



## Agenda Memorandum

**Agenda Date:** 6/21/2016

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**Item #:** 12. **File #:** DIR 2016-042

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**To:** Honorable Mayor and Members of Town Council

**From:** David L. Corliss, Town Manager

### **Discussion / Direction: Additional Information on TABOR Alternatives**

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#### **Executive Summary**

Town Council in 2014 directed staff to manage Town finances to keep revenues within Colorado Taxpayers Bill of Rights (TABOR) limits to the extent possible. Staff has done so since that time; yet, the Town still ended 2015 with a TABOR surplus of \$714,580.

Because 2015 revenues have exceeded TABOR limits, Town Council has until the end of 2016 to carry out one of two choices: 1) Refund the surplus in some manner, or  
2) Ask voters to keep the money to spend on local services.

Town Council initially discussed these options on May 3 and directed staff at that time to solicit public input regarding the options. The purpose of tonight's item is to present Council with the feedback received, as well as with additional information developed regarding the options for resolving the surplus. Staff is asking for further Council direction tonight regarding the resolution of the surplus and is recommending proceeding with providing refunds via credits on utility bills.

#### **Discussion**

Due to favorable economic conditions and increased Town revenue, the Town exceeded its TABOR revenue cap for 2015 by \$714,580, according to preliminary 2015 year-end financial information. Various factors have contributed to the surplus, including strong sales tax growth and contributions for the construction of the North Meadows Extension and Philip S. Miller Park. In fairness to the budget process, it's important to disclose that all eligible revenue received during 2015 ultimately contributed to the TABOR surplus.

Myriad options exist with regard to Council pursuing either refunds or voter approval to retain the revenues, each with different potential impacts. Council has considerable discretion and latitude in determining what is reasonable in these regards, with the TABOR standard for refunds being: "Subject to judicial review, districts may use any reasonable method for refunds ... including temporary tax credits or rate reductions. Refunds need not be proportional when prior payments are impractical to identify or return."

## Public Input

Following the May 3 Town Council meeting, staff set out to solicit public input regarding some of the options available to Council, which include:

- Providing Castle Rock Water customers a one-time credit on their utility bill
- Issuing checks to eligible Castle Rock taxpayers
- Asking voters to keep the surplus to help fund solutions for transportation concerns
- Asking voters to keep the surplus to use for services like police and fire protection

Feedback was solicited at one growth open house and two budget open houses, as well as online. The alternatives for providing feedback were advertised in various manners, including on the Town's website and social media accounts; in the Castle Rock News-Press; and in the Your Town Talk water bill newsletter.

Reviewing the feedback, it is somewhat difficult to state a consensus. Responses to the online poll (**Attachment A**) were fairly evenly split between those wishing for retention and those wanting a refund. An open-ended online form (**Attachment B**), meanwhile, indicated a preference for the Town retaining the money. Similarly, opinions of those at a May growth open house (**Attachment C**) regarding those two options were fairly evenly split. (No formal feedback was provided at the budget open houses.)

The feedback collected was not statistically validated, meaning that it may not be a true representation of sentiments across the entire community. If pursuing retaining the funds, a vote would be required - the outcome of which may or may not support a retention, especially since opinions on the topic appear to mostly be split. If a vote requesting a retention failed, the resolution of the surplus would default to a refund. Given this dynamic, and the range of opinions provided by the public, pursuing a refund could be considered to be the most efficient course of action.

## Refund Information

With regard to refunds, there are two major components for Council to consider:

- 1) Method: How, and to whom, would the refunds be issued?
- 2) Means: From what fund(s) would the refunds come, and what, if any, impacts would that cause?

Refunds could be issued in a number of ways. When Town Council discussed the TABOR issue on May 3, generally two options were discussed: checks, and utility bill credits.

Staff does not recommend the option of issuing checks. First, no registry exists of Town residents, so a process for registering eligible recipients would have to be established and administered. Following that process - and, likely, an accompanying appeals process - checks would have to be issued. For the Town to issue a check, each eligible recipient would have to be set up as a vendor with the Town.

The Town generally issues about 5,000 checks per year to outside vendors. To accomplish a refund by check, more than three times that amount of checks likely would need to be issued before the end

of 2016. Present staffing resources would not allow for that volume of checks to be issued, meaning additional temporary staffing accommodations would need to be made in order to issue checks. Additionally, there would be a cost for printing and mailing the checks. It is due to these administrative costs associated with issuing checks that staff does not recommend this option.

Providing a one-time utility bill credit to Castle Rock Water customers is a far more efficient way to accomplish a refund. A couple of alternatives are available with that option:

- 1) Credit the refund amount to customers active in the water billing system as of the refund date; if Council provides direction to move forward with this option tonight, the refund could be accomplished on customers' September water bills
- 2) Credit the refund *only* to those customers active in the water billing system as of the refund date *who were also active customers as of December 31, 2015*; this would require some manual processing of information which could delay the refund beyond September and which is expected to cost up to \$1,000

In early June, the Town had about 19,365 utility billing accounts, roughly 17,700 of which are residential. The remainder are a mix of bulk, commercial, irrigation only and multifamily. Council can opt to issue refunds to any customer class(es) of its choosing. If Council elected to proceed with the first option above, and to apply the refund to all accounts, the refund would be just shy of \$37 per account; this amount likely will decrease slightly by the September billing cycle, as new accounts are added.

As of December 31, 2015, the Town had 18,715 utility billing accounts, 17,308 of which were residential. Of those accounts, 630 were in the developer or title company's name, while the property was awaiting transfer to its owner. These accounts would not match the current account information, and thus would be excluded from receiving a refund if the second option above is chosen. Additionally, the comparison of 2015 to 2016 account information is likely to find other accounts that were active on December 31, 2015 that are not active today, due to transfers in service. This means the universe of recipient accounts could be closer to 18,000, for a refund of \$39 per account, if refunds are provided to all account classes under the second option.

If Council chooses to accept staff's recommendation and issue refunds via utility bill credit, staff would need specific direction as to the following decision points:

- Should refunds be given to active customers as of the refund date, or only to those customers who were also active as of December 31, 2015?
- Should refunds be given to all customer classes, or to only certain customer classes, such as residential?

The below chart showing a range of estimated refund amounts current to June's customer list might be helpful in Council's decision-making. Amounts between these two amounts are possible if Council elects to provide refunds to a particular set of customer classes, and not simply either all classes or only the residential class.

<b>Alternative</b>	<i>All 2016 active accounts</i>	<i>All 2016 accounts also active in 2015</i>	<i>Residential 2016 active accounts</i>	<i>Residential 2016 accounts also active in 2015</i>
<b>Refund amount</b>	\$37	\$39	\$40	\$43

It's important to note that the majority of the Town's multifamily water accounts have mastered meters, meaning individual units do not have Castle Rock Water accounts. Similar to the dilemma associated with issuing checks, the Town has no way of knowing who currently resides in the individual units, nor whether they were also residents during 2015. Individuals living in those units, estimated to be about 1,500 units, would not receive the refund credit due to the water account being master metered.

Additionally, only about 1,200 of the Town's roughly 3,700 licensed businesses have a physical presence in Town. (About 650 of these 1,200 businesses are within homes.) Depending on the alternatives chosen by Council, some Town-licensed businesses would not receive the refund credit, depending on their physical location.

All told, the potential universe of residential and business recipients is just shy of 24,000, which would provide for a refund of about \$30. However, it is not practical to get refunds to some potential recipients due to the way the water accounts are structured. A dispute process is planned to be established so that those believing they should have received a refund and did not can apply to the Town for a refund.

### **Financial Information**

Staff believes it is most appropriate to charge the refund and associated expenses to the General Fund. The refund amount is \$714,580, and the additional expenses will depend on the refund approach as determined by Council.

In addition to the potential expenses already outlined within this memo, staff would recommend the addition of a one-page insert into the water bill in which the refund is provided, to explain the details about why the customer is receiving the refund. The estimated cost for this insert is \$1,800.

Funds necessary to accomplish the refund are not yet included within the 2016 Budget. Therefore, if Council so directs, staff would prepare a budget amendment for Council to adopt along with the ordinance authorizing the refund.

### **Staff Recommendation**

Staff believes the most efficient way to resolve the 2015 TABOR surplus is to provide a one-time credit to Castle Rock Water customers.

**Proposed Motion**

*"I move to direct staff to prepare and bring back to Council for adoption the necessary ordinances to accomplish a refund of 2015 revenues in excess of the TABOR cap via utility bill credits. This includes preparation of a budget amendment appropriating the funds needed to provide for the refunds and associated expenses."*

**Attachments**

**Attachment A:** Results of Online Poll

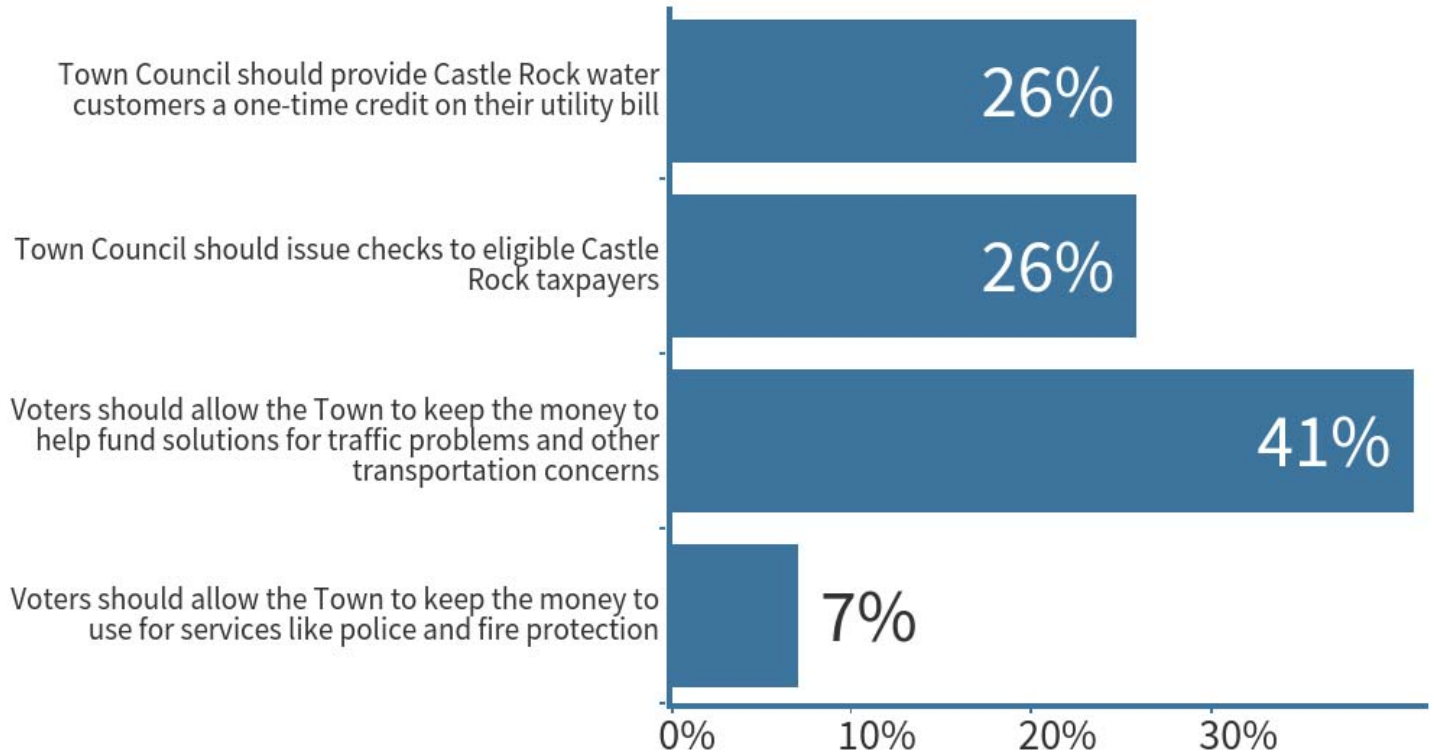
**Attachment B:** Online Form Submissions

**Attachment C:** Feedback from May Growth Open House

**Attachment D:** TABOR Update from May 3 Town Council meeting

# Web poll: How would you like the Town's \$714,580 TABOR surplus used? Select an idea from this list, or provide a new idea using the form below.

 Respond at **PollEv.com/crgov**



## Summary

Response	Count
Voters should allow the Town to keep the money to help fund solutions for traffic problems and other transportation concerns	59
Town Council should issue checks to eligible Castle Rock taxpayers	37
Town Council should provide Castle Rock water customers a one-time credit on their utility bill	37
Voters should allow the Town to keep the money to use for services like police and fire protection	10
Total	143

Submission Date	First Name	Last Name	Address2	City	State	Zip	Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.
5/19/2016 16:09	Amanda	Slatten	5389 E Manchester Dr	Castle Rock	CO	80104	refund tax payers
5/19/2016 16:09	George	Eftang	1157 Orion Way	Castle Rock	CO	80108	Refund
5/19/2016 16:11	Adam	Findlan	2710 Red Hawk Ridge Dr	Catle Rock	CO	80109	Please spend this on the much needed Quiet Zone. Four quadrant gates!! Thank you
5/19/2016 16:14	Gary	Smythe	2568 Saddleback Dr	Castle Rock	CO	80104	I urge the council members to refund the surplus taxes
5/19/2016 16:19	Melissa	Bowers	3673 Champagne Ave	Castle Rock	CO	80109	I want the Town Council to keep the money and use it for improvements/upkeep of the town. I moved to Castle Rock because of the small town feel of how clean, friendly, and safe it is compared to other areas in Denver Metro. I don't want any of that to change with the population explosion.
5/19/2016 16:23	Mike	Riedmuller	1859 Granger Cir	Castle Rock	Co	80109	Please return it to tax payers.
5/19/2016 16:29	Zelva	Barganier	1308 Royal Troon Dr.	Castle Rock	CO	80104	I believe the town should keep the money to use for any needed / necessary projects / expenses. This is a blessing, so use it wisely.
5/19/2016 17:34	Chris	Damrow	1002 Corona ct	Castle Rock	Co	80104	1002 Corona ct
5/19/2016 17:34	Kenneth	Jacobs	4665 Charing Ct	Castle Rock	CO	80109	No. The money should be returned to the taxpayers. Thank you.
5/19/2016 17:54	Robert	Osborne	1623 Wild Rye Ct	Castle Rock	Colora	80109	1623 Wild Rye Ct
5/19/2016 18:25	Thomas	Woodward	6265 Turnstone Pl	Castle Rock	Colora	80104	6265 Turnstone Pl
5/19/2016 18:25	Shawn	Duncan	4066 Donnington Cir	Castle Rock	CO	80104	Refund would be fine.
5/19/2016 18:26	Thomas	Woodward	6265 Turnstone Pl	Castle Rock	Colora	80104	Refund the money so I can pay to play at our town park.
5/19/2016 19:38	Caryn	Johnson	7248 Fallon Cir	Castle Rock	CO	80104	Refund the taxpayers! However, if the majority of residents choose for the town to keep the money then I want the town to provide more specific information on how the money will be used, not the generalities-transportation, etc. currently being used.
5/19/2016 20:06	Paul	Lesser	1447 Hardrock Pl.	Castle Rock	Co	80104	There are many Castle Rock citizens that need to see a financially responsible government at least at the city and county levels since state and Federal has failed. Financial over extension by government is currently the norm and is very wrong. Psychologically, a reimbursement is the smartest path for the Town of Castle Rock.
5/19/2016 20:18	Becky	Moores		Castle Rock	CO	80104	I think the Town should keep the funds but seek input from the community on how it should be spent.
5/19/2016 20:57	Levi	Boehrig	6030 Raleigh Cir	Castle Rock	CO	80104	refund it back to the taxpayers
5/20/2016 6:23	Dean	Legatski	2202 Tee Box Ct.	Castle Rock	CO	80109	If not a refund, than discounted City facilities (rec center & golf)
5/20/2016 7:46	Dawn	Tiffany	628 Eaglestone Dr.	Castle Rock	co	80104	I would like to see the extra revenue put back into the Town to enrich and expand the Downtown shopping area, parks and events.
5/20/2016 11:10	Justin	Housner	7008 Winthrop Circle	Castle Rock	Colora	80104	I would be open to either using the surplus to help fund solutions for local traffic problems and other surface transportation-related concerns, or providing refunds via the credit to our water bills. Thank you for soliciting feedback from the community.
5/20/2016 13:26	Jennie	Jolly	2595 Leafdale Cir	Castle Rock	CO	80109	2595 Leafdale Cir
5/20/2016 19:24	Patricia	Kakenmaster	1718 Paonia Court	Castle Rock	CO	80109	Please use the TABOR surplus to repair roads in the town. Two specific roads that I personally know in serious need of repair are: Park Street between McDonald's and the 5th Street bridge (at this point it's impossible to avoid potholes by the dry cleaners and the hotel. Butterfield Crossing Drive - I don't live in the Meadows, I just (try to) ride my bike on this street and it is seriously jarring. This entire street needs to be torn up and replaced. I don't understand why the residents around this street are not in full revolt! This is the street that goes from the light at Castle View High School, by Meadow View Elementary and the entrance to the pool and park. P.S. I completely regret voting for TABOR and think the citizens of Colorado should vote to repeal it. It seemed like a good idea at the time but we put ourselves in a world of hurt by enacting this.

							Return the surplus. Already paying \$4,000 a year in taxes, pay a high sales tax and done see any care or concern for public safety by building more homes and outlets without new local safe roads. Just doesn't seem the council really cares about safety so why give it back to them? Plus the city highway department and manager bow down to the developers. Make the developers pay. Return the money to taxpayers and reduce our exorbitant taxes! \$4000 a year.
5/20/2016 20:57	Richard	Zellen	3059 El Nido Way	Castle Rock	Color	80108	Smh...
5/21/2016 16:05	Laura	Teal	931 Eaglestone Drive	Castle Rock	Co	80104	I want my money back.
5/23/2016 17:45	Scott	Hughes		Castle Rock	CO	80109	Return the surplus money to taxpayers, which was the intent of TABOR. My wife and I expect the town to respect the wishes of taxpayer residents like ourselves. 100% support for getting a check in the mail. Do NOT use the surplus monies to grow the size of government...and turn Douglas County & Castle Rock into socialist republics like California and New York.
5/23/2016 21:43	Michael	Linde		Castle Rock	CO	80109	Put the money into transportation projects that aren't JUST car-centric. Bike-width/safe shoulders on Wolfensberger and the south frontage roads on both sides to the town limit. Additional road repair on some of the more abused roads around town. Traffic mitigation or solutions for the mega-mall-opolis in the north corner of town.  My opinion on what to do, I'm sure getting a check would be nice but the money could be used to improve the town...
5/23/2016 22:13	Jonathan	Schimkaitis		Castle Rock	CO	80108	On one of the many many many many road projects that are years behind. Maybe finally put the whole quite zone to rest and get that completed. Just please don't waste it on small refunds that won't make a difference to me.
5/23/2016 23:25	Rob	Davis		Castle Rock	CO	80109	A widened shoulder for bikes on Wolfensberger Rd. and up Plum Creek Parkway would be a great way to improve safety for the many cyclists in our town.
5/25/2016 7:38	Aaron	Scribner		Castle Rock	CO - C	80108	
5/24/2016 11:55	Brendan	Miller		Castle Rock	Color	80109	Use funds for the procurement and down payment of additional open and natural space for future parks, outdoor recreation, trails. Also, more bike lanes.
5/25/2016 7:39	Aaron	Scribner		Castle Rock	CO	80108	Refund to taxpayers
5/26/2016 12:21	John	Blayter		Castle Rock	CO	80109	The town should invest the money into building out Rhyolite bike park into a biking destination similar to Valmont Bike Park in Boulder. Create additional courses and bring additional services and amenities to the park including WIFI for visitors since that space is in a horrible dead spot for cell phone service. Valmont brings people from all over Denver to ride the trails there and also hosts many events. I think with a bit of work Rhyolite could be on par with Valmont.
5/26/2016 14:08				Castle rock	Co	80104	How do we start a discussion with the city regarding bike lanes. Belong to a local bike club and we have to endure several close calls on Frontage road as well as Lake Gulch road since there are NO bike lanes to help protect the citizens of Castle Rock. Hope do we proceed?
5/27/2016 15:57	Steven	Williams		Castle Rock	CO	80104	Please ask voters to keep and spend the money on local services (up to a year retroactively) because the few dollars I/we would receive is rather meaningless compared to the impact that \$700,000 could do for Castle Rock.  In addition I would suggest that the money be used to establish a Train Horn Quiet Zone through the down town. And if Douglas County kicks in 50%, which it has done for many other projects throughout the county, there would be some Tabor money left over for other town projects too. Of course the town council must send a letter to the DC commissioners requesting financial assistance. Only then would we be able to know if this offer, which has been much bandied about, is real.



5/27/2016 19:19	Rachel	Scarborough		Castle Rock	Colorado	80109	I would like to see the monies go towards public transportation.
							YES PLEASE! I live in Terrain. There are ALOT of bicyclists that use Founders between Crowfoot and Hwy 86. The State came through and re did that entire section and even with room, left NO shoulder or bike lane to be able to ride through there safely. Maybe the city can come in and restripe that section and give the bicyclists a small 2-3 foot bike lane so they are able to safely ride. With the increase in cars that use that section of road, something bad is bound to happen. I believe it's time for the City of Castle Rock to live up to there motto of being a "Bike Friendly City" and work to make that happen within the city. Here is a opportunity for the City to do that without spending a large amount of money.
5/29/2016 7:53	Butch	Stinton		Castle Rock	CO	80108	Thanks you for your consideration on this matter. The bicyclists of the area will really thank you!
							Let the town keep it, and use it for projects like North Park Meadows Extension, or other projects that help the town, if I see that it is used for projects that I see as ridiculous, I will change my mind, but for now because of the way the council has been working, I will vote for the town to keep it, but if we start accepting federal, state, or county funding that will take the powers away from our local government I will vote to rebate Tabor to the citizens.
5/29/2016 10:32	James	Armstrong		castle rock	co	80109	Refund TABOR 2015 to the tax payer
5/30/2016 11:10	Randy	Olson		Castle Rock	CO	80109	5691 water oak cicle
5/30/2016 16:49	robert	lynch		castle rock	Colorado	80108	Keep the money! The town is growing and CR needs the additional funds. The Council does an excellent job in my opinion under difficult circumstances. Under the Council's guidance Castle Rock is a vibrant city/town that is growing.
5/31/2016 7:03	Terry	Lukken		Castle Rock	Colorado	80104	Great job! Keep the money.
6/1/2016 9:34	Denise	Hendricks		Castle Rock	CO	80104	For economic development
							I think the Town should keep the excess tabor funds and use it for economic development incentives, especially to attract new businesses or services that provide activities for families so we don't have to drive to Denver to do those activities.
6/1/2016 10:17	Kevin	Capp		Castle Rock	CO	80109	Please return the money to taxpayers as directed by TABOR
6/7/2016 15:49	Lorraine	Lowe		Castle Rock	CO	80104	I think the money should be split between road improvements and the police and fire departments. Thank you for your consideration.
6/7/2016 10:59	Doris	Christensen		Castle Rock	CO	80104	Full refund of the money back to the taxpayers through issuing a credit to Castle Rock Water customers.
6/7/2016 12:52	Jeffrey	Goldstein		Castle Rock	Colorado	80109	Please keep the money and use it to continue to improve streets (like Emerald) and synchronize the traffic lights (especially along Perry/Main). Thanks!
6/9/2016 8:22	Geoff	Haaland		Castle Rock	Colorado	80104	Sorry, I misspoke on my earlier form...I meant synchronize the traffic lights on Perry/Front, not Perry/Main. Sorry about that!
6/9/2016 10:01	Geoff	Haaland		Castle Rock	Colorado	80104	The town council ignored the pleas of residents who are affected by train horns passing through Castle Rock at night. They spoke of sleep interruption that impaired their daily functioning and health issues that resulted. The council ignored their request for creating a Quiet Zone. Now that there is not an issue regarding adequate funds, or any other valid excuse, the town should proceed with creating the Quiet Zone by using TABOR funds!
6/9/2016 15:43	John	Buckley		Castle Rock	Colorado	80109	Other uses would include the Senior Center and the Task Force. The residents as a whole in Castle Rock do not need a refund \$ to exist. There are people in need who require assistance and the town must address their plight and consider them to be as important as any other citizen.
6/9/2016 17:30	Jessica	Jenner		Castle Rock	CO	80104	TABOR for the QUIET ZONE!!! Should be applied as one-time funds to a needed and unfunded/underfunded infrastructure project

6/11/2016 13:25	Diana	Kelley		Castle Rock	Color	80109	4312 N Meadows Dr
6/11/2016 13:27	Diana	Kelley		Castle Rock	Color	80109	Bring back the bus service that used to be in Castle Rock. Since the town is rapidly growing, the bus service would work great for everyone from teenagers to seniors
6/11/2016 14:46	Ken	Perry		Castle Rock	CO	80109	Keep the money and dedicate it for obtaining right-of-way for a major thoroughfare road from Highway 86 at Enderud to Crowfoot Valley road continuing on to Hess Road creating a bypass of Founders Pkwy congestion, which by the way is only going to get much much worst over the next 20 year, to I-25. Let's not leave our children and grand children a commuting nightmare.
6/11/2016 16:08	Jan	VonDauch		Castle Rock	Color	80104	Use the entire \$714,580 to go towards the costly fixed charges on our water bill. No where in Colorado is the cost of water so high! I have friends and family who live all over the state, so I compare. How has Castle Rock Town Council justified this? PLEASE reduce the cost of water to our homes. Many of us are elderly and live on fixed incomes. In my case I am elderly and caring for a 38 year old disabled daughter. Water is my highest utility and in the 22 years I have lived in the same home I have watched the cost of water increase ridiculously. It has almost brought me to the place of losing my home with the need to find a location with cheaper water. I shouldn't have to be making such a choice. When residents have to choose between water and food, the water stays on!
6/11/2016 20:25	Greg	Bishop		Castle Rock	CO	80104	Use it towards the needed railroad crossing to quiet the train while it passes through town.
6/12/2016 8:39	Betty	Herre		Castle Rock	CO	80104	Keep the money to repair the roads.
6/12/2016 16:23	Donna	Hawk		Castle Rock	CO	80109	Refund to taxpayers
6/13/2016 5:49	Roger	Miller		Castle Rock	Color	80108	Refund this money to taxpayers!! Cut costs in the City Government!!!
6/13/2016 8:22	Holly	Morgan		Castle Rock	Color	80109	4908 Rocky Mtn Dr
6/13/2016 8:23	Holly	Morgan		Castle Rock	Color	80109	I think we should use it get light rail to Castle Rock!
6/13/2016 15:56	Clinton	Patrick		Castle Rock	CO	80109	Keep it to fund projects but list them so the public knows where it went. Too many times funds go to things the public is not aware of.
6/13/2016 15:45	Kathleen	Cramm		Castle Rock	CO	80108	town should keep the money and spend as needed
6/13/2016 16:00	LARRY	CRAMM		Castle Rock	Co	80108	Keep money for improvements
6/13/2016 16:32	Tom	Kennett		Castle rock	Co	80109	
6/14/2016 19:25	Jeffrey	Prink		Castle Rock	Color	80109	Keep the money. Build a new park somewhere. TABOR has been bad from day one. I want it gone.
6/13/2016 20:19	Judy	Mason		CAstle Rock	CO	80104	Transportation
6/13/2016 21:16	Tom	Boyle		Castle Rock	Color	80104	Adamant REFUND to Taxpayers in 2016. Government entities keeping overage funds leads to reckless spending. ACCOUNTABILITY leads to trust.
6/14/2016 7:58	Michael	Bingham		Castle Rock	CO	80104	Next step is initiate a local law implementing any overages go into an automatic investment funds for future automatic dismemberment when fiscal year funding is under revenue. Credit back on utility bill
6/16/2016 8:52	Tim	Herring		Castle Rock	CO	80108	The citizens voted a Constitutional Amendment, and I believe it is all of our jobs to uphold it. The money should be returned as is determined by our Constitution. If the Town wants to put to vote for its citizens to tax themselves on the merit of a particular project, then they should do so. Looking for an exception from the Constitution is not the proper way. There is a process in place and the citizens and elected officials should follow it.
6/16/2016 9:00	Troy	Young		Castle Rock	CO	80109	I would like Castle Rock to keep the funds and spend on needed areas.



# Tell us what you think about the TABOR surplus We want to hear from you!

The Colorado Constitution's Taxpayers Bill of Rights has a provision that imposes revenue restrictions on the state and local governments, like Castle Rock. When revenues exceed TABOR limits in a year, as they did for Castle Rock in 2015, the Town has two choices: 1) Refund the money to taxpayers or 2) Ask voters to keep and spend the money on local services. **Town Council must make this decision soon, and they want your input.**

Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: MARK LUCAROLA  
Address: 1127 S MOUNTAIN RD - CASTLE ROCK, CO  
Email: [REDACTED] 80109

**How would you like the Town's \$714,580 TABOR surplus used? Select an idea from this list by circling, or provide a new idea below.**

- ☒ A: Town Council should provide Castle Rock water customers a one-time credit on their utility bill
- ☐ B: Town Council should issue checks to eligible Castle Rock taxpayers
- ☐ C: Voters should allow the Town to keep the money to help fund solutions for traffic problems and other transportation concerns
- ☐ D: Voters should allow the Town to keep the money to use for services like police and fire protection

**Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.**

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Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: DON JONES

Address: 2906 MASTERS CLUB CIR

Email: \_\_\_\_\_

How would you like the Town's \$714,580 TABOR surplus used? Select an idea from this list by circling, or provide a new idea below.

A: Town Council should provide Castle Rock water customers a one-time credit on their utility bill

B: Town Council should issue checks to eligible Castle Rock taxpayers

C: Voters should allow the Town to keep the money to help fund solutions for traffic problems and other transportation concerns

D: Voters should allow the Town to keep the money to use for services like police and fire protection

*NOT enough to be meaningful*

Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.

Keep it Simple



# Tell us what you think about the TABOR surplus We want to hear from you!

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Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: Danilo Costello

Address: 3450 Spruce Hill Ct

Email: [REDACTED]

How would you like the Town's \$714,580 TABOR surplus used? Select an idea from this list by circling, or provide a new idea below.

- A: Town Council should provide Castle Rock water customers a one-time credit on their utility bill
- B: Town Council should issue checks to eligible Castle Rock taxpayers
- ☒ C: Voters should allow the Town to keep the money to help fund solutions for traffic problems and other transportation concerns
- D: Voters should allow the Town to keep the money to use for services like police and fire protection

Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.

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# *Tell us what you think about the TABOR surplus* **We want to hear from you!**

The Colorado Constitution's Taxpayers Bill of Rights has a provision that imposes revenue restrictions on the state and local governments, like Castle Rock. When revenues exceed TABOR limits in a year, as they did for Castle Rock in 2015, the Town has two choices: 1) Refund the money to taxpayers or 2) Ask voters to keep and spend the money on local services. ***Town Council must make this decision soon, and they want your input.***

Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: 2 REED

Address: \_\_\_\_\_

Email: \_\_\_\_\_

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Name: Al Upmsteden

Address: CR

Email: \_\_\_\_\_

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**Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.**

1/2 a Million should be spent on  
Public Transit



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Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: Scott Hughes

Address: 4219 Opportunity Dr.

Email: [REDACTED]

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**Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.**

TABOR was passed overwhelmingly to  
protect against big govt. & act of  
control spending.  
Give the \$ back to taxpayers.  
Don't turn Castle Rock/CO  
into NY/CA, etc.



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Name: Bew Williams

Address: 213 Cantril C.R.

Email: [REDACTED]

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**Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.**

OR to help fund education!!!



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Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: Robert York

Address: 2789 Breezy Lane

Email: [REDACTED]

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Please fill out the below questions and return to the front table at the open house or to Town Hall, 100 N. Wilcox St. Please write clearly.

Name: Zach Dugan

Address: 590 Ash Drive

Email: [REDACTED]

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Do you have another idea for how you would like the Town's TABOR surplus used? Please share that here.

→ Not in the form of roads.  
Reduce traffic by improving bike lanes,  
bike sharing, pedestrian friendly areas  
etc.



## Agenda Memorandum

**Agenda Date: 5/3/2016**

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**Item #: 22 File #: DIR 2016-028**

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**To:** Honorable Mayor and Members of Town Council

**From:** David L. Corliss, Town Manager

**Discussion/Direction: Update Report on TABOR**

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### **Executive Summary**

Town Council in June 2014 directed staff to manage Town finances to keep revenues within Colorado Taxpayers Bill of Rights (TABOR) limits to the extent possible. Staff has done so since that time; yet, the Town still ended 2015 with a TABOR surplus of more than \$700,000.

Because 2015 revenues have exceeded TABOR limits, Town Council has until the end of the year to carry out one of two choices: 1) Refund the money in some manner, or  
2) Ask voters to keep the money to spend on local services.

This memo provides an overview of these issues for preliminary Town Council discussion and direction on this topic. No decision is required at this time regarding which course to pursue with regard to the 2015 TABOR surplus. Any direction Council offers at this time would be helpful in clarifying for staff any additional information Council would desire.

### **Discussion**

#### **Background**

Article X of the Colorado Constitution, more commonly known as TABOR, has a provision that imposes revenue restrictions on state and local governments. An additional provision within TABOR allows voters to remove these restrictions on their local governments, either temporarily or permanently, which is commonly known as "de-Brucing."

Town Council in June 2014 directed staff to manage Town finances to keep revenues within TABOR limits to the extent possible, and staff has done so. Still, due to favorable economic conditions and increased Town revenue, the Town has exceeded its TABOR revenue cap for 2015 by \$714,580, according to preliminary 2015 year-end financial information. This number is subject to change based on potential year-end entries and will be finalized upon completion of the Town audit.

Various factors have contributed to the surplus, including strong sales tax growth in 2015, at 8% over the sales tax revenue amount for 2014, and contributions for the construction of the North Meadows Extension and Philip S. Miller Park.

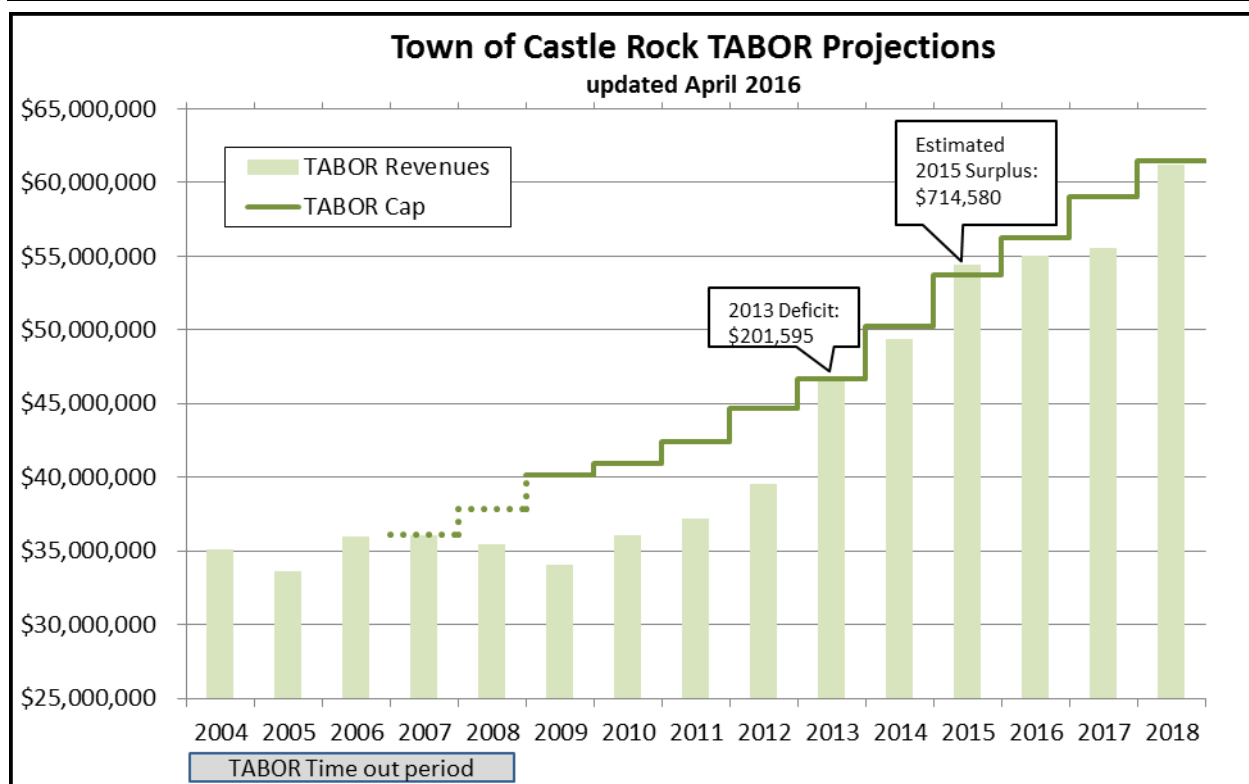
The Town has been very successful in obtaining and/or securing funds from other sources to help fund various capital improvement projects within Castle Rock, resulting in lower costs to Town taxpayers. For example, for the North Meadows Extension project, the Town, over the course of the project, will receive and/or secure \$4.6 million from the Colorado Department of Transportation toward the interchange at U.S. Highway 85; more than \$10 million from Douglas County toward funding the portion of the roadway between U.S. 85 and Interstate 25; and more than \$7 million in funding has been pledged by Castle Rock Development Co. toward design and construction.

This totals more than \$22 million that the Town's taxpayers and development fee payers did not have to directly pay for this new roadway. Portions of these contributions received in 2015, however, have contributed to the excess TABOR revenue for that year. In fairness to the budget process, it's important to disclose that all eligible revenue received during 2015 ultimately contributed to the TABOR surplus.

To provide additional context, staff in 2014 conducted a survey of the 25 most populous municipalities in Colorado regarding their current TABOR status and refund history. At that time, the Town was one of only four cities that was not "de-Bruced" in any significant manner. (The others were Colorado Springs, Littleton and Pueblo.)

In Castle Rock, Town Council has twice elected to give TABOR refunds, in 2000 and 2001, and once successfully asked the voters for a five-year TABOR time-out, which covered the years 2004-2008. Town revenues have not exceeded the TABOR cap since that time period, as shown in the chart below.

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Polling completed on the Town's behalf in May 2014 revealed there was a relatively low level of familiarity with TABOR within the community. At that time, voters indicated they liked the idea that the Town could keep regional dollars for regional projects. Still, the likelihood of a successful TABOR election was uncertain at that time. Some additional public education has occurred since that time, including updates in the Your Town Talk newsletter and on the Town website. The News-Press also featured an article on the topic.

## Alternatives

### Ask Voters to Retain

Myriad options exist with regard to Council pursuing either refunds or voter approval to retain the revenues, each with different potential impacts. For example, Council could determine that it is appropriate to ask voters to lift TABOR revenue restrictions in the discrete area of regional dollars contributed for regional projects. This type of provision would allow the Town to retain the more than \$700,000 from 2015 that was over the TABOR cap and would make it unlikely that Town revenues would exceed the TABOR cap over the next three years. Voters of at least one area community, the City of Louisville, have lifted TABOR restrictions on these types of revenues.



### Issue Refunds

With regard to the option of refunds, there are two major components for Council to consider:

1. Method: To whom and how would the refunds be issued?
2. Means: From what fund(s) would the refunds come, and what, if any, impacts would that cause?

Council has considerable discretion and latitude in determining what is reasonable in these regards. When considering refunds, prior Councils have striven to issue refunds in a fair and practical manner. Council also historically has taken into consideration the specific revenue streams that caused the TABOR cap to be exceeded.

The last time Council prepared for potential TABOR refunds, in 2005, it was primarily building use tax and impact fees exceeding the cap. Hence, refunds that year were proposed to be given primarily to developers. That is not the case for 2015, when regional contributions for regional projects are a major contributing revenue source.

If Council decides to issue refunds, a process would be engaged with Council to determine the universe of recipients and the method of providing the refunds.

The refunds might most reasonably go to the Town's general taxpayers - residents and businesses. A few options exist within that recipient universe, which would have a minor impact on the estimated total refund to each recipient, which regardless of what option chosen is expected to be \$30-\$40. In addition to issuing refunds to each household in Town (17,500), Council could choose whether to issue refunds to various classes of businesses:

- Businesses with a physical presence in Castle Rock: 1,210
- Businesses with a physical presence excluding home-based businesses: 655
- Any business holding a Town business license: 3,670

Additionally, refunds could be issued in a number of ways:

- Checks: this option tends to be more administratively burdensome and also involves the added "hard" cost of printing and mailing checks
- Utility bill credits: this option is the most administratively efficient of the alternatives presented, because the Town performs the utility billing
- Property Tax Credit: this option is more complicated and would require coordination with the County
- Another method as determined by Council

Important to note is that if Council decides to issue refunds, a funding source to accomplish a refund would need to be incorporated as a 2016 Budget Amendment. A proposed funding mechanism for the refunds would need to be determined, as well.

### Staff Recommendation

Staff believes the most efficient refund method would be providing credits on utility bills. If Council so directs, staff could bring back a more detailed report regarding that option, including a proposed funding mechanism, so that Council could adopt a refund methodology.

**Proposed Motion**

Council may wish to consider the following motions in conjunction with this item:

*"I move to direct staff to further refine the option of providing utility bill credits so Council may further consider this alternative for refunding 2015 revenues in excess of the TABOR cap."*

AND/OR

*"I move to direct staff to solicit public input regarding the various options for addressing the 2015 revenues in excess of the TABOR cap."*

AND/OR

*"I move to direct staff to provide Council additional information regarding \_\_\_\_\_ option for addressing the 2015 revenues in excess of the TABOR cap."*