



FINANCE MEMORANDUM
#10-18

DATE: June 10, 2010

TO: Honorable Mayor Joyce Downing and City Council Members

FROM: Bill Simmons, City Manager 
Shawn Cordsen, Finance Director 

SUBJECT: ½% Sales & Use Tax Analysis

BACKGROUND:

- In 1989 voters approved a 0.5% sales tax increase on both food and non-food sales with the following restrictions:
 - Revenue collected from the additional 0.5% sales tax for all non-food sales to be used exclusively to increase water supply for use in the municipal water system. In 2009, collections totaled \$1,712,611.
 - Revenue collected from the additional 0.5% on all food sales to be used to reduce the residential water and sewer capital charges (debt service). In 2009, collections totaled \$98,587.
- The 0.5% sales tax was scheduled to expire on December 31, 1994. However, voters approved extending the additional tax in 1994, 1999, and 2004. In addition, the use restrictions for the non-food were broadened to include water system infrastructure augmentation. Currently, the 0.5% sales tax is scheduled to sunset on December 31, 2010.
- The ballot question from the 2004 election, which extended the 0.5% sales and use tax through December 31, 2010 appeared as follows:

“SHALL CITY OF NORTHGLENN TAXES BE INCREASED ZERO DOLLARS (\$0) ANNUALLY BY THE EXTENSION FOR AN ADDITIONAL SIX (6) YEARS OF THE EXISTING ONE-HALF PERCENT (1/2%) SALES AND USE TAX ORIGINALLY ADOPTED BY NORTHGLENN'S ELECTORS AT THE SPECIAL ELECTION OF MAY 9, 1989, AND EXTENDED AT THE REGULAR MUNICIPAL ELECTIONS OF NOVEMBER 8, 1994 AND NOVEMBER 2, 1999, AND WHICH IS TO EXPIRE ON DECEMBER 31, 2004, WITH THE PROCEEDS OF SUCH ONE-HALF PERCENT (1/2%) SALES AND USE TAX TO BE USED EXCLUSIVELY FOR THE PURCHASE OR LEASE OF WATER OR WATER RIGHTS FOR USE IN AND/OR AUGMENTATION OF THE MINUCUPAL WATER SYSTEM, THE FINANCING, REPAIR, MAINTENANCE, RENOVATION OR CONSTRUCTION OF WATER SUPPLY, DIVERSION, CONVEYANCE OR STORAGE PROJECTS OR FACILITIES, AND OTHER PURPOSES THAT WOULD MAINTAIN, PROTECT, ENHANCE, OPTIMIZE OR INCREASE THE CITY'S WATER SUPPLY; PROVIDED THAT THE PROCEEDS OF THE ONE-HALF PERCENT (1/2%) SALES TAX ATTRIBUTABLE TO FOOD SHALL CONTINUE TO BE USED TO REDUCE RESIDENTIAL CAPITAL CHARGES; AND FURTHER PROVIDED THAT THE ONE-HALF PERCENT (1/2%) SALES TAX SHALL TERMINATE ON DECEMBER 31, 2010?”

UPDATE:

Staff has identified the following options:

- Take no action, and allow the ½% sales and use tax provision to expire as scheduled. This would decrease the City's non-food sales and use tax rate to 3.5% and the City's food-related sales tax rate to 3%.
- Place a question on the ballot, which if approved, would extend the ½% sales and use tax for a pre-determined period under the same spending restrictions.
- Place a question on the ballot, which if approved, would extend the ½% sales and use tax for a pre-determined period, but with a change in the spending restrictions.
- Place a question on the ballot, which if approved, would extend only the non-food related portion of the ½% sales and use tax for a pre-determined period under the same spending restrictions. This would decrease the City's food-related sales tax rate to 3%.
- Place a question on the ballot, which if approved, would extend only the non-food related portion of the ½% sales and use tax for a pre-determined period, but with a change in the spending restrictions. This would decrease the City's food-related sales tax rate to 3%.
- Place any of the above questions on the ballot without a pre-determined period, thus resulting in a perpetual tax.

As part of the above analysis, staff has included the Preliminary Debt Evaluation schedule which was discussed with the Council in March as part of the general recreation center capital improvement discussion. The schedule provides various options and details the corresponding tax revenue required.

STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Shawn Cordsen at scordsen@northglenn.org or at 303-450-8719.

Parks, Recreation & Cultural Services
MEMORANDUM #16 - 2010

DATE: June 9, 2010
TO: Honorable Mayor Joyce Downing and City Council Members
FROM: William A. Simmons, City Manager *WAS*
Amanda Peterson, Director of Parks, Recreation and Cultural Services *AP*
SUBJECT: Recreation Center Information Regarding Past Action & Future Funding Sources

PAST ACTION SUMMARY

The following information summarizes the actions that have been taken by voters and by City Council during the past several years regarding the Recreation Center. Attached are copies of the documents associated with each of the described actions.

In November 2006, a ballot question was posed seeking approval to expend up to \$50,000 to "commence a public input and planning process to assess the City's recreation center needs...with the result thereof to be represented to the City's registered electors for approval at a special or regular election and with any ballot question to include the maximum cost and payment mechanism for any such project." This question passed with a vote of 64% in favor, and 36% opposed.

In November 2007, as a result of the planning process funded through the ballot question mentioned above, another ballot question was put forth seeking approval to expend 29 million, with repayment not to exceed \$52.7 million, through the issuance of General Obligation Bonds, to be paid for through additional property taxes. This question did not pass.

In November 2007, the City Council passed Resolution Number 07-74, Series of 2007, "affirming the location of any new recreation center facilities if such facilities are approved." This resolution stated that new recreation facilities would be located on city-owned property and "in the same general location as the existing Northglenn Recreation Center." This resolution also stated that the current location has been determined to be the appropriate location for any new recreation center facilities. This resolution also "clarifies, reaffirms and determines that in the event a ballot question is presented to the registered electors of the City regarding new recreation center facilities, and in the event any such question is approved, any such new facilities shall be located on the approximately twenty acre assemblage of City-owned property upon which the current Recreation Center and City Hall facilities are located."

In February 2008, Ordinance Number 1508, Series of 2008, was adopted, "affirmatively stating the City Council's desire to repair the existing Northglenn Recreation Center, and to affirm that the Recreation Center property is not available for future development." In section two of the Ordinance, it is stated that "City Council further affirms its intention to repair and rehabilitate the current recreation center."

FUNDING SOURCE SUMMARY

This funding summary includes only existing funding sources that are either specific to Parks & Recreation capital improvements or are competitive grant resources. This list is not inclusive of any existing General Fund dollars, nor is it inclusive of other new revenue sources. These will be discussed in a separate memorandum.

The City of Northglenn receives an annual disbursement of funds in the amount of approximately \$230,000.00 from Adams County Open Space Funds. This sales-tax based funding source was re-approved by voters, with an increase of one fourth of one percent to \$0.25 per \$100.00 in 2007, and will remain in place until 2026.

The City also receives an annual disbursement of funds in the amount of approximately \$350,000 from the Conservation Trust Fund. This funding source is comprised of 40% of the net proceeds from the Colorado Lottery, and has no ending date. The anticipated balance in the Conservation Trust Fund, exclusive of project savings in 2010, is \$1.2 million.

El Pomar is a "multi-purpose foundation..." that "provides support to nonprofits with programs and activities that contribute to community well being in many different ways." Inquiry has been made, and it appears that the City would be eligible for funding through this competitive grant process. There are no official grant deadlines or proposal forms, but individual requests are considered by the board. In their history, El Pomar has distributed of \$398 million in grants, with 36% of those going towards Civic & Community projects, and another 8% going towards Arts & Culture, both categories for which the Recreation Center may fit. Grants in recent years have ranged from \$2,000 to \$1.2 million.

Adams County Open Space grants may be utilized for recreation facilities. These grants do not have a set matching requirement, however, the board has indicated a desire to see applications that have at least a 50% match. Recent grants have ranged from \$2,000 to \$3 million, with most in the range of \$400,000 to \$700,000. Again, these are competitive grants, and are not guaranteed funds.

STAFF REFERENCE

If any Council Members are in need of additional information, please contact Amanda Peterson, Director of Parks, Recreation, & Cultural Services at apeterson@northglenn.org, or (303) 450-8950.

SPONSORED BY: MAYOR NOVAK, COUNCIL MEMBERS GARNER, MARTIN, MONROE,
PARSONS

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-78
Series of 2007

07-71
Series of 2007

A RESOLUTION SUBMITTING A BALLOT QUESTION TO THE ELECTORS OF THE CITY OF NORTHGLENN AT THE NOVEMBER 6, 2007 GENERAL MUNICIPAL ELECTION AND SETTING THE BALLOT TITLE THEREOF

WHEREAS, on November 7, 2006, the registered electors of the City of Northglenn approved by a vote of 5470 (64%) in favor and 3081 (36%) against a ballot question (the "November 2006 Ballot Question") which specifically provided as follows:

Shall the City of Northglenn commence a public input and planning process to assess the City's recreation center needs, the professional fees incurred in such process not to exceed \$50,000, with the result thereof to be represented to the City's registered electors for approval at a special or regular election and with any ballot question to include the maximum cost and payment mechanism for any such project?

WHEREAS, as a result of the approval of the November 2006 Ballot Question, the City did commence a public input and planning process to assess the City's recreation center needs, and desires in accordance with the November 2006 Ballot Question to now seek approval for new recreation center facilities; and

WHEREAS, the City Council therefore desires to present the ballot question set forth below, which contains the maximum cost and payment mechanism for the project as required by the November 2006 Ballot Question, to the registered electors of the City for approval.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. At the general municipal election of Tuesday, November 6, 2007, the following question shall be submitted to the registered electors of the City of Northglenn, Colorado:

QUESTION NO. __ (COMMUNITY RECREATION FACILITIES)

SHALL NORTHGLENN'S DEBT BE INCREASED NOT TO EXCEED \$29 MILLION, WITH A REPAYMENT COST NOT TO EXCEED \$52.7 MILLION (PRINCIPAL AND INTEREST), AND SHALL NORTHGLENN'S TAXES BE INCREASED NOT TO EXCEED \$2.65 MILLION ANNUALLY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, FOR THE PURPOSE OF PROVIDING NEW

COMMUNITY RECREATION FACILITIES TO INCLUDE BUT NOT BE LIMITED TO:


- DEDICATED GROUND-LEVEL SENIOR CENTER WITH KITCHEN, LEISURE AND MULTIPURPOSE FACILITIES;
- A PERFORMING ARTS THEATRE;
- ATHLETIC FACILITIES INCLUDING A NEW GYM, FITNESS AREA, LAP AND LEISURE POOLS AND FAMILY CHANGING FACILITIES; AND
- COMMUNITY MEETING ROOMS;

BY ISSUING GENERAL OBLIGATION BONDS MATURING WITHIN 20 YEARS OF THEIR DATE OF ISSUE, TO BE PAID FROM ADDITIONAL PROPERTY TAXES IMPOSED IN EACH YEAR (BUT WITH SUCH TAXES TO BE IMPOSED ONLY FOR SO LONG AS SUCH BONDS ARE OUTSTANDING) AT SUFFICIENT RATES (SUBJECT TO THE DOLLAR LIMITS STATED ABOVE) TO PAY SUCH BONDS, WITH THE PROCEEDS OF SUCH BONDS AND TAXES, AND INVESTMENT EARNINGS THEREON, TO BE COLLECTED AND SPENT WITHOUT AFFECTING ANY OF NORTHGLENN'S OTHER TAXES, REVENUES OR EXPENDITURES UNDER THE CONSTITUTION AND LAWS OF THE STATE OF COLORADO?

Section 2. Council hereby sets the ballot title for such question in the same form as the question set forth in Section 1 hereof.

Section 3. The maximum net effective interest rate of the indebtedness incurred pursuant to such question shall be 6 ½ %.

DATED at Northglenn, Colorado, this 23rd day of August, 2007.


KATHLEEN M. NOVAK
Mayor

ATTEST:


DIANA L. LENTZ, CMC
City Clerk

APPROVED AS TO FORM:


COREY Y. HOFMANN
City Attorney

SPONSORED BY: MAYOR NOVAK

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-83
Series of 2007

07-74
Series of 2007

A RESOLUTION AFFIRMING THE LOCATION OF ANY NEW RECREATION CENTER FACILITIES IF SUCH FACILITIES ARE APPROVED

WHEREAS, on November 7, 2006, the registered electors of the City of Northglenn approved by a vote of 5470 (64%) in favor and 3081 (36%) against a ballot question (the "November 2006 Ballot Question") to authorize a public input and planning process to assess the City's recreation center needs;

WHEREAS, the City then commenced a public input and planning process to assess the City's recreation center needs (the Process");

WHEREAS, based on the results of the Process, the City Council will be considering a Resolution to submit a ballot question to the electors of the City of Northglenn based on the process assessing the City's recreation center needs;

WHEREAS, at all times the City's Process has contemplated that any such new recreation center facilities, if approved by the registered electors, will be located on City-owned property in the same general location as the existing Northglenn Recreation Center;

WHEREAS, the costs for any such new recreation center facilities as identified in the proposed ballot question similarly does not include the costs of land acquisition because the current general location of the Recreation Center has been determined to be the appropriate location of any new recreation center facilities; and

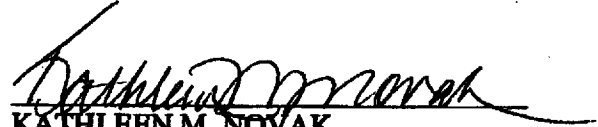
WHEREAS, the City Council desires to clarify and affirm its intention that if the registered electors of the City approve a ballot question authorizing the construction of new recreation center facilities, any such facilities shall be located in the same general location as the existing Northglenn Recreation Center.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:


Section 1. The City Council hereby clarifies, reaffirms and determines that in the event a ballot question is presented to the registered electors of the City regarding new recreation center facilities, and in the event any such question is approved, any such new facilities shall be located on the approximately twenty (20) acre assemblage of City-owned property upon which the current Recreation Center and City Hall facilities are located.

Section 2. The City Council further affirms that any proposed change to the location as set forth herein shall include a public input process and, at a minimum, a public hearing in front of the City Council.

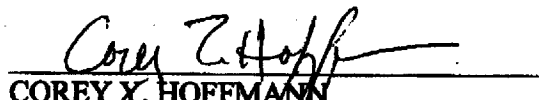
DATED at Northglenn, Colorado, this 23RD day of August, 2007.


KATHLEEN M. NOVAK
Mayor

ATTEST:


DIANA L. LENTZ, CMC
City Clerk

APPROVED AS TO FORM:


COREY Y. HOFFMANN
City Attorney

SPONSORED BY: COUNCIL MEMBER MILLER

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1646
Series of 2008

1508
Series of 2008

A BILL FOR A SPECIAL ORDINANCE AFFIRMATIVELY STATING THE CITY COUNCIL'S DESIRE TO REPAIR THE EXISTING NORTHGLENN RECREATION CENTER, AND TO AFFIRM THAT THE RECREATION CENTER PROPERTY IS NOT AVAILABLE FOR FUTURE DEVELOPMENT

WHEREAS, the registered electors of the City determined at the November 6, 2007 election not to authorize construction of a new Recreation Center;

WHEREAS, concern has been expressed in the Northglenn community that the City will therefore make the Recreation Center property available for development and ultimately seek to demolish rather than repair the existing Recreation Center; and

WHEREAS, the City Council therefore desires to affirmatively state that the current Recreation Center property is not available for development, and that it is the intention of the City Council to repair the current Recreation Center.

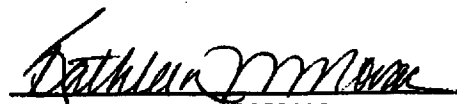
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

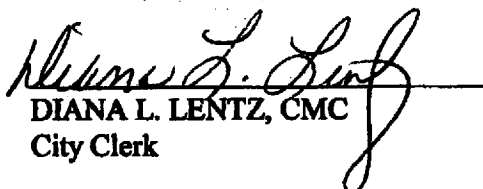
Section 1. The City Council hereby affirms that the Recreation Center property is not available for development, and that the City shall not sell or otherwise convey the Recreation Center property.

Section 2. The City Council further affirms its intention to repair and rehabilitate the current Recreation Center.

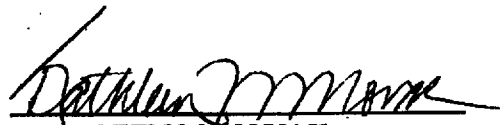
INTRODUCED, READ AND ORDERED POSTED this 14th day of February, 2008.

ATTEST:



KATHLEEN M. NOVAK
Mayor


DIANA L. LENTZ, CMC
City Clerk

PASSED ON SECOND AND FINAL READING this 28th day of February
2008.


KATHLEEN M. NOVAK
Mayor

ATTEST:


DIANA L. LENTZ, CMC
City Clerk

APPROVED AS TO FORM:


COREY Y. HOFFMANN
City Attorney