



# WORK SESSION AGENDA ITEM SUMMARY

City Council

---

## STAFF

---

Travis Storin, Chief Financial Officer  
Ginny Sawyer, Project and Policy Manager

## SUBJECT FOR DISCUSSION

---

**Sustainable Funding Ballot Language.**

## EXECUTIVE SUMMARY

---

The purpose of this item is to seek Councilmember direction on ballot language considerations for referral to the November 2023 ballot.

## GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

---

1. What adjustments or feedback do Councilmembers have to the proposed ballot language?

## BACKGROUND / DISCUSSION

---

Over the past 18 months, staff has worked with Council Finance Committee (CFC) and the full Council to seek ways to address identified funding needs in the areas of parks and recreation, transit, housing, and climate. Estimated annual shortfalls range from six to twelve million per area.

- Parks & Recreation - \$8 to \$12M annual shortfall (Parks & Recreation Master Plan)
- Transit - \$8M to \$14.7M annual shortfall (Transit Master Plan)
- Housing - \$8M to \$9.5M annual shortfall (Housing Strategic Plan)
- Climate - \$9.5M+ annual shortfall (Our Climate Future Plan)

As discussed at the last Council work session, Recreation and Aquatic needs have been included with the Park needs. When forecasting out over the next decades, the City will need to address aging infrastructure and the needs of residents including addressing both existing and new facilities. While the potential of two additional mills greatly impacts this ability, trade-offs and decisions on expenditures would still be transparent and needed through the budget process.

Ongoing discussions have also supported combining the Housing and Transit implementation goals with the City's Climate goals based on significant overlap within the plans.

## Funding Options

Through discussion and analysis at CFC and Council work sessions, funding options have been narrowed significantly. A dedicated sales tax, additional property tax and an increase to the Xcel franchise fee have emerged as the most feasible mechanisms.

The table below demonstrates the potential revenue gain of these mechanisms along with estimated annual impact to residents.

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Resident Annual Impact
Franchise Fee to 3%	Natural Gas Bills	2024	Climate	\$1M	<ul style="list-style-type: none"> <li>• Council action only</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>• \$143 on \$400K home</li> <li>• \$179 on \$500K home</li> <li>• \$268 on \$750K home</li> <li>• \$358 on \$1M home</li> <li>• Commercial increase of \$626 on \$432K business</li> </ul>
Sales Tax	Additional ¼ Cent Dedicated Tax	2023	Our Climate Future	\$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</b></li> </ul>

### Franchise Fee:

Staff are in contact with Xcel and are exploring implementation of the fee increase sometime in Spring 2024. A resolution could be brought forward in late 2023.

### Property Tax:

Since 1992, the City has collected 9.797 mills of property tax. Poudre Fire Authority (PFA) gets 67% of the City's portion (approximately six of the City's nine mills) of property tax amount through an intergovernmental agreement. There would not be a PFA contribution included in any new mills.

The current proposed ballot language includes:

- 5 Mills for Parks, Recreation, and Aquatics
- No sunset
- An understanding that:
  - Parks funding only includes maintenance, replacement, and previously identified operations. New parks will continue to be funded from development/capital expansion fees.

- o Additional dollars for recreation and aquatic facilities helps fund new facilities identified in the [Parks and Recreation Master Plan](https://www.fcgov.com/parksandrecplan/) (fcgov.com/parksandrecplan/) and keeps maintenance and replacement on schedule as facilities age (Mulberry - 46 years – at end of life; EPIC - 36 years; City Park Pool – 36 years; Senior Center- 43 years; Northside Aztlan – 16 years.)

Property tax is collected in arrears. If additional mills were adopted in November 2023, the City would see those collections in 2025.

**PROPOSED 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?

**Dedicated Renewal Sales Tax**

An additional .25 cent sales tax dedicated to Our Climate Future would generate an estimated \$10 – 12M annually to be used for identified needs within the Transit, Housing, and Climate plans. These funds would be directed through the budgeting process.

The current proposed ballot language includes:

- A sunset proposed in 2050 (27 years) to align with the 2050 goals of community-wide carbon neutrality.
- No specific distribution which allows greater flexibility within the eligible expenditures identified in the associated plans: [Transit Master Plan](https://www.fcgov.com/cityplan/#transit-plan) (fcgov.com/cityplan/#transit-plan), [Housing Strategic Plan](https://www.fcgov.com/housing/) (fcgov.com/housing/), and the [Our Climate Future Plan](https://www.fcgov.com/climateaction/about-ocf) (fcgov.com/climateaction/about-ocf).
  - o Should Council desire specific distribution, staff recommend the breakdowns be over the life of the tax (not annually).
  - o Consideration will need to be given to when there is overlap what designated “bucket” is attributed (i.e., increased transit routes impact climate).

**PROPOSED LANGUAGE**

**Our Climate Future Tax**

SHALL CITY OF FORT COLLINS TAXES BE INCREASED BY \$ [REDACTED] 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?

## **NEXT STEPS**

---

### **Election Timeline Considerations**

Per the recent ballot initiative, City elections will be held in November. Ballot referral is currently scheduled at the August 15, 2023 regular Council meeting.

## **ATTACHMENTS**

---

1. Presentation