proposed continuation of an operation in a previously approved location, the needs and desires of the neighborhood are not relevant. However, good moral character of the applicant is relevant since the applicant is new.

2. The City Clerk's office has confirmed that the existing license is still valid and was valid at the time of the subject application.

3. All relevant state and local application materials have been submitted, and all proper license fees have been remitted to the City of Salida and State of Colorado.

4. The applicant is in the process of purchasing the business and has submitted the executed lease agreement for the property.

5. Nine Stripes LLC is a single member Limited Liability Company (LLC) registered on September 20, 2024, as evidenced by the submission of a Certificate of Fact of Good Standing from the Office of the Secretary State of the State of Colorado, and Limited Liability Articles of Organization, dated September 24, 2024. The registered agent, and only member of the LLC is Chad Thornton.

6. Fingerprints have been sent to Colorado Bureau of Investigation, and individual criminal history records and the Colorado Bureau of Investigation background check was obtained for Chad Thornton, the sole individual member of the Applicant LLC, and was reviewed by staff, including the City Clerk, City Administrator and City Attorney.

7. This criminal background record demonstrated Chad Thornton's prior convictions for "Felony Robbery on August 4, 2003, Felony Motor Vehicle Theft on January 30, 2008, and a Misdemeanor possession of illegal weapon September 29, 2018 disposition".

8. In the liquor license transfer application materials, Mr. Thornton was upfront and honest about his background. He has also provided documents and a letter explaining his evidence of rehabilitation.

9. Staffs investigation has disclosed there is evidence for good cause for the Local Liquor Licensing Authority to hold a public hearing. Therefore as City Clerk I am exercising my discretion pursuant to Salida Municipal Code section 6-1-30 and referred this application for a public hearing in front of the Salida City Council, acting as Local Liquor Licensing Authority, on December 3, 2024 at 6pm, for review and approval or denial.

RECOMMENDATION

Following the public hearing on the matter, and after considering all documentation and evidence in the record, all testimony during the public hearing, and any and all information provided by the Applicant at the hearing regarding his criminal record, including character references, educational achievements and evidence of rehabilitation, a Salida Local Liquor Licensing Authority ("Authority") member should make a motion to either approve or deny the proposed transfer application.

FISCAL IMPACT

No fiscal impact

MOTION

Following a public hearing on the matter, a Liquor Authority Member should move to _______________ a Transfer of Ownership of Retail Liquor Store Liquor License request for Nine Stripes, LLC dba Arlie Dale's Jug Liquor at 220 North F Street." followed by a second and roll call vote.

PUBLIC NOTICE

Notice is hereby given that an application has been presented by Nine Stripes LLC dba Arlie Dale's Jug Liquor to the City of Salida Local Liquor Licensing Authority for a Tranfer of Liquor License for the Retail Liquor Store License at 220 N. F Street.

A hearing on the application received October 8, 2024 will be held before the Local Licensing Authority of the City of Salida, Colorado at the hour of 6:00 p.m., or as soon thereafter as may be heard, on Tuesday, December 3, 2024 in the City Council Chambers, 448 East 1st Street, Salida, Colorado. At said time and place, any interested persons may appear to be heard for or against the granting of said license.

LIQUOR LICENSING AUTHORITY
Kristi Jefferson, City Clerk

Published in The Mountain Mail October 29, 2024

NOTICE

PURSUANT TO THE LIQUOR LAWS OF COLORADO

Nine Stripes, LLC dba Arlie Dale' Jug Liquors License #41-54127-0000

220 North F Street

Salida, CO 81201

HAS REQUESTED THE LICENSING OFFICIALS OF City of Salida

TO Transfer of Liquor License for Liquor License #41-54127-0000

LICENSE AT: 220 North F Street, Salida CO 81201

HEARING ON APPLICATION TO BE HELD AT:

City Council Chambers

448 E First Street, Ste. 190, Salida, CO 81201

TIME AND DATE: 6:00 pm December 3, 2024

DATE OF APPLICATION: October 10, 2024

BY ORDER OF: City of Salida

OFFICERS: Chad Thornton

...ACE AT WHICH PETIT... ...MONSTRANCES MAY BE FILED

DR 8404 (03/26/24)
COLORADO DEPARTMENT OF REVENUE
Liquor Enforcement Division
PO BOX 17087
Denver CO 80217-0087
(303) 205-2300

Colorado Liquor Retail License Application

*** Note that the Division will not accept cash** ☐ **Paid by Check** ☐ **Paid Online**

Date Uploaded to MoveIt

☐ **New License** ☐ **New-Concurrent** ☑ **Transfer of Ownership** ☐ **State Property Only** ☐ **Master file**

- **All answers must be printed in black ink or typewritten**
- **Applicant must check the appropriate box(es)**
- **Applicant should obtain a copy of the Colorado Liquor and Beer Code:** SBG.Colorado.gov/Liquor

Applicant is applying as a/an ☐ Individual ☑ Limited Liability Company ☐ Association or Other ☐ Corporation ☐ Partnership (includes Limited Liability and Husband and Wife Partnerships)

Applicant Name If an LLC, name of LLC; if partnership, at least 2 partner's names; if corporation, name of corporation: Nine Stripes LLC

FEIN Number: [redacted]

State Sales Tax Number: [redacted]

Trade Name of Establishment (DBA): Arlie Dales Jug Liquors

Business Telephone: 719-291-2047

Address of Premises (specify exact location of premises, include suite/unit numbers): 220 N F Street

City: Salida | County: Chaffee | State: CO | ZIP Code: 81201

Mailing Address (Number and Street): PO Box 829 | City or Town: Rye | State: CO | ZIP Code: 81069

Email Address: ChadThornton1@yahoo.com

If the premises currently has a liquor or beer license, you **must** answer the following questions.

Present Trade Name of Establishment (DBA): Arlie Dales Jug Liquors

Present State License Number: 41-54127-0000

Present Class of License: Retail liquor License

Present Expiration Date: 12-29-2024

1. Is the applicant (including any of the partners if a partnership; members or managers if a limited liability company; or officers, stockholders or directors if a corporation) or managers under the age of twenty-one years? ○ Yes ☑ No

2. Has the applicant (including any of the partners if a partnership; members or managers if a limited liability company; or officers, stockholders or directors if a corporation) or managers ever (in Colorado or any other state):

   a. Been denied an alcohol beverage license? ○ Yes ☑ No

   b. Had an alcohol beverage license suspended or revoked? ○ Yes ☑ No

   c. Had interest in another entity that had an alcohol beverage license suspended or revoked? ○ Yes ☑ No

   If you answered yes to a, b or c above, explain in detail on a separate sheet.

3. Has a liquor license application (same license class), that was located within 500 feet of the proposed premises, been denied within the preceding two years? ○ Yes ☑ No

If "yes", explain in detail.

N/A

4. Are the premises to be licensed within 500 feet, of any public or private school that meets compulsory education requirements of Colorado law, or the principal campus of any college, university or seminary? ○ Yes ☑ No

or

Waiver by local ordinance? ○ Yes ☑ No

Other

N/A

5. Is your Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 1500 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of greater than (>) 10,0000? **NOTE:** The distance shall be determined by a radius measurement that begins at the principal doorway of the LLDS/RLS premises for which the application is being made and ends at the principal doorway of the Licensed LLDS/RLS. ○ Yes ☑ No

6. Is your Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 3000 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of less than (<) 10,0000? **NOTE:** The distance shall be determined by a radius measurement that begins at the principal doorway of the LLDS/RLS premises for which the application is being made and ends at the principal doorway of the Licensed LLDS/RLS. ○ Yes ☑ No

For additional Retail Liquor Store only.

a. Was your Retail Liquor Store License issued on or before January 1, 2016? ○ Yes ○ No N/A

b. Are you a Colorado resident? ☑ Yes ○ No

7. Has a liquor or beer license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a Limited Liability Company; or officers, stockholders or directors if a corporation)? If yes, identify the name of the business and list any **current** financial interest in said business including any loans to or from a licensee. ○ Yes ☑ No

8. Does the applicant, as listed on line 2 of this application, **have legal possession of the premises by ownership**, lease or other arrangement? ☑ Yes ○ No

○ Ownership ☑ Lease ○ Other (Explain in detail)

a. If leased, list name of landlord and tenant, and date of expiration, **exactly** as they appear on the lease:

Landlord	Tenant	Expires
Sally Hixon	Nine Stripes LLC	Nov 1, 2029

b. Is a percentage of alcohol sales included as compensation to the landlord? If yes, complete question on page 9. ○ Yes ☑ No

c. Attach a diagram that designates the area to be licensed in black bold outline (including dimensions) which shows the bars, brewery, walls, partitions, entrances, exits and what each room shall be utilized for in this business. This diagram should be no larger than 8½" X 11".

9. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies) will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money from this business? Attach a separate sheet if necessary.

Last Name	First Name
N/A	

Date of Birth (MM/DD/YY)	FEIN or SSN Number	Interest/Percentage

Last Name	First Name

Date of Birth (MM/DD/YY)	FEIN or SSN Number	Interest/Percentage

Last Name	First Name

Date of Birth (MM/DD/YY)	FEIN or SSN Number	Interest/Percentage

Attach copies of all notes and security instruments and any written agreement or details of any oral agreement, by which any person (including partnerships, corporations, limited liability companies, etc.) will share in the profit or gross proceeds of this establishment, and any agreement relating to the business which is contingent or conditional in any way by volume, profit, sales, giving of advice or consultation.

10. Optional Premises or Hotel and Restaurant Licenses with Optional Premises:
Has a local ordinance or resolution authorizing optional premises been adopted?.... ○ Yes ☑ No

Number of additional Optional Premise areas requested. (See license fee chart) 0

For the addition of a Sidewalk Service Area per Regulation 47-302(A)(4), include a diagram of the service area and documentation received from the local governing body authorizing use of the sidewalk. Documentation may include but is not limited to a statement of use, permit, easement, or other legal permissions.

11. Liquor Licensed Drugstore (LLDS) applicants, answer the following:

a. Is there a pharmacy, licensed by the Colorado Board of Pharmacy, located within the applicant's LLDS premise?.. ○ Yes ☑ No

If "yes" a copy of license must be attached.

12. Club Liquor License applicants answer the following: **Attach a copy of applicable documentation**

a. Is the applicant organization operated solely for a national, social, fraternal, patriotic, political or athletic purpose and not for pecuniary gain? ○ Yes ○ No N/A

b. Is the applicant organization a regularly chartered branch, lodge or chapter of a national organization which is operated solely for the object of a patriotic or fraternal organization or society, but not for pecuniary gain? ○ Yes ○ No N/A

c. How long has the club been incorporated? N/A

d. Has applicant occupied an establishment for three years (three years required) that was operated solely for the reasons stated above? ○ Yes ○ No N/A

13. Brew-Pub, Distillery Pub or Vintner's Restaurant applicants answer the following:

a. Has the applicant received or applied for a Federal Permit? (Copy of permit or application must be attached) ○ Yes ○ No N/A

14. Campus Liquor Complex applicants answer the following:

a. Is the applicant an institution of higher education? ○ Yes ○ No N/A

b. Is the applicant a person who contracts with the institution of higher education to provide food services? ○ Yes ○ No N/A

If "yes" please provide a copy of the contract with the institution of higher education to provide food services.

15. For all on-premises applicants.

a. For all Liquor Licensed Drugstores (LLDS) the Permitted Manager must also submit an Manager Permit Application - DR 8000 and fingerprints.

Last Name of Manager	First Name of Manager
Thornton	Chad

16. Does this manager act as the manager of, or have a financial interest in, any other liquor licensed establishment in the State of Colorado? If yes, provide name, type of license and account number. ○ Yes ☑ No

Name: N/A

Type of License	Account Number

17. Related Facility - Campus Liquor Complex applicants answer the following:

a. Is the related facility located within the boundaries of the Campus Liquor Complex? ☐ Yes ☑ No

If yes, please provide a map of the geographical location within the Campus Liquor Complex.

If no, this license type is not available for issues outside the geographical location of the Campus Liquor Complex.

b. Designated Manager for Related Facility - Campus Liquor Complex

Last Name of Manager	First Name of Manager
N/A	

18. Tax Information.

a. Has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant, been found in final order of a tax agency to be delinquent in the payment of any state or local taxes, penalties, or interest related to a business? ☐ Yes ☑ No

b. Has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant failed to pay any fees or surcharges imposed pursuant to section 44-3-503, C.R.S.? ☐ Yes ☑ No

If applicant is a corporation, partnership, association or limited liability company, applicant must list all **Officers, Directors, General Partners, and Managing Members**. In addition, applicant must list any stockholders, partners, or members with **ownership of 10% or more in the applicant. All persons listed below** must also attach form DR 8404-I (Individual History Record), and make an appointment with an approved State Vendor through their website. See application checklist, Section IV, for details.

Name N/A
Date of Birth (MM/DD/YY)

Street Address

City | State | ZIP Code | Position | %Owned

Name
Date of Birth (MM/DD/YY)

Street Address

City | State | ZIP Code | Position | %Owned

Name
Date of Birth (MM/DD/YY)

Street Address

City | State | ZIP Code | Position | %Owned

Name
Date of Birth (MM/DD/YY)

Street Address

City | State | ZIP Code | Position | %Owned

Name
Date of Birth (MM/DD/YY)

Street Address

City | State | ZIP Code | Position | %Owned

** If applicant is owned 100% by a parent company, please list the designated principal officer on above.

** Corporations - the President, Vice-President, Secretary and Treasurer must be accounted for above (Include ownership percentage if applicable)

** If total ownership percentage disclosed here does not total 100%, applicant must check this box:

☑ Applicant affirms that no individual other than these disclosed herein owns 10% or more of the applicant and does not have financial interest in a prohibited liquor license pursuant to Article 3 or 5, C.R.S.

Oath Of Applicant

I declare under penalty of perjury in the second degree that this application and all attachments are true, correct, and complete to the best of my knowledge. I also acknowledge that it is my responsibility and the responsibility of my agents and employees to comply with the provisions of the Colorado Liquor or Beer and Wine Code which affect my license.

Printed Name	Title
Chad Thornton	owner

Authorized Signature	Date (MM/DD/YY)
[signature]	11-06-24

Report and Approval of Local Licensing Authority (City/County)

Date application filed with local authority	Date of local authority hearing (for new license applicants; cannot be less than 30 days from date of application)
October 10, 2024	N/A

For Transfer Applications Only - Is the license being transferred valid?........................ ☒ Yes ○ No

The Local Licensing Authority Hereby Affirms that each person required to file DR 8404-I (Individual History Record) or a DR 8000 (Manager Permit) has been:

☒ Fingerprinted

☒ Subject to background investigation, including NCIC/CCIC check for outstanding warrants

That the local authority has conducted, or intends to conduct, an inspection of the proposed premises to ensure that the applicant is in compliance with and aware of, liquor code provisions affecting their class of license
(Check One)

○ Date of inspection or anticipated date

☒ Will conduct inspection upon approval of state licensing authority

☐ Is the Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 1,500 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of > 10,0000? .... ○ Yes ☑ No

☐ Is the Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 3,000 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of < 10,0000? .... ○ Yes ☑ No

NOTE: The distance shall be determined by a radius measurement that begins at the principal doorway of the LLDS/RLS premises for which the application is being made and ends at the principal doorway of the Licensed LLDS/RLS.

☐ Does the Liquor-Licensed Drugstore (LLDS) have at least twenty percent (20%) of the applicant's gross annual income derived from the sale of food, during the prior twelve (12) month period? .... ○ Yes ☑ No

The foregoing application has been examined; and the premises, business to be conducted, and character of the applicant are satisfactory. We do report that such license, if granted, will meet the reasonable requirements of the neighborhood and the desires of the adult inhabitants, and will comply with the provisions of Title 44, Article 4 or 3, C.R.S., and Liquor Rules. **Therefore, this application is approved.**

Local Licensing Authority for	Telephone Number	○ Town, City ○ County

Printed Name	Title
Signature	**Date (MM/DD/YY)**
Printed Name	**Title**
Signature	**Date (MM/DD/YY)**

DR 8495 (02/16/24)
COLORADO DEPARTMENT OF REVENUE
Liquor Enforcement Division
PO BOX 17087
Denver CO 80217-0087
(303) 205-2300

Tax Check Authorization, Waiver, and Request to Release Information

I, Chad Thornton

am signing this Tax Check Authorization, Waiver and Request to Release Information (hereinafter "Waiver") on behalf of

(the "Applicant/Licensee")

Nine Stripes LLC

to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documentation that may otherwise be confidential, as provided below. If I am signing this Waiver for someone other than myself, including on behalf of a business entity, I certify that I have the authority to execute this Waiver on behalf of the Applicant/Licensee.

The Executive Director of the Colorado Department of Revenue is the State Licensing Authority, and oversees the Colorado Liquor Enforcement Division as his or her agents, clerks, and employees. The information and documentation obtained pursuant to this Waiver may be used in connection with the Applicant/Licensee's liquor license application and ongoing licensure by the state and local licensing authorities. The Colorado Liquor Code, section 44-3-101. et seq. ("Liquor Code"), and the Colorado Liquor Rules, 1 CCR 203-2 ("Liquor Rules"), require compliance with certain tax obligations, and set forth the investigative, disciplinary and licensure actions the state and local licensing authorities may take for violations of the Liquor Code and Liquor Rules, including failure to meet tax reporting and payment obligations.

The Waiver is made pursuant to section 39-21-113(4), C.R.S., and any other law, regulation, resolution or ordinance concerning the confidentiality of tax information, or any document, report or return filed in connection with state or local taxes. This Waiver shall be valid until the expiration or revocation of a license, or until both the state and local licensing authorities take final action to approve or deny any application(s) for the renewal of the license, whichever is later. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license, if requested.

By signing below, Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority or agency in the possession of tax documents or information, release information and documentation to the Colorado Liquor Enforcement Division, and is duly authorized employees, to act as the Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to allow the state and local licensing authorities, and their duly authorized employees, to investigate compliance with the Liquor Code and Liquor Rules. Applicant/ Licensee authorizes the state and local licensing authorities, their duly authorized employees, and their legal representatives, to use the information and documentation obtained using this Waiver in any administrative or judicial action regarding the application or license.

Name (Individual/Business)

Chad Thornton Nine Stripes LLC

Social Security Number/Tax Identification Number	Home Phone Number	Business/Work Phone Number
[redacted]	719-291-2047	

Street Address

[redacted]

City	State	ZIP Code
[redacted]	CO	[redacted]

Printed name of person signing on behalf of the Applicant/Licensee

Chad Thornton

Applicant/Licensee's Signature (Signature authorizing the disclosure of confidential tax information)	Date Signed
	11-09-2024

Privacy Act Statement

Providing your Social Security Number is voluntary and no right, benefit or privilege provided by law will be denied as a result of refusal to disclose it. § 7 of Privacy Act, 5 USCS § 552a (note).

DR 8404-I (03/06/24)
COLORADO DEPARTMENT OF REVENUE
Liquor Enforcement Division
PO Box 17087
Denver CO 80217-0087
(303) 205-2300

Individual History Record

To be completed by the following persons, as applicable: sole proprietors; general partners regardless of percentage ownership, and limited partners owning 10% or more of the partnership; all principal officers of a corporation, all directors of a corporation, and any stockholder of a corporation owning 10% or more of the outstanding stock; managing members or officers of a limited liability company, and members owning 10% or more of the company; and any intended registered manager of Hotel and Restaurant, Tavern and Lodging and Entertainment class of retail license

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Notice: This individual history record requires information that is necessary for the licensing investigation or inquiry. All questions must be answered in their entirety or the license application may be delayed or denied. If a question is not applicable, please indicate so by "N/A". **Any deliberate misrepresentation or material omission may jeopardize the license application.** (Please attach a separate sheet if necessary to enable you to answer questions completely)

Name of Business
Nine Stripes LLC

Home Phone Number

Cellular Number
719-291-2047

Your Full Name (last, first, middle)
Thornton, Chad Richard

List any other names you have used

Mailing address (if different from residence)
[redacted]

Email Address
ChadThornton1@yahoo.com

1. List current residence address. Include any previous addresses within the last five years. (Attach separate sheet if necessary)

Current Street and Number
[redacted]

Current City, State, ZIP
[redacted]

From:
June 2024

To:
Present

Previous Street and Number
[redacted]

Previous City, State, ZIP
[redacted]

From:
2018

To:
June 2024

Individual History Record (Continued)

2. List all employment within the last five years. Include any self-employment. (Attach separate sheet if necessary)

Name of Employer or Business
[redacted]

Address (Street, Number, City, State, ZIP)
[redacted]

Position Held
[redacted]

From: May 2022 | To: October 2023

Name of Employer or Business
[redacted]

Address (Street, Number, City, State, ZIP)
[redacted]

Position Held
[redacted]

From: August 2020 | To: March 2021

Name of Employer or Business

Address (Street, Number, City, State, ZIP)

Position Held

From: | To:

3. List the name(s) of relatives working in or holding a financial interest in the Colorado alcohol beverage industry.

Name of Relative: N/A | Relationship to You:

Position Held: | Name of Licensee:

Name of Relative: | Relationship to You:

Position Held: | Name of Licensee:

Individual History Record (Continued)

Name of Relative

Relationship to You:

Position Held

Name of Licensee

Name of Relative

Relationship to You:

Position Held

Name of Licensee

4. Have you ever applied for, held, or had an interest in a Colorado Liquor or Beer License, or loaned money, furniture, fixtures, equipment or inventory to any licensee? ○ Yes ☑ No

(If yes, answer in detail.)

5. Have you ever received a violation notice, suspension, or revocation for a liquor law violation, or have you applied for or been denied a liquor or beer license anywhere in the United States? ○ Yes ☑ No

(If yes, answer in detail.)

6. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? ☑ Yes ○ No

(If yes, answer in detail.)

When I was younger I was put on probation, then about 2006 I was charged with Auto theft when I drove my moms car to my dads house. About 18 years ago. Since then I have changed my life, have raised my own children and aquired an Associate's Degree in Information Technology

7. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? ○ Yes ☑ No

(If yes, answer in detail.)

Individual History Record (Continued)

8. Have you ever had any professional license suspended, revoked, or denied?..... ○ Yes ☑ No

(If yes, answer in detail.)

Personal and Financial Information

Unless otherwise provided by law, the personal information required in this section will be treated as confidential. The personal information required in this section is solely for identification purposes.

Date of Birth	Social Security Number	Place of Birth
[redacted]	[redacted]	[redacted]

U.S. Citizen ☑ Yes ○ No

If Naturalized, state where	When

Name of District Court	Naturalization Certificate Number	Date of Certification

If an Alien, Give Alien's Registration Card Number	Permanent Residence Card Number

Height	Weight	Hair Color	Eye Color	Gender
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Do you have a current Driver's License/ID? If so, give number and state. .... ☑ Yes ○ No

Driver's License Number	Driver's License State
[redacted]	Colorado

Financial Information

9. Total purchase price or investment being made by the applying entity, corporation, partnership, limited liability company, other.......................... [redacted]

10. List the total amount of the **personal** investment, made by the person listed on page 1 in this business including any notes, loans, cash, services or equipment, operating capital, stock purchases or fees paid.. [redacted] 100%

NOTE: If corporate investment only, please skip to and complete question 12
NOTE: Question 10 should reflect the total of questions 11 and 13

Personal and Financial Information (Continued)

11. Provide details of the personal investment described in question 10. You must account for all of the sources of this investment. (Attach a separate sheet if needed)

Type: Cash, Services or Equipment: [redacted]
Account Type: [redacted]
Bank Name: [redacted]
Amount: [redacted]

Type: Cash, Services or Equipment:
Account Type:
Bank Name:
Amount:

Type: Cash, Services or Equipment:
Account Type:
Bank Name:
Amount:

Type: Cash, Services or Equipment:
Account Type:
Bank Name:
Amount:

12. Provide details of the corporate investment described in question 9. You must account for all of the sources of this investment. (Attach a separate sheet if needed)

Type: Cash, Services or Equipment:
Loans:
Account Type:
Bank Name:
Amount:

Type: Cash, Services or Equipment:
Loans:
Account Type:
Bank Name:
Amount:

Type: Cash, Services or Equipment:
Loans:
Account Type:
Bank Name:
Amount:

13. Loan Information (Attach copies of all notes or loans)

Name of Lender: Sally Hixon
Address: [redacted]
Term: [redacted]
Security: Promissory Note
Amount: [redacted]

Personal and Financial Information (Continued)

Name of Lender		Address
N/A		
Term	**Security**	**Amount**

Name of Lender		Address
N/A		
Term	**Security**	**Amount**

Name of Lender		Address
N/A		
Term	**Security**	**Amount**

Oath of Applicant

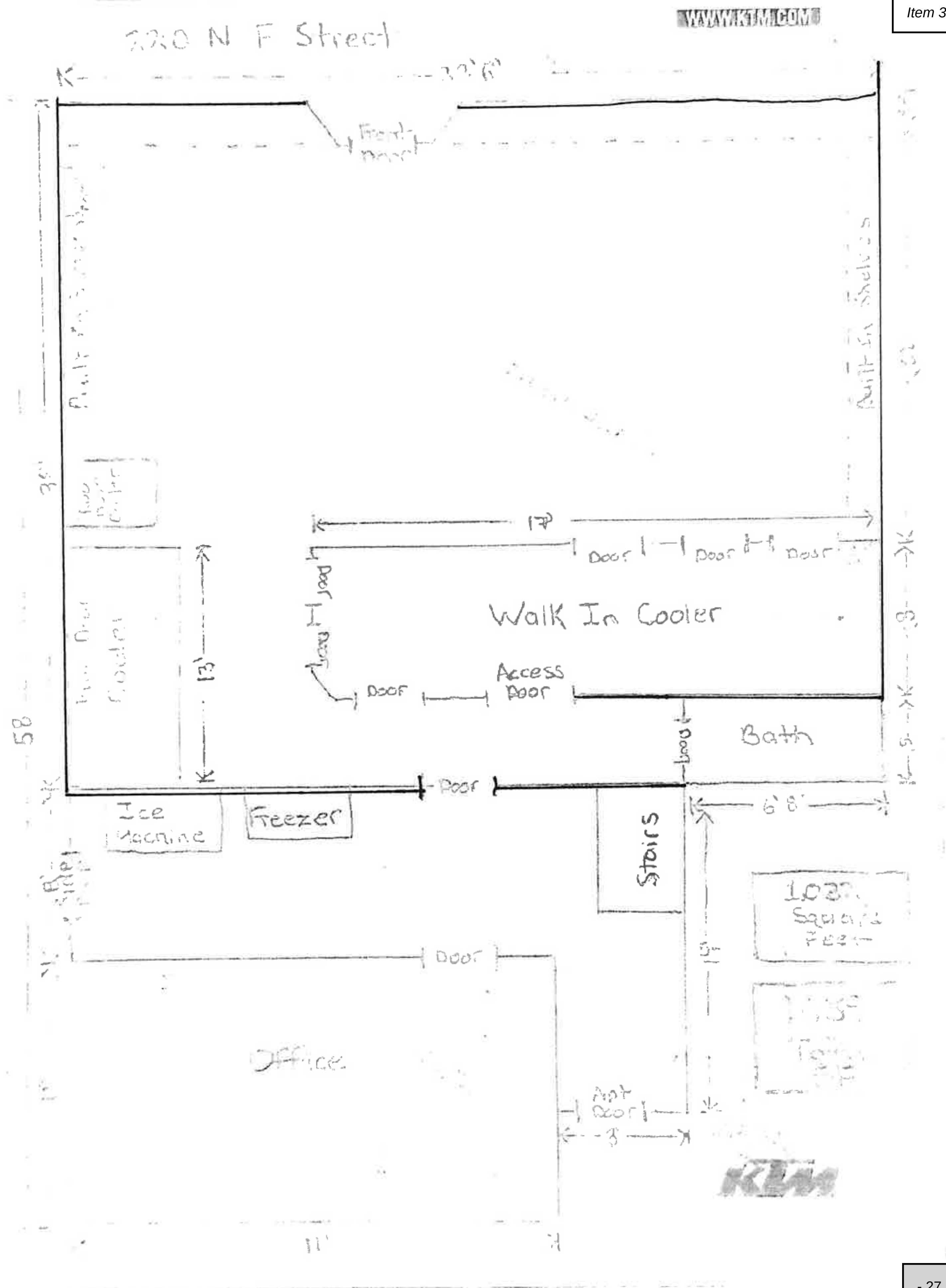
I declare under penalty of perjury that this application and all attachments are true, correct, and complete to the best of my knowledge.

Authorized Signature

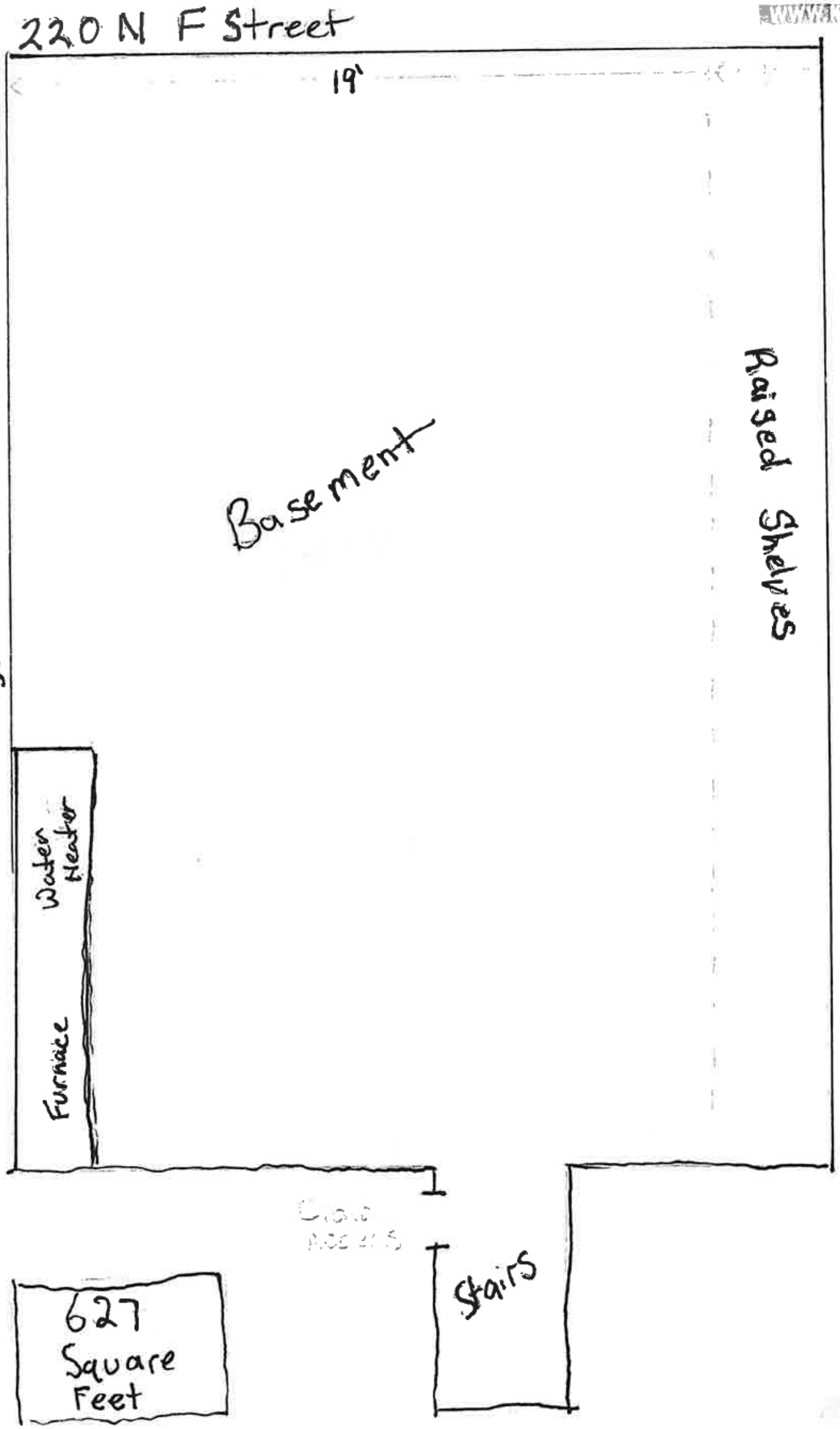
Print Signature: Chad Thornton

Title: Owner

Date (MM/DD/YY): 11-12-24



N F Street
Walk In Cooler
17'
Door
Access Door
13'
Bath
6' 8"
Ice Machine
Freezer
Stairs
58
Office
Apt Door
3'
11'


220 N F Street
19'
Basement
Raised Shelves
33
Water Heater
Furnace
Stairs
627 Square Feet

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

Nine Stripes LLc

is a

Limited Liability Company

formed or registered on 09/20/2024 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20248004305 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 10/02/2024 that have been posted, and by documents delivered to this office electronically through 10/03/2024 @ 17:58:01 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 10/03/2024 @ 17:58:01 in accordance with applicable law. This certificate is assigned Confirmation Number 16444495 .

Jena Griswold

Secretary of State of the State of Colorado

End of Certificate

Notice: A certificate issued electronically from the Colorado Secretary of State's website is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's website, https://www.coloradosos.gov/biz/CertificateSearchCriteria.do entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our website, https://www.coloradosos.gov click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF DOCUMENT FILED

I, Jena Griswold , as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office, the attached document is a true and complete copy of the

Articles of Organization

with Document # 20248004305 of

Nine Stripes LLc

Colorado Limited Liability Company

(Entity ID # 20248004305)

consisting of 2 pages.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 09/23/2024 that have been posted, and by documents delivered to this office electronically through 09/24/2024@ 09:46:49.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 09/24/2024 @ 09:46:49 in accordance with applicable law. This certificate is assigned Confirmation Number 16412849 .

Jena Griswold

Secretary of State of the State of Colorado

End of Certificate

Notice: A certificate issued electronically from the Colorado Secretary of State's website is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's website, https://www.coloradosos.gov/biz/CertificateSearchCriteria.do entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our website, https://www.coloradosos.gov click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

Articles of Organization for a Limited Liability Company

filed pursuant to § 7-90-301 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

The domestic entity name of the limited liability company is Nine Stripes LLc

The principal office street address is

6154 Boulder Ave Apt 3
Rye CO 81069
US

The principal office mailing address is

PO Box 829
Rye CO 81069
US

The name of the registered agent is Chad R Thornton

The registered agent's street address is

6154 Boulder Ave Apt 3
Rye CO 81069
US

The registered agent's mailing address is

PO Box 829
Rye CO 81069
US

The person above has agreed to be appointed as the registered agent for this entity.

The management of the limited liability company is vested in Members

There is at least one member of the limited liability company.

Person(s) forming the limited liability company

Chad R Thornton
6154 Boulder Ave Apt 3
Rye CO 81069
US

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., and, if applicable, the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

COMMERCIAL LEASE

THIS LEASE, is made and entered into this 10 day of October, 2024, by and between SALLY HIXON, as Landlord, and NINE STRIPES LLC, as Tenant;

1. Premises. In consideration of the payment of the rent hereinafter provided for and the keeping and performance of the covenants and agreements of the Tenant hereinafter set forth, the Landlord hereby leases unto the Tenant the front retail space located at 220 N F Street, Salida Colorado 81201, in the City and County of Chaffee, State of Colorado and further described in Attachment A attached hereto and incorporated herein by reference (the "Premises"). The Premises does not include the attached apartment.

2. Term. Tenant may have and hold the Premises with all the appurtenances for a term of five (5) years, commencing on November 1, 2024, and terminating on November 1, 2029, unless the term hereby demised shall be sooner terminated as hereinafter provided.

3. Rent. Tenant shall pay to Landlord, as rent for the full term hereunder for the Premises, the sum of [redacted] in rent payable in monthly installments of [redacted] per month due on the first day of each month. Installments of rent shall be payable in advance and without notice at the office of the Landlord at [redacted], or at such other place as Landlord from time to time designates in writing. Rent shall [redacted]

4. Utility Charges. The Premises shares utilities with the residential unit located behind the Premises (the "Property"). It is agreed that Tenant shall pay 70% of power and gas assessments for the Property and 30% of water assessments for the Property ("Tenant's Share"). Landlord shall provide Tenant with the amount due for Tenants Share on a monthly basis and Tenant shall remit Tenant's Share to Landlord within 5 business days. Landlord shall provide the utility bills to Tenant upon Tenant's request. All assessments for phone, cable, and internet that may be levied against the Premises during the continuance of the Lease shall be paid by the Tenant as the same become due and payable. Landlord shall pay for waste collection.

5. Injury or Damage. Landlord shall not be responsible to the Tenant for loss of property in or from the Premises, or for any damage done to furniture, fixtures or effects therein, however occurring, nor shall the Landlord be liable for any injury or damage, either proximate or remote, occurring through or caused by any repairs, alterations, or

Landlord ____ Tenant CT

accident occurring in or to the Premises or adjacent premises, or other parts of the above Premises than herein demised, or by reason of the negligence or default of the owners or occupants thereof, or any other person, nor liable for any injury or damage occasioned by defective electrical wiring or the breakage or stoppage of the plumbing or sewerage upon the Premises or upon adjacent premises, whether such breakage or stoppage results from freezing or otherwise.

6. Indemnification.

(a). Possession. Except as otherwise provided herein, Tenant shall be in exclusive control and possession of the Premises from the date this Lease is executed until it is terminated. Landlord shall not be liable for any injury or damages to any property or to any person on or about the Premises nor for any injury or damage to any property of the Tenant. Landlord shall not be liable to Tenant for any entry on the Premises for inspection or repair purposes.

(b). Hold Harmless. To the fullest extent permitted by applicable law, Tenant shall hold harmless and indemnify Landlord from and against all expenses, liabilities, and claims of every kind and character, including reasonable attorney fees and court costs, incurred, raised, or brought by or on behalf of any person or entity arising out of either: (1) a failure by Tenant to perform any of the terms or conditions of this Lease, (2) any injury or damage happening on or about the Premises, except for injury or damage caused solely by the negligence of Landlord, (3) Tenant's failure to comply with any law of any governmental authority, or (4) any mechanic's lien pertaining to work, services, or materials contracted for by Tenant or security interest filed against the Premises or equipment, materials, or alterations of buildings or improvements thereon which pertains to any indebtedness incurred by Tenant.

7. Inspection. Landlord or its agents shall have the right at any time to enter the Premises to examine the same, or to make such repairs as it may deem necessary or proper for the safety, improvement, or preservation thereof.

8. Alterations. The Tenant shall have the ability to make alterations to the premises with specific, written authorization from the Landlord. Any alterations to the premises must comply with federal, state and local requirements.

9. Fixtures. Any alterations made in the building located on the Premises (the "Building") by the Tenant and any equipment or fixtures built into the Premises by the Tenant shall upon the termination of this Lease be left on the Premises by Tenant unless otherwise agreed, in writing, by Landlord. Additionally, the built in shelving and outside signage are fixtures and property of Landlord and shall not be modified or removed by Tenant.

10. Use. It is understood and agreed that the primary business to be conducted from the Premises shall be a retail sale of wine, liquor, beer, spirits, and related items. Tenant shall not use the Premises for any other purposes, without the prior written

Landlord DJT Tenant CT

consent of Landlord, which consent may be withheld at the sole discretion of Landlord. Tenant also agrees not to conduct or to permit to be conducted upon the Premises any business or any act which is contrary to or in violation of the laws of the United States of America or of the State of Colorado or of any ordinances, regulations, or orders of any municipality or other public authority affecting the Premises.

11. Maintenance and Repair.

(a) Tenant's Obligation to Maintain and Repair. Tenant covenants to maintain, repair, replace and keep all sidewalks, signage, and lighting fixtures, as well as the interior of the Building, and all improvements, fixtures and personal property therein, including, but not limited to, all doors, all restrooms, and all plumbing, electrical, and mechanical systems and fixtures, in good, safe and sanitary condition, order and repair and in accordance with all applicable laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction; to pay all costs and expenses in connection therewith, including but not limited to the costs of bringing into and maintaining the Premises in compliance with the Americans with Disabilities Act of 1990, to the extent it applies to Tenants occupying the Premises; and to contract for the same in Tenant's own name. All maintenance and repairs by Tenant shall be done promptly, in a good and workmanlike fashion, and without diminishing the original quality of the Premises.

(b) Bathroom. Tenant agrees that the bathroom shall be reserved for employee use only. Tenant acknowledges that the Premises' plumbing is delicate and that Tenant is responsible for repairing any plumbing issues caused by use of the bathroom on the Premises per section (a) above.

(c) No Abatement for Repairs. There shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord, by reason or inconvenience, annoyance or injury to, or interruption of business, arising from Landlord, Tenant or others making any repairs, restorations, replacements, alterations, additions or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances or equipment thereof.

12. Landlord's Services. Landlord shall maintain, repair, replace and keep the exterior walls, roof of the building, and HVAC system in good, safe, and sanitary condition. Landlord shall pay all costs and expenses in connection with the repair and maintenance of the exterior walls, roof of the building, and HVAC. If such repairs are required due to the actions or negligence of Tenant, Tenant shall reimburse Landlord for any such repairs. In circumstances in which Landlord's consent is required by Tenant for repairs, improvement, or maintenance of the Premises. In such case, Landlord's consent will not be unreasonably withheld.

13. Other Covenants of Tenant.

(a) Compliance with Insurance Requirements. Tenant covenants and agrees that nothing shall be done or kept on the Premises which might impair or increase

Landlord DgT Tenant CT

the cost of insurance maintained with respect to the Premises, which might increase the insured risks, or which might result in cancellation of any such insurance.

(b) No Waste or Impairment of Value. Tenant covenants and agrees that nothing shall be done or kept on the Premises which might impair the value of the Premises or which would constitute waste.

(c) No Noxious or Offensive Activity. Tenant covenants and agrees that no noxious or offensive activity shall be carried on upon the Premises.

(d) No Unsightliness. Tenant covenants and agrees that no unsightliness shall be permitted on the Premises, which is visible from any adjacent or nearby property. Without limiting the generality of the foregoing, all unsightly conditions, equipment, objects and conditions shall be kept enclosed within the Premises; no refuse, scrap, debris, garbage, trash, bulk materials, used automobile parts, or waste shall be kept, stored or allowed to accumulate on the Premises except as may be enclosed within the Premises.

(e) Environmental Compliance and Indemnity. Tenant covenants and agrees to conduct its business and operations on and from the Premises in accordance with all federal, state and local environmental laws, regulations, executive orders, ordinances and directives including, but not limited to, the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substances Control Act, and state law counterparts, and any amendments thereto, including, without limitation, the Colorado Hazardous Waste Management Act, C.R.S. § 25-15-101 et seq, and not to cause, suffer or permit any damage or impairment to the health, safety or comfort of any person or to the environment at or on the Premises and surrounding property, including, but not limited to, damage or threatened damage to the soil, surface or ground water resources at the Premises and surrounding property or any condition constituting a nuisance or causing a violation of or resulting in liability under any state, federal or local law, regulation or ordinance. The foregoing obligations of Tenant shall hereinafter collectively be referred to as the "Environmental Obligations." In the event of any violation of, or failure to comply with, any of the Environmental Obligations, Tenant agrees, at its sole cost and expense, promptly to remedy and correct such violation or failure, including all required or appropriate clean up, clean up- related activities and all other appropriate remedial action. Tenant covenants and agrees to protect, indemnify and save Landlord harmless from and against any and all liability, obligations, claims, including administrative claims and claims for injunctive relief, loss, cost, damage, expense or liability, including without limitation, any liability arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, plus reasonable attorney fees, incurred by or asserted against Landlord resulting from any failure to comply with the provisions of this Section 13(e). Landlord shall have the right to defend itself in any action, suit or proceeding commenced against Landlord as a result of Tenant's violation of or failure to comply with the provision of this Section 13(e), with attorneys and, as necessary, technical consultants chosen by Landlord, and Tenant agrees to pay to Landlord all reasonable attorney fees, consultant fees, and other costs in connection therewith

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incurred by Landlord. The provisions of this Section 13(e) shall survive the expiration or termination of this Lease.

(f) Restrictions on Signs. Tenant covenants and agrees that no signs or advertising devices of any nature shall be erected or maintained by or on behalf of Tenant on the Premises unless such shall be in compliance with all zoning or other applicable regulations of any governmental body or authority having jurisdiction thereof.

(g) Taxes.

(i) Tenant's Taxes. During the term of this Lease, Tenant shall pay in full, as and when the same become due and payable, all personal property taxes levied on or with respect to Tenant's personal property located in or used in connection with the Premises, and all sales, use, and other taxes levied on or in connection with the operation of Tenant's business in the Premises.

(ii) Real Property Taxes. During the term of this Lease, Landlord shall pay be responsible for the payment of all real property taxes and assessments payable with respect to the Premises for each lease year during the term of this Lease.

(h) OFAC Compliance. Tenant represents and warrants to Landlord that Tenant is currently in compliance with and shall at all times during the term of this Lease (including any further extensions or renewals) remain in compliance with the regulations of the Office of Foreign Assets Control ("OFAC") of the United States Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

14. Condition of the Premises. The taking of possession of the Premises by the Tenant shall be conclusive evidence as against the Tenant that the Premises were in satisfactory condition when possession of the same was taken. Tenant shall be permitted to make a final walk-through inspection of the Premises prior to its taking possession thereof.

15. Right of First Refusal. In the event of a third party offer to purchase the Premises during the term of this Lease, Tenant shall have a Right of First Refusal to purchase the Premises at the offered price and at the offered terms. Tenant shall notify Landlord of its intention to exercise this Right of First Refusal within seven (7) business days of Tenant's notification of the offer to purchase the Premises.

16. Parking. There are no exclusive parking spaces associated with the Premises.

17. Amendment. Any terms and conditions of this Lease can be amended or modified upon written consent of both Landlord and Tenant.

Landlord Dg D Tenant CT

18. Termination. Tenant may terminate this Lease only upon mutual written agreement between Landlord and Tenant.

19. Condemnation. If the whole or a substantial part of the Premises shall be taken for any public or quasi-public use, under any statute or right of eminent domain or purchase by the governmental authority in lieu of or under threat of any such taking, then, when possession shall be taken of the Premises, or any part thereof, the term herein demised and all rights of the Tenant hereunder shall immediately cease and terminate, and the rent shall be adjusted as of the time of such termination.

20. Casualty. If during the continuance of this Lease or the term hereby demised the Premises shall be so injured by fire or other casualty not arising from the fault or negligence of the Tenant, or those in its employ, so that the Premises shall thereby be rendered unfit for use or occupation, then and in such case the rent herein reserved or a just proportionate part thereof, according to the nature and extent of the injury which has been sustained, shall be abated until the Premises shall have been duly repaired and restored, which work or repair and restoration shall be done with all reasonable diligence. In case the Building shall be substantially destroyed so that the Premises cannot be repaired and restored within sixty days, it shall then be optional to either party to cancel this Lease and end the term hereof, and in case of such cancellation the rent shall be paid to the date of such fire or other casualty and all further obligations upon the part of either party hereto shall cease and the estate hereby created shall thereupon terminate.

21. Prohibition on Subletting or Assignment. The Tenant agrees that neither the Premises nor any part thereof shall be sublet nor shall this Lease be assigned by the Tenant, without the prior written consent of the Landlord. Nor shall any assignment for the benefit of Tenant's creditors or by operation of law be effective to transfer any rights to the said assignees without the prior written consent of the Landlord first having been obtained.

22. Insolvency. It is further agreed between the parties hereto that if the Tenant shall be declared insolvent or bankrupt, or if any assignment of the Tenant's property shall be made for the benefit of creditors or otherwise, or if the Tenant's leasehold interest herein shall be levied upon under execution, or seized by virtue of any writ of any court of law, or a Trustee in Bankruptcy or a receiver be appointed for the property of the Tenant, whether under the operation of the state or the federal statutes, then and in any such case, the Landlord may at its option immediately, with or without notice (notice being expressly waived), terminate this Lease and immediately retake possession of the Premises without the same working any forfeiture of the obligations of the Tenant hereunder.

23. Tenant's Default. The Tenant will observe and perform in all things the conditions and agreements herein set forth to be observed and performed by the Tenant, and if default be made by the Tenant in payment of said rent, or in any installment or part thereof, or if default in performance of other conditions and agreements be made by the

Landlord DJ Tenant CT

Tenant, and such non-monetary default shall continue for a period of ten days after written notice of such default be given by the Landlord to the Tenant, then in either case, in addition to any other remedy Landlord may have against Tenant, it shall be lawful for the Landlord to terminate Tenant's right to possession under this Lease, and to re-enter and repossess the Premises, and to remove therefrom any personal property belonging to the Tenant, without prejudice to any claim for rent or for the breach of covenants hereof.

24. Abandonment and/or Default. If the Tenant shall abandon or vacate the Premises before the end of the term of this Lease or shall suffer the rent to be in arrears, or if Tenant is otherwise in default under this Lease, the Landlord may, at its option and without notice, enter the Premises, remove any sign of the Tenant therefrom and re-let the same or any part thereof as it may see fit without retaking, voiding, or terminating this Lease, and for the purpose of such re-letting, the Landlord is authorized to make any repairs, changes, alterations, or additions in or to the Premises as may be necessary or desirable, in the opinion of the Landlord, for the purpose of such re-letting, and, if a sum shall not be realized from such re-letting to equal the monthly rental above stipulated to be paid by the Tenant, the Tenant will pay such deficiency each month upon demand therefor. Landlord shall not be required to relet the subject Premises in order for Tenant to be liable for continuing obligations under the Lease, in the event that the Tenant violates any of the terms and conditions hereof.

25. Lien. The Landlord shall have at all times a valid lien for all rentals due hereunder from the Tenant upon all of the personal property of the Tenant situate in the Premises, and said property shall not be removed therefrom without the consent of the Landlord until all arrearages in rent shall have first been paid and discharged.

26. Remedies Cumulative. No reference to nor exercise of any specific right or remedy by Landlord shall prejudice or preclude Landlord from exercising or invoking any other remedy in respect thereof, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but Landlord may from time to time exercise any one or more of such remedies independently or in combination.

27. Condition of Premises at End of Term. The Tenant agrees to deliver up and surrender to the Landlord possession of the Premises at the expiration or termination of this Lease, by lapse of time or otherwise, in as good repair as the Tenant obtained the same at the commencement of said term, excepting only ordinary wear and tear.

28. Holding Over. It is mutually agreed that if, after the expiration of this Lease, the Tenant shall remain in possession of the Premises, without a written agreement as to such holding, then such holding over shall be deemed and taken to be a holding upon a tenancy from month to month at a monthly rental equal to the monthly rental last payable hereunder, payable in advance on the first day of each calendar month. Any month-to-month tenancy or tenancy at sufferance hereunder shall be subject to all other terms and conditions of this Lease and nothing contained in this Section 29 shall be construed to alter or impair any of Landlord's rights of re-entry or eviction or constitute a waiver thereof.

Landlord_____ Tenant_____

29. No Waiver. No waiver of any breach of any one or more of the conditions or covenants of the Lease by the Landlord shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder. The failure of the Landlord to insist upon the strict performance of the terms, covenants, agreements, and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the Landlord's right to thereafter enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect. The Tenant acknowledges and agrees that it has not relied upon any statements, representations, agreement, or warranties, except such as are expressed herein.

30. Insurance. During the term of this Lease, Tenant shall:

(a) be responsible for obtaining fire insurance in an amount sufficient to fully cover Tenant's improvements, fixtures and property in the Premises which are not owned by Landlord and Landlord shall have no responsibility to obtain such insurance; and

(b) maintain at its own expense, liability insurance, with Landlord named as an additional insured, against claims for death, personal injury and property damage in or about the Premises, in an amount not less than $1,000,000.00 for death, illness or injury to one or more persons, and $1,000,000.00 for property damage, in respect of each occurrence.

Policies for such insurance shall be in a form and with an insurer reasonably acceptable to Landlord, shall require at least 15 days written notice to Landlord of termination or material alteration during the term of this Lease, and shall waive any right of subrogation against Landlord and all individuals and entities for whom Landlord is responsible in law. Tenant shall deliver to Landlord, on the commencement date of the term of this Lease and on each anniversary thereof, certified copies or other evidence of such policies, or other evidence satisfactory to Landlord that all premiums thereof have been paid and that the policies are in full force and effect.

31. Successors. The covenants and agreements contained in the within Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and upon their respective heirs, executors, administrators, successors, and assigns, except as expressly otherwise hereinbefore provided.

32. General Provisions:

(a) Attorney Fees. In the event of a default by either party under the terms of this Lease, then the non-defaulting party shall be entitled to reimbursement of all reasonable costs incurred in efforts to enforce the terms of this Lease and/or collect monies owed under the Lease, including but not limited to the non-defaulting party's reasonable attorney fees.

Landlord DJT Tenant CT

(b) Late Charges. In the event Tenant fails to timely pay any installment of monies as required under this Lease, then and in such event, Landlord shall be entitled to collect a late fee $50 for any installment not paid within five days of the due date.

(c) Memorandum of Lease. Tenant agrees, from time to time, to complete and execute a memorandum of lease for filing with the Department of Revenue, State of Colorado, in compliance with Sections 39-22-604, 39-26-117, and 39-26-205, C.R.S., or similar laws.

(d) Brokerage Fees. Landlord shall have no liability for any brokerage or finder's fees as a result of entering into this Lease.

(f) Time of the Essence. The parties hereto agree that time is of the essence of this Lease.

33. Landlord's Assignment. Landlord may, without notice, assign this Lease in whole or in part. Any such assignment shall operate to release Landlord from liability from and after the effective date thereof upon all of the covenants, terms and conditions of this lease, express or implied, and Tenant shall thereafter look solely to Landlord's successor in interest in and to this Lease. This Lease shall not be affected by any such assignment, and Tenant shall attorn to Landlord's successor in interest thereunder.

34. Estoppel. Tenant shall, at any time and from time to time, upon not less than ten (10) days' prior notice from Landlord, execute, acknowledge and deliver a written statement ratifying this Lease and certifying any information concerning Tenant's lease and occupancy of the Premises reasonably required by Landlord.

35. Payment of Rent; in General. All amounts payable by Tenant to Landlord under this Lease shall be deemed to be rent and shall be payable and recoverable as rent in the manner herein provided, and Landlord shall have all rights against Tenant for default in any such payment as in the case of arrears of rent.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

LANDLORD:	TENANT:
______________________	______________________
SALLY HIXON	Chad Thornton for Nine Stripes LLc

Payment submitted by Tenant upon execution of Lease:

First Month Rent	[redacted]
TOTAL	[redacted]

Landlord hereby acknowledges the receipt of the above amounts upon execution of the Lease.

Landlord

Landlord_____ Tenant_____

CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Finance	Aimee Tihonovich - Finance Director	December 3, 2024

AGENDA ITEM

Resolution 2024-70, an amendment to resolution 2023-47 establishing budget and appropriations by fund for the City of Salida operations for calendar year 2024.

BACKGROUND

A budget is a planning tool and it is important to revisit the plan periodically to evaluate for updates. An amendment to the 2024 budget is deemed to be necessary to accommodate several updates as outlined in the attached resolution.

FISCAL NOTE

This amendment increases the spending authority in the 2024 budget by $3,174,800, the increased spending is offset by revenue increases (grants, debt proceeds, increased revenue collections and use of reserves).

RECOMMENDATION

Staff recommends adopting the budget amendment resolution.

MOTION

A City Councilmember should state “I move to adopt Resolution # 2024-70 amending resolution 2023-47 establishing budget and appropriations by fund for the City of Salida operations for calendar year 2024”, followed by a second and a roll call vote.

CITY OF SALIDA, COLORADO
RESOLUTION NO. 70
(Series 2024)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING AN AMENDMENT TO RESOLUTION 2023-47 ESTABLISHING BUDGET AND APPROPRIATIONS BY FUND FOR THE CITY OF SALIDA OPERATIONS FOR CALENDAR YEAR 2024

WHEREAS, City Council adopted Resolution No. 2023-47, dated November 7, 2023 establishing the Budget and appropriations by fund for the City of Salida operations in calendar year 2024; and

WHEREAS, C.R.S. Section 29-1-109 requires that changes to the budget due to any transfer, supplemental appropriation, or revised appropriation be made by ordinance or resolution; and

WHEREAS, this Council has determined an amendment to the 2024 budget and appropriations for the Conservation Trust Fund (CTF) in the amount of $2,000 is necessary to account for a donation to a nonprofit organization’s trail signage project. This amendment will be funded with reserves from the fund; and

WHEREAS, this Council has determined an amendment to the 2024 budget and appropriations for the Capital Improvement Projects (CIP) Fund in the amount of $1,251,000 is necessary in order to account for a building and land purchase ($1,201,000) and to account for investment fees ($25,000) and debt service issuance costs ($25,000) all such increased spending not anticipated when budget was adopted. This amendment is offset by the issuance of Certificates of Participation (COP) ($1,255,000) and earnings from investing 2023 fire station COP proceeds ($500,000). Revenue was adjusted downward for firestation debt proceeds originally anticipated in the 2024 budget but instead received toward the end of 2023; and

WHEREAS, this Council has determined an amendment to the 2024 budget and appropriations for the Lodging Tax Fund in the amount of $100,000 is warranted as an updated estimate of how much lodging tax revenues will be earned and transferred to the general fund to offset operating costs for Parks and Recreation and Arts & Culture. This amendment will be offset with an equal increase in lodging tax revenues; and

WHEREAS, this council has determined an amendment to the 2024 budget and appropriations for the Housing Fund in the amount of $1,822,000 is necessary to account for various projects not anticipated when the budget was adopted ($1,250,000 land purchase for LIHTC funded senior apartments, $500,000 south ark infrastructure design work and $72,000 close out of Salida Ridge Apartment pass-thru grant). This amendment is supported by grant revenue and reserves.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salida, Colorado that the budgets and appropriations by fund for calendar year 2024 be amended as follows:

Fund	Original Budget Reso No. 2023-47	Amendment	Amended Budget & Appropriation
Estimated Revenues:			
General Fund	$ 12,898,718		$ 12,898,718
Water Fund	$ 2,456,500		$ 2,456,500
Wastewater Fund	$ 2,681,500		$ 2,681,500
Conservation Trust Fund	$ 74,000		$ 74,000
Streets Fund	$ 6,558,505		$ 6,558,505
Capital Improvement Fund	$ 19,252,000	$ (14,685,000)	$ 4,567,000
Economic Development Fund	$ 202,000		$ 202,000
Lodging Tax Fund	$ 400,000	$ 100,000	$ 500,000
Housing Fund	$ 830,000	$ 1,172,000	$ 2,002,000
	$ 45,353,223	$ (13,413,000)	$ 31,940,223
Estimated Expenditures:			
General Fund	$ 15,705,949		$ 15,705,949
Water Fund	$ 2,925,216		$ 2,925,216
Wastewater Fund	$ 2,970,593		$ 2,970,593
Conservation Trust Fund	$ 20,500	$ 1,800	$ 22,300
Streets Fund	$ 6,483,699		$ 6,483,699
Capital Improvement Fund	$ 19,146,999	$ 1,251,000	$ 20,397,999
Economic Development Fund	$ 364,000		$ 364,000
Lodging Tax Fund	$ 400,000	$ 100,000	$ 500,000
Housing Fund	$ 1,476,500	$ 1,822,000	$ 3,298,500
	$ 49,493,456	$ 3,174,800	$ 52,668,256

APPROVED AND PASSED this 3rd day of December, 2024 by a vote of _______ to _______.

CITY OF SALIDA, COLORADO

By: ______________________________________
Mayor

[SEAL]

ATTEST:_________________________________
City Clerk/Deputy City Clerk

PUBLIC NOTICE
NOTICE OF BUDGET AMENDM
(Pursuant to 29-1-106, C.R.S.)

Notice is hereby given that the City of Salida's first amended budget, for the 2024 budget year, has been prepared. A copy of the proposed amended budget is on file for public review in the Finance Department, City Hall, 448 E. 1st Street, Room 112, Salida, Colorado, Monday through Thursday, between the hours of 8 a.m. and 5:00 p.m.

The Salida City Council hereby gives notice that a public hearing on the amended budget for fiscal year 2024 will be held on Tuesday, December 3, 2024 at 6:00 p.m. in the City Council Chambers at 448 E. 1st Street, Room 190, Salida, Colorado when and where all interested parties may appear and be heard.

Published in The Mountain Mail Nov er 19, 2024.

CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Administration	Christy Doon - City Administrator	December 3, 2024

ITEM

Resolution 2024-72, A Resolution of the City Council for the City of Salida Colorado, Approving the Commercial Lease Agreement for 323 First Street with Salida Bottling Company, LLC

BACKGROUND

The City currently leases a 26,112 square foot lot from Salida Bottling Company, used for downtown parking. This equates to approximately 56 parking spaces on site. The City has leased this property since 2016. The owner has agreed that paid parking can be implemented in the lot, per a contract between the City of Salida and Interstate Parking.

FISCAL NOTE

The lease rate requested by the property owner is $4,400 per month for the duration of the lease, the same rate the city paid in 2024. This amount has been approved in the 2025 budget

STAFF RECOMMENDATION

Staff recommends that the City Council approve Resolution 2024-72.

SUGGESTED MOTION

A City Councilmember should state, “I move to approve Resolution 2024-72, A Resolution of the City Council for the City of Salida Colorado, Approving the Commercial Lease Agreement for 323 First Street with Salida Bottling Company, LLC” followed by a second and a roll call vote.

CITY OF SALIDA, COLORADO
RESOLUTION NO. 72
(Series of 2024)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING THE COMMERCIAL LEASE AGREEMENT WITH SALIDA BOTTLING COMPANY LLC

WHEREAS, THE City of Salida (City) is a statutory city, duly organized and existing under the laws of the State of Colorado; and

WHEREAS, Salida Bottling Company, LLC owns the vacant lot (Lot) located at 323 West 1st Street, Salida, CO 81201 within City limits; and

WHEREAS, the City leased the Lot from Salida Bottling Company, LLC in Calendar Year 2024 for the primary purpose of providing public parking and wishes to continue to lease the Lot in Calendar Year 2025 for the primary purpose of providing public parking; and

WHEREAS, the City recognizes that activities in its downtown necessitate public parking and such public parking would benefit the residents, local business, customers and tourists alike; and

WHEREAS, the Salida Cit Council approves the execution of the Lease Agreement between the City and Salida Bottling Company, LLC, attached hereto as **Exhibit A.**

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO THAT:

1. The Salida City Council incorporates the foregoing recitals as its conclusions, facts, determinations and findings.

2. The City Council hereby approves and authorizes the City to enter into the Lease Agreement, attached hereto as **Exhibit A.**

3. The City hereby approves and authorizes the Mayor to sign the Lease Agreement between the City of Salida and Salida Bottling Company, LLC attached hereto as **Exhibit A.**

RESOLVED, APPROVED AND ADOPTED this ____ day of ___________, 20__.

CITY OF SALIDA, COLORADO

By________________________________

Mayor

[SEAL]

[ATTEST]________________________________
City Clerk/Deputy City Clerk

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement (“Lease”) is made and effective January 1, 2025, by and between Salida Bottling Company LLC (“Landlord”) and City of Salida Colorado, a Colorado municipal corporation (“Tenant”).

Landlord is the owner of the vacant lot (“Lot”) located at 323 West 1st Street, Salida, Colorado 81201, measuring approximately 26,112 square feet.

Tenant has been leasing Lot from previous owner since approximately February 2016 and wishes to continue to lease Lot for the primary purpose of providing public parking.

Landlord desires to lease Lot to Tenant, and Tenant desires to lease Lot from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term.

A. Landlord hereby leases Lot to Tenant, and Tenant hereby leases the same from Landlord, under the following terms:

Beginning on the effective date of lease until December 31, 2025, thereafter month-to-month.

2. Rent.

Tenant shall pay Landlord four thousand four hundred dollars ($4,400) monthly on or before the first day of each month.

3. Use

Tenant intends to use Lot as a public parking area, however Tenant may use lot for parking for its employees, vehicle or other storage, storage of removed snow or other materials, staging of equipment for public events, vehicle impoundment or any other reasonable purpose it desires to manage its operations. Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

When the Lot is being used as a public parking area, Tenant may charge a fee for parking without further compensation to Landlord beyond the agreed upon rent. Should Tenant wish to charge a parking fee, Tenant shall comply with all other provisions of this Lease Agreement.

Furthermore, if Tenant uses Lot for removed snow, it shall do so in a manner that doesn’t result in street flooding or that impedes public right of ways or encroaches on adjacent properties or easements. If Tenant stores dirt or other landscaping materials it shall do so in a manner that doesn’t generate excessive dust or debris and should be done in an organized and tidy fashion.

Unless used for exceptional or emergency situations, and if Tenant uses Lot for purpose other than public parking, any large vehicle movement on and off of Lot should be done between the hours of 7 a.m. and 9 p.m. Tenant will use its best efforts to ensure that any overnight parking in Lot is limited to one night and that, other than storage of its owned or leased vehicles and/or or vehicle impoundment, Lot shall not be used for long term parking of vehicles.

4. Sublease and Assignment.

Tenant shall not assign or sublet Lot.

5. Repairs and Maintenance

During the Lease term, Tenant shall maintain Lot at its expense in a manner that doesn't pose a public safety threat or risk to vehicles parked in Lot. This shall consist primarily of pothole repair. The foregoing notwithstanding Tenant and Landlord acknowledge Lot is unpaved and thus minor potholes will always be present.

Tenant shall keep Lot free of trash and debris at its expense. With Landlord's prior, written consent, Tenant may, but is not obligated to, provide lighting, erect fencing, pave lot, place parking curbs or make any additional improvements it believes are necessary to operate parking operations safely and efficiently.

6. Alterations and Improvements.

With Landlord's prior written consent, Tenant, at Tenant's expense, shall have the right to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of Lot from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. With Landlord's prior written consent, Tenant shall also have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon Lot. At the time of Landlord's approval, Landlord and Tenant must also agree in writing as to whether any such alteration or improvement shall be deemed a permanent fixture which shall remain with Lot upon termination or shall be deemed to be property of Tenant which will be removed upon termination. The parties shall also set forth in writing the conditions or restoration needed for removal of any such improvement. In the absence of any such written agreement, all improvements and fixtures shall constitute the sole property of the Landlord. Provided that the procedures herein are observed, all personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on Lot by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease or upon termination of this Lease, provided that all damage to Lot caused by such removal shall be promptly repaired by Tenant at Tenant's expense.

7. Property Taxes.

Landlord shall pay, prior to delinquency, all general real estate taxes, sales and use taxes, and installments of special assessments coming due during the Lease term on the Leased Premises, and Tenant shall pay all personal property taxes with respect to Tenant's personal property at the Leased Premises.

8. Insurance.

A. If Lot is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Tenant shall at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the activities of its use, through a private insuror or through an intergovernmental agency, with the premiums thereon fully paid on or before due date. Such insurance shall afford minimum protection of not less than $1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph upon execution of this Lease. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration.

C. Lessor shall not be liable for any injury or damages to any property or to any person on or about the Lot nor for any injury or damage to any property of Tenant.

9. Utilities.

There are not currently any utilities on the Lot, however should Tenant desire to make, and Landlord approve of any alterations or improvements that may result in the installation of any utilities Tenant will be responsible for the cost of installing such utilities, along with the payment of any utility bills.

10. Signs.

Following Landlord's consent, Tenant shall have the right to place on Lot any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or offensive. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant. Landlord shall have the right to place on Lot any signs that are compliant with city ordinances regarding size and content, and are for the express purpose of either marketing the lot for sale or future lease, or related to development of the Lot including but not limited to public notices related to hearings or proposed ordinances, display of permits related to development, or promotion of political campaigns specifically related to the development of the property. Any such signs erected by Landlord shall not interfere with Tenant's ability to use Lot for its intended use.

11. Entry.

Landlord shall have the right to enter Lot at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on Lot.

12. Termination.

This Lease may not be terminated by either party prior to December 31, 2025. Thereafter either party may terminate Lease with 60 days written notice.

13. Tenant option to rent portion of Lot.

Landlord may contemplate development of Lot in the future, but no sooner than January 1, 2025. If Landlord only develops a portion of Lot on or after January 1, 2025, Tenant shall have option to continue to lease the undeveloped portion of Lot on terms mutually agreeable to both parties. Landlord shall give Tenant at least 60 days' notice of plans to develop a portion of the lot.

14. Damage and Destruction.

Subject to Section 8 A. above, if Lot or any part thereof is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of Lot, and if such damage does not render Lot unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that Lot is unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders Lot, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

15. Default.

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default continues for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord to pay rent or surrender possession of Lot, Landlord may declare the term of this Lease ended and proceed to reenter and take possession of the premises and pursue Landlord's remedies in accordance with Colorado law. If default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default continues for fifteen (15) days after notice thereof in writing to Tenant by Landlord to cure the default or surrender possession of Lot (without correction thereof then having been commenced and thereafter diligently prosecuted) Landlord may declare the term of this Lease ended and proceed to reenter and take possession of Lot and pursue Landlord's remedies in accordance with Colorado law. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity, including an action for damages for unpaid rent, property damage, or other damages. Landlord shall use reasonable efforts to mitigate its damages. If Tenant is in default more than three (3) times in a Calendar year, even if default has been cured, Landlord shall have the right, in its sole discretion, to terminate Lease. In the event that any payment required to be paid by Tenant hereunder is not made within fifteen (15) days of when due, a late fee of $50 will be due and payable plus $10 per day after the 6th day.

16. Quiet Possession.

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of Lot during the term of this Lease.

17. Condemnation.

If any legally constituted authority condemns Lot or such part thereof which shall make Lot unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

18. Subordination.

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon Lot and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon Lot, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

19. Security Deposit.

Landlord shall not require a Security Deposit from Tenant

20. Liability and Indemnification.

A. Except as otherwise provided herein, Tenant shall be in exclusive control and possession of Lot from the date this Lease is executed until it is terminated. Landlord shall not be liable for any injury or damages to any property or to any person on or about Lot nor for any injury or damage to any property of the Tenant. Landlord shall not be liable to Tenant for any entry on Lot for inspection or repair purposes.

B. To the fullest extent permitted by applicable law, Tenant shall hold harmless and indemnify Landlord from and against all expenses, liabilities, and claims of every kind and character, including reasonable attorney fees and court costs, incurred, raised, or brought by or on behalf of any person or entity arising out of either: (1) a failure by Tenant to perform any of the terms or conditions of this Lease, (2) Tenant's failure to comply with any law of any governmental authority, or (3) any mechanic's lien pertaining to work, services, or materials contracted for by Tenant or security interest filed against Lot or equipment, materials, or alterations of buildings or improvements thereon which pertains to any indebtedness incurred by Tenant.

21. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

Salida Bottling Company LLC
9707 CR 163
Salida, CO 81201

If to Tenant to:

City of Salida
448 East 1st St.
Salida, CO 81201

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

22. Waiver.

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

23. Memorandum of Lease.

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

24. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

25. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

26. Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

27. Performance.

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lesser of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand.

28. Compliance with Law.

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

29. Final Agreement.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

30. Governing Law.

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Colorado, and all disputes under this Agreement shall be adjudicated in the District Court for Chaffee County.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

____
[Landlord Signature]

____
[Tenant Signature]

CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Parks and Recreation	Diesel Post - Parks and Recreation Director	December 3, 2024

AGENDA ITEM

Resolution 2024-73: A Resolution of the City Council for the City of Salida, Colorado to appoint members of the PROST Board.

BACKGROUND

In November of 2024, 4 PROST board members' terms expired and 3 of the 4 members wished to reapply. On 11/15/24, a workgroup consisting of Suzanne Fontana, Aaron Stephens, Jess Smith, Rob White, Anissa Caiazza, Nate Mohrmann, and Diesel Post met and interviewed 6 applicants for the four available appointments. Along with an application and resume review the group asked each applicant 5 questions:

- **How do you use the Salida Parks and Recreation system and/or programs?**
- **What would you advise that City staff in the department focus their time and efforts on?**
- **What would you work on in your free time to bring to the advisory committee?**
- **What is your experience on or with an advisory committee?**
- **Can you explain your understanding of how the Department of Parks and Recreation is funded?**
- **Is there anything else that you would like us to know?**

The workgroup selected 3 current members, Kristy Falcon, Stacy Falk, and Jon Terbush, as well as a new applicant, John Vanderwalle, to be recommended for appointment to the PROST Board.

RECOMMENDATION

The recommendation is to appoint, Kristy Falcon, Stacey Faulk, Jon Terbush, and John Vanderwalle, to the PROST Board.

FISCAL IMPACT

There is no fiscal impact.

MOTION

A City Councilmember should state ""I move to_______________ Resolution 2024-73, a resolution of the City Council for the City of Salida, Colorado appointing Kristy Falcon, Stacy Falk, Jon Terbush and John Vanderwalle to the PROST Board," (per below) followed by a second and a roll call vote.

CITY OF SALIDA, COLORADO
RESOLUTION NO. 73
(Series of 2024)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, APPROVING CITIZEN APPOINTMENTS TO THE PARKS, RECREATION, OPEN SPACE, AND TRAILS PURSUANT TO SECTION 2-14-20 a. OF THE SALIDA MUNICIPAL CODE.

WHEREAS, in accordance with Section 2-14-20 a. of the Salida Municipal Code ("SMC"), the City Council shall appoint person(s) to serve as members of the Parks, Recreation, Open Space and Trails Advisory Board; and

WHEREAS, four vacancies for regular members need to be filled; and

WHEREAS, six applications were received, and all six applicants were interviewed by a selection committee, which has provided recommendations for the appropriate appointments; and

WHEREAS, the City Council appreciates the service members of the community have devoted to bettering Salida through participation on the Parks, Recreation, Open Space and Trails Advisory Board; and

WHEREAS, in accordance with Section 2-14-20 a. of the Salida Municipal Code ("SMC"), the City Council shall confirm appointments by majority vote.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO THAT:

The City Council hereby appoints the following individuals to serve on the Parks, Recreation, Open Space, and Trails Advisory Board in the following capacity and term:

1. Appoint Kristy Falcon as a regular member, term to expire Dec 1, 2026
2. Appoint Stacy Falk as a regular member, term to expire Dec 1, 2026
3. Appoint Jon Terbush as a regular member, term to expire Dec 1, 2026
4. Appoint John Vanderwalle as a regular member, term to expire Dec 1, 2026

RESOLVED, APPROVED AND ADOPTED this 3rd day of December, 2024.

CITY OF SALIDA, COLORADO

By________________________________
Mayor

[SEAL]

[ATTEST]________________________________
City Clerk/Deputy City Clerk

CITY COUNCIL MEMO

DEPARTMENT	PRESENTED BY	DATE
Administration	Christy Doon - City Administrator	December 3, 2024

AGENDA ITEM

Department Update

BACKGROUND

This memo is being presented to update Council regarding the status of the work we are doing with 110% Consulting for the programs and services we offer in the areas of Parks, Recreation, Arts and Culture. After the meeting on November 8 with City Council, City finance staff scheduled the initial meeting with 110% to begin data collection, the first step in creating the operational plan. Simultaneously, a meeting with parks, recreation and arts program staff has been scheduled to begin organizing the various offerings into service categories. This will help us better understand the range of offerings we provide and how they are structured. In concert with these two steps, a user group will be brought together to provide input. This group will be comprised of those in the community who utilize Salida “Leisure Service” programs and facilities (i.e. artists who rent the Paquette Gallery, parents of youth in a recreation program, aquatic center members, camp participants etc). Their perspectives will be crucial as we move forward in refining our services and ensuring they meet the needs of the community. As was done in the past, the service categories and subsidy/cost recovery model will be brought to Council for review and action.

Staff would also like to provide information regarding City reserves and Contingency funding, to help address confusion. The City must follow a State-mandated TABOR reserve of 3% of the General Fund. These reserves can only be accessed in specific instances, such as a declared natural disaster. The City Council has also approved a Reserve Policy. The policy’s purpose is to ensure the City has sufficient funds available to cover revenue shortfalls, manage unexpected costs, and maintain healthy cash flows. Specifically, the policy establishes a minimum General Fund balance of 25% of the previous year’s operating expenditures. This reserve is designed to provide a financial cushion in case of unforeseen circumstances. The policy also allows the City Council to adjust the minimum reserve level based on careful analysis of economic trends, revenue forecasts, and other known factors that could impact the City’s finances. Looking ahead to 2025, projections indicate that the City may fall short of meeting this minimum reserve level by the end of the year. Staff are actively working with Council to address this and improve the financial trajectory to ensure the City remains fiscally stable.

Alternatively, the City budgets a varying amount each year in a contingency line item. This line item is used for expenditures that were unforeseen at the time of budget adoption. These funds might be used to match a grant or complete a project that was under budgeted. FY 2024 contingency funds were utilized to hire consultants to complete a staffing assessment and perform the 360 Assessment for Council Direct Reports. Council approved $100,000 in contingency funds for 2025.

Moving forward, staff anticipate the need to budget for both the deferred maintenance items as well as replacement for capital assets that have exceeded their useful life, as anticipated in the facility assessment and other reports. These costs will be identified in proposed budgets presented to City Council for review and action.

Attachment:
Financial Policies

Financial Policies

The City of Salida utilizes various policies and processes to increase efficiency and to standardize treatment. Accounting standards conform to Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB). Best practices recommended by the Governmental Finance Officers Association (GFOA) also guide accounting standards and financial policies. The below policies describe the policies and processes of the City which each year will be reviewed, updated and formally adopted by City Council. In some cases, these policy statements summarize more formal policies adopted separately by Council (i.e. the Municipal Code, Purchasing Policy, Investment Policy, Personnel Policy and Fund Balance Policy); the full policies will override any unintended conflicts in this summary statement.

LEGAL POLICIES

The City of Salida, incorporated in 1880, is a Statutory City under the constitution of the State of Colorado that follows the mayor-council form of government. The Mayor, the Treasurer and six Councilmembers are directly elected. There are three wards in the City, and two Councilmembers represent each ward, serving staggered four-year terms. Policy making and legislative authority are vested in the governing body consisting of the Mayor and six Councilmembers. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a two-year term. According to Colorado statutes, officials elected to two-year terms are eligible for three terms. Councilmembers and the Treasurer are elected to four-year terms and are limited to two terms. The City Council appoints the City Administrator, the City Attorney and the City Clerk. The City Administrator appoints Department Directors.

The City passes ordinances at the City Council level through resolution. An annual appropriation by Council is a resolution that appropriates funds the Council deems necessary to defray all expenses and liabilities of the City during the fiscal year. Chapter 4 of the City's Municipal Code is available on the City's website and sets forth the rules and legal requirements of the financial functions of the City.

MEASUREMENT FOCUS and BASIS OF ACCOUNTING

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus.) Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

For budgeting purposes, all funds use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days after December 31). Expenditures are generally recognized when the related liability is incurred. Capital purchases are shown as a capital expense. Both principal and interest payments are budgeted as current year expenses. New debt proceeds are shown as revenues.

At year-end, the Utility (Water and Wastewater) funds are converted to the long-term economic focus and accrual basis of accounting for audited financial statement presentation purposes since these funds have "business-type" activities. Throughout the year, however, the budgets for the Utility funds are monitored using the basis and measurement focus described in the previous paragraph.

BUDGET DEVELOPMENT PROCESS

In preparation for kicking off the development of the annual budget, the Finance Department develops revenue projections for each regularly occurring revenue stream and builds base budget levels for each revenue line item in the budget. Then, base budget levels are also developed for each expense line item at a level sufficient for maintaining the existing level of operations within each department. If revenue continues to support basic operations, the base level budgets are then released to Department Directors who are responsible for proposing any adjustments to the base numbers and for requesting new programs, capital expenditures and adding any new revenue streams such as anticipated grant awards. Any request for new funding needs to align with Council's strategic plan. In years where anticipated revenue does not support operations, a zero budget process will be implemented as necessary to rebuild the budget from scratch, reducing programs as necessary to an affordable level.

After all requests are submitted, the Treasurer, City Administrator and Finance Director review new requests and prioritize against available resources to develop recommended budget levels that are presented to Finance Committee and finally the Mayor and City Council. City Council reviews the budget requests in a series of public-facing work sessions. The recommended budget is typically made available to the general public by the end of August and never later than the State statutory deadline of October 15. A public hearing is held on the budget prior to adoption by Council after appropriate notice is given. The budget is typically adopted at the 2nd Council meeting in the month of October prior to November elections so that any newly elected Councilmember does not have to vote on a budget they did not work on (Councilmembers are sworn in around mid-November and the Colorado statutory deadline for adopting the budget is December 31).

The below table shows the budget calendar utilized by the City.

City of Salida Budget Calendar

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Council retreat to set strategic goals for the upcoming year			■										
Finance department develops base budget levels				■									
Departments set goals tied to Council strategic goals and develop budget requests for upcoming year					■	■							
Finance Director develops recommended budgets with direction from Treasurer and City Administrator							■						
Council reviews budget requests at public work sessions and provides direction to staff								■	■				
Recommended budget levels available for public inspection								■	■	■			
Public hearing held										■			
Budget adopted by Council										■			
Budget document developed by Finance Department											■	■	
Budget document completed, posted to web site, and submitted to State.													■

PUBLIC ENGAGEMENT

The public has numerous opportunities to engage in the budget process. All budget discussions with City Council are held openly during posted meetings, the City broadcasts live all budget meetings and encourages questions from citizens and answers all questions fully and timely. Council listens to feedback and gives careful consideration to all requests. A budget document is published on the website and budget information is available through the City's financial reporting software program called *OpenGov* which puts financial data into a format that is more easily understood by laymen with the use of interactive charts and graphs. The budget is a featured story each budget season in Salida's monthly newsletter, *The Salida Standard.* The newsletter is widely promoted and available on the City website as well as through a free email subscription.

BALANCED BUDGET

The budget proposed by the City Administrator shall not propose expenditures in excess of estimated opening balances and anticipated income. This applies to all funds. The City is not to use fund balance as a long-term approach to balance the budget. Planned uses of fund balances should be limited. It is only appropriate to use fund balances below the City's prescribed Fund Balance policy (see Fund Balance Policy section for more detail) when there is a severe economic downturn or a one-time special project that City Council wishes to use the funds for. This provides the City time to make the necessary structural changes to bring the budget into alignment on a long-term basis.

It is appropriate to use fund balance due to higher than anticipated revenues or unspent appropriation from the previous fiscal year. In this circumstance, the use of fund balance should be used for one-time expenditures, not ongoing operating costs. In all situations it is important to retain sufficient undesignated fund balance for unforeseen economic conditions.

The Finance Director is responsible for ensuring the current year budget is in balance and will, along with the City Administrator, advise the Finance Committee, Mayor and Council on year-to-date expenditures, revenues, and any necessary corrective actions.

LONG-RANGE PLANNING

The City needs to anticipate future challenges with revenue and expense imbalances so corrective action can be taken to maintain financial stability. The Finance Director shall annually develop a three-year General Fund revenue and expenditure forecast using reasonable and historically-based assumptions to provide City officials with pertinent data to make decisions for multi-year policy direction. This forecast will identify changes in revenue and expenditures with consideration of projected new development in the City, program changes, costs associated with personnel such as health insurance and wage increases, asset replacement schedules, and capital projects coming online. Periodically, (at least every 5 years) strong consideration will be given to hiring an outside consultant with expertise in developing long-range plans for municipalities to put together a complete Financial Management Plan that will be used to reset, as necessary, the financial targets for the City.

All City divisions are required to assess and report annually on necessary capital improvement projects for the subsequent five years.

During the budgeting process all capital improvement projects are analyzed to determine if they reduce, maintain, or increase operating and maintenance costs. When budgeting for new capital equipment or projects, total life cycle cost, financing and sourcing options from acquisition, through end of life/disposition should be considered.

ASSETS

Capital Assets and Capitalization Threshold

The City qualifies a capital asset as having a cost of $5,000 or more and a useful life of one year or more. Ancillary charges necessary to place the asset into its intended location and condition of use are considered part of the cost (i.e. freight, site preparation cost, installation).

Infrastructure assets are long-lived capital assets and are normally stationary in nature. Examples include roads, bridges, drainage systems, and water and sewer systems. Infrastructure assets are capitalized when the cost is greater than $25,000. Maintenance of existing infrastructure (i.e. chip and seal of existing roads) is expensed in the year of the repair and not capitalized.

A capital asset is to be reported and depreciated in government-wide financial statements. In the fund financial statements, capital assets are expensed in the year of acquisition for all Governmental Funds. As mentioned previously, within the budget, capital purchases are recorded as a capital expense in the year of purchase.

Inventory and Condition Assessment

Each department or division shall verify capital asset inventory records each year and must also develop systems and processes to assess the condition of the capital assets they are responsible for maintaining. This condition assessment shall be utilized in requesting budget funds and long-term planning.

REVENUE POLICIES

Revenue Diversification
The City values a diversified mix of revenue sources to mitigate the risk of volatility. The major source of revenue for the General Fund is sales tax. Since sales tax is a direct function of business cycles and inflation, it is important to evaluate opportunities to improve the diversity of the City's revenue sources.

Fees and Charges
The City annually reviews its fees and fines to ensure they are consistent with the costs they are set to recover.

The general policy of the City of Salida regarding fees and charges is based upon the following considerations:

- Tax dollars should support essential City services that benefit and are available to everyone in the community (such as parks, police and fire protection).
- For services that largely or solely benefit individuals, the City should recover full or partial costs of service delivery through user fees.
- A fee should not be imposed on services where the cost to collect the fee exceeds the cost of the service and user fees must not exceed the full cost of providing the service.
- Fee increases, as well as new fees, must be approved and implemented prior to including associated revenue increases in the proposed budget.
- User fee pricing policies should take into consideration:
    - Whether the service benefits the general community or only the individual or group receiving the service.
    - Whether the service is only provided by the public sector or also by the private sector.
    - Whether imposing the full fee cost would pose a hardship on specific service users.
    - Whether imposing the full fee cost would place the City at an economic disadvantage.
    - Whether not imposing a full cost fee would create an unrealistic demand on the service.
- The full costs of providing a service can include the following:
    - Direct costs associated with providing the service, including:
        - The cost of the time all employees spend on the service, including fringe benefits.
        - Other direct costs, such as materials and supplies, contractual services, or legal fees associated with the service.
    - Building and equipment depreciation.
    - Supervision, clerical support, etc.
    - Departmental indirect costs such as an allocation of accounting and utility costs.

Use of One-time Revenues
One-time revenues should be used only for one-time expenditures and not for ongoing expenditures. By definition, one-time revenues cannot be relied upon in future budget years. Examples of one-time revenues are sales of City assets, and one-time payments to the City.

Investing in projects that will result in long-term operating or capital cost savings is the best use of one-time revenues. For example, these may include early debt retirement, capital expenditures that will reduce operating costs or address deferred capital needs, information technology projects that will improve efficiency, and special projects that will not incur ongoing operating costs.

Use of Unpredictable Revenues

Sales tax revenue is a direct function of the business cycle and therefore a volatile source of revenue. During periods of strong growth, sales tax revenue has seen double digit increases from the previous year. During periods of recession, sales tax revenue has been lower than the previous year. It is not prudent to allocate sales tax revenue that exceeds the normal growth rate (defined as the 10 year average historical annual growth rate) to ongoing programs. Therefore, sales tax revenues exceeding the normal growth rate should be used for one-time expenditures or to increase reserves for the next inevitable economic downturn. When sales tax revenue growth is less than the normal growth rate, it may be necessary to use reserves until appropriate expenditure reductions or other measures can be implemented.

Use of Capital Improvement Project (CIP) Fund Revenues

Capital improvement funds are used for the acquisition, repair, or rehabilitation of assets that last for 15 years or more and which support the governmental purposes of the City. A project can be considered a capital improvement project if it is for nonrecurring expenses in excess of $25,000.

The Proprietary Funds (Water and Wastewater) are supported by fees generated within those funds and projects supporting those funds should not be charged to the Capital Improvement Fund. The Streets Fund receives its own allocation of sales tax revenues and, generally, street projects should be charged to the Streets Fund.

The primary financial resources dedicated to the Capital Improvements Fund include an allocation of 8% of the sales tax collections. For large new projects, Council may apply any accumulated funds within the General Fund if the new project is deemed important to the mission of the City and fits into the strategic plan.

Expenditures from the Capital Improvement Fund emphasize repair, rehabilitation, and upgrades to existing City infrastructure.

Capital funds are dedicated to capital uses as defined above, as well as capital planning studies. Capital planning studies include asset condition evaluations, infrastructure inventories, concept planning, master plans, and design.

Grants

The Finance Department reviews grant applications to determine whether matching funds are available. Grant-funded programs for which funding is ending will be evaluated for alternative funding as part of the annual budget process as appropriate.

Investments

The City Administrator along with the Finance Director are responsible for all investment decisions and Council has approved policies around this important issue. An investment advisor, registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940, works with the City to guide appropriate investment decisions.

The Finance Committee receives quarterly updates from the Investment Advisor. When time is of the essence in making investment decisions, The City Administrator and the Finance Director are empowered to act within policy guidelines; however, they will concurrently inform the Treasurer. Such decisions will be reported at the next Finance Committee meeting.

The City's principal investment objectives, in priority order, are legal conformance, safety, liquidity, and return on investment. All investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

EXPENDITURE POLICIES

The City is committed to ensure the proper control of expenditures and strives to provide a quick and effective response to adverse financial situations. Generally, all operating expenditures in a fund must be supported by the operating revenues generated by that fund, and expenditures will not expand beyond the government's ability to pay for them with current revenues.

Personnel Compensation

The City of Salida strives to provide excellent service to the community at all times. As a service organization, employees are the most valued asset of the City. To achieve service standards, the City must attract and retain highly qualified employees who exemplify organizational values. Creating an environment attractive to such employees depends upon many factors including a competitive compensation program. The City's compensation philosophy is based on both internal and external considerations including the relative labor market and the fiscal health of the City. The following considerations guide the employee pay plan:

- A pay range is developed for each position. The midpoint of the range is the market value for a seasoned, fully functioning staff member.
- Periodically, the City contracts with an outside, third party compensation consultant to ensure the salary range structures are competitive with the job market.
- Annual cost of living adjustments (COLA) require approval of the City Council and will result in the pay ranges being moved up by the approved COLA percentage.
- The COLA is generally implemented January 1 of each year and applies to all employees, with the exception of the City Administrator and City Clerk (see below).
- The COLA is generally tied to the Bureau of Labor Statistic's Employment Cost Index (ECI) for State and Local government workers.
- City Council appoints and sets the salary for the City Administrator and the City Clerk.
- The City Administrator sets the salary for all other positions within the approved pay range based on experience and perceived value of the employee.

Debt

Debt is an effective way to finance capital improvements or to smooth short-term revenue inflows. Properly managed debt preserves the City's credit rating, provides flexibility in current and future operating budgets and provides the City with long-term assets that maintain or improve quality of life.

<u>Planning and Conditions of Issuance of Obligations</u>

The City Administrator shall evaluate and consider the following factors in analyzing, reviewing, and recommending the issuance of obligations:

- Purpose and feasibility of the project.
- Public benefit of the project.

- Impact on debt ratios generally applied by rating agencies.
- Impact on the General Fund.
- Availability of appropriate revenue stream(s) to pay for the debt and any future operating costs related to the project financed.
- Requirements for and costs of debt with a vote for approval of the financing.
- Debt service requirements including credit implications.
- Aggregate debt burden upon the City's tax base, including other entities' tax-supported debt.
- Analysis of financing and funding alternatives, including interfund borrowing and available reserves from other City Funds.
- Impact to other capital needs and requirements.
- Political and policy implications.
- True interest cost of the proposed financing.
- Opportunity costs of City resources being deployed on the project.
- If refinancing: the net present value savings, size of issue, absolute dollar savings, and number of years remaining on outstanding obligations.

<u>Professional Assistance when Issuing Debt</u>
Analyzing and issuing debt is complex and bond counsel and licensed Municipal Advisors should be hired to assist with the process. The Finance Department and City Attorney's Office will coordinate the transaction. Operating and Capital leases can generally be managed without assistance from an outside consultant.

Budget Monitoring and Control
Department and division Directors have primary responsibility for the control of budgeted expenditures, the collection of budgeted revenues, and the delivery of service in accordance with the adopted annual budget.

Department Directors are responsible for identifying significant changes in spending or revenue variances. Departments must notify the Finance Director of all significant changes to the budget. A department must identify the cause and recommend solutions to minimize unanticipated costs to the City as part of this notification.

The budget is adopted at the fund level. Changes within each fund can be accomplished with a budget transfer without formal approval as long as the fund’s budget in total remains intact. Departmental budgets within a fund are managed to the bottom line and Department Directors can overspend one line item as long as other line items are underspent by at least an equal amount. However, Department Directors cannot create a new ongoing expense such as a new employee with one-time savings in their budget. As necessary, the Finance Department will coordinate a legal amendment to the budget, as conditions dictate.

The Finance Department is responsible for monitoring the implementation of the City's adopted annual budget and will prepare monthly actual expenditure and revenue reports compared to the budgeted amounts for Finance Committee review. The formal monthly monitoring of revenues and expenses against budget goals with the Finance Committee will begin in April each year as the first 3 months of the year are generally not sufficient to identify trends. Internal monitoring occurs constantly and any significant issues that arise will be brought to the attention of the Mayor and Finance Committee and any concerns are addressed immediately in the most appropriate, agreed upon fashion.

As a statutory City, the State of Colorado collects sales taxes on behalf of the City of Salida and distributes funds to the City in one payment per month. That payment occurs more than one month after the collection period in which the taxes are earned (i.e. the City receives taxes earned January in early March, generally by the 10th of the month). The City needs to wait an additional five days to receive its allocation of a share of Chaffee County sales tax dollars resulting from a long-term intergovernmental agreement.

Since sales tax is such an important indicator of financial health for the City, the City is quick to recognize the tax payments and analyze the amounts received against prior year collections for the same period and with budget goals. A sales tax report is distributed to the Mayor, Finance Committee, City Council and posted on the City website monthly, and budget plans are altered if this important indicator so dictates. Retail, accommodations and food service are the principal sources of sales tax revenues, accounting for more than 80% of the total. As such, trends in these sectors bear close watching.

The Finance Department will also monitor department progress in completing their projects have been appropriated within the annual budget through regular communication with departments. Additionally, the Finance Office will work with departments to develop corrective action plans, as necessary.

FUND BALANCE POLICY

Fund balance is defined as accumulated revenues over expenditures that may be appropriated for use by City Council. In total, fund balance represents everything owned by the City (assets) less everything owed (liabilities). Not all fund balance is available for appropriation. The following categories are deemed as “not available” for appropriation:

<u>Non-spendable</u> – includes fund balance amounts such as inventories or prepaid assets which are non-spendable by nature.

<u>Restricted</u> – includes fund balance amounts that are constrained by an outside agency for specific purposes such as statutory restrictions (i.e. TABOR emergency reserves) and funds collected for a specific purpose (i.e. the unspent portion of grants paid in advance). These amounts are only available for appropriation tied to the restricted purpose.

The following categories generally are “*available”* for appropriation and are the fund balance amounts disclosed in the budget documents:

<u>Committed</u> – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action by Council. Council can choose to free the commitment as plans change.

<u>Assigned</u> – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or the City Administrator. These amounts are available for appropriation.

Unassigned – includes positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. Positive unassigned fund balance is available for appropriation.

The City's fund balance policy defines the level of *available* reserves to be held in each fund. It is essential that governments have a level of savings sufficient for operating cash flow, to provide a backup for revenue shortfalls, to mitigate against uncontrollable costs and a variety of other current and future risks, and to help ensure stable rates for taxpayers and ratepayers. Fund balance levels are a crucial consideration in long-term financial planning.

This policy also recognizes that, while reserves provide the City Council with the ability to respond to and safeguard from uncertainty and risk, excessive reserves could be used for additional services or even result in the reduction of taxes or fees. The following fund balance levels are established for the unique needs and differing situations of each of the various funds.

Fund	Reserve Policy Description	Allowable use
General	Minimum available fund balance of 25% of previous year's operating expenditures. Amount may be modified by Council upon analysis of trends and forecast along with any likely or known factors that would reduce the City's revenue.	No restrictions
TABOR Emergency Reserve	The TABOR emergency reserve is defined by statute and is 3% of fiscal year spending excluding bonded debt service across all non-enterprise funds.	Can be spent on any declared emergency excluding economic conditions, revenue shortfalls, or salary or fringe benefit increases.
Lodging Tax Fund	No minimum reserve is required. These funds can be spent for allowable purposes to a zero balance annually. Spending is typically a transfer to the General Fund.	Can be transferred to the General Fund to support capital improvements and operations for parks and recreation and arts facilities in the City.

Fund	Reserve Policy Description (Continued)	Allowable use
Capital Improvement Fund	No minimum reserve is required. Long range capital plans should be considered and reserves should be built up as necessary when possible to fund future needs.	Can be spent on acquiring or constructing any improvement or for acquiring land or equipment as well as costs associated with issuing bonds.
Streets Fund	Minimum available fund balance of 25% of previous year's operating expenditures. Amount may be modified by Council upon analysis of trends and forecast along with any likely or known factors that would reduce the City's revenue. It is possible that this fund balance could grow as funds are saved up for large maintenance projects.	Must be spent on Streets Fund related activities
Economic Development Fund	Minimum available fund balance of 25% of previous year's operating expenditures.	Can be spent on City Council approved Economic Development purposes
Conservation Trust Fund	No minimum reserve is required. These funds can be spent for allowable purposes to a zero balance annually but funds can also be kept in reserve to grow to a sufficient level for larger one time project needs.	For acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.
Water & Wastewater	A minimum available fund balance of 25% of previous year's operating expenditures should be maintained for operating expenses. For capital, reserves should accumulate for future debt service payments and in anticipation of future capital needs.	All activities of the water and wastewater systems

The fund balance policy allows for flexibility in the event of:

- Unexpected revenue shortfall,
- One-time expenditures outside the scope of normal ongoing operations,
- Unusual operating cash flow needs, such as pending collection of a large grant receivable (i.e. timing difference between use of funds and collection of revenue).

In the event that Council deems it appropriate to spend below the fund balance policy limits, plans will be made to replenish the funds in the subsequent annual budget.

PURCHASING POLICY

The City of Salida has adopted a policy to ensure purchases are made in accordance with Colorado Revised Statutes and cash is disbursed only for authorized expenditures after the receipt of acceptable goods or services is verified. The policy also helps ensure that all expenditures are properly recorded in the accounting system and reported in financial reports as required by governmental accounting standards.

Specific to the budget or management of the budget, clauses in the policy dictate that any purchase of goods or services not included in the approved budget must be approved by Council prior to committing the funds. The City Administrator and Department Directors must manage their expenditures within the level of detail as approved by Council (typically the Fund level). When unexpected circumstances occur to cause an approved expenditure to exceed the approved amount causing a Fund's budget to run over budget, a budget amendment must be taken to Council for their review and approval prior to the commitment of additional funds, except in emergency situations or where it is impractical to do so.

The City utilizes the Rocky Mountain E-Purchasing system to increase exposure for Request for Proposals (RFP).

ANNUAL AUDIT

After each fiscal year, a comprehensive annual financial report will be prepared and a certified public accounting firm will conduct an audit of the City's records. The comprehensive annual financial report will include an independent audit opinion regarding presentation of the financial statements, taken as a whole, in conformity with accounting principles generally accepted in the United States. This report will be made available to Council, staff, bond-rating agencies and the general public. The accounting firm will also issue a communication to City Council regarding the important observations arising from the audit.