

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 28

DATE: February 16, 1999

STAFF: Diane Jones/
Ron Phillips

SUBJECT: Resolution 99-22 Submitting to the Registered Electors of the City an Ordinance Establishing a Thirty-Six One-Hundredths Percent (0.36%) Sales and Use Tax on All Taxable Services and Tangible Personal Property Except Food, For the Purpose of Obtaining Additional Revenues for a New Traffic Signal Control System, Implementation of the City's Transit Development Plan, and to Fund Other Costs of Operating the City's Overall Transportation System, Which Tax Shall Remain in Effect for a Period of 10 Years and Six Months Beginning on July 1, 1999 and Ending December 31, 2009.

RECOMMENDATION:

Staff, the Transportation Funding Advisory Committee, the Transportation Board and the Air Quality Board recommend adoption of the Resolution submitting the matter to the voters on April 6, 1999.

FINANCIAL IMPACT:

It is estimated that a 0.36-cent sales and use tax increase will generate \$2,669,034 in 1999 and \$6,681,125 in 2000. Over the 10 years and 6 months of its term, the total collections are estimated to be about \$92 million.

The ballot language for the tax increase earmarks all of the revenue for transportation purposes. The revenue will be appropriated each year in the sales and use tax fund for transfer to the transportation fund and the capital projects fund. According to the proposed ballot language, the entire proceeds of the tax are expressly exempt from the limitations of Article X, Section 20 of the State Constitution and will not be considered part of the City's revenue limit base. The increase in the rate of the sales and use tax and resulting revenue will increase the City's dependency on the sales tax from approximately 48.5% to 50% in 1999, to about 54% in the year 2000.

EXECUTIVE SUMMARY:

Transportation is one of the key issues facing Fort Collins. The City's *Transportation Operations* provides services such as transit, engineering, parking and transportation demand management. The largest part of the operations budget is for transit.

The City's current operations budget is about \$11.3 million per year. Staff has identified a funding gap that amounts to \$7.3 million annually. Of that amount, the most significant need is to fully implement the Transit Development Plan (TDP) which amounts to \$6.0 million per year (in 1996 dollars).

The other primary operational need relates to the City's traffic signal timing system. The City's current system is antiquated and is based in 1970's technology. Replacement of the system will cost approximately \$4.0 million.

The Transportation Funding Advisory Committee (TFAC) determined it was important to consider all the operations' needs as a package rather than trying to fashion a piecemeal funding approach. The Committee recommended that the City Council consider asking voters for an added sales and use tax (excluding food) of .36 of a cent (or 36 cents for a \$100 purchase) which would be used to:

- a) provide a new traffic signal control system to keep traffic flowing smoothly;
- b) implement the Transit Development Plan;
- c) provide resources for other operational needs such as engineering, parking and pedestrian services, traffic operations, and transportation demand management.

The term of the sales and use tax would be for 10 years and 6 months--the tax will expire on December 31, 2009.

Resolution 99-22 places this matter before the voters on the April 6, 1999 ballot.

BACKGROUND:

Needs and Gaps

Transportation is one of the key issues facing the community. The City's growth along with more frequent use of our automobile has put enormous pressure on the City's transportation system.

Fort Collins' transportation is facing a funding shortfall and is falling behind in all the three major elements of transportation--capital, maintenance and operations.

The City's *Transportation Operations* provides a wide variety of services to the community including transit, paratransit, parking, traffic operations, transportation demand management, pedestrian services, engineering and transportation planning. The City has funding gaps in most of these areas.

The current *Transportation Operations*' budget is approximately \$11.3 million per year. The gap amounts to about \$7.3 million annually. The largest portion of the gap is in the area of *transit service*--\$6.0 million annually is needed to fully implement the City's adopted Transit Development Plan. Common complaints about current bus service include: the bus doesn't go where I need it to go and the bus doesn't come often enough. Additional resources are needed to add more bus routes, to provide for extended evening and weekend service, and to increase the frequency of buses on City routes. Without a fully functioning transit system:

- > traffic congestion cannot be managed;
- > mobility throughout the community will be restricted;
- > air quality goals will not be met;
- > land use patterns planned for the City will not function properly.

The other major operational need relates to the City's *traffic signal timing system*. The current system is based on 1970's technology and cannot respond to real-time traffic movement requirements nor can it be fine-tuned to meet everyday traffic demands in a growing community. Without new computer equipment and data lines, congestion and wait-times will continue to increase and air quality will deteriorate. Replacement of the timing system will cost approximately \$4.0 million.

Recommended Solution

For almost a year, a nine-member citizen committee (the Transportation Funding Advisory Committee/TFAC) explored possible funding strategies to minimize, if not close, the funding gap

in all areas of transportation. The Committee was a diverse group of people consisting of developers, environmentalists, business representatives and citizens with a general community interest.

To close the \$7.3 million annual funding gap related to transportation operation's needs--primarily transit services and the traffic signal timing system--the Committee recommended that the City Council ask voters to increase the City's sales and use tax (excluding food) by .36 of a cent (or 36 cents on a \$100 purchase).

Out of all the funding options considered, the Committee agreed that only a sales and use tax will generate enough funds to meet the substantial need and was the most equitable way to share the responsibility between visitors and citizens as both use and benefit from the City's transportation services.

If approved by voters, the dedicated tax would be used for *Transportation Operations*. More specifically, the monies over the 10-plus years would fund:

- a. a new traffic signal control system;
- b. Implement the City's Transit Development Plan which expands the City's bus and Dial-a-Ride services; and
- c. other costs of operating the City's overall transportation system such as engineering, parking and pedestrian services, traffic operations, and transportation demand management services.

The 10-year plus timeframe is recommended for this tax measure. Historically, sales and use tax issues have expired in shorter time periods. However, those tax issues were for capital projects. The time period for this tax measure is for a longer period--10 years and 6 months--primarily due to the cash flow related to operations versus capital. More specifically,

- (1) most of the revenues collected during the first four years will be used to purchase and install a new traffic signal timing system. The estimated total cost for this system is \$4.0 million.
- (2) expanded transit services will take four years to fully operationalize. Once the service is implemented, it takes 18 to 24 months to work out the "bugs" as well as begin to measure the effectiveness of the changes.

There are a lot of "ifs" and contingencies to consider and staff wants to make sure that, without being overly conservative, a realistic time period is in place to put the expanded services in place and evaluate whether or not the community's transportation needs are being met.

The Committee weighed all of the information and concluded that more resources are needed to improve the City's bus system and the timing for the entire network of traffic signals. Further, the most equitable and practical way to provide the needed resources is by increasing the sales and use tax (excluding food) by .36 of a cent that will capture revenues from visitors and citizens alike.

Fort Collins, is rapidly approaching a crossroads. City Plan and the Master Street Plan are based on a strong transit service program as well as a street system that accommodates a variety of modes of travel - automobiles, buses, bicycles and pedestrians. If Fort Collins, as a community, is unwilling or unable to support the necessary resources for improved transit service, then the Master Street Plan must be revisited and the necessary adjustments must be made for more auto traffic. Streets that are now planned to be only four lanes may need to be re-designated as six-lane arterials. Intersections may have to be widened and turn lanes added throughout the system.

So the choice that must be made now, or in the near future, is how does the City invest its resources over the next years:

Transit Services → \$92 million investment over 10 years

- or -

Additional streets and intersection expansions → \$164 million over 20 years

The Transportation Funding Advisory Committee, the Transportation Board, the Air Quality Board and staff recommend that the City move forward and ask voters, on April 6, 1999, to fund the current gaps related to the City's *Transportation Operations*.

RESOLUTION 99-22
OF THE COUNCIL OF THE CITY OF FORT COLLINS
SUBMITTING TO THE REGISTERED ELECTORS OF THE CITY
AN ORDINANCE ESTABLISHING A THIRTY-SIX ONE-HUNDREDTHS PERCENT
(0.36%) SALES AND USE TAX ON ALL TAXABLE SERVICES AND TANGIBLE
PERSONAL PROPERTY EXCEPT FOOD, FOR THE PURPOSE OF OBTAINING
ADDITIONAL REVENUES FOR A NEW TRAFFIC SIGNAL CONTROL SYSTEM,
IMPLEMENTATION OF THE CITY'S TRANSIT DEVELOPMENT PLAN, AND TO FUND
OTHER COSTS OF OPERATING THE CITY'S OVERALL TRANSPORTATION SYSTEM,
WHICH TAX SHALL REMAIN IN EFFECT FOR A PERIOD OF 10 YEARS AND SIX
MONTHS BEGINNING ON JULY 1, 1999 AND ENDING DECEMBER 31, 2009

WHEREAS, the City of Fort Collins has enacted a comprehensive sales and use tax, which enactment is codified in Chapter 25, Article III, of the Code of the City of Fort Collins (the "Code"); and

WHEREAS, the amount of such tax presently imposed by the Code, as contained in Section 25-75(a), is three (3) percent of the purchase price of tangible personal property or taxable services; and

WHEREAS, the City's transportation operations system provides a wide variety of services, including traffic operations, transit, paratransit, parking, transportation demand management, pedestrian services, engineering and transportation planning; and

WHEREAS, over the past several years, the City's transportation network has been unable to keep pace with the substantial growth and development that the City has experienced and the changing transportation habits of the City's residents, resulting in increased traffic congestion and poor air quality in the City; and

WHEREAS, the City's transportation operations system is facing a critical funding shortfall, which amounts to approximately 7.3 million dollars annually, with the largest portion of such shortfall being in the area of transit service; and

WHEREAS, another critical area of need in the City's transportation system relates to the City's traffic signal timing system, which is in need of replacement; and

WHEREAS, in 1998, the City Manager, in consultation with the City Council, established a Transportation Funding Advisory Committee ("TFAC") to consider all of the City's transportation operations needs in a comprehensive fashion; and

WHEREAS, the TFAC, the City's Transportation Board and the City Manager, after thoroughly exploring various funding strategies to minimize, if not close, the funding gap in all areas of transportation, have recommended that the Council submit to the registered electors of the City

an additional sales and use tax for a period of ten years and six months, beginning July 1, 1999 and ending December 31, 2009, at the rate of 0.36%, the revenues of which tax would be used for the purchase and installation of a new traffic signal control system, implementation of the City's transit development plan, and to fund other costs of operating the City's overall transportation system; and

WHEREAS, the Council believes it would be in the best interests of the residents of the City to submit such a proposed tax to the voters.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That there is hereby submitted to the registered electors of the City at the next regular City election to be held on April 6, 1999, the question of whether the following proposed ordinance should be adopted:

ORDINANCE NO. ____, 1999
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ESTABLISHING A THIRTY-SIX ONE-HUNDREDTHS PERCENT (0.36%)
SALES AND USE TAX ON ALL TAXABLE SERVICES AND ALL
TANGIBLE PERSONAL PROPERTY EXCEPT FOOD, FOR THE
PURPOSE OF OBTAINING ADDITIONAL REVENUES FOR A NEW
TRAFFIC SIGNAL CONTROL SYSTEM, IMPLEMENTATION OF THE
CITY'S TRANSIT DEVELOPMENT PLAN, AND TO FUND OTHER
COSTS OF OPERATING THE CITY'S OVERALL
TRANSPORTATION SYSTEM, WHICH TAX SHALL REMAIN
IN EFFECT FOR A PERIOD OF TEN YEARS AND SIX
MONTHS, BEGINNING ON JULY 1, 1999
AND ENDING DECEMBER 31, 2009

WHEREAS, the City of Fort Collins has enacted a comprehensive sales and use tax, which enactment is codified in Chapter 25, Article III, of the Code of the City of Fort Collins (the "Code"); and

WHEREAS, the amount of such tax presently imposed by the Code, as contained in Section 25-75(a), is three (3) percent of the purchase price of tangible personal property or taxable services; and

WHEREAS, the City's transportation operations system provides a wide variety of services, including traffic operations, transit, paratransit, parking, transportation demand management, pedestrian services, engineering and transportation planning; and

WHEREAS, over the past several years, the City's transportation network has

been unable to keep pace with the substantial growth and development that the City has experienced and the changing transportation habits of the City's residents, resulting in increased traffic congestion and poor air quality in the City; and

WHEREAS, the City's transportation operations system is facing a critical funding shortfall, which amounts to approximately 7.3 million dollars annually, with the largest portion of such shortfall being in the area of transit service; and

WHEREAS, another critical area of need in the City's transportation system relates to the City's traffic signal timing system, which is in need of replacement; and

WHEREAS, in 1998, the City Manager, in consultation with the City Council, established a Transportation Funding Advisory Committee ("TFAC") to consider all of the City's transportation operations needs in a comprehensive fashion; and

WHEREAS, the TFAC, the City's Transportation Board and the City Manager, after thoroughly exploring various funding strategies to minimize, if not close, the funding gap in all areas of transportation, recommended that the Council submit to the registered electors of the City an additional sales and use tax for a period of ten years and six months, beginning July 1, 1999 and ending December 31, 2009, at the rate of 0.36%, the revenues of which tax would be used for the purchase and installation of a new traffic signal control system, implementation of the City's transit development plan, and to fund other costs of operating the City's overall transportation system; and

WHEREAS, the Council, by adoption of Resolution 99-22, submitted to the registered electors of the City at a regular City election on April 6, 1999, the question of whether this Ordinance imposing such an additional sales and use tax should be adopted; and

WHEREAS, a majority of the registered electors voting at such election approved the adoption of this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 25-75(a) of the Code of the City of Fort Collins is hereby amended to read as follows:

Section 25-75. Rate of tax.

(a) The amount of tax hereby levied is three and thirty-six one-hundredths (3.36) percent of the purchase price of tangible personal property or taxable services. Twenty-five one-hundredths (0.25) percent of such amount is a tax which shall expire at midnight on December 31, 2005, and the proceeds of which shall be used for the purpose of the acquisition, construction, enhancement and maintenance of trail systems, wildlife habitat and other natural areas to benefit the citizens of the city and for the construction of certain park projects as described in Ordinance No. 29, 1997. Another twenty-five one-hundredths (0.25) percent is a tax which shall expire at midnight on December 31, 2005, and the proceeds of which shall be used for the purpose of street maintenance and overlay and for the construction of certain transportation projects as identified in Ordinance No. 30, 1997. Another twenty-five one-hundredths (0.25) percent is a tax which shall expire at midnight on December 31, 2005, and the proceeds of which shall be placed in the capital projects fund of the city for the construction of certain capital projects as identified in Ordinance No. 31, 1997, and approved by the City Council according to the provisions of said Ordinance. Another thirty-six one-hundredths (0.36) percent is a tax which shall commence at midnight on June 30, 1999 and expire at midnight on December 31, 2009, and the proceeds of which shall be used for the purpose of purchasing and building a new traffic signal control system, implementing the City's transit development plan as the same may be amended by the City Council from time to time, and funding other costs of operating the City's overall transportation system.

Section 2. That the revenue generated from the thirty-six one-hundredths percent (0.36%) sales and use tax imposed pursuant to this Ordinance (the "Tax") shall be used for the purpose of purchasing and building a new traffic signal control system, implementing the City's transit development plan as the same may be amended by the Council from time to time, and funding other costs of operating the City's overall transportation system, all as generally described on Exhibit "A", attached hereto and incorporated herein by this reference; provided, however, that the particular components, cost and scheduling of the activities and projects, shown on Exhibit "A" shall be finally determined by the City Council.

Section 3. That the full amount of revenues derived from the Tax may be retained and expended by the City, notwithstanding any state revenue or expenditure limitation including, but not limited to, those contained in Article X, Section 20 of the Colorado Constitution.

Section 4. That except as provided herein, all other provisions of Chapter 25 of the City Code shall remain in full force and effect unless otherwise rescinded or modified by action of the City Council.

Section 2. That the foregoing proposed Ordinance of the Council of the City of Fort Collins is hereby submitted to the registered electors of the City of Fort Collins at the next regular municipal election to be held on April 6, 1999, in substantially the following form:

PROPOSED CITY-INITIATED ORDINANCE

SHALL THE CITY OF FORT COLLINS' TAXES BE INCREASED BY \$6,435,187 IN THE FIRST FULL FISCAL YEAR, AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, THROUGH THE ADOPTION OF AN ORDINANCE OF THE CITY OF FORT COLLINS ESTABLISHING A SALES AND USE TAX ON ALL TAXABLE SERVICES AND ALL TANGIBLE PERSONAL PROPERTY EXCEPT FOOD AT THE RATE OF 0.36% (36 CENTS ON A \$100 PURCHASE), WITH THE REVENUES DERIVED FROM THE TAX TO BE USED FOR THE FOLLOWING PURPOSES, AS PART OF THE "TRANSPORTATION OPERATIONS" PROGRAM:

- A NEW TRAFFIC SIGNAL CONTROL SYSTEM;
- IMPLEMENTATION OF THE CITY'S TRANSIT DEVELOPMENT PLAN;
- OTHER COSTS OF OPERATING THE CITY'S OVERALL TRANSPORTATION SYSTEM;

WHICH TAX SHALL REMAIN IN EFFECT FOR A PERIOD OF TEN YEARS AND SIX MONTHS, BEGINNING JULY 1, 1999 AND ENDING DECEMBER 31, 2009; WITH THE COST, PARTICULAR COMPONENTS AND SCHEDULING OF THESE ACTIVITIES AND PROJECTS TO BE FINALLY DETERMINED BY THE CITY COUNCIL; AND WITH THE FULL AMOUNT OF REVENUES DERIVED FROM THE TAX TO BE RETAINED AND EXPENDED BY THE CITY NOTWITHSTANDING ANY STATE REVENUE OR EXPENDITURE LIMITATIONS INCLUDING, BUT NOT LIMITED TO, ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

_____ FOR THE ORDINANCE

_____ AGAINST THE ORDINANCE

Passed and adopted at regular meeting of the Council of the City of Fort Collins held this 16th day of February, A.D. 1998.

Mayor

ATTEST:

City Clerk

Exhibit "A"

Transportation Operations Activities and Projects

Activity or Project Description	Estimated Cost (1999 dollars)
<p>Traffic Signal Control System</p> <p>This project would provide for a new traffic signal control system using current technology. The components of the new system would include, but not be limited to, a new central processing unit; upgraded intersection controllers; improved communications devices; system and traffic status monitoring devices; software for improved analysis, tracking, timing and implementation; and other enhancements. The purpose of the new system would be to promote a freer movement of traffic, mitigate congestion, contribute to better air quality, and allow the City to respond to unusual or one-time traffic problems. Planning, design, right-of-way acquisition (if any) and other project costs may be included.</p>	\$4,410,000
<p>Implementation of the Transit Development Plan</p> <p>The implementation of the Transit Development Plan would provide for expanded transit service, including Dial-A-Ride service, throughout the City. Frequency of service would be increased on College Avenue, West Mulberry and Drake Road. New service would be added to East Mulberry, Shields, Timberline, Lemay and Harmony. Full service connectivity would be provided by integrating route connections at a north transit center, a south transit center, and a transit center at Colorado State University. (Facilities for transit centers would be funded separately from this ordinance.) This funding source would provide the funds to purchase new buses, expand the transit maintenance facility, and operate approximately seven more routes than exist today. Service hours would be tripled. Night service and weekend service would be implemented City-wide. The purpose of these improvements would be to achieve air quality goals, congestion management goals, and provide improved mobility. Planning, design, right-of-way acquisition (if any) and other project costs may also be included.</p>	\$72,670,300
<p>Transportation Operations</p> <p>Costs of Operating the City's Overall Transportation System</p> <p>Expenditures for transportation operations would include, but not be limited to, funding other costs of operating the City's overall transportation system such as providing additional services in development review; document management; acquiring right-of-way for street improvements; traffic operations such as traffic bulb replacement; the construction of improvements for pedestrians; and operation of the parking program, including the City's parking structures.</p>	\$13,758,300