



SUCCESSFUL 0.65% SALES TAX INCREASE



April 11, 2015

MAKING OUR CASE FOR MORE MONEY

- The City's capital infrastructure has a value approaching one billion dollars.

Type of Infrastructure	Value
Water	\$238,665,000
Sewer	\$111,330,000
Storm Water	\$42,258,000
Streets	\$435,792,022
Facilities	\$98,000,000
Parks	\$44,200,774
Golf	\$6,077,208
Total	\$976,323,004



CAPITAL MAINTENANCE

BEST PRACTICES

- Best practice: dedicate 1 – 4 percent of the asset value for capital maintenance annually.
- **Water, Sewer and Storm Water**
 - The utility rates have capital maintenance (aka depreciation) built into their rates. They are meeting the 3-4 percent annual allocation for capital maintenance.
- **Parks, Facility and Street Maintenance**
 - Since 1990 the City has had a dedicated sales tax on grocery food that is used for capital maintenance needs.
 - Food Tax generates \$6,000,000; approximately 1% for streets, park and facility maintenance.



REVIEW OF CITY'S CAPITAL NEEDS

- Made presentations to Council about the falling need for facilities and parks.
- Council asked a group of citizens to review the City's capital maintenance needs.
- Met every Monday from February - May.
 - Reviewed state of facilities.
 - Reviewed available funding.
 - Great Recession had taken a serious toll on our revenues.

RECOMMENDATIONS OVERVIEW

- Parks and facilities require \$3.5 million annually.
- Committee consensus stated we should be funding streets at \$12 million annually.
- Question: how to fund a total of \$15.5 million?
 - Sales tax on food for home consumption generated \$6 million in 2014.

FUNDING OPTIONS

- Committee examined a variety of funding options:
 - **Property tax:** wanted to leave for School District
 - **Additional sales tax on food:** recognized as regressive; wanted to actually eliminate
 - **Bonds:** Not considered a sustainable option
 - **Street Utility fee:** left as a “back up” plan
 - **General Sales tax:** considered more broad.

COMMITTEE CONSIDERATIONS

- **Conducted a statistically valid survey with a Denver firm – \$30,000.**
- Findings:
 - All comparative cities have a tax on food.
 - Greeley voters have authorized the food for home consumption tax five times.
 - Roads were identified as a high need.
 - “Taking care of infrastructure” was a high identified need.
 - Specific projects were identified.

COMMITTEE RECOMMENDATIONS

- **Request renewal of Food for Home Consumption tax at 3.00%.**
- Request an additional tax of 0.65% on all goods sold, **excluding** food for home consumption.
 - This new tax would “sunset” in seven years.
 - The allocation between “food tax” would be approximately 55/45 split : \$3,500,000 for parks and facilities and the balance for street maintenance.
- The combination of both taxes generates an estimated \$15,500,000 (\$6,000,000 from food for home consumption tax + \$9,491,629 from the new 0.65%) Street maintenance would receive \$12,000,000 (in 2014 dollars). This would increase as the base increases.

AFTER COUNCIL ADOPTED RECOMMENDATIONS

- An election committee was formed.
- Over \$70,000 was raised. Easier to raise money for street needs.
- Citizens committee members were a core of the election committee.
- Election Committee began organizational work in June.
- Election activities began after Labor Day.

STAFF EFFORTS

- Staff can do educational outreach.
- PW, City and Finance staff provided over 50 presentations to all Boards and Commissions, employee groups, and dozens of civic organizations.

OUTCOME

- Won the election with the following votes.
- 0.65% sales tax increase:
 - Yes: 56.64% (9,031)
 - No: 43.36% (6,921)
- Renewal of tax on food at 3.00%:
 - 73.65% (11,798)
 - 26.35% (4,221)

LESSONS LEARNED

- **Start earlier**
 - Have more time to review budget and financing issues
 - More time to visit facilities
- **Make certain your recommendations are finished by June**
 - Provides time to develop campaign
 - Time to talk to as many organizations or groups as possible