

City Revenues Overview and Long-Term Financial Planning Effort

City Council

May 17, 2022



Background

As Greeley grows and welcomes new leadership, there's value in reviewing and refining funding strategies to ensure community needs and priorities are met.

Presentation Agenda:

- Primary Revenue Sources
 - Taxes
 - Enterprise Revenues
 - Fees & Charges
 - Intergovernmental Revenues
- Discuss Needed Analysis & Long-Term Financial Planning Effort
- Emerging Issues
- Next Steps



Revenue Review - Primary Sources

1. Taxes

- Sales Tax
- Property Tax
- Use Tax
- Food Tax

2. Enterprise Revenue

- Utility Rates
- Plant Investment Fees

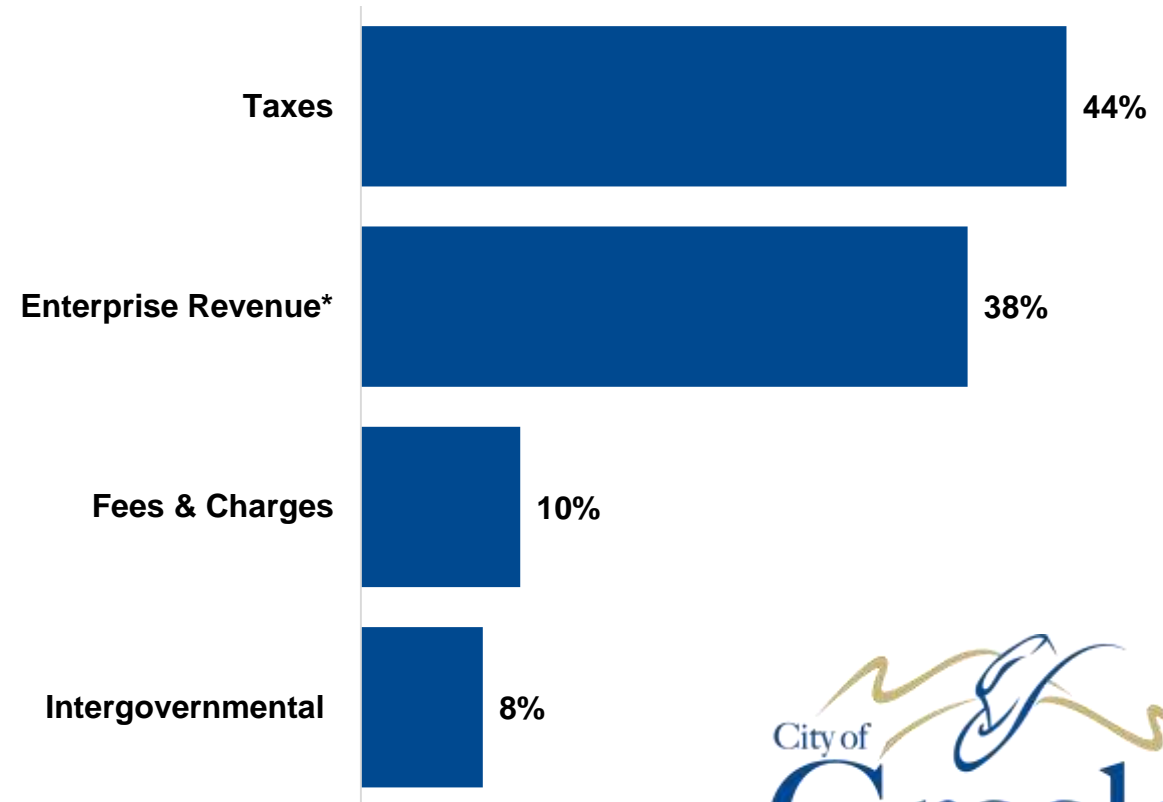
3. Fees & Charges

- Development Fees
- Franchise Fees
- User Fees

4. Intergovernmental Revenue

- Grants
- State Tax Proceeds
- Lottery Funds

2022 Budgeted Revenues by Source



Revenue Break-Out

	Taxes	Enterprise Revenue	Fees & Charges	Intergovernmental
Operating	<ul style="list-style-type: none">- General Sales & Use- Public Safety- Property Tax	<ul style="list-style-type: none">- Utility Rates- Royalties- Cemetery Fees- Green Fees- Grants	<ul style="list-style-type: none">- Franchise Fees- Court Fines- Building Permits- Royalties- Facilities Rentals- Facility User Fees	<ul style="list-style-type: none">- Federal Transit Authority- Severance Taxes- Federal Mineral Lease- Cigarette Taxes- Grants- State Pass Through- IGA's
Capital	<ul style="list-style-type: none">- General Sales & Use- Public Safety- Food Tax- Keep Greeley Moving- Quality of Life	<ul style="list-style-type: none">- Utility Rates- Plant Investment Fees- Raw Water Sales- Grants	<ul style="list-style-type: none">- Development Fees- Facility User Fees	<ul style="list-style-type: none">- Grants- State Pass Through- IGA's

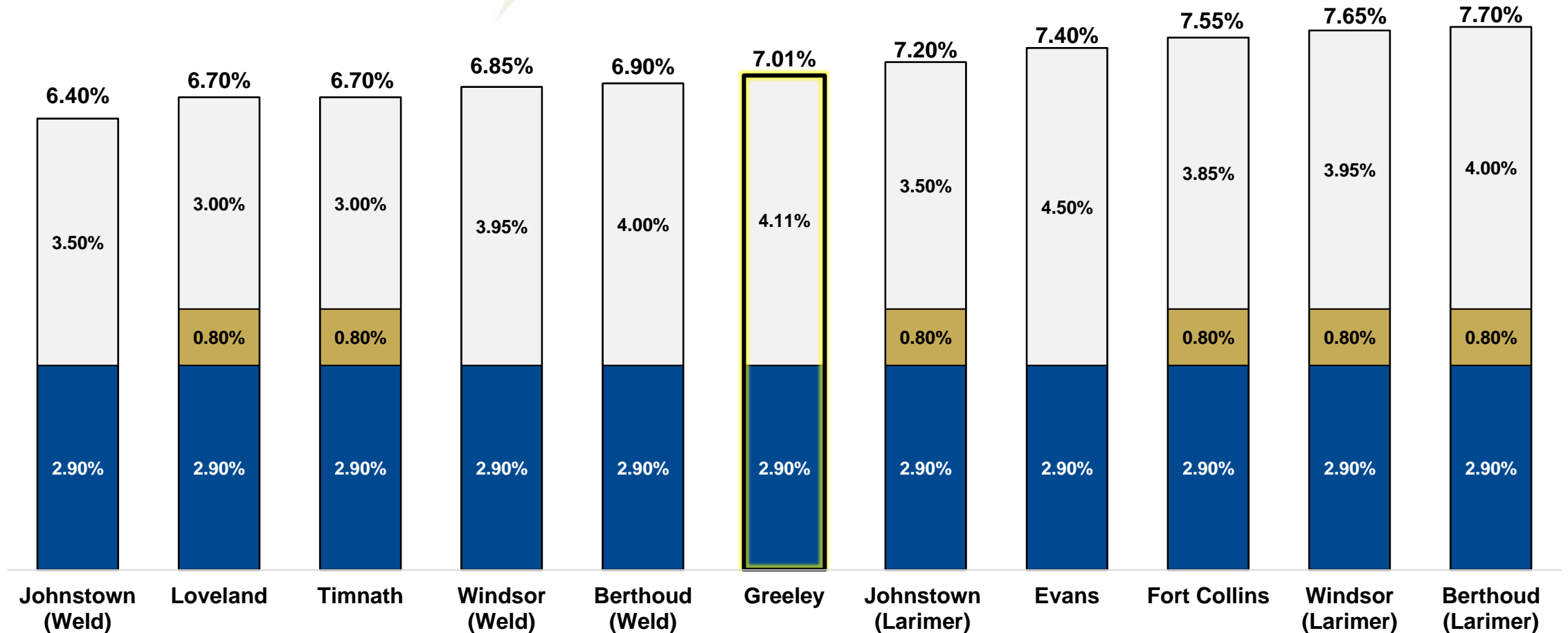
Closer Look: Sales Tax

- Sales tax is the main funding source for non-enterprise activities
- General Purchases: 4.11%
- Food Purchases: 3.46% (KGM not included)

	%	Purpose	Example of Use	Expiration
General Sales Tax	3.0	Government Operations	- Employee Salaries & Benefits - Utility Payments - Fuel	No Sunset
Food Tax	3.0	Capital Maintenance	- Traffic Signal Replacement - Public parking lot maintenance - Linn Grove irrigation replacement	2026
Public Safety	.16	Public Safety Building	- Debt Service/New Stations - Equipment Replacements - Public Safety Salaries	2044
Quality of Life	.30	Parks, Public Facilities	- Highway 34 Interchanges - Centennial Park Improvements - East Greeley Natural Area	2042
Keep Greeley Moving	.65	Road infrastructure	- Overlay & Striping Program - Concrete Repair Program - Asphalt Patching Program	2029

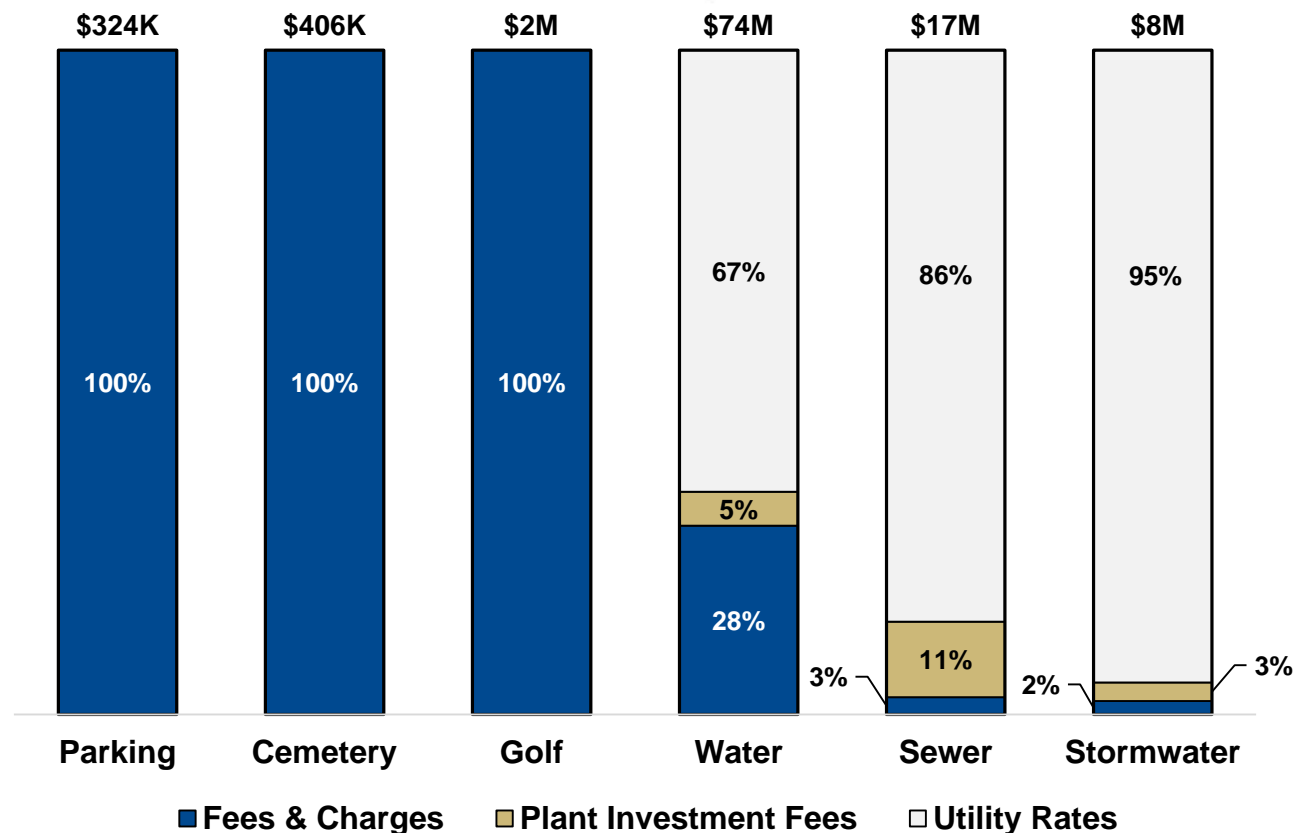
Greeley Sales Tax Remains Competitive

■ State Rate ■ County Rate □ City Rate



Closer Look: Enterprise Fund Revenues

Enterprise Fund Revenue by Source



Closer Look: Development Fees

- For new or expanded public facilities, *not* maintenance of existing facilities
- Fee should reflect the needs created by new development
- Fees are adjusted in two manners:
 - Impact Fee Study per State Statute
 - Fees are adjusted annually using an economic adjustment factor calculation
- Last fee study adopted 2015, updated study completed in 2020; not adopted by Council.

2022 Fees – Single Family Home



Police
\$152



Trails
\$492



Water
\$11,200



Fire
\$683



Storm
\$444



Sewer
\$6,800



Parks
\$3,545



Transportation
\$4,749

Total paid at time of building permit: \$28,065

Project Examples:

- 35th Avenue Widening
- Broadview Acres Trail
- New Emergency Vehicles
- Fire Station 8 (Future)
- O Street Widening (Future)
- Poudre Trail East (Future)

City Revenue Analysis and Needs Assessment Effort

Goals

- Support informed and strategic decision-making around revenue planning and capital improvements.
- Ensure revenue streams and funding allocation is looked at holistic across the entire City portfolio of priorities and needs in the future.

Critical Work Items:

- Review all funding streams and clarify needs/priorities to align with growth
- Conduct revenues analysis and modeling
- Enhance the operational and capital needs analysis and prioritization
- Develop strategic funding plan that considers all City priorities;
- Providing additional clarity on how best to align future revenue streams with City objectives.



Funded vs. Unfunded CIP Needs

- **Substantial unfunded/future needs list +\$300 M**
- **Accurate CIP depends on up-to-date strategic & master planning**
- **Unfunded project examples:**

Roads

11th Ave/Hwy 34 Right Turn Improvements
37th Street Improvements

CPRD

Neighborhood Parks
Irrigation System Replacements
UCCC A/V Replacements

Public Safety

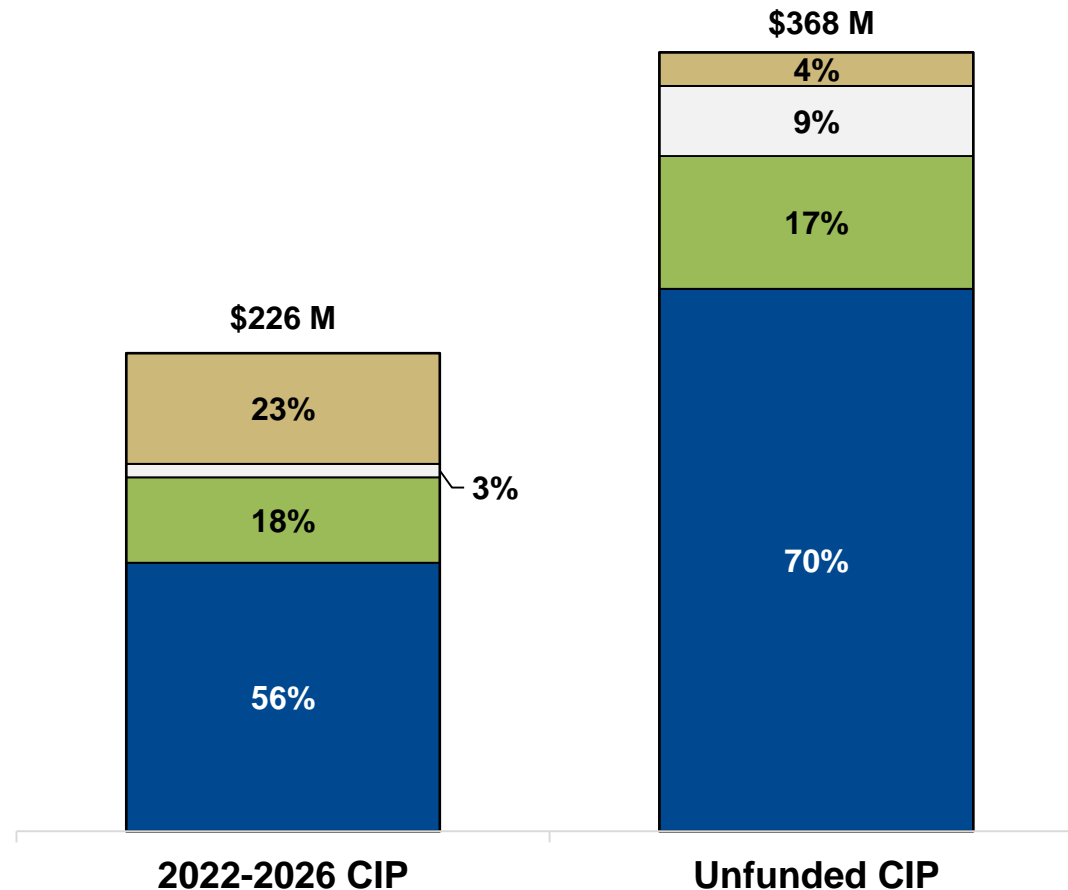
Fire Equipment and Apparatus Replacement
Fire Station #4 Replacement

Facilities

A Street Improvements

Non-Enterprise Capital Projects

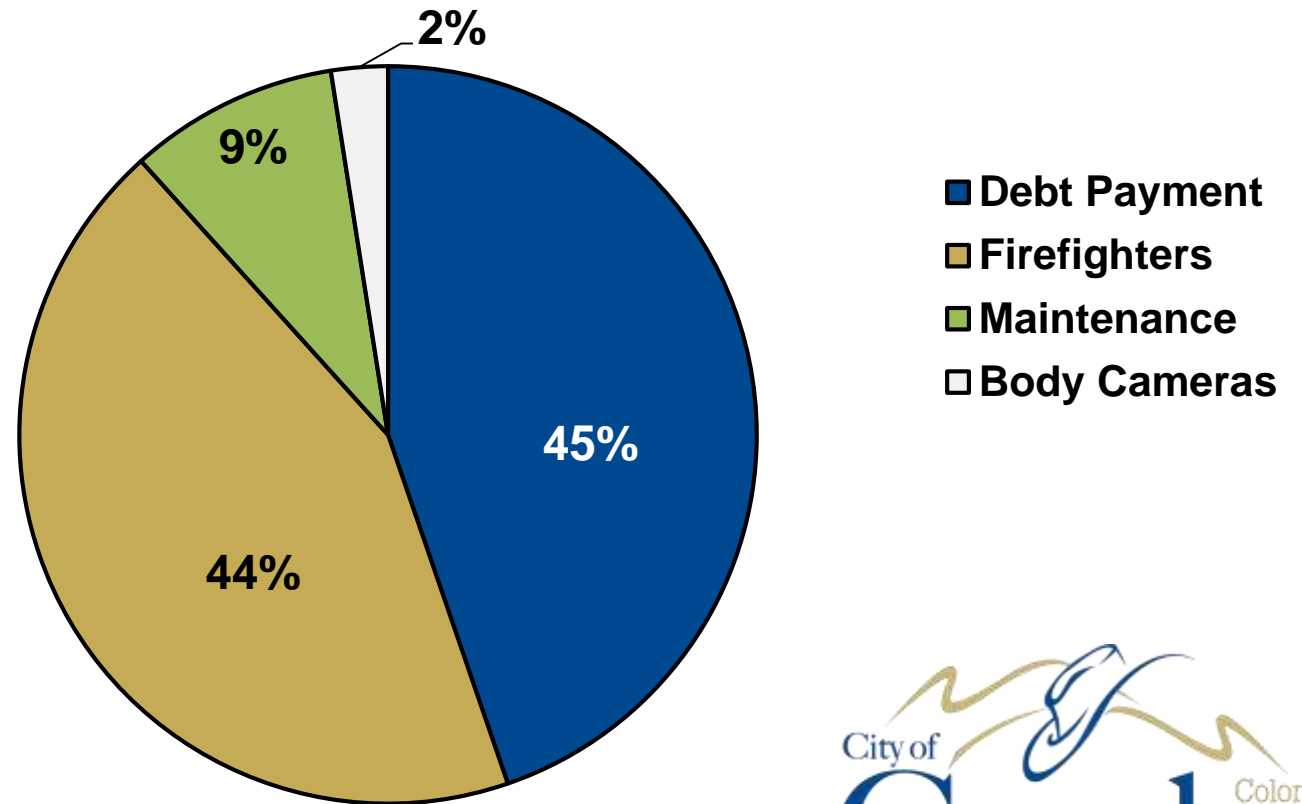
■ Roads ■ CPRD □ Public Safety ■ Facilities



Public Safety Tax Use and Sunset Provision

- Originally approved in 2004 to fund the 10th Street Police Station
- Voters re-authorized the tax effective 2019 with a 20-year sunset provision
- The focus is now on the fire department, hiring firefighters and building and replacing stations

2022 Public Safety Revenue Break-Out



Development Fee Update

A 2020 consultant study updated the calculations for the impact of new development, resulting in a new recommended fee structure. Council did not adopt the new study due to concerns over housing costs.

Comparing Fee Methodologies based on 2021-2022 Residential Development Activity

	Current Fees	2020 Study (Supportable)	Difference
Police	\$ 235,994	\$ 420,270	\$ 184,276
Fire	\$ 1,043,773	\$ 1,131,884	\$ 88,111
Parks & Trails	\$ 6,172,867	\$ 9,661,256	\$ 3,488,389
Transportation	\$ 6,565,185	\$ 11,119,778	\$ 4,554,593
Total:	\$ 14,017,819	\$ 22,333,188	\$ 8,315,369

Dataset:

1,424 Multifamily Units
462 Single Family Homes

What the difference gets us:



+1.14

Arterial Miles
(two lanes)



+3

Playgrounds



+2.8

Patrol Vehicles



+2

Trail Miles

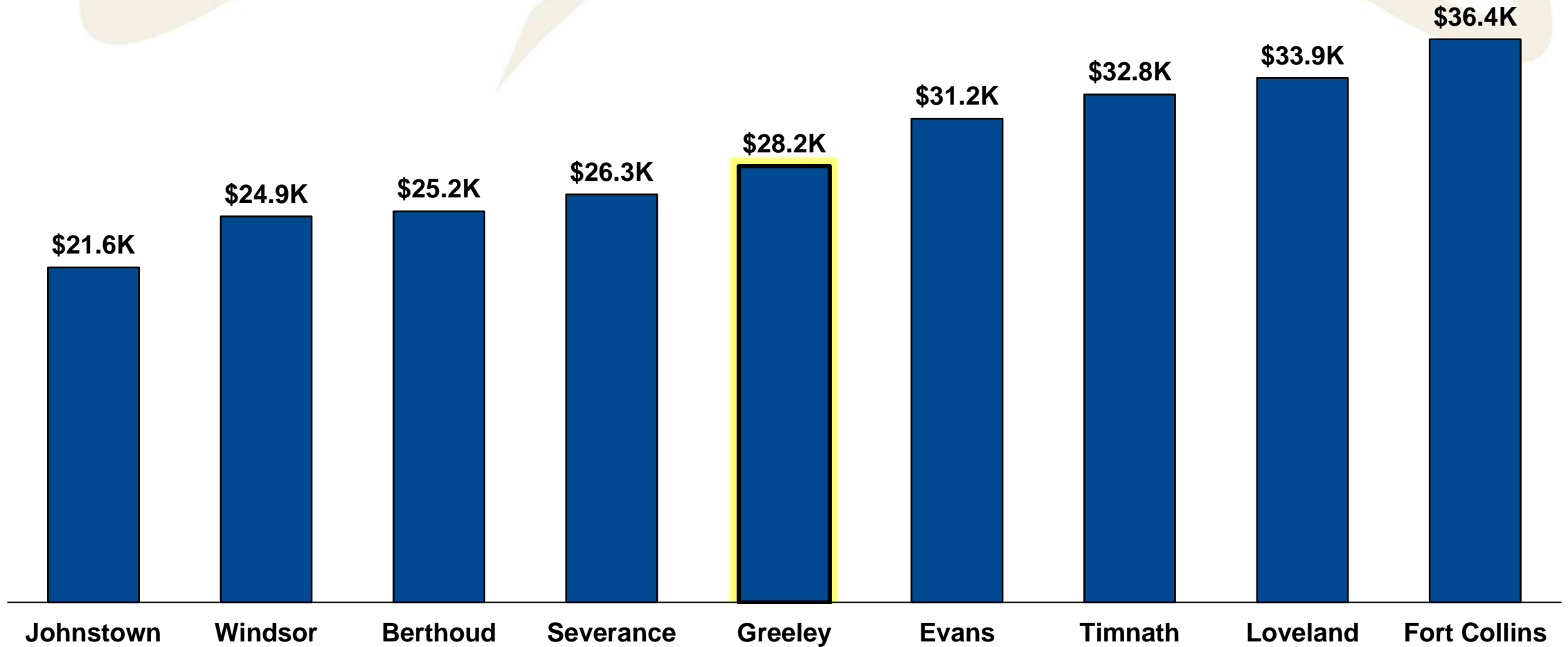


+220

SqFt Fire Station



Total Development Fee Comparison



Source: Raftelis Impact Fee Study, Fall 2020

Open Space Consideration

Preservation of open space and natural areas has been part of Greeley's vision for decades, referenced in several key strategic plans.

Background:

- 2019: the City engaged the Trust for Public Land (TPL) to produce a Conservation Finance Feasibility Report
- 2020: the TPL report proposed a .25% sales tax for open space

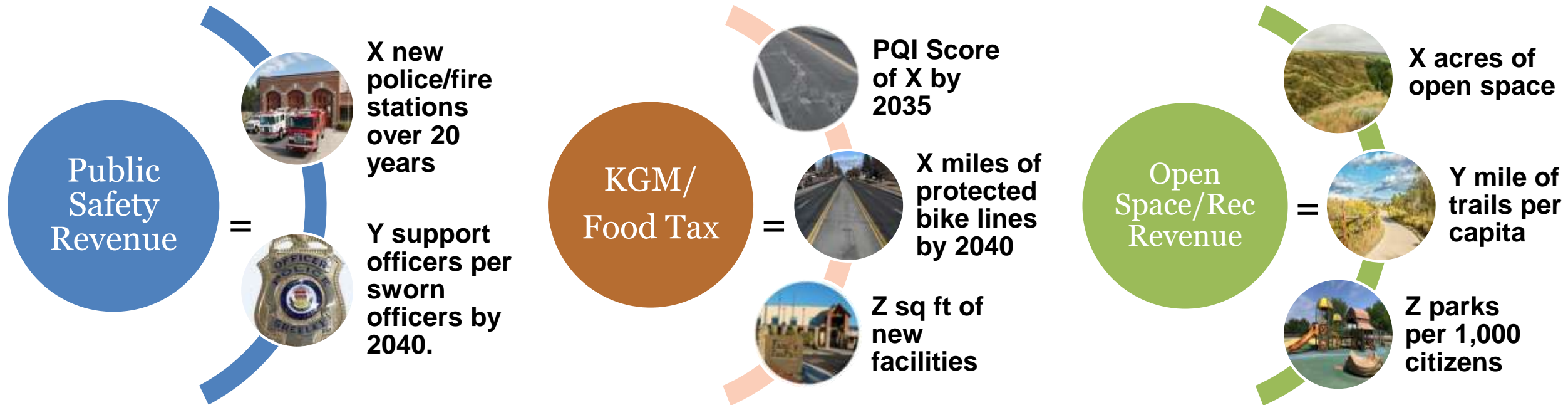
Next Steps:

- Before polling residents and proceeding with an open space tax ballot measure, a strategic review of City priorities and resources is recommended.
- This will help determine the most effective way to fund each priority, including Open Space.



Financial Bucketizing Concept

- Staff review each funding request/need, taking into consideration the City's entire portfolio of needs.
- Each funding stream and the "bucket" it fills has an impact on how other buckets are funded.
- Below are examples of different "buckets" with potential objectives/goals with existing or potential revenue streams that could support those goals/objectives.



Recap and Next Steps

The City currently stands in a strong financial position, and we want to ensure we stay in this position into the future.

Remainder of 2022

- ✓ Enhance and expand forecasting capabilities for revenue streams and forecasting outlook timeline
- ✓ Identify master planning gaps and funding/timeline needs; clarity on needs and objectives
- ✓ Conduct revenues analysis and modeling using enhanced forecasting techniques
- ✓ Conduct operational and capital needs analysis and prioritization

Q1 2023

- ✓ Develop strategic funding plan considering City priorities and goals to align with City growth
- ✓ Present update on development fees analysis and recommendation(s)
- ✓ Present long term financial plan for Council consideration to incorporate:
 - Updated long term revenue forecast
 - Funding strategies for executing on Council priorities (open space, transportation, etc.)
 - More robust grant revenue strategy
 - Consideration of formal debt strategy and options

