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MEMORANDUM

Date: July 25, 2023
To: Mayor and City Council
From: Travis Storin, Chief Financial Officer
Ginny Sawyer, Policy and Project Manager
Thru: Tyler Marr, Deputy City Manager 
RE: Work Session Summary – July 25, 2023 Sustainable Funding

Mayor Arndt, and Councilmembers Canonico, Pignataro, Peel, Gutowsky, Francis, and Ohlson were present.

There was discussion, and ultimate direction, to switch the funding mechanisms and bring forward the following:

- A 3-Mill property tax increase dedicated to affordable housing in perpetuity; and
- A .5-cent dedicated tax to be split evenly (in 10-year timeframes) across parks and recreation, climate, and transit for 26 years (sunset in 2050.)

Discussion included:

- Affordable housing needs have been under-estimated/stated in the conversation.
- On-going uncertainty on number/amount of public pool facilities desired:
 - Conversation on supporting indoor aquatics at Southeast Community Center and completing whatever a Mulberry replacement might look like.
 - Suggestions to include any future recreation/aquatic facilities in the community capital tax (this would not include on-going maintenance.)
- Differing viewpoints provided on opportunity/responsibility to “solve” deficits in parks and whether asking the public to solve a problem that has been created through deferred maintenance over time is appropriate.
- Points made asking Councilmembers if commitments could be made to fund deferred maintenance (i.e. Rolland Moore work that has gone unfunded.)
- Continued discussion on not displacing existing funding for parks, transit, housing, or climate and maintain the intent of new revenue.

Based on current direction, staff is providing updated estimates and highlighting areas of needed clarity.

Presented option based on previous direction:

Property Tax	5 Mills	2023 - Indefinite	Parks, Recreation, and Aquatics Capital (Asset Management & New Construction)	\$10.8M: Parks & Rec Asset Management \$7.2M: New & Replacement Rec & Aquatics Capital
Sales Tax	1/4 Cent Dedicated Tax	2023 - 2050	Climate Goals, Transit, and Affordable Housing	\$3.3M: Climate Goals \$3.3M: Transit \$3.3M: Affordable Housing

Current direction provided:

Property Tax	3 Mills	2023 - Indefinite	Affordable Housing	\$10.8M
Sales Tax	1/2 Cent Dedicated Tax	2023 - 2050	33%: Climate Goals 33%: Transit 33%: Parks & Rec Asset Management	\$6.7M: Climate Goals \$6.7M: Transit \$6.7M: Parks & Rec Asset Management

Estimated annual costs to households:

Household Valuation	\$400K	\$500K	\$750K	\$1M
5 Mills & 1/4 Cent	\$ 221	\$ 256	\$ 346	\$ 435
3 Mills & 1/2 Cent	\$ 241	\$ 262	\$ 316	\$ 370

*Assumes a household size of 2.5 (American Community Survey 2021 1-year estimates, table DP04)

Revenue generation per Identified Gap:

Eligible Use	Previous Package	Council-Directed Package	Difference
Parks & Rec Asset Management	\$10.8M	\$6.7M	- \$4.1M
Rec & Aquatics New Capital	\$7.2M	\$0	- \$7.2M
Affordable Housing	\$3.3M	\$10.8M	+ \$7.5M
Climate Goals	\$3.3M	\$6.7M	+ \$3.4M
Transit	\$3.3M	\$6.7M	+ \$3.4M
Total	\$28M	\$30.8M	

*New direction **does not provide** guaranteed funding for Southeast indoor swim lanes or full Mulberry replacement.*

Ballot Preparation

New draft language for the measures includes:

Parks & Recreation, Climate, and Transit Tax

...WITH THE TAX REVENUES SPENT ONLY FOR THE FOLLOWING:

- 34% FOR THE REPLACEMENT, ACCESSIBLITLY, MAINTENANCE, AND UPGRADE OF PARKS AND RECREATION FACILITIES, AND FOR THE CONSTRUCTION OF INDOOR AND OUTDOOR AQUATICS FACILITIES,
- 33% FOR PROGRAMS AND PROJECTS ADVANCING GREENHOUSE GAS AND AIR POLLUTION REDUCTION, THE CITY'S 2030 GOAL OF 100% RENEWABLE ENERGY, AND THE CITY'S 2050 GOAL OF COMMUNITY-WIDE CARBON NEUTRALITY, AND
- 33% FOR TRANSIT;

AND WHILE CITY COUNCIL MAY EXERCISE ITS DISCRETION IN DECIDING THE TIMING OF SPENDING FOR EACH CATEGORY, THAT SPENDING SHALL BE RECONCILED TO THE STATED PERCENTAGES WITHIN THE FIRST 10 YEARS, THE SECOND 10 YEARS, AND THE LAST 8 YEARS OF THE TAX...

Affordable Housing

Potential ballot use language could include:

- *Increase funding appropriated to the City's housing programming to be used for purposes including, but not limited to, affordable and attainable housing development, preservation and rehabilitation of existing housing, support for home ownership, land acquisition for community housing development, and supportive services.*
- *Expanding City-led efforts identified in the Housing Strategic Plan to improve housing affordability including but not limited to development of energy efficiency and other improvements for multifamily housing units for low-income, homeless, senior and disabled populations; extending existing affordability restrictions for future generations; and expanding eligibility for housing programs that support low- and moderate-income residents facing housing instability.*

Deed restricted housing would be exempt from the new mills.

If Councilmembers have any feedback on any options presented to help prepare language and materials for August 15th please provide through City Manager and/or Deputy City Manager.

Additional Information

Low Energy Assistance Program (LEAP) eligibility is defined by utility payer. If a resident pays for their utilities —regardless of living within an affordable housing property—they are eligible to participate in LEAP if they meet the other respective terms set by the State of CO.

Affordable housing residents are not universally excluded from LEAP because of use of a housing voucher.