

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 10

DATE: November 29, 2005

STAFF: Diane Jones

SUBJECT

First Reading of Ordinance No. 163, 2005, Amending Section 25-75 of the City Code so as to Extend Certain Portions of the City's Sales and Use Tax in Accordance with Three Voter-Approved Ballot Measures.

RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

FINANCIAL IMPACT

Fort Collins' citizens voted to renew three one-quarter cent sales and use taxes: Open Space, Street Maintenance, and Building on Basics. Each one-quarter cent tax will yield approximately \$5.6 million per year (2005 dollars). The proceeds of each tax are allocated to specific projects or programs. The additional \$16.8 million of revenue among the three packages will be appropriated to the appropriate programs and capital projects.

EXECUTIVE SUMMARY

Fort Collins' voters have approved the renewal of three one-quarter cent sales and use taxes to fund high priority capital needs in the community. The three taxes were previously used to fund three packages of capital projects in the Building Community Choices capital plan. All three current taxes are set to expire on December 31, 2005. The ordinance will implement the tax extensions by amending the sales and use tax code to reflect the provisions of the voter actions.

BACKGROUND

The ordinance implements the extension of three sales and use taxes. These extensions were approved by voters and the Municipal Code must be amended to implement the provisions of the voter approved measures.

A. Open Space Sales and Use Tax

In November 2002, voters approved the renewal of the "Natural Areas and Parks" one-quarter cent sales tax to continue the City's existing open space program. The tax was renewed for a period of 25 years, beginning January 1, 2006 and ending December 31, 2030.

The initiative stated that the purposes of the tax are to include "acquiring, operating, and maintaining

open spaces, community separators, natural areas, wildlife habitat, riparian areas, wetlands, and valued agricultural lands, and providing for the appropriate use and enjoyment of these areas by the citizenry." The ballot measure adopted Citizen-Initiated Ordinance No. 1, 2002 which includes specific provisions for the use of these revenues and administration of the program.

B. Street Maintenance Program Sales and Use Tax

In April, 2005, voters approved a City-initiated ballot measure which extends the "Street Maintenance and Transportation" one-quarter cent sales and use tax to continue the City's Street Maintenance Program. The tax was renewed for a period of 10 years, beginning January 1, 2006 and ending December 31, 2015.

The measure provides funding for the repair and renovation of the City's street system, including preventative maintenance to streets. The purpose of the program is to ensure that repairs can be made when inexpensive processes can be used, rather than waiting until more expensive and disruptive major maintenance or replacement is required.

The Street Maintenance program has been in existence since 1989 when it was funded through the *Choices 95* Capital Improvement Program, and was renewed under the *Building Community Choices* Capital Improvement Program in 1997.

Approval of the ballot measure requires that the City Council adopt an ordinance amending the Code to implement the tax extension.

C. Building on Basics Sales and Use Tax

In November, 2005, voters approved a City-initiated ballot measure which extends the "Community Enhancements Projects" one-quarter cent sales and use tax to continue the City's capital improvement program. The tax was renewed for a period of 10 years, beginning January 1, 2006 and ending December 31, 2015.

The City-initiated measure was developed after extensive community outreach and includes 13 high priority projects. The citizens of Fort Collins have funded many similar capital needs during the past 30 years through the use of voter approved sales and use taxes. The renewal of this tax represents a continuation of this local tradition.

The extension of the tax will generate \$5.6 million per year for the next 10 years, totaling \$56 million to be used to complete specific capital projects, and will also fund \$4.4 million in initial operation and maintenance costs.

ORDINANCE NO. 163, 2005
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING SECTION 25-75 OF THE CITY CODE
SO AS TO EXTEND CERTAIN PORTIONS OF THE CITY'S SALES AND USE TAX
IN ACCORDANCE WITH THREE VOTER-APPROVED BALLOT MEASURES

WHEREAS, Section 25-75(a) of City Code establishes the rate of the sales and use tax imposed on the purchase price paid or charged for tangible personal property and taxable services sold or brought into the City; and

WHEREAS, 75/100 percent of such amount consists of three quarter-cent taxes which are presently scheduled to expire at midnight on December 31, 2005; and

WHEREAS, 25/100 percent of such amount consists of a tax imposed to fund 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 (the "Open Space Tax") and;

WHEREAS, at a special City election held on November 5, 2002, the registered electors of the City approved the extension of the Open Space Tax through midnight on December 31, 2030, with the proceeds of such extended tax to be used for the purposes of acquiring, operating and maintaining open spaces, community separators, natural areas, wildlife habitat, riparian areas, wetlands and valued agricultural lands, and to provide for the appropriate use and enjoyment of these areas by the citizenry, pursuant to the provisions of Citizen-Initiated Ordinance No. 1, 2002; and

WHEREAS, another 25/100 percent of the City's sales and use tax is a tax imposed to fund street maintenance and overlay and for the construction of certain transportation projects as identified in Ordinance No. 30, 1997 (the "Street Maintenance Tax"); and

WHEREAS, at a regular City election held on April 5, 2005, the registered electors of the City approved a ballot measure extending the Street Maintenance Tax through December 31, 2015, for the purpose of paying the costs of planning, design, right-of-way acquisition, incidental upgrades and other costs associated with the repair and renovation of City streets, including but not limited to, curbs, gutters, bridges, sidewalks, parkway shoulders and medians; and

WHEREAS, another 25/100 percent of the City's sales and use tax is a tax imposed to fund the construction of certain capital projects identified in Ordinance No. 31, 1997, and approved by the City Council according to the provisions of said ordinance (the "Capital Projects Tax"); and

WHEREAS, at a special City election held on November 1, 2005, the registered electors of the City approved the extension of the Capital Projects Tax through December 31, 2015, for the purpose of paying the costs of planning, design, right-of-way acquisition, construction and at least seven years of operation and maintenance of certain capital projects specified in the "Building on Basics" capital project program, subject to the terms and conditions of Ordinance No. 92, 2005; and

WHEREAS, Section 25-75(a) of the City Code should be amended to reflect the foregoing tax extensions.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that Section 25-75(a) of the City Code is hereby amended so as to read in its entirety as follows:

Sec. 25-75. Rate of tax.

(a) The amount of tax hereby levied is three (3) 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~~**2030**, 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~~ **purposes of acquiring, operating and maintaining open spaces, community separators, natural areas, wildlife habitat, riparian areas, wetlands and valued agricultural lands, and to provide for the appropriate use and enjoyment of these areas by the citizenry, pursuant to the provisions of the Citizen-Initiated Ordinance No. 1, 2002.** Another twenty-five one-hundredths (0.25) percent is a tax which shall expire at midnight on December 31, ~~2005~~**2015**, 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.~~**paying the costs of planning, design, right-of-way acquisition, incidental upgrades and other costs associated with the repair and renovation of City streets, including but not limited to, curbs, gutters, bridges, sidewalks, parkway shoulders and medians.** Another twenty-five one-hundredths (0.25) percent is a tax which shall expire at midnight on December 31, ~~2005~~**2015**, 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;~~ **used for the purpose of paying the costs of planning, design, right-of-way acquisition, construction and at least seven years of operation and maintenance of certain capital projects specified in the "Building on Basics" capital project program, subject to the terms and conditions of Ordinance No. 92, 2005.**

Introduced and considered favorably on first reading and ordered published this 29th day of November, A.D. 2005, and to be presented for final passage on the 20th day of December, A.D. 2005.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading this 20th day of December, A.D. 2005.

Mayor

ATTEST:

City Clerk