

YES

## BALLOT MEASURE

Shall Castle Rock taxes be increased by \$13,900,000 annually in the first full year of such increase, and by whatever additional amounts are raised annually thereafter, for the sole purpose of providing police, fire protection, and emergency medical services from a new housing construction tax imposed at a rate up to and including \$7.00 per square foot of new residential construction; provided that:

(I) Commencing January 1, 2023, the maximum rate shall be adjusted for inflation in future years in accordance with the Consumer Price Index for all urban consumers in the Denver-Aurora-Lakewood statistical area;

(II) The rate of such tax may be increased or decreased without further voter approval so long as the rate does not exceed \$7.00 per square foot as adjusted for inflation; and

(III) All revenues from such tax shall be collected, retained, and spent as a voter-approved revenue change and as an exception to the limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other applicable law?



# KEEP CASTLE ROCK SPECIAL



## New housing construction tax for police and fire

**IN THE 2021 COMMUNITY SURVEY,** 97% of respondents said ensuring outstanding public safety is a priority for the Town. This measure reflects that priority and it is expected to raise nearly \$14 million a year that would pay for an additional 41 fire and 34 police personnel by 2026.

A developer would pay this tax when they pull a permit to build new multifamily, single-family or accessory dwelling unit housing within the Town. The tax would not apply to renovation, rehabilitation,

conversion, enlargement, demolition or repair of existing residences.

It's reasonable to expect that new residential growth help fund increased demands for services from the Police and Fire departments, and this measure helps address the need for more police and fire personnel created by development.

The revenue generated would be kept in a dedicated fund for new housing construction tax proceeds, which would ensure that money collected from the tax is used in the manner approved by voters.

[CRGOV.COM/2021ELECTION](https://crgov.com/2021election)



VOTE TUESDAY, NOV. 2



# NEW HOUSING CONSTRUCTION TAX FAQs

## **Why is more funding needed for Police if the department is already doing great?**

Castle Rock is a popular place to call home, which affects CRPD's ability to keep up with the community's needs. (More people in Town make more calls to 911.) While the Town remains one of Colorado's safest communities, CRPD has noted recent increases in auto and other thefts, and in car break-ins. Additional officers will help the department keep pace with the community's growth so that Castle Rock stays as special tomorrow as it is today.

## **How do CRPD's staffing levels compare to police departments in neighboring communities?**

One way to attempt an apples-to-apples comparison of police departments' staffing is a ratio of the number of police officers to 1,000 residents. Castle Rock is at the low end of the scale locally using that metric, with 1.05 officers per 1,000 residents. By comparison, Parker has 1.31 and Lone Tree 3.47.

Looking a bit further away, to other communities of 50,000 to 100,000 residents, Broomfield has 2.01 officers per 1,000 residents, Longmont has 1.64, and Loveland has 1.51.

## **Is a new fire station planned in Castle Rock?**

Castle Rock Fire and Rescue Department's 2021 Master Plan foresees a need for a sixth fire station, to serve northeast Castle Rock, within the next five years. Additional stations may also eventually be needed to serve west central Castle Rock and possibly also southwest Castle Rock. New stations benefit the entire community because they help alleviate call volumes at existing stations. It costs about \$2 million annually to staff a fire engine, which a new station would house.

**CRPD has requested 34 more staff and CRFD 41, for 75 positions total. The new housing tax is estimated to generate \$13.9 million annually. Does that mean these employees would each be paid \$185,000?**

The funding being requested would

cover not only the 75 positions but also various equipment, training and operational needs for CRPD and CRFD. In 2021, the average CRPD officer's salary is \$82,238. The Town also pays an average of \$29,381 per officer in payroll taxes and benefits – including retirement and healthcare. Additionally, an average of \$10,707 is budgeted per officer to cover training, uniform and vehicle costs, for an average annual budget need of \$122,326 per officer hired.

For CRFD firefighting/prevention/EMS staff, the average salary is \$82,103. Benefits average \$28,813 and \$17,000 is included for training, uniforms and overtime, for a total cost of \$127,916 per firefighting/prevention/EMS position.

## **Doesn't growth – new homes and new commercial developments, like the Promenade – generate enough sales tax to pay for the firefighters and police officers the Town needs?**

Growth helps pay for growth, but it doesn't generate sufficient sales tax revenue to fund the Town's fire and police needs. Looking back a decade, in 2011, the Town collected \$19.5 million in sales tax revenue into its General Fund, where fire and police expenses are budgeted. 2017 was the first full year major stores in the Promenade were open. That year, the Town collected \$30.7 million in sales tax into its General Fund, so that development substantially increased the Town's capacity to fund general service needs. But, the revenue trajectory has declined, with \$37.6 million in sales tax revenue collected into the General Fund in 2020.

To fund fire and police needs over the next five years and beyond, the Town needs \$76-\$80 million in revenue annually into the General Fund. Sales tax currently accounts for 65% of the fund's revenue, so \$49-\$52 million in sales tax would be needed. Budget projections include 8% growth in 2021, 4.5% in 2022 and 3% in each year from 2023-2026. That would mean sales tax revenues of \$42-\$46 million – less than the \$49-\$52 million needed. The new housing construction tax would allow the Town to meet fire police needs, as well

as other general service needs, over the next five years and beyond.

## **Does the Town spend all the revenue it brings in each year?**

## **If not, why can't prior years' savings be used to fund the needed fire and police positions?**

The Town manages its finances conservatively and generally spends millions less each year than it brings in – this held true even during the Great Recession. The Town's tax-supported funds ended 2020 with a combined balance of \$93.9 million, an increase of \$39.7 million over 2019's year-end amount. Fire and police positions are in the General Fund, which had a balance of \$21.1 million – about \$9 million of which wasn't committed to a specific purpose. It's not prudent for the Town to use those funds to hire additional fire and police personnel however, because they can't necessarily get replenished each year. CRFD and CRPD's needs will add about \$5 million in expenses in 2022 and another \$4 million in 2023. (Additional costs in outgoing years are \$3 million in 2024, \$8 million in 2025 and \$4 million in 2026.) One can see that simply using savings would not allow the Town to meet these needs, not to mention it would exhaust the Town's savings, which is intended for use during difficult financial times or for funding extraordinary opportunities.

## **Don't the Police and Fire departments benefit from the impact fees the Town charges on every new house built?**

The Town charges impact fees – as well as water-related system development fees – for every new home built. Of these fees, \$1,052 goes to the Fire Capital Fund, and \$526 goes to the Police Capital Fund. These one-time payments can be used for one-time purposes, like toward building a new fire station. Impact fees cannot be used to fund ongoing operational costs, like paying a firefighter or police officer's annual salary. It's because of this that impact fees are not a revenue source able to meet the growing staffing needs of the Fire and Police departments.



**YES**

## BALLOT MEASURE

Shall Castle Rock taxes be increased by \$650,000 annually in the first full year of such increase, and by whatever additional amounts are raised annually thereafter, from an additional 6.0% sales tax on lodging, to be used solely for parks and recreation purposes, and shall all revenues from such tax be collected, retained, and spent as a voter-approved revenue change and as an exception to the limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other applicable law?



# KEEP CASTLE ROCK SPECIAL



## Parks and recreation sales tax on lodging

**IN THE 2021 COMMUNITY SURVEY**, 96% of residents surveyed said they believed maintaining strong parks and recreation is a priority for the Town.

Castle Rock's parks and recreation programs are award winning. If approved, this measure would bolster revenue for these services. More specifically, the money would be used to maintain and improve parks and recreation facilities and programs.

A lodging tax is a common way to ask visitors to contribute to what brings them

to Castle Rock. More often than not, Castle Rock residents pay lodging taxes in other cities they visit. Collecting from visitors to Castle Rock a lodging tax on hotel, motel and short-term rental stays could raise \$650,000 per year and help enhance and maintain the Town's award-winning parks and recreation services.

The revenue generated would be kept in a dedicated fund for lodging tax proceeds, which would ensure the money collected from the tax is used in the manner approved by voters.

[CRGOV.COM/2021ELECTION](https://crgov.com/2021election)



**VOTE TUESDAY, NOV. 2**





## LODGING TAX FAQs

**How does the Town's proposed lodging tax of 6% compare to lodging taxes in neighboring communities?**

Lodging taxes are common among neighboring communities, and they vary widely. Looking at some of our closest neighbors, Lone Tree's tax is the same as what's being proposed in Castle Rock, 6%. Elizabeth applies a flat rate of \$6.50/day, which could be comparable, depending on the nightly rate charged for the room. Parker's rate is 3%, and Larkspur charges 2%. 2% is also the lodging tax rate of our largest southern neighbor, Colorado Springs. The rate in Denver, meanwhile, is 10.75%.

**Why are more funds needed for parks and recreation? Doesn't growth pay for that?**

Impact fees assessed on new housing cover the construction costs of new parks, like the \$2.6 million paid to build the 5.5-acre Deputy Zack S. Parrish III Memorial Park in 2018 in The Meadows, and the \$5.6 million being paid to construct the 12-acre neighborhood portion of Cobblestone Ranch Park. However, those fees can't be used to maintain parks. In fact, due to budget constraints, the Parks Maintenance Division has not added an employee since 2016, though the number of parks has increased. A lodging tax, paid by visitors to Castle Rock, would help the Town keep up with parks and recreation funding needs.





YES

## BALLOT MEASURE

Shall Castle Rock taxes be increased by \$1,870,000 annually in the first full year of such increase, and by whatever additional amounts are raised annually thereafter, from a 0.1% sales and use tax, to be used solely for the purpose of acquiring, developing, and maintaining open space and trails, and shall all revenues from such tax be collected, retained, and spent as a voter-approved revenue change and as an exception to the limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other applicable law?



# KEEP CASTLE ROCK SPECIAL



## Open space sales and use tax

### CASTLE ROCK IS BREATHTAKING.

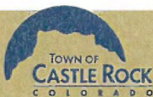
A big part of that beauty comes from more than 6,000 acres of open space – about 28% of the Town's land area. Additionally, the Town boasts more than 95 miles of hard- and soft-surface trails.

In the 2021 community survey, securing additional open space and trails was mentioned most often as the feature residents want to see developed. A 0.1% sales tax increase – 1 cent on a \$10 purchase – would help the Town meet, and potentially surpass,

its goal of preserving 30% of the Town's land as open space. If approved, this measure would provide the opportunity for the Town to acquire additional open space. It would also provide resources to improve existing open spaces, such as by adding trails to make them more accessible to the public.

The revenue generated would be kept in a dedicated fund for increased sales tax proceeds, which would ensure that money collected from the tax is used in the manner approved by voters.

CRGOV.COM/2021ELECTION



VOTE TUESDAY, NOV. 2





## OPEN SPACE SALES AND USE TAX FAQs

### What's the sales tax increase being proposed?

The proposed sales tax increase is 0.1%, which would take the overall sales tax rate in Town from 7.9% to 8%. This would add a penny in tax to every \$10 taxable purchase.

### How does the Town's sales tax compare to that of neighboring communities?

Currently, the total sales tax rate in Castle Rock is 7.9%, with 4% of that going to the Town. Here's how that compares to other municipalities within Douglas County:

- Castle Pines: 6.75% total, 2.75% of which is local
- Larkspur: 7.9% total, 4% of which is local
- Lone Tree: 6.8125% total, 1.8125% of which is local\*
- Parker: 8% total, 3% of which is local

\*Lone Tree City Council is considering a ballot question for this fall that would ask that city's voters to increase this to 7.8125% total, 2.8125% of which would be local.

### Would a sales tax increase disadvantage Castle Rock businesses by driving people to instead make online purchases?

This would have been more of a concern in the past, before a 2018 U.S. Supreme Court decision ruled that states can charge sales tax on purchases from out-of-state retailers. Since that ruling, most online retailers – including major ones, like Amazon – have been collecting and remitting sales tax to the Town when purchases are shipped to Castle Rock addresses.

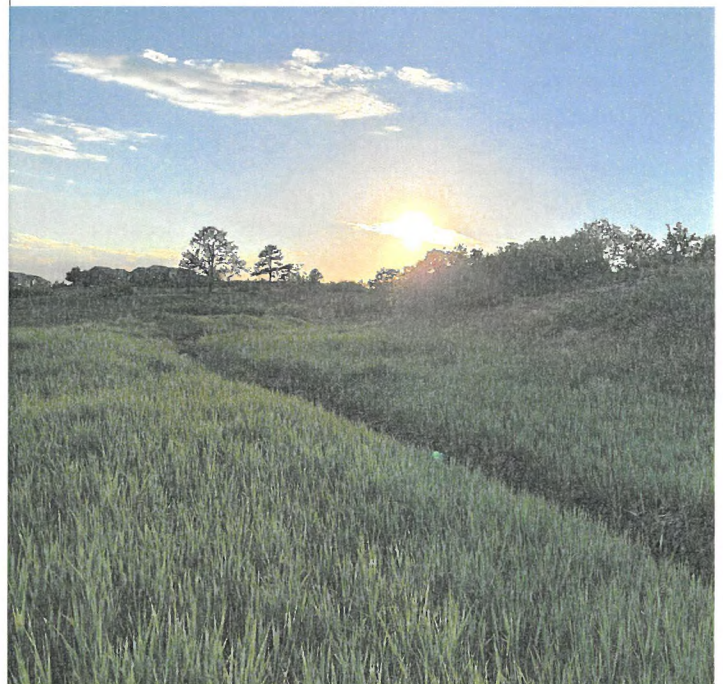
### Why are more funds needed for open spaces and trails? Doesn't growth pay for that?

The Town hears the community's requests for additional open spaces, but price tags are large, and funding is constrained. Between 2000 and 2010, the Town acquired two major open

spaces – the 133-acre Quarry Mesa in Crystal Valley, for \$2 million, and 105 acres along East Plum Creek between The Meadows and Downtown, for \$2.5 million. Such purchases would come at a greater cost today.

The Town leverages funds shared by Douglas County, grants – including from the Colorado Lottery – and volunteers' help to extend trails, like those recently improved along East Plum Creek and at Gateway Mesa Open Space. And, this year, the Town was humbled to receive a 60-acre land donation valued at \$5 million that will be permanently preserved as open space.

If the community wants to acquire additional open spaces, the proposed sales tax increase – estimated to generate \$1.87 million annually – could make headway toward that desire.





**YES**

## BALLOT MEASURE

Without creating new taxes or raising current taxes and solely to pay for the following:

- Police
- Fire protection
- Emergency medical services;
- Roads and other transportation purposes, including, but not limited to, the Crystal Valley/I-25 interchange,

Shall Castle Rock be authorized:

(I) To retain and spend all Town revenues in excess of the constitutional limitation on Town fiscal year spending for the next ten fiscal years, beginning with the 2021 fiscal year; and

(II) To retain and spend an amount of Town revenues in excess of such limitation for the 2031 fiscal year and thereafter up to an amount equal to the highest total Town revenues for any fiscal year from the 2021 fiscal year through and including the 2030 fiscal year, adjusted each year as provided for by Article X, Section 20(7) of the Colorado Constitution?



# KEEP CASTLE ROCK SPECIAL



## Use of all excess revenues solely for police, fire and roads

**CASTLE ROCK IS ONE OF ONLY** four large communities within Colorado still under the State's Taxpayer's Bill of Rights restrictions. Taking a 10-year "timeout" from revenue restrictions of this TABOR law would not increase taxes but, rather, allow the Town to keep collected grants and other revenue solely for:

- Police
- Fire protection
- Emergency medical services
- Roads and other transportation purposes, including but not limited to, the Crystal Valley Parkway/ Interstate 25 interchange

The Town expects to receive financial contributions from other local governments and from private developers toward the future interchange. These contributions could put the Town over its TABOR revenue cap in upcoming years. This would impact the Town's ability to execute this important project.

Further, strong sales tax revenue thus far in 2021 has created the possibility that the Town will exceed its TABOR revenue cap for the year. For these reasons, the Town is exploring asking voters to temporarily exempt the Town from TABOR's revenue limits.

[CRGOV.COM/2021ELECTION](http://CRGOV.COM/2021ELECTION)



**VOTE TUESDAY, NOV. 2**



# TABOR TIMEOUT FAQs

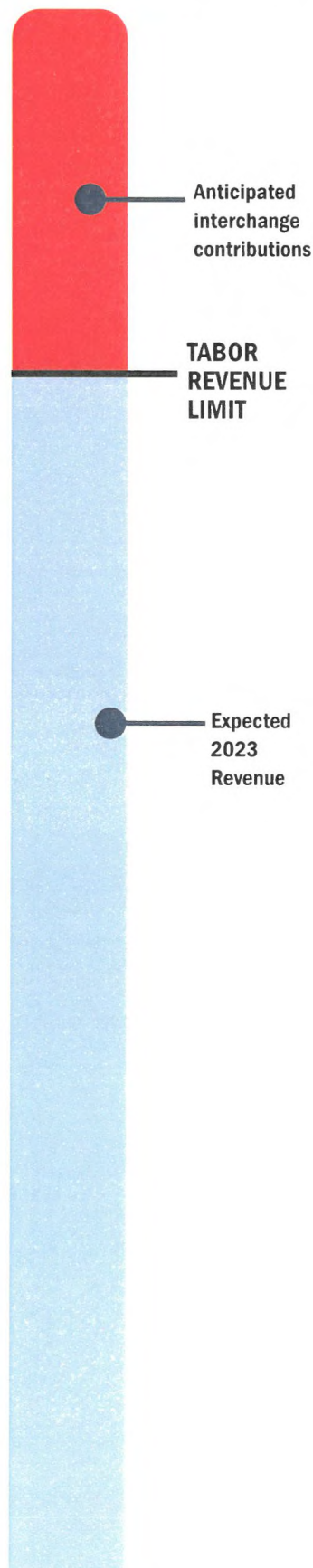
## Crystal Valley Interchange project

The Town is anticipating receiving grants and other financial contributions to construct the Crystal Valley Interchange. This chart shows how, if the Town is successful in obtaining \$40 million in intergovernmental and developer contributions toward the interchange, total TABOR revenues for 2023 could be about \$120 million, or roughly \$30 million over the Town's TABOR revenue limit for the year.

In the absence of a TABOR timeout, that means the Town would have to stop the project and return the interchange contributions or cut expenses elsewhere – like in fire, police, parks and rec, or roads – by \$30 million so it could issue TABOR refunds as required by law.

Learn more:

[CRgov.com/2021Election](http://CRgov.com/2021Election)



**TABOR, or the Taxpayer Bill of Rights, is an amendment to the Colorado Constitution voters approved in 1992.** The amendment limits the amount of revenue a government can collect and spend, and requires voter approval for tax increases and to issue debt and other multiyear financial obligations.

When revenues exceed TABOR limits, the Town has two choices: 1) Refund the money in some manner, or 2) Ask voters to keep and spend the money on local services (up to a year retroactively). Both options have occurred in Castle Rock in the past.

**I heard the Town can't ask for a 10-year TABOR timeout – that five years is the maximum timeout allowed. Is that true?**

That's not true. In fact, in two separate rulings, the Colorado Supreme Court – both in *City of Aurora v. Acosta* (1995) and in *Havens v. Board of County Commissioners of the County of Archuleta* (1996) – affirmed that voters can allow their local governments to keep revenues in excess of TABOR limits using parameters as broad or as narrow as they may choose.

**Why doesn't the Town ask voters annually to approve any TABOR revenue surpluses rather than request a 10-year TABOR timeout?**

A major reason why a TABOR timeout is needed is that planned multimillion dollar contributions – from the developer and government entities – for the I-25/Crystal Valley Parkway interchange would put the Town over its TABOR revenue cap in any given year. Because the interchange project will span multiple years, a multiyear TABOR timeout is needed. Without a TABOR timeout on these essential revenues, the Town will not be able to build the I-25/Crystal Valley Parkway interchange.

Further, given that the Town is one of only four large Colorado cities still similarly restricted by TABOR, the Town has a competitive disadvantage compared to its peers in its ability to retain the revenues it collects. (For instance, Douglas County, Lone Tree and Parker are not constrained by TABOR in the same manner as the Town.) The Town believes its firefighters and police officers deserve to know their salaries aren't dependent on annual TABOR election results. A longer-term TABOR timeout provides the Town more financial certainty and increases its competitiveness in attracting and retaining the best public safety employees.





## GENERAL TOWN FUNDING FAQs

### **When did the Town of Castle Rock last increase its tax rates?**

Castle Rock voters have not approved a tax increase since 1994. In fact, the Town's property tax mill levy has declined by more than 92% since that time.

### **Has the Town worked to cut its costs prior to requesting additional revenues?**

As the Town budget is developed each year, Town staff evaluates more than 6,000 line items to identify areas of potential savings and adjusts the budget accordingly. This includes evaluation of the Town's fleet of nearly 450 vehicles, trailers and other equipment to determine optimal replacement schedules for the best cost benefit. Additionally, Town leadership has consistently said "no" to potential service expansions, choosing to focus on core services like fire and police. For instance, the Town has not pursued adding an arts center, public internet service, a public transit system or a number of other services offered by other area municipalities, keeping its focus on community-supported priorities.

### **My home's value has increased, and I'm expecting a big increase to my property tax bill. Won't the Town get some of that money to help meet its needs?**

Colorado voters in 2020 repealed the Gallagher Amendment, which set residential and nonresidential property tax assessment rates in the State Constitution. Now, the State's General Assembly sets the rates.

The residential assessment percentage for 2021 is 7.15%. At that rate, the owner of a median-valued home in Castle Rock (\$449,947.50) pays \$38.48 in Town property tax.

The General Assembly has temporarily lowered the assessment percentage for 2022 and 2023 to 6.8%. 2022 is not a reassessment year, so if the Town's mill levy rate remains at its current 1.196, the owner of a home valued at \$449,947.50 would instead pay the Town \$36.59 in property tax next year.

The Town's mill levy rate could decline, however, due to this year's reassessment and a provision in the Town Charter that restricts annual growth in the Town's property tax revenue to 5.5%. In that instance, the homeowner in the example would pay the Town even less than \$36.59 in property tax in 2022. The Town expects in 2021 to bring in only \$1.4 million in property tax revenue.

### **I understand the Town receives a nominal portion of my property tax, but I think I pay enough in taxes overall. If the Town needs more revenue, can't it negotiate with other local tax recipients for some?**

It's true that the Douglas County Schools, Douglas County and the Douglas County Libraries all receive more property tax revenue from Castle Rock homeowners than the Town. And, in many areas, a neighborhood-level metropolitan district receives the most significant portion of the property tax Castle Rock homeowners pay.

Each of these entities, like the Town, provides an array of local services and is wholly independent, with a governing board whose interest is meeting the entity's own funding obligations. The Town cannot compel these groups to contribute funds toward the Town's needs, nor force them to negotiate. Given these dynamics, it's not feasible to simply reallocate the property tax homeowners pay to these other entities to meet the Town's needs.

### **Why did the Town give business grants during 2020 if it has financial needs?**

The Town received almost \$3.5 million in federal CARES Act funds in 2020. Those funds could only be used for specific purposes related to the COVID-19 pandemic. Town Council elected to award over half of the funds, more than \$1.8 million, to support small local businesses during a time of great need, rather than use those funds to support Town financial needs. The Town's funding needs are long-term in nature and require reoccurring sources, not one-time grant funding.