

AGENDA

CITY COUNCIL WORK SESSION

October 5, 2026

4:00 PM, City Council Chambers
427 Rio Grande Place, Aspen



Zoom Meeting Instructions

Join from PC, Mac, iPad, or Android:

<https://us06web.zoom.us/j/85955559895?pwd=DleWckB3Ku75AjLphkSQMIBIFIW0Py.1>

Passcode: 81611

Join via audio:

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Webinar ID: 859 5555 9895

Passcode: 81611

International numbers available: <https://us06web.zoom.us/j/85955559895?pwd=DleWckB3Ku75AjLphkSQMIBIFIW0Py.1>

I. Work Session

I.A Conversation with the Ruedi Water and Power Authority (RWAPA) Executive Director

I.B City of Aspen Financial Update
[Financial Update - Work Session 1 - Kick-off - Final.pdf](#)

I.C Budget Kickoff and Fund Overviews
[2027 Budget Work Session 1 - Kick Off - Final.pdf](#)

II. Council questions and comments related to items published in the most recent information update, as needed



Financial Update

October 5, 2026

Tyler Sexton – Finance Director

Andrew Kramer – Deputy Finance Director

Taxable sales: the April gap has closed

WHAT WE PRESENTED IN JULY

Through April

-4.2%

-\$23.0M vs. 2025

WHAT'S CHANGED (MAY – JULY)

May – July

+6.9%

+\$21.9M vs. 2025

WHERE WE ARE NOW

Through July

-0.1%

-\$1.0M vs. 2025

What was going on

- **Soft winter:** lodging occupancy down 6.4%
- **\$13M one-time** adjustment in Misc.
- **High bar:** 2025 grew 10% vs. 7% budgeted

Why

- **Accommodations** +\$13.0M (+18%)
- **Clothing** +\$12.1M (+30%)
- **Construction** +\$2.5M (+6%)
- **Other sectors:** declines narrowed

What it means

- **Essentially flat** year-to-date
- **Up ~1.4%** excluding the \$13M one-time item
- **Full-year forecast** now +1.0% (was +0.09%)

2026 Taxable Sales: Through July

% of Economy	Industry	2025 Taxable Sales	2026 Taxable Sales	YoY Change
27%	Accommodations	\$248,736,471	\$257,147,022	▲ 3%
15%	Restaurants	\$138,565,709	\$135,391,595	▼ 2%
14%	Fashion Clothing	\$106,329,948	\$120,053,739	▲ 13%
12%	Construction	\$92,128,812	\$98,541,743	▲ 7%
11%	Miscellaneous	\$93,400,488	\$73,552,172	▼ 21%
6%	Jewelry/Gallery	\$45,184,615	\$48,208,976	▲ 7%
6%	Food & Drug	\$49,608,667	\$47,063,214	▼ 5%
4%	Sports Equip/Clothing	\$43,550,416	\$39,642,629	▼ 9%
3%	Utilities	\$28,408,598	\$26,533,107	▼ 7%
1%	Liquor/Cannabis	\$10,958,918	\$9,853,751	▼ 10%
<1%	Automobile	\$3,089,672	\$2,958,499	▼ 4%
	Taxable Sales	\$859,962,314	\$858,946,447	-0.1%
	Adjusted, excluding the \$13M one-time item			+1.4%

2026 City Sales Tax: Projections

Tax	Updated 2026
1.50% Parks & Open Space Fund	\$21,885,600
0.15% Transportation Fund	\$2,188,600
0.45% Housing Development Fund (20%)	\$1,313,140
0.45% Kids First Fund (80%)	\$5,252,560
Subtotal – City retained	\$30,639,900
0.60% Education	\$8,725,800
City Sales Tax	\$39,365,700

Additional City sales tax

+\$362K

vs. July projection (+0.9%)

2026 Lodging & STR Tax: Projections

Short-Term Rental & Lodging	Updated 2026	VS 2025
STR-Classic	\$4,719,271	-4%
STR-Lodge Exempt	\$1,851,479	-5%
STR-Owner Occupied	\$91,032	-24%
Subtotal – STRs	\$6,661,782	-5%
Traditional Lodging	\$6,172,000	+2%
Total Tax Collections	\$12,833,782	-2%

vs. 2026 budget

-\$483K

3.6% below the \$13.3M budget

- 2026 Budget assumed **3% growth**
- **STRs: \$612K below budget (-8.4%)**
- **Traditional lodging: \$129K above budget (+2.1%)**, partly offsetting STRs
- **2027:** can decline ~4% from the 2026 forecast and still meet the \$12.3M budget

2026 Real Estate Transfer Tax

REAL ESTATE ACTIVITY (YEAR-TO-DATE)

	YTD 2025	YTD 2026	Change
Number of transactions	418	414	-1%
Total cash value	\$1,129.5M	\$855.2M	-24%
Average cash value	\$2.70M	\$2.07M	-24%

YTD sales value

-24%

Same number of sales, lower prices

2026 RETT PROJECTION

Allocation	YTD 2026	Projection
67% Housing	\$8.3M	\$13.0M
33% Arts & Culture	\$4.2M	\$6.5M
Total RETT	\$12.5M	\$19.5M

- Housing: **\$4.9M below budget**
- Arts & Culture: **\$2.4M below budget**
- Lower sale values, **not** fewer sales

vs. 2026 budget

-\$7.3M

27% below the \$26.8M budget

Cash & Investments

AS OF AUGUST 31, 2026

Portfolio balance

\$448.1M

Annualized yield

3.87%

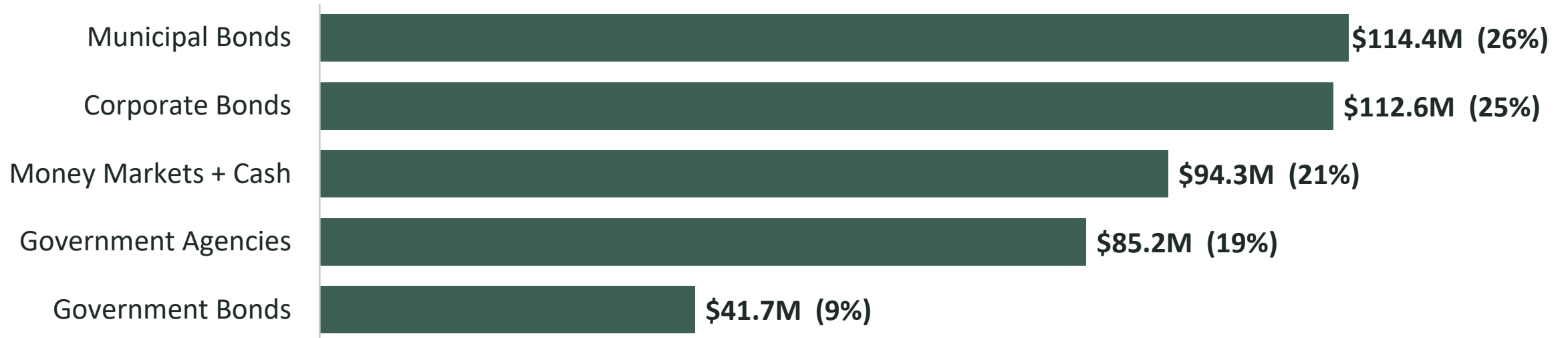
August

Interest income YTD

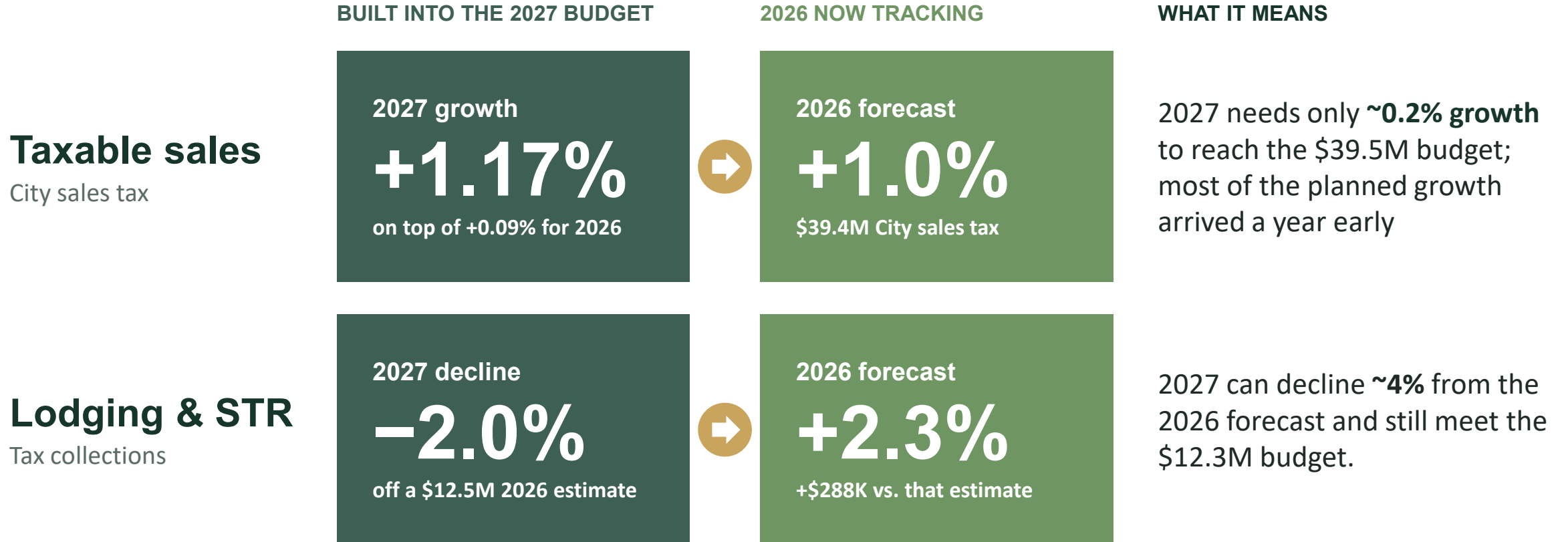
\$10.1M

January – August

PORTFOLIO MIX



What this means for 2027



Summary & Discussion

Taxable sales — Summer rebound closed the April gap; flat through July (−0.1%), up ~1.4% adjusted for the \$13M one-time item

2026 outlook — Full-year taxable sales forecast now +1.0%, up from +0.09% presented in July

City sales tax — 2026 projected at \$39.4M, \$362K above the July projection

Lodging & STR tax — 2026 projected at \$12.8M, \$483K below budget; STRs down 5%, traditional lodging up 2%

Real estate transfer tax — 2026 projected at \$19.5M, below budget; sales steady, values down 24% YTD

Investments — \$448.1M balance at a 3.87% annualized yield; \$10.1M interest earned YTD

2027 budget — Built on +1.17% taxable sales growth; a stronger 2026 finish adds cushion

2027 Proposed Budget

Work Session # 1

October 5, 2025



CITY OF **ASPEN**

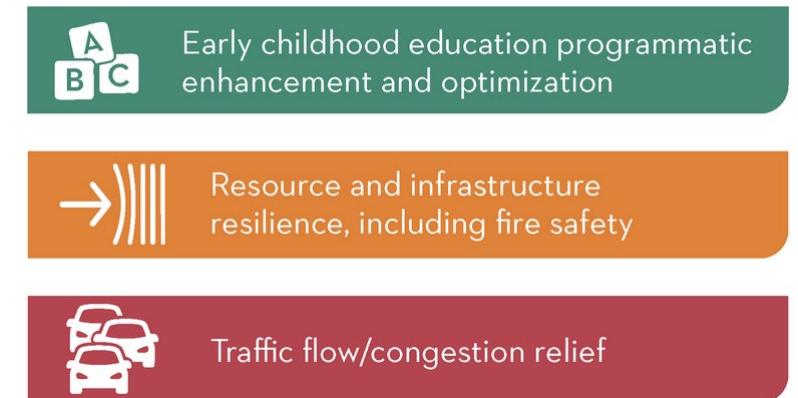
Budget Work Session Agenda

- **Focus on Council Priority Projects, Goals, and Guiding Principles**
 - What's been accomplished?
 - What is proposed ahead?
- **2027 Budget & Budget Drivers**
 - Proposed Budget Financials
 - Major Capital
 - Supplemental Requests & Proposed Fee Change Highlights
- **Important Issues**
 - Capital Planning, Putting Fund Reserves to use & Fund health
 - Economic Outlook
 - Organizational Resiliency & Customer Service
- **Wrap Up**

COUNCIL PRIORITY PROJECTS



COUNCIL GOALS



City Values



Service: We serve with a spirit of excellence, humility, integrity, and respect.

Partnership: Our impact is greater together.

Stewardship: Investing in a thriving future for all by balancing social, environmental, and financial responsibilities.

Innovation: Pursuing creative outcomes grounded in Aspen's distinctive challenges and opportunities.

Tracking Our Impact

Strategic Objectives

The City of Aspen Strategic Plan centers on six objectives — key areas of community importance the city seeks to positively influence. Four objectives focus on advancing Council's priority projects and goals. Two of the objectives seek to embed Council's guiding principles into day-to-day work at the city.

Each objective includes three priority initiatives the city can directly shape, supported by success metrics that link tangible outcomes to both the initiatives and their overarching objectives. Together, these elements align the City Council's vision with day-to-day operations and organizational priorities.

Each of the six strategic objectives is supported by priority initiatives and "What Success Looks Like" milestones. These are accompanied by contextual explanations that clarify the purpose and background of each objective and initiative. Each objective also includes measurable outcomes and links to supporting plans that offer additional detail beyond the scope of this plan.



Critical Public Projects

Overall Progress

77%



Priority Initiatives

3



Early Childhood Education

Overall Progress

97%



Priority Initiatives

3



Resource and Infrastructure Resilience

Overall Progress

72%



Priority Initiatives

3

- [City of Aspen Strategic Roadmap to 2027](#)
- Interactive website tracking progress with regular, meaningful updates
- 70% Overall plan completion

2027 Proposed Budget

Reflection of Council
Priority Projects & Goals



CITY OF ASPEN





Council Priority Project – Armory Hall

What have we accomplished?

- Design progress to 100% CD (Construction Documents)
- Construction partner selected – Shaw Construction
- Construction started July 2026

What is next?

- Obtain full building permit
- 28 month construction schedule
- Operator selection is ongoing
- 2027 capital budget includes \$34 million for Armory Hall project



Council Priority Project – Lumberyard

What have we accomplished?

- First of two financial closings completed
- Construction of infrastructure and 104-unit Building #1 is well underway

What is next?

- Gorman is assembling funding for second financial closing scheduled for March/April
- Permits for Buildings 2 and 3 to be sought for spring 2027 construction start
- Building 1 construction continues, infrastructure work along Hwy 82 to intensify
- 2027 proposed capital budget is \$95 million
- “Up to \$70 million” City bond issuance planned for fall 2027



Council Priority Project – Entrance to Aspen

What have we accomplished?

- Technical and environmental analysis lead to refined Preferred Alternative
- Community engagement with ~100 community members and 50+ public comments

What is next?

- Submission of draft reevaluation spring 2027 to CDOT and FHA
- Continue evaluation of improvements and recommendations



Council Priority Project – Water Treatment Facility Improvements

What have we accomplished?

- Selected qualified project team
- Completed design
- Began construction on early works package; long-lead time equipment procurement

What is next?

- City and state permit approvals
- November 2026 ballot question
- Construction: August 2026 up to December 2028



Council Goal – Early Childhood Education

What have we accomplished?

- Supporting Childcare Sustainability
 - Base Funding: \$5,000 per eligible classroom (50%+ enrollment)
 - \$180,000 expected countywide by end of October
- Childcare Affordability
 - \$306,734 in financial aid through Q3 2026
 - Includes \$8,254 emergency assistance and \$14,316 summer support for high-needs children
- Childcare Quality
 - Permanent wage supplement planned for licensed childcare staff beginning in 2027
 - Expanded professional development and bilingual coaching
- Childcare Availability
 - \$27,398 in Expansion Grants awarded to two programs
 - \$234,349 invested to maintain infant & toddler care capacity

What is next?

- Expand and refine existing grant programs
- Strengthen data collection and reporting
- Explore an Employer-Based Voucher Program

Council Goal – Resource & Infrastructure Resilience

- What have we accomplished?
 - 2026 proposed capital budget of \$171.2 million – putting fund balances to work
 - Start and advancement of Lumberyard, Armory, & Water Treatment Plant
 - Capital discussion planned for our 3rd budget work session on Oct 19th
- What is next?
 - Continued advancement of three major projects - \$158.4M (84% of overall capital budget)
 - Multiple projects related to hydro-infrastructure
 - Replacement of Power Plant Rd Bridge
 - Wildfire mitigation program on city-owned properties



Council Goal – Traffic Flow & Congestion Relief

What have we accomplished?

- Expanded transportation options through new transit, car-sharing, and bikeshare investments
- Advanced trip-reduction programs and community outreach
- Updated parking and carpool strategies to better manage vehicle demand
- Advanced the West End Mobility Improvement Project through technical analysis and community engagement



Council Goal – Traffic Flow & Congestion Relief

What is next?

- Continue investing in transit, trip-reduction, and shared-mobility programs
- Advance annual pedestrian, bicycle, accessibility, and street improvements
- Use parking data and program evaluation to inform future parking strategies
- Return to Council with options for improving West End mobility, Highway 82 traffic flow, and neighborhood livability

2027 Budget Supplemental requests to support employer-based trip reduction, visitor trip reduction, and continued Zipcar service.

2027 Proposed Budget

- Overarching Budget Message:
 - Over the past several years, we have intentionally built up our fund balances across multiple City funds to save for large future capital projects.
 - In 2027 we continue to deploy those fund reserves towards generational projects like the Lumberyard and Armory for the City of Aspen.
 - We continue to address Council's strategic goals by focusing on improving wildfire response, electrification of built environment, and providing exemplary service.

2027 Proposed Budget

	*2026 Orig. Budget	2027 Budget	\$ Change	% Change
Revenues	\$235,430,910	\$433,833,068	\$198,402,159	84.3%
On-Going Ops Budget (Base)	\$124,289,913	\$131,806,132	\$7,516,219	6.0%
One-Time Supplementals	\$2,347,470	\$3,831,968	\$1,484,498	N/A
New Supplementals	N/A	\$1,111,192	\$1,111,192	N/A
Total Operating	\$126,637,383	\$136,749,292	\$10,111,909	8.0%
Capital Outlay	\$171,198,250	\$187,596,416	\$16,398,166	9.6%
Debt Service	\$3,651,470	\$13,332,194	\$9,680,724	265.1%
Net Appropriations	\$301,487,103	\$337,677,902	\$36,190,799	12.0%
Transfers	\$43,428,362	\$71,899,021	\$28,470,659	65.6%
Total Appropriations	\$344,915,465	\$409,576,923	\$64,661,458	18.7%
Ending Fund Balance	\$254,181,570	\$292,363,309	\$38,181,738	15.0%

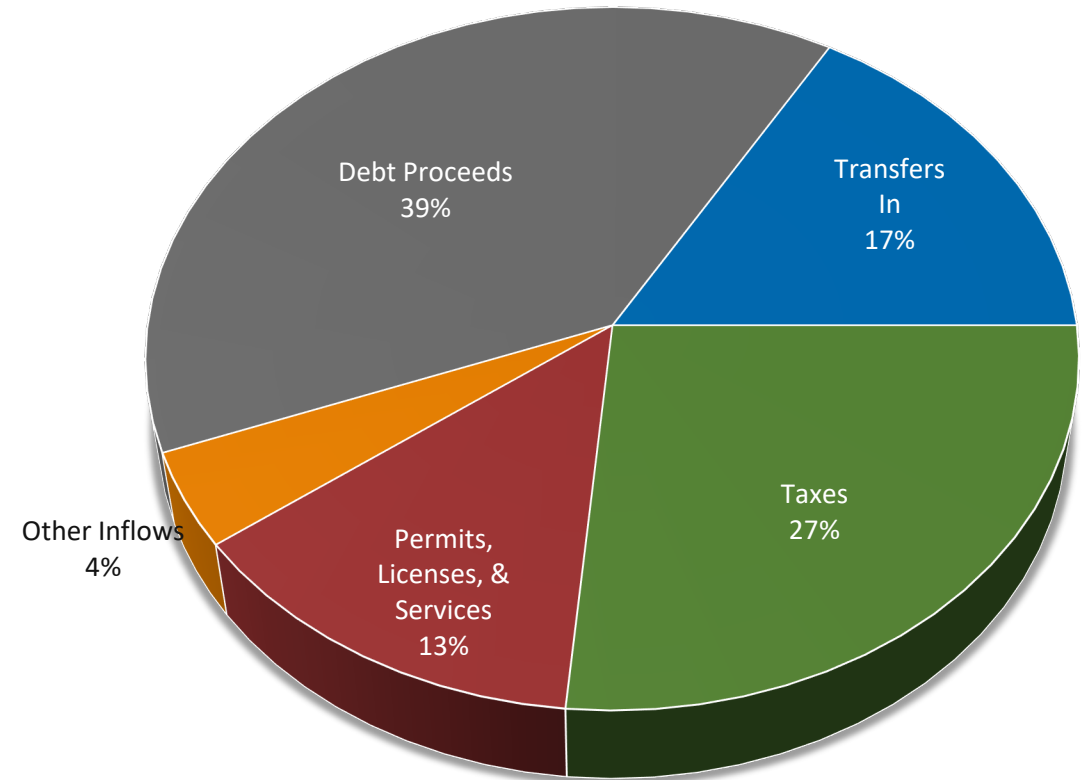
**2026 includes voter approved increase in the Public Education Sale Tax from 0.3% to 0.6%*

2027 Proposed Budget

Revenues and Inflows: \$433.8M

Revenue by Category	2025	*2026	2027
Taxes	\$101,307,200	\$119,051,546	\$114,789,917
Licenses & Permits	\$6,852,810	\$7,026,213	\$10,215,876
Intergov't	\$3,208,040	\$3,020,055	\$809,729
Services	\$39,309,569	\$43,572,963	\$47,181,908
Fines, Fees, & Refunds	\$19,819,393	\$22,348,445	\$22,961,058
Grants & Investments	\$15,130,653	\$13,471,800	\$14,923,360
Transfers In	\$21,131,110	\$26,939,888	\$52,951,221
Debt Proceeds	\$0	\$0	\$170,000,000
Total Gross Revenue	\$206,758,775	\$235,430,910	\$433,833,068

- Taxable sales at 1.2%
- RETT at -15%
- Lodging and STR -3%

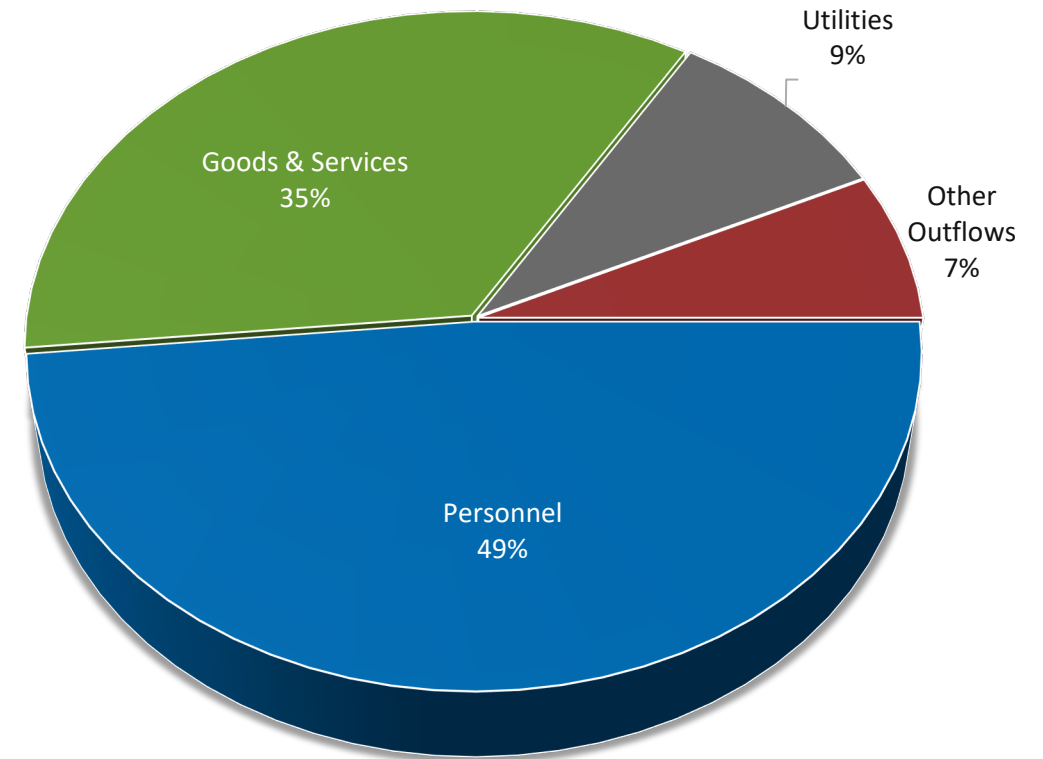


2027 Proposed Budget

- Operating Exp: \$136.7M
- Capital Exp: \$187.6M
- Debt Service Exp: \$13.3M

Expense by Category	2025	2026	2027
Personnel	\$56,567,138	\$59,822,735	\$66,295,257
Goods & Services	\$50,588,250	\$57,096,811	\$60,773,201
Capital	\$57,342,210	\$171,198,250	\$187,596,416
Debt	\$6,333,405	\$3,651,470	\$13,332,194
Grants & Distributions	\$11,112,362	\$17,230,911	\$18,538,834
Allocations	\$11,057,200	\$12,195,200	\$13,716,300
Transfers Out	\$18,271,710	\$23,720,088	\$49,324,721
Total Appropriations	\$211,272,275	\$344,915,465	\$409,576,923

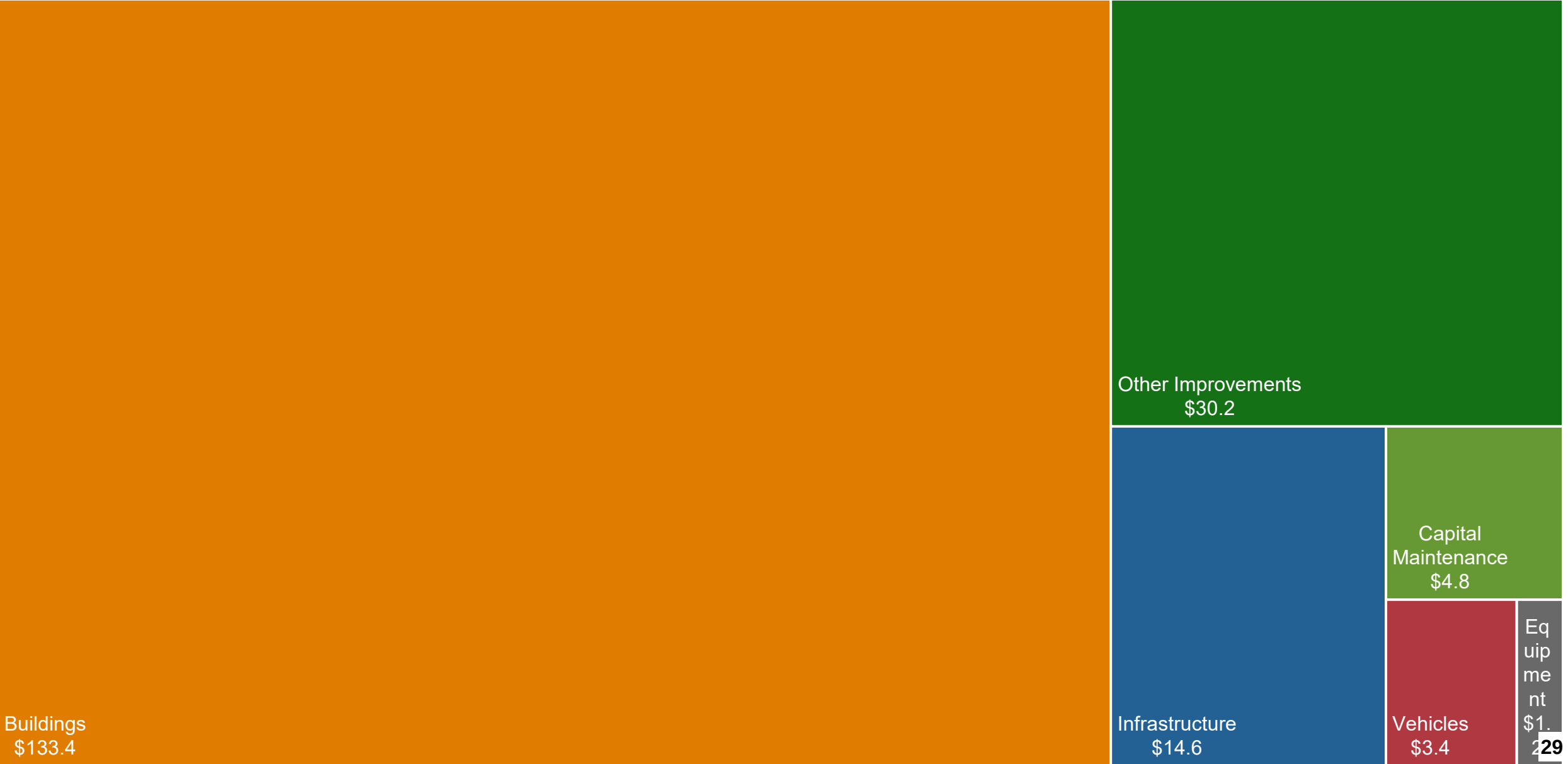
2027 Operating Budget By Expense



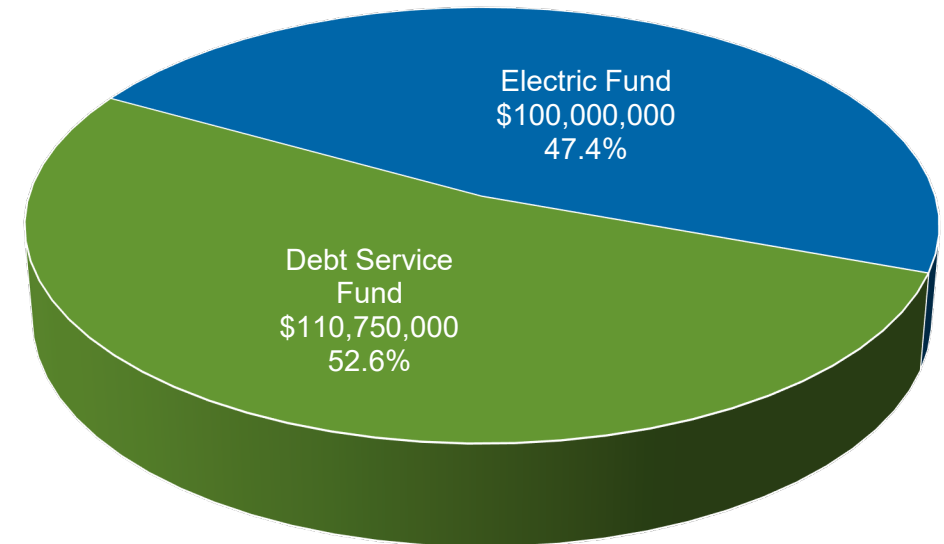
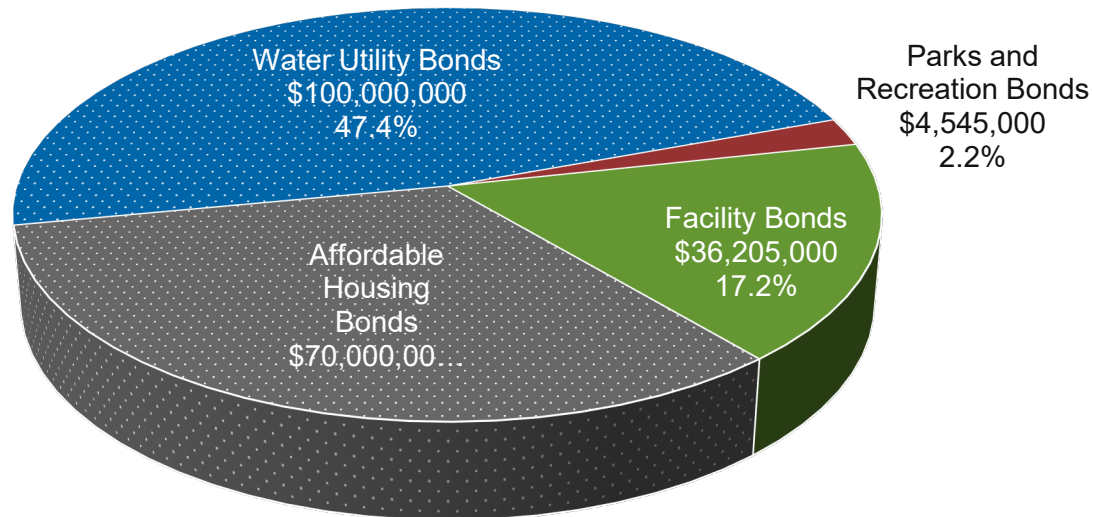
2027 Proposed Budget Supplemental Requests: \$4.9M



2027 Proposed Budget Capital: \$187.6M



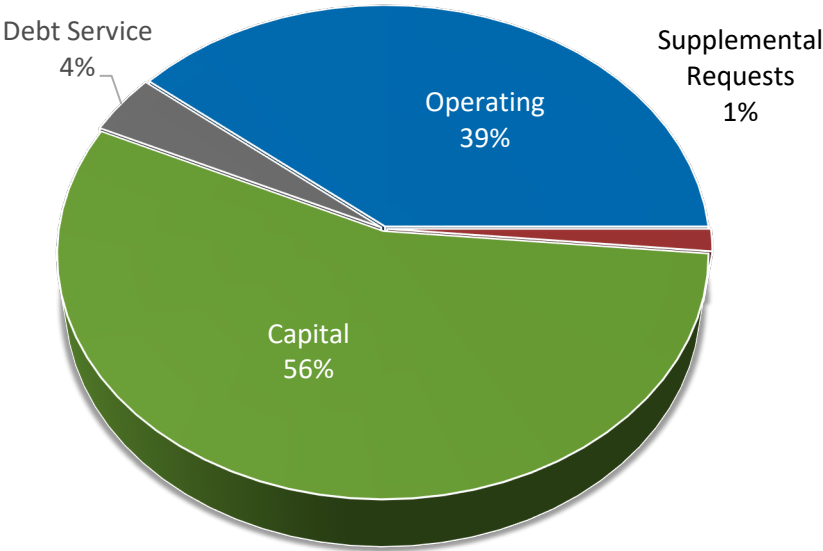
2027 Proposed Budget Debt: \$13.3M



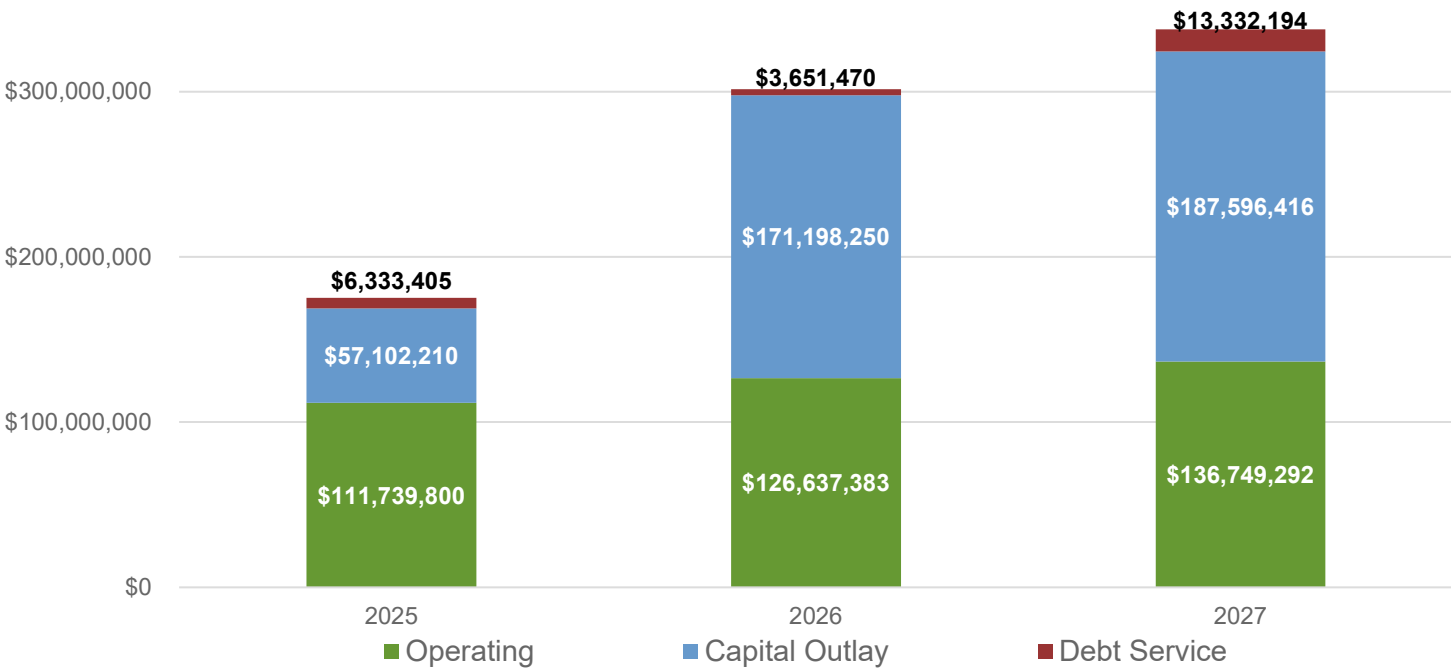
- Facility and Parks and Recreation Bonds are existing obligations
- Water Utility Bonds (pending voter approval) (Water Treatment Plant) and Affordable Housing Bonds (Lumberyard) planned issue in 2027
 - Timing, interest rate, and most favorable debt structure to be determined
 - Contingent on best rates, cashflow needs, actual expenses, ideal structure

2027 Proposed Budget Net Appropriations: \$337.7M

2027 Net Appropriations by Type



2025 - 2027 Net Appropriations



2027 Proposed Budget

- **Economic Watch List / Economic Risks**
 - Inflation, interest rates, and US economy; CPI in flux
 - impact of tariffs on materials and capital projects, as well as overall construction cost escalation
 - International travel trends
- **Looking Ahead to 2027 – 2028**
 - tax revenue loss and airport closure impacts; multiple hotels potentially going offline for remodels built into our LRP's
 - Increased competition for local contractor services: City of Aspen competes with Pitkin County, Snowmass Village, ASD, and the private sector like Lift One Lodge projects for limited pool of RFV contractor services



Not Incorporated into Long Range Plans



Pedestrian Mall Upgrades

- **Multi-Fund / Department Effort**

Castle Creek Bridge Solution

- **City Contribution Unknown**

New Housing Opportunities

- **Outside of Lumberyard, not included**

Stormwater Infrastructure

- **Currently Pacing Projects Based on Available Funds**

2027 Proposed Budget

Fund Reserves and Fund Health



CITY OF ASPEN



Fund Reserves: Projected Change in Fund Balance

AMP & General Fund: Transfer of \$8M to AMP for Armory

Arts & Culture Fund: Interfund loan to General Fund for Armory

REMP Fund: Supplemental for Grants & Building IQ

Housing Development Fund: Vertical development for Lumberyard in 2027 is outflows for Lumberyard and up to \$70M bond

Stormwater Fund: Scaled back capital plan pending condition assessment

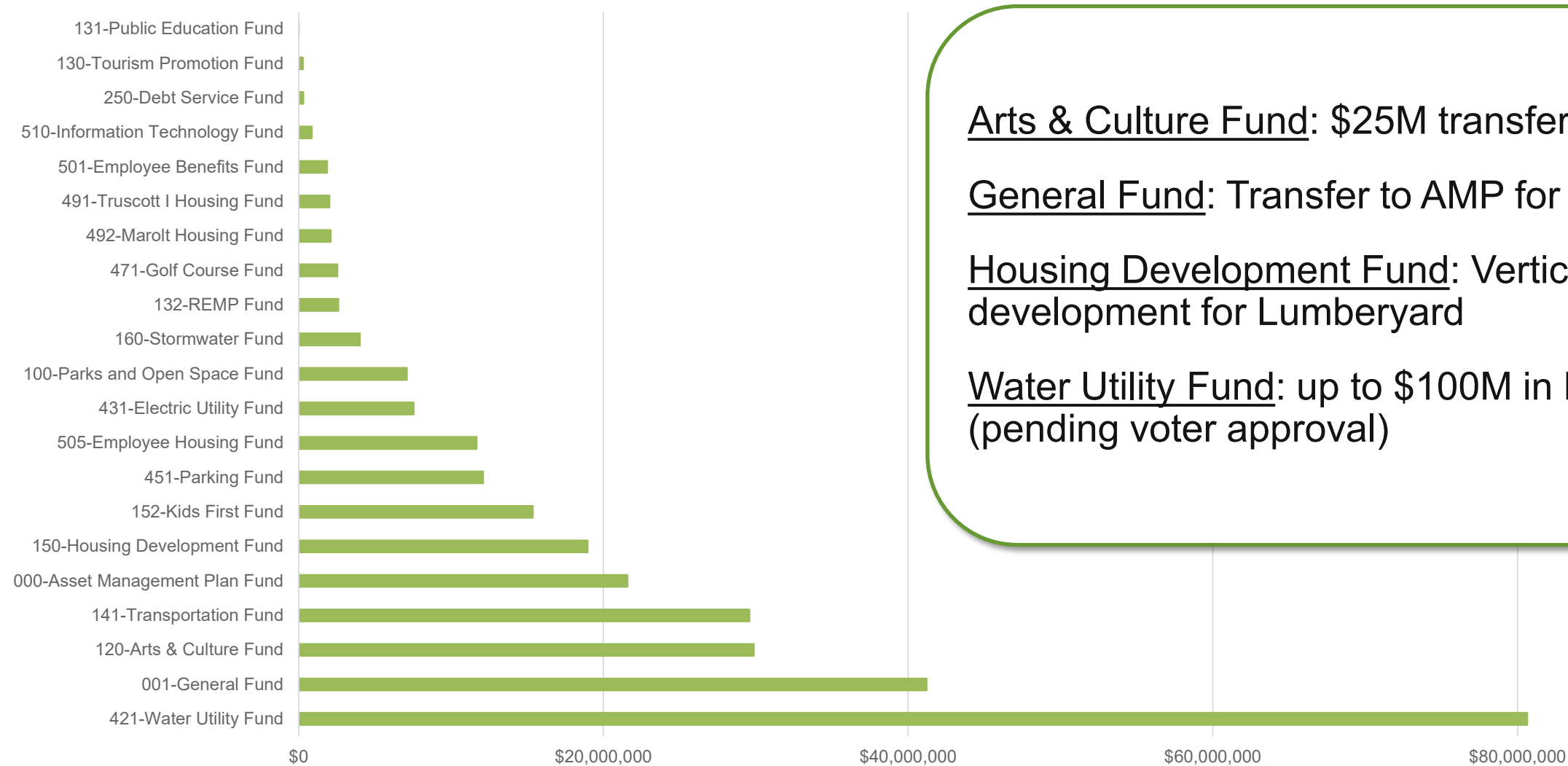
Water & Electric Utility Funds: \$29.4M in water treatment plant spending offset by up to \$100M bond (pending voter approval)

Golf Course Fund: Capital projects

Employee Housing Fund: Building fund balance for future needs

Fund Name	\$ Change in Fund Balance	% Change in Fund Balance
001-General Fund	(\$8,252,029)	(16.7%)
100-Parks and Open Space Fund	\$592,248	9.1%
120-Arts & Culture Fund	(\$26,729,376)	(47.2%)
130-Tourism Promotion Fund	\$0	0.0%
131-Public Education Fund	\$0	0.0%
132-REMP Fund	(\$559,093)	(17.7%)
141-Transportation Fund	\$825,643	2.9%
150-Housing Development Fund	(\$10,113,815)	(34.8%)
152-Kids First Fund	\$146,261	1.0%
160-Stormwater Fund	\$490,770	13.9%
250-Debt Service Fund	(\$6,093)	(1.9%)
000-Asset Management Plan Fund	(\$359,618)	(1.6%)
421-Water Utility Fund	\$66,751,740	480.8%
431-Electric Utility Fund	(\$715,852)	(8.7%)
451-Parking Fund	(\$53,426)	(0.4%)
471-Golf Course Fund	(\$767,466)	(23.1%)
491-Truscott I Housing Fund	\$86,186	4.4%
492-Marolt Housing Fund	(\$270,661)	(11.4%)
501-Employee Benefits Fund	\$834,504	80.5%
505-Employee Housing Fund	\$2,107,829	22.0%
510-Information Technology Fund	\$248,394	39.7%

Projected Ending Fund Balance FY27: \$292.4M



Arts & Culture Fund: \$25M transfer to GF

General Fund: Transfer to AMP for Armory

Housing Development Fund: Vertical development for Lumberyard

Water Utility Fund: up to \$100M in bonds (pending voter approval)

Fund Watch List

Overall, City enjoys healthy reserves:

General Fund \$39M

- Debt service for GF & AMP
- Airport closure

Arts & Culture \$29.9M

- Wheeler RETT revenues are inherently unstable year-to-year

Housing Development \$18.9M

- Lumberyard vertical construction
- Up to \$70M bonds

Kids First \$15.4M

- Expanding Financial Aid & Subsidies

Water \$80.6M

- Water bonds (pending voter approval)
- Refunding planning expenses

But there are funds to monitor in 2027 & Beyond...

Employee Benefits

- Claims & reinsurance cost escalation – slowing but can be volatile

AMP & General Fund

- Increasing capital needs – limited funds

Transportation

- Transit costs showing sustained growth in excess of sales/lodging tax growth
- Addition of Lumberyard bus route

Tax Credit Housing Funds - T2 and ACI

- Capital needs and capped rents could necessitate transfer from Housing Development Fund

2027 Proposed Budget Questions?

- Work Session # 2
 - Capital Review
- Work Session # 3
 - Supplemental Requests
 - Highlighted Fee Changes
- Work Session # 4
 - ACRA and CORE to present 2027 Business Plans
 - APCHA & Managed Properties Budgets
 - Council Interest Areas, Follow-up, and Conclusions

