



# Sustainable Funding Update



# Councilmember Direction Requested

1

What adjustments, if any, need to be made to the current draft ballot language?

2

Are there any questions or inputs into the Recreation Capital strategy?

3

Any specific direction as to the timing of updates to the Franchise Fee?

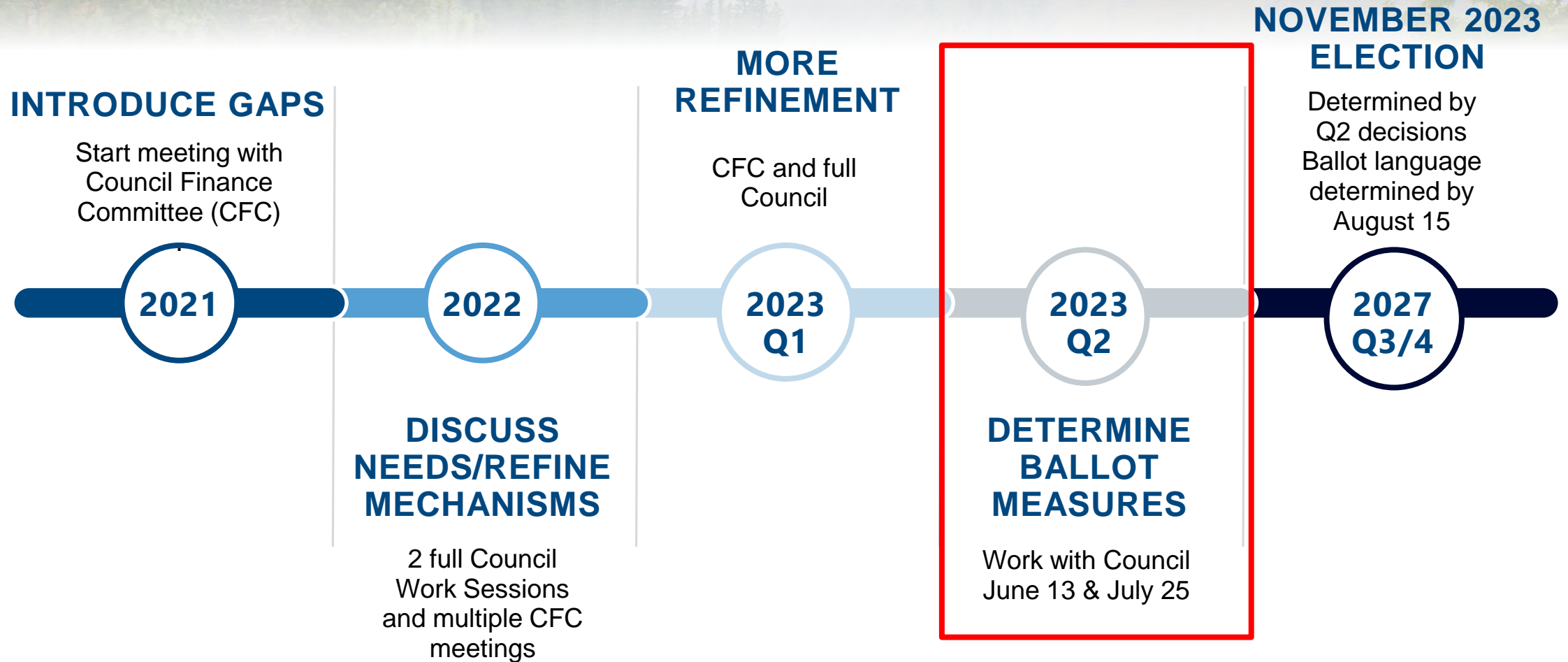


# June 13 Work Session Dialogue



- Direction to proceed with property tax (Parks & Recreation), sales tax (Transit, Housing, Climate), and franchise fee updates (Climate)
- Additional detail desired on Recreation Capital strategy

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills	2023 (Active in 2024)	Climate	\$1M	<ul style="list-style-type: none"> <li>• <b>Council action only</b> – does not require voter approval</li> <li>• 2% increase. ~ \$14/household</li> </ul>
Property Tax	5 Mills	2023	Parks & Rec w/ Aquatics Capital	\$18M	<ul style="list-style-type: none"> <li>• Residential increase of \$143 on \$400K home</li> <li>• Residential increase of \$179 on \$500K home</li> <li>• Residential increase of \$268 on \$750K home</li> <li>• Residential increase of \$358 on \$1M home</li> <li>• Commercial increase of \$626</li> </ul>
Sales Tax	Additional ¼ Cent Dedicated Tax	2023	Climate Umbrella	\$10M	<ul style="list-style-type: none"> <li>• \$31 per resident/ \$78* per household</li> <li>• Sales tax on food would remain at 2.25%</li> <li>• Visitors also impacted</li> </ul>
<b>Total</b>				<b>\$29M+</b>	<ul style="list-style-type: none"> <li>• <b>\$235 net annual increase per household* + impact of substance tax</b></li> </ul>





# **Parks/Recreation/Aquatics**

## Parks and Recreation Infrastructure Replacement

Fort Collins system includes over 50 parks, 45 miles of paved trails, and 10 recreation facilities

### ***Maintain appropriate levels of service***

- \$11M funding represents 2.4% of asset value
- Replacement value of recreation facilities \$200M+
- Park infrastructure asset value \$260M+

### ***Examples:***

- Repaving parking lots
- Roofing repairs/replacement, HVAC replacements, electrical upgrades including LED
- Conversion of courts from asphalt to post-tension concrete
- Irrigation system renovation, including replacement of water management equipment such as flow sensors & controllers

### ***Provide equitable access to parks & recreation experiences as identified in 2021 Parks and Recreation master plan.***

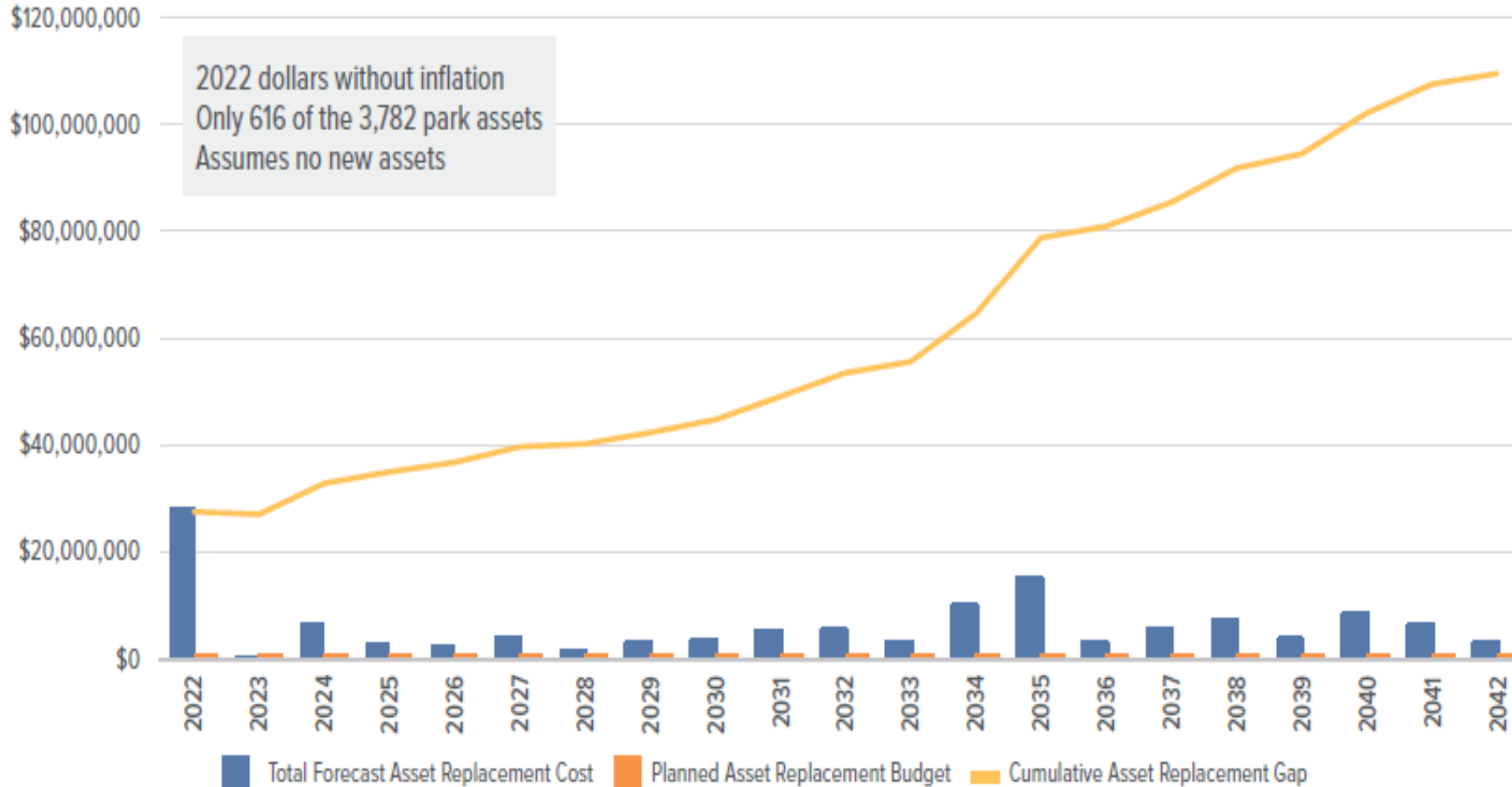
- Currently 51% of playgrounds are beyond expected lifespan.

### ***Examples:***

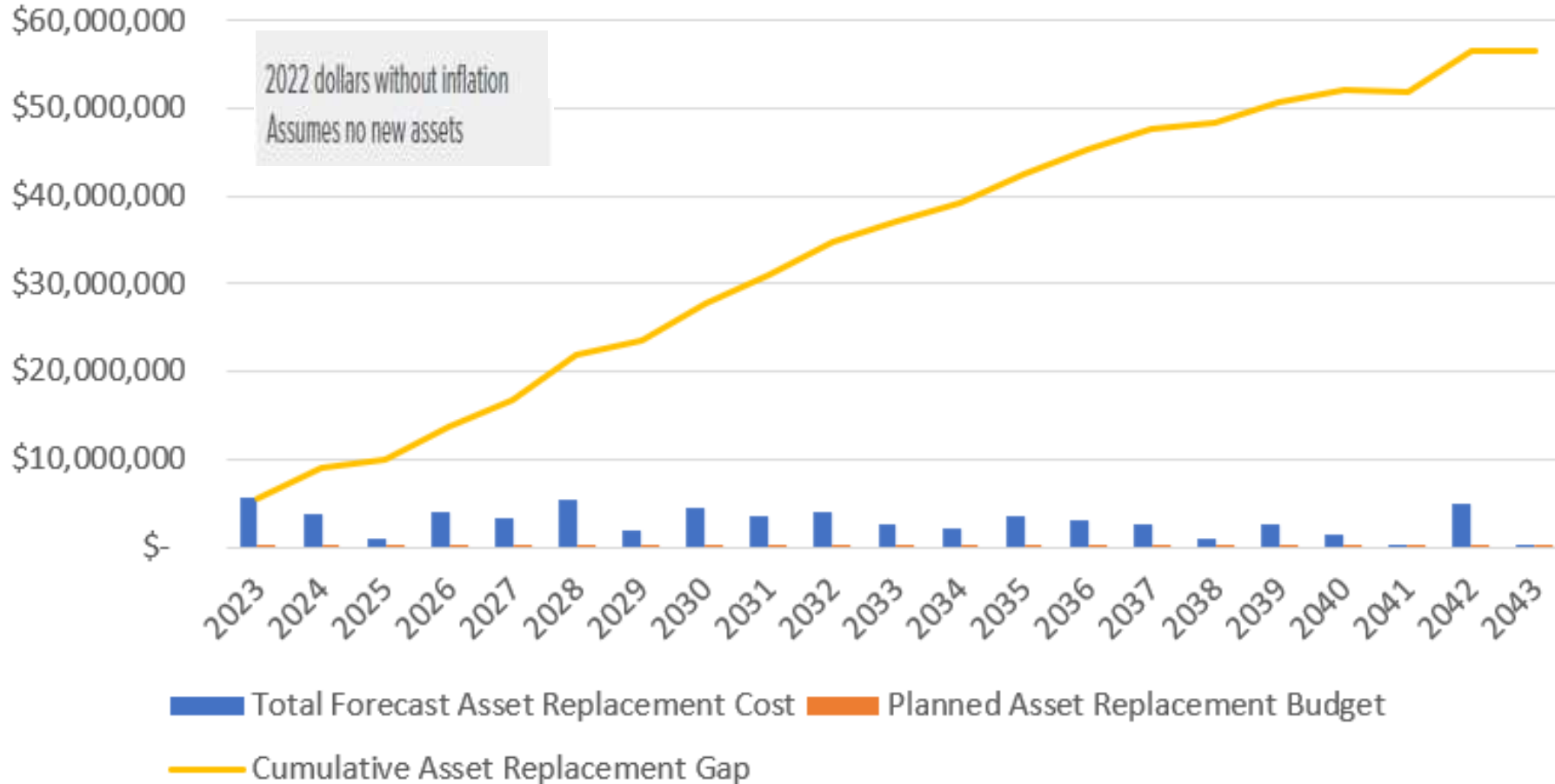
- Replace play equipment, changing surfaces from sand to ADA compliant material
- Repair sections of cracked walkways, bringing walkway slopes up to ADA standards
- Locker room and restroom upgrades/replacement
- Pedestrian bridge replacements, fencing repairs, water feature renovations, bike park renovations, pedestrian lighting replacement



## PARKS ASSET REPLACEMENT BUDGETARY GAP



### RECREATION ASSET REPLACEMENT BUDGETARY GAP



- EPIC**  
\$1.1M

  - Flooring
  - HVAC
  - Chillers
  - Diving boards
  - Plumbing
  - Electrical
- Rolland Moore Tennis Complex**  
\$300K

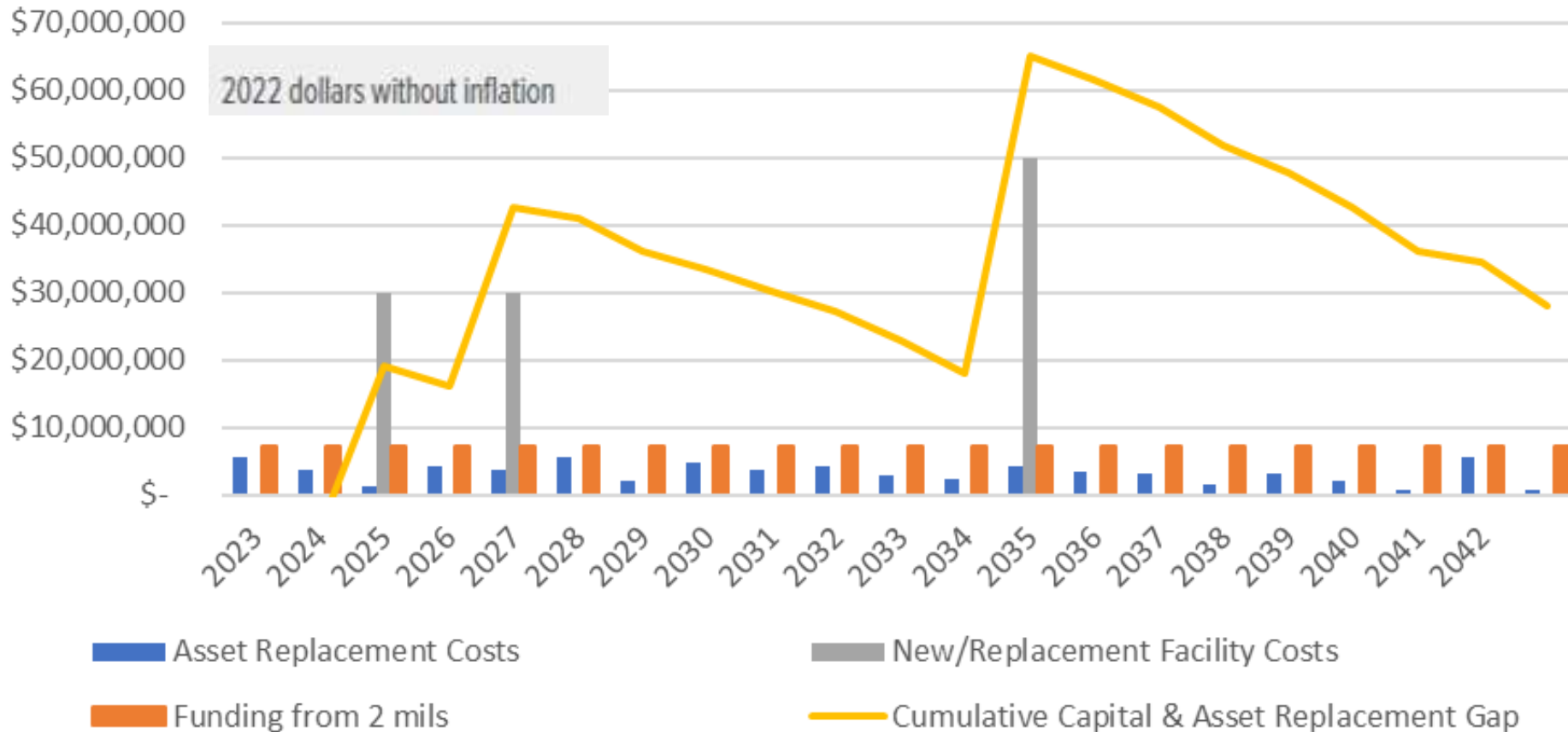
  - HVAC
  - Interior
  - Roof
- City Park Pool**  
\$1.3M

  - Playground
  - Slides
- Mulberry Pool**  
\$1M

  - HVAC
  - Roof
  - Pool equipment



### RECREATION ASSET & CAPITAL NEEDS VS. 2 MILLS REVENUE



- Additional 2 Mills could provide option to fund major capital outside of CCIP
- SE Community Center and Mulberry replacement are identified as current priorities
- Major facilities are likely to need significant refresh every 50+ years



# Sample Ballot Language

## Parks, Recreation, and Aquatics Property Tax

SHALL CITY OF FORT COLLINS TAXES BE INCREASED BY \$ [REDACTED] IN THE FIRST FULL FISCAL YEAR OF PROPERTY TAX COLLECTION (2025), AND BY SUCH AMOUNTS COLLECTED ANNUALLY THEREAFTER, FROM A MILL LEVY OF [REDACTED] MILLS IMPOSED FOR PROPERTY TAXES ASSESSED IN 2024 AND COLLECTED IN 2025, WHICH WOULD BE THE CITY'S FIRST PROPERTY TAX INCREASE SINCE 1992, FOR THE EXCLUSIVE PURPOSES OF FUNDING:

- THE REPLACEMENT, ACCESSIBILITY, MAINTENANCE, AND UPGRADE TO PARKS, RECREATION, AND AQUATICS FACILITIES; AND
- THE CONSTRUCTION OF INDOOR AND OUTDOOR RECREATION AND AQUATICS FACILITIES;

AND WITH ALL THE TAX REVENUES, AND INVESTMENT EARNINGS THEREON, TO BE COLLECTED, RETAINED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE NOTWITHSTANDING THE SPENDING AND REVENUE LIMITATIONS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

## “Our Climate Future” Tax

SHALL CITY OF FORT COLLINS TAXES BE INCREASED BY \$                      IN THE FIRST FULL FISCAL YEAR (2024), AND BY SUCH AMOUNTS COLLECTED ANNUALLY THEREAFTER, FROM A .25% SALES AND USE TAX BEGINNING JANUARY 1, 2024, AND ENDING AT MIDNIGHT ON DECEMBER 31, 2050, WITH THE PROCEEDS USED EXCLUSIVELY TO ADVANCE THE OBJECTIVES OF THE CITY’S OUR CLIMATE FUTURE PLAN, TO INCLUDE FUNDING FOR:

- TRANSIT, HOUSING AFFORDABILITY, AND GREENHOUSE GAS AND AIR POLLUTION REDUCTION; AND
- ANY OTHER PROGRAMS AND PROJECTS SUPPORTING THE CITY’S STATED 2030 GOAL OF 80% GREENHOUSE GAS REDUCTION AND 100% RENEWABLE ENERGY AND 2050 GOAL OF COMMUNITY-WIDE CARBON NEUTRALITY;

BUT THIS TAX SHALL NOT APPLY TO:

- ITEMS EXEMPT UNDER THE CITY CODE FROM CITY SALES AND USE TAX;
- FOOD FOR HOME CONSUMPTION; AND
- MANUFACTURING EQUIPMENT, BUT FOR THE USE TAX ONLY;

AND WITH ALL THE TAX REVENUES, AND INVESTMENT EARNINGS THEREON, TO BE COLLECTED, RETAINED, AND SPENT AS A VOTER-APPROVED REVENUE CHANGE NOTWITHSTANDING THE SPENDING AND REVENUE LIMITATIONS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?





# Franchise Fee Update

- Staff has been in contact with Xcel energy regarding the timing of updates and adding a rebate feature for low-income earners
- Exploring implementation timing of Spring 2024, after the cold-weather months
- Staff proposes bringing Resolution to Council in Nov/Dec 2023 to schedule 2024 Fee Update and confirm existence of low-income program

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# Thank you!

Travis Storin, Chief Financial Officer  
Ginny Sawyer, Sr. Project Manager

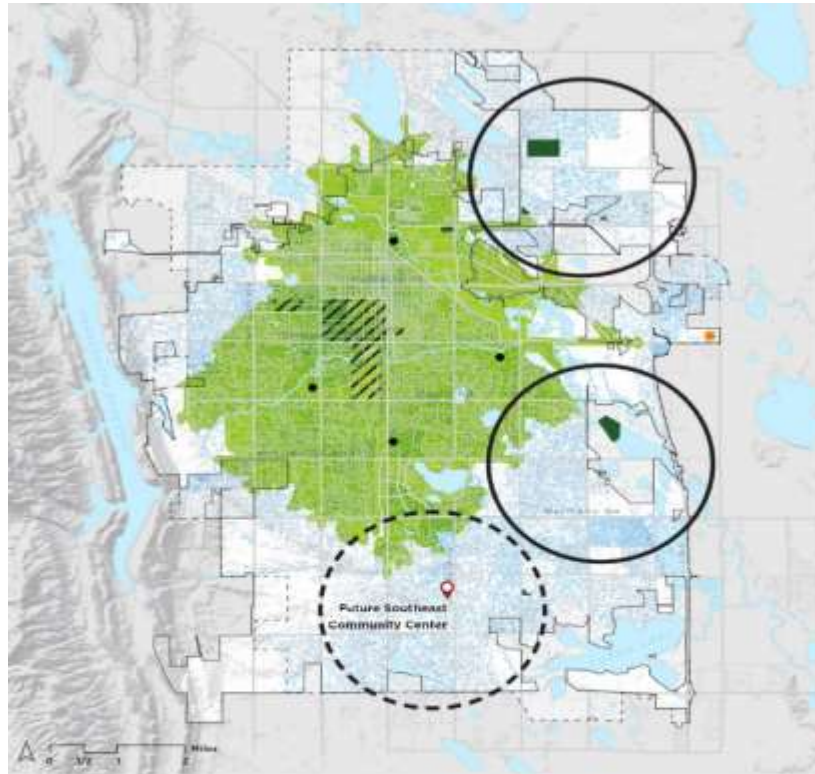




# Appendix / Back-up

# ReCreate: Parks & Rec Master Plan Recommendation

Community & Neighborhood  
Recreation Centers  
+3 by 2040



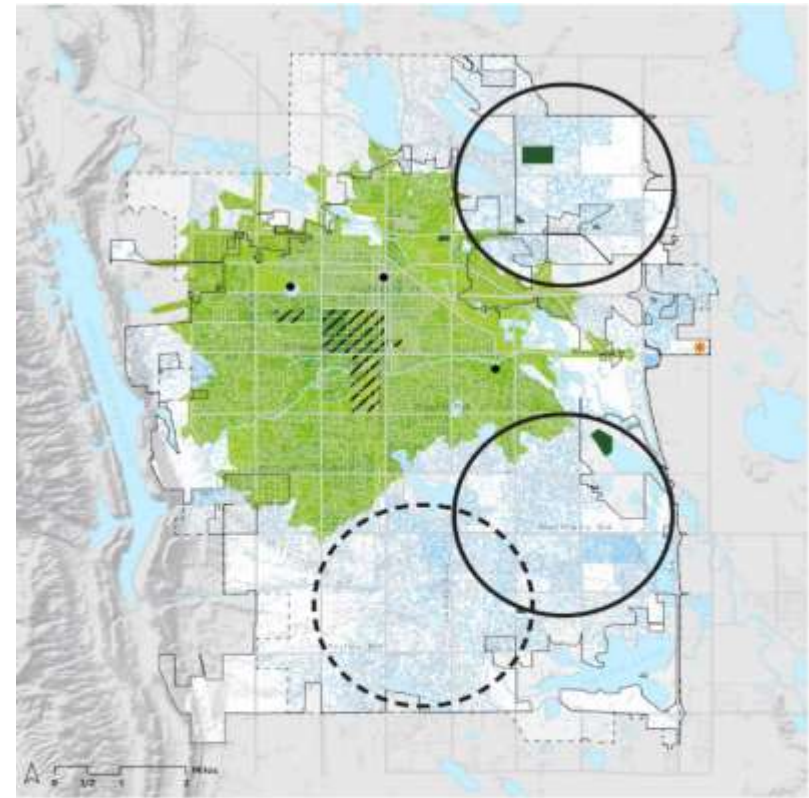
Community Centers — Access Standard — 5-Minute Drive



Pool Priority  
Investment Rating  
was 197

Paved, Multi-use  
trails were second  
at 157

Pools  
+2 by 2040



Pools — Access Standard — 5-Minute Drive



# Recreation and Aquatics Considerations

- Build out calls for 3 new recreation centers including the Southeast.
- Build out calls for 2 new pools.
- Mulberry Pool needs replacement.  
Recreation has utilized CCIP ¼-cent:
  - \$3M EPIC match (1985)
  - \$10M replacement of Northside Aztlan (1997)
  - \$5.5M Senior Center Expansion (2006)
  - \$18M Southeast Facility (2015)
- Dedicated funding would free up space in the program for other priorities.
- Funding would support the infrastructure replacement at new facilities plus partial O&M



# Natural Gas Franchise Fee Increase

	2019-2022 AVG Revenue Baseline	2022 Revenue Baseline
<b>Current Fee Rate – 1.07%</b>	\$ 515,905	\$ 727,633
<b>Proposed Rate – 3.00%</b>	\$ 1,446,462	\$ 2,040,093
<b>Potential New Revenue for Climate Initiatives (estimated)</b>	<b>\$ 930,557</b>	<b>\$ 1,312,460</b>

## Considerations:

- Does not require voter approval
- Current franchise fee of 1.07% generates ~\$445k/yr to General Fund
- New portion of revenue could be allocated for a variety of climate uses
- Peer communities charge a 3% Franchise Fee
  - City's legal agreement allows up to a 3% fee



# Natural Gas Franchise Fee Increase

## MONTHLY ON-BILL FRANCHISE FEE COST

Customer Type	2022 Average Monthly Bill	Current Avg. Monthly Franchise Fee 1.07%	Total Avg. Monthly Franchise Fee 3.00%	Net Avg. Monthly Franchise Fee Increase 3.00%	Net Annual Franchise Fee Cost Increase
Residential	\$ 58.19	\$ 0.62	\$ 1.75	\$ 1.13	<b>\$ 13.56</b>
Commercial/ Industrial	\$ 344.02	\$ 3.68	\$ 10.32	\$ 6.64	<b>\$ 79.69</b>

### Considerations:

- Already appears as line item on customer bills
- City could adopt a rebate program to provide relief to low-income customers

## TOTAL SALES TAX RATES

Taxing Authority	Cigarettes	Other Tobacco	Alcohol	Marijuana
State (Excise)	\$1.94 (per pack)	-	-	-
State	2.90%	2.90%	2.90%	15.00%
County	0.0%	0.80%	0.80%	0.80%
City	3.85%	3.85%	3.85%	3.85%
<b>Total</b>	<b>6.75% + excise tax</b>	<b>7.55%</b>	<b>7.55%</b>	<b>19.65%</b>

## MARIJUANA SALES TAX RATE COMPARISON

Taxing Authority	Fort Collins	Boulder	Thornton	Aurora	Denver	Commerce City	Berthoud	Englewood
State	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
County	0.80%	1.19%	0.75%	1.00%	0.00%	0.75%	0.80%	0.25%
City	3.85%	3.86%	3.75%	3.75%	4.81%	4.50%	4.90%	3.80%
City Additional	0.00%	3.50%	5.00%	5.00%	5.50%	7.00%	7.00%	10.30%
<b>Total*</b>	<b>19.65%</b>	<b>23.55%</b>	<b>24.50%</b>	<b>24.75%</b>	<b>25.31%</b>	<b>27.25%</b>	<b>27.70%</b>	<b>29.35%</b>

\*Does not include other taxes (RTD, cultural, etc.)

# Property Tax Breakdown

62.0%  
Poudre School District

24.0%  
Larimer County



7.0%  
City contribution  
to PFA

3.5%  
City operations

3.5%  
Other

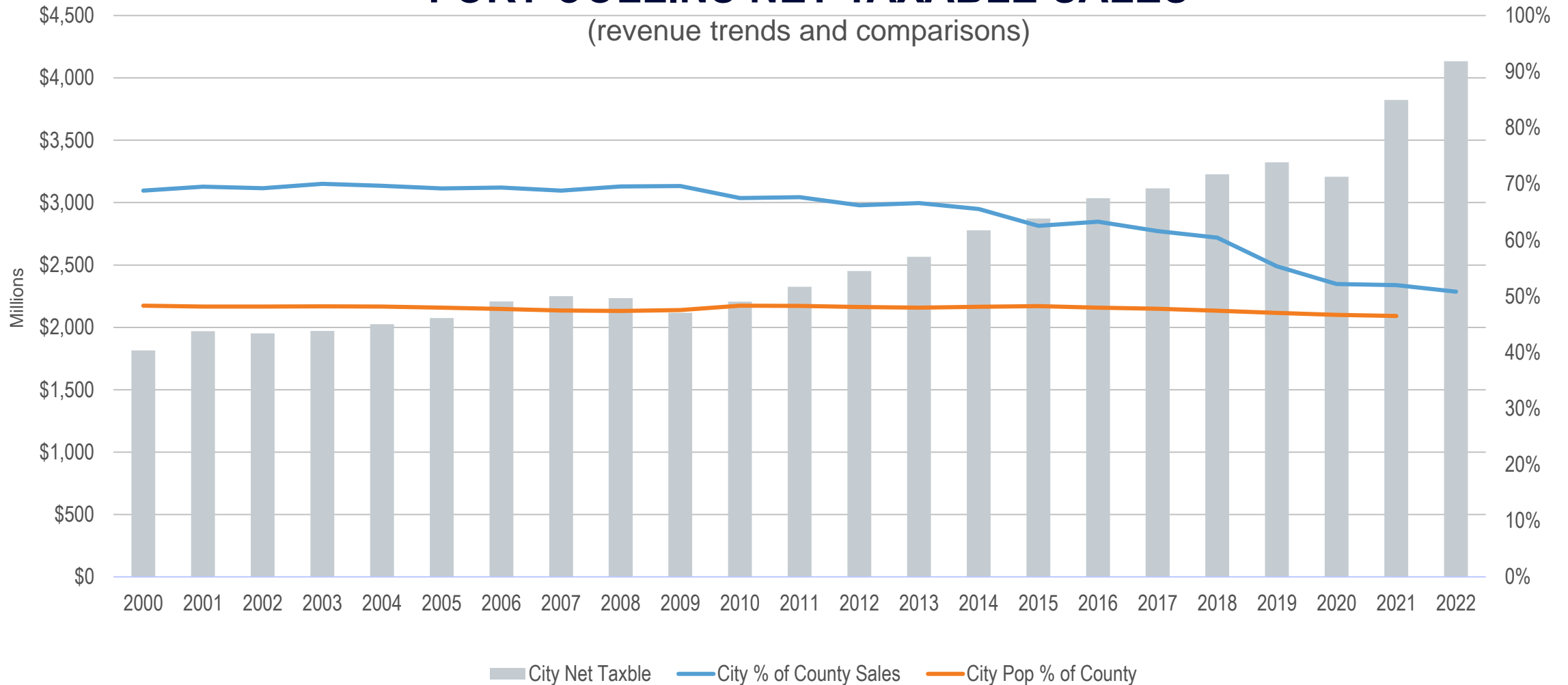
# Property Tax at Varying Residential Valuations

Category	Funding Mechanism	Annual Revenue Estimate	Household Impact
Property Tax	1 Mill Property Tax	\$3.5M+	<ul style="list-style-type: none"> <li>Residential increase of \$29 on \$400K home</li> <li>Residential increase of \$36 on \$500K home</li> <li>Residential increase of \$54 on \$750K home</li> <li>Residential increase of \$72 on \$1M home</li> <li>Commercial annual increase of \$125</li> </ul>
	2 Mill Property Tax	\$7M+	<ul style="list-style-type: none"> <li>Residential increase of \$57 on \$400K home</li> <li>Residential increase of \$72 on \$500K home</li> <li>Residential increase of \$107 on \$750K home</li> <li>Residential increase of \$143 on \$1M home</li> <li>Commercial annual increase of \$251</li> </ul>
	3 Mill Property Tax	\$11M+	<ul style="list-style-type: none"> <li>Residential increase of \$86 on \$400K home</li> <li>Residential increase of \$107 on \$500K home</li> <li>Residential increase of \$160 on \$750K home</li> <li>Residential increase of \$214 on \$1M home</li> <li>Commercial annual increase of \$376</li> </ul>
	4 Mill Property Tax	\$14.5M+	<ul style="list-style-type: none"> <li>Residential increase of \$114 on \$400K home</li> <li>Residential increase of \$143 on \$500K home</li> <li>Residential increase of \$214 on \$750K home</li> <li>Residential increase of \$286 on \$1M home</li> <li>Commercial annual increase of \$501</li> </ul>
	5 Mill Property Tax	\$18M+	<ul style="list-style-type: none"> <li>Residential increase of \$143 on \$400K home</li> <li>Residential increase of \$179 on \$500K home</li> <li>Residential increase of \$268 on \$750K home</li> <li>Residential increase of \$358 on \$1M home</li> <li>Commercial annual increase of \$626</li> </ul>

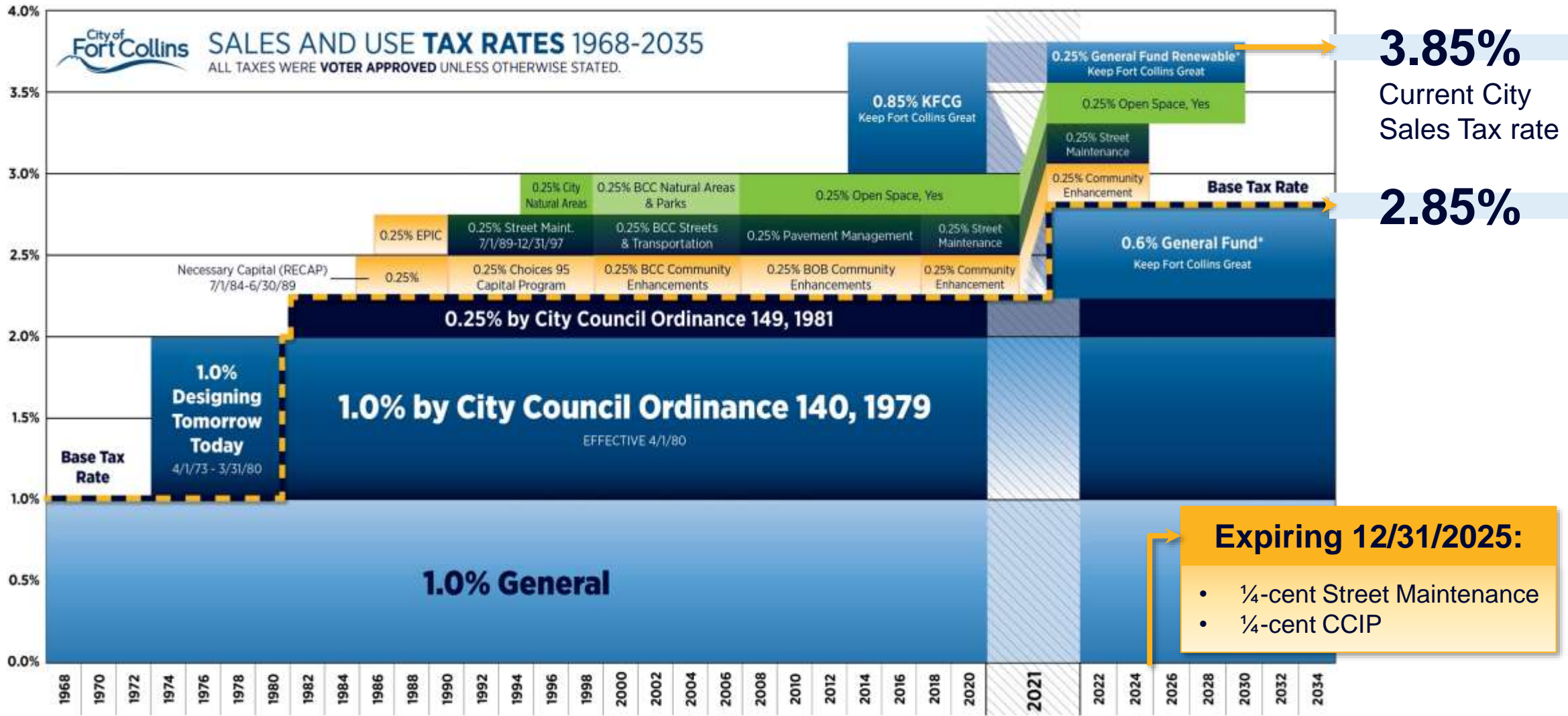


## FORT COLLINS NET TAXABLE SALES

(revenue trends and comparisons)



# Tax Rate History



REVISED FEB 2021

Auxiliary aids and services are available for persons with disabilities. V/TDO: 78 09-2287

\* KFCG revenue replacement will continue the 0.85% tax by increasing the on-going tax rate by 0.60% and adding a renewable 0.25% tax through 2030.

# Identified Funding Needs

\$8-12M Annual Gap

Masterplan Projects

\$14.7M Annual Gap

Masterplan to Build Out Projects

\$8-9.5+ Annual Gap

To Achieve 10% Affordable Housing Stock

\$9.5M+ Annual Gap

To Accelerate Community Transition From Fossil Fuels

**ANNUAL REVENUE GAP = \$40M TO \$46M+**



## Value of Parks and Recreation

- Environmental – air quality, water, biodiversity
- Social – livability, connection, gathering, health and well-being
- Economic – property value, tourism, sales activity

## Infrastructure Replacement Plan (IRP) Current State

- Fort Collins system includes over 50 parks, 45 miles of paved trails, and 10 recreation facilities
  - Parks IRP is currently funded at \$0.75M per year (originally \$0.6M in 1993)
  - Recreation IRP is currently funded at \$0.2M per year
- Deferred needs have been growing





## OUR CLIMATE FUTURE



Big Move	Focus	Investment Target
4	Transit	\$14.7M
4	Active Modes	\$1.5M
6	Building Efficiency & Electrification	\$2.85M
7	Housing Affordability	\$8-9.5M
13	Electric Vehicles	\$1.85M
2 & 10	Zero Waste	\$2M
<b>Total Annual Investments:</b>		<b>\$31M+</b>

- Ongoing FC Utilities Climate Investments:
  - Energy Efficiency, Customer Renewable and Grid Flexibility programs; \$6.6M annually
  - EPIC Loan program; up to \$2.5M annually in available financing
  - Streetlight LED conversion; \$1M annually
  - Efficiency Works programs (via Platte River budgeting); ~\$5M annually
- Ongoing Housing Investments:
  - Competitive Process for Affordable Housing Development; \$1.5-\$3M awarded annually
    - From all sources – Federal, City General Fund & CCIP
- Ongoing Transit Investments:
  - Building, Operating & Maintaining Routes; \$22M annually
    - Includes local, federal, grant, and partner funding

## OUR IMPACT

Community-wide total electricity use would be over 20% higher without Utilities energy programs since 2005

## Big Move 4 – Convenient Transportation Choices: Transit

### *Improve route frequencies and service*

- ***Bus operator resiliency***
- Remain fare-free
- Procure additional buses and increase operational frequencies
- Add new route with 30-minute frequency on Lemay/Trilby
- New ***southeast micro-transit service***

### *Local match for major capital projects*

Unprecedented Federal dollars in grant funding available to fund 60-80% of large transit projects.

- ***West Elizabeth bus rapid transit***
- North transit maintenance facility
- ***North College MAX extension***
- Mobility hubs

**Estimated investment needed: \$14.7M annually**

## Big Move 7 – Healthy Affordable Housing

### *City competitive process*

- ***Housing acquisition***  
(redevelopment/preservation)
- Land acquisition
- New construction costs
- Affordable homeownership renovation
- ***Renovate affordable rental housing***
- Homeownership assistance

### *City-led efforts*

- Acquire properties for Land Bank (expand)
- ***Offset fees*** for affordable projects (expand)
- ***Develop incentive programs*** (energy efficiency, voluntary affordability restrictions, etc.)
- Explore redevelopment partnerships

**Estimated investment needed: \$8-\$9.5M annually**



## • Big Move 13 – Electric Cars and Fleets

### *Resident Support*

- Support **home electrical panel** and service upgrades for EVs
- **Public charging** strategy, implementation and maintenance

### *City Efforts*

- Transition all Transfort buses to **zero emission** vehicles by 2040
- Explore providing **incentives for community members for installation of charging equipment** in homes and businesses
- Explore expansion of level 3 public charging opportunities for EVs

**Estimated investment needed: \$1.85M annually**

## • Big Move 6 – Efficient, Emissions Free Buildings

- **Expand programs and incentives for electrification** of space and water heating
- Propose adding minimum building performance standards (BPS) for commercial building stock and resources to support
- Develop requirements for **residential energy disclosure** at point of listing/sale
- Support **home electrical panel** and service upgrades for electrification
- Evaluate **proactive upgrades of infrastructure** to support building and transportation electrification
- **Expand grid flexibility** options in residential and commercial buildings through battery storage and other solutions
- Explore Utility scale distributed energy resource solutions (solar and battery installations)

**Estimated investment needed: \$2.65M annually**

- **Big Move 4 – Convenient Transportation Choices: Active Modes**

- ***Rebates*** for E-bikes
- Install in-street ***protected bike lanes*** and bicycle and pedestrian crossing improvements
- Local match to leverage many state and federal grant opportunities available
- ***Grade-separated crossings***

**Estimated investment needed: \$1.5M annually**

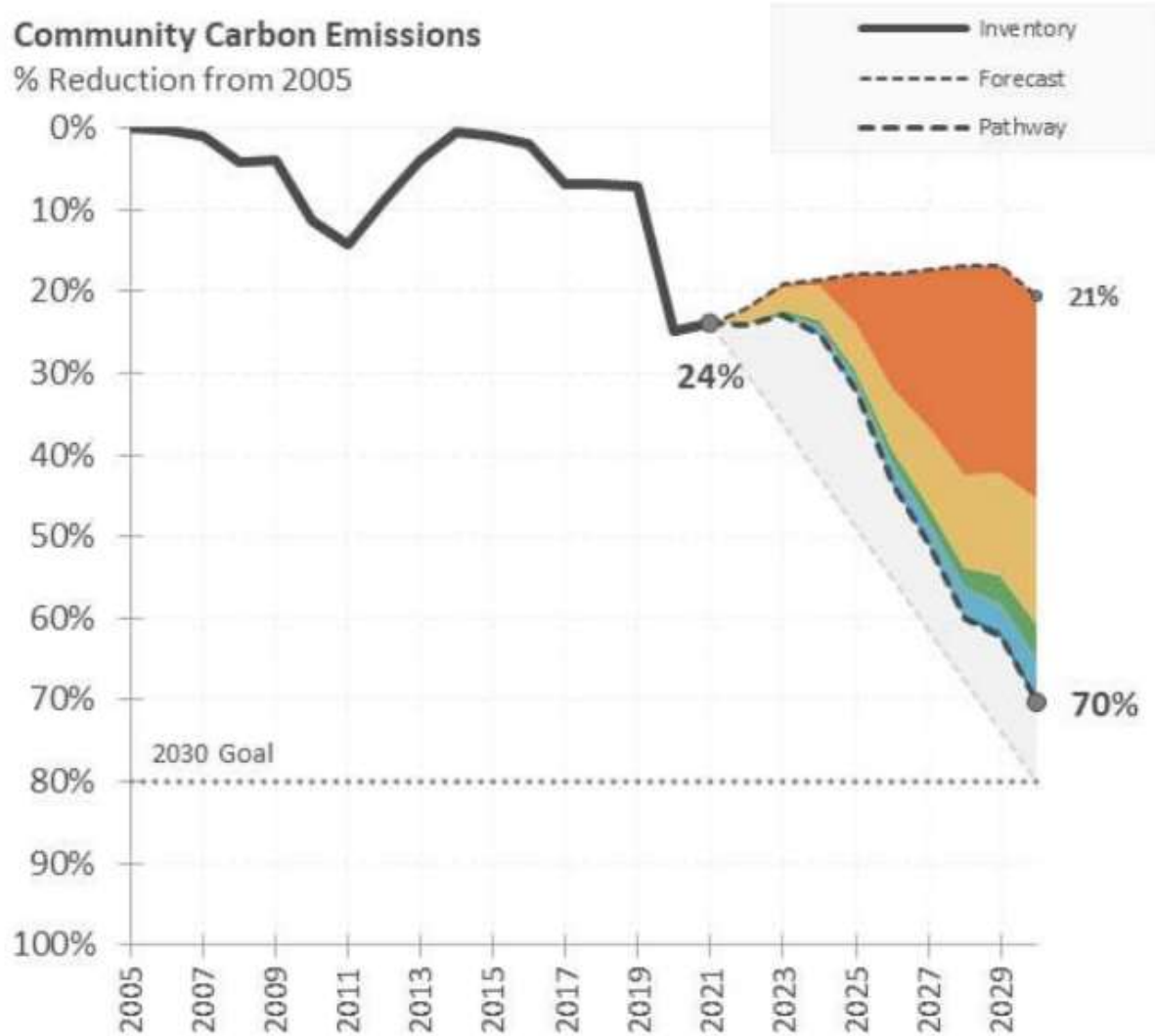
- **Big Moves 2 & 10 – Zero Waste**

- Improving recycling education and ***removing barriers to reusing and recycling***
- Growing the circular/sharing/reuse economy
- ***Increasing recycling services*** through local waste infrastructure and operational support
- Local waste infrastructure investments

**Estimated investment needed: \$2M annually**



# Community Emissions Pathways to 2030 GHG Goal



Pathways	2030
Electricity	24.5%
Buildings	15.0%
Industrial Manufacturing	4.5%
Transportation	4.0%
Waste	0.9%
Land Use	0.1%
Undetermined to Goal	10%