

STUDY SESSION

STRATEGIC PRIORITIES

DAVID L. CORLISS, TOWN MANAGER
JUNE 15, 2021 TOWN COUNCIL MEETING



STUDY SESSION AGENDA

1) Consideration of Possible Ballot Measures

- Responding to Police & Fire needs with focus on new home construction tax and/or mill levy increase
- Lodging tax to supplement our parks, trails and open space efforts
- Sales tax increase for open space
- TABOR revenue limits

Pros/Cons on Possible Ballot Measures / Polling Results / Next Steps for Consideration

2) Status of Development of Five Year Transportation Capital Improvement Plan (CIP)

3) Review of Existing Town Strategic Priorities / Modifications to Work Plans / Responses to Citizen Survey and Council Direction - Next Steps for Consideration

Timeline for Ballot Measures / 2022 Budget Consideration – upcoming major milestones

STRATEGIC PRIORITIES



TIMELINE FOR BALLOT MEASURES

NEED TO DECIDE IN JULY WHAT BALLOT MEASURES TO PUT BEFORE VOTERS IN NOVEMBER

**6
JULY**

Town Council Meeting: Further Council Discussion/Direction

**20
JULY**

Town Council Meeting: 1st reading of ordinances placing items on ballot

**17
AUG**

Town Council meeting: 2nd & final reading of ordinances placing items on ballot
Introduce 2021 Town Budget

(August 3 meeting cancelled for National Night Out – Law Enforcement Appreciation event)

**2
NOV**

Coordinated Election

**7
DEC**

Town Council meeting: 2nd reading of 2021 Town budget

(amendments/reductions would be necessary if ballot measure(s) do not pass)

FOCUS: POLICE AND FIRE STAFFING

- Received Presentations from Fire and Police Chiefs
- Substantial FTE increases sought to keep up with growth - If we don't grow as forecast, need for staffing reduced
- Sales tax performance has recently been strong – we are still projecting sales tax growth increases – over 20% in next 5 years
- Sales tax growth not sufficient to meet growing demands for our Police and Fire Departments

MAINTAIN QUALITY OF LIFE INITIATIVES

Seeking first voter approved Town tax increase since 1994

- Options: Mill Levy versus New Home Construction Tax
- Pros & Cons – to any tax increase and to any options presented / Review options
- Lodging Tax – Parks and Trails
- Sales Tax for Open Space
- TABOR time out - CVI construction, police and fire

PROPERTY TAX POSTCARDS

How much of your property tax goes to the Town?

Award-winning parks; more than 6,000 acres of open space; an abundance of recreation opportunities; nationally recognized police and fire departments – all of these continue to earn Castle Rock ratings as one of the best places to live.

While living in this sought-after community, the average homeowner pays less than \$40 in property tax per year to the Town of Castle Rock.

The Town has the lowest municipal mill levy of any full-service Front Range community. The owner of a median-valued home in Castle Rock (\$449,948) pays \$38.48 a year in property tax in exchange for Town amenities and services. The Town relies on sales tax revenue to fund the bulk of services like police, fire and parks, since the property tax is so low. The Town expects to receive \$1.4 million from property taxes this year, compared to \$51 million from sales tax.

2021 is a property value reappraisal year in Colorado. As part of the reappraisal, Douglas County calculates taxes due based on the value of your property. By now, you should have received your valuation notice in the mail.

Do you know how much of your property tax goes to the Town? The breakout below shows how much of your property taxes go to the Town compared to other entities within Douglas County, like the schools, the County and – in many areas – a neighborhood-level metropolitan district. The same average homeowner who pays about \$38 annually to the Town in property tax pays more than \$3,279 to these other entities.

Your 2021 property tax due to the Town:	\$ 35
Your 2021 property tax due to all other entities:	\$ 3,466

While many owners' home values have continued to increase due to the economy, the Town's mill levy, or tax rate, has continued to decline due to a revenue restriction in the Town Charter. In 2000, the mill levy was 8.93. For 2021, it's 1.196.

For a full property tax breakdown, scan the QR code. On the County Assessor's website, enter your address and then scroll to the Tax Authorities section. We think you'll find living in the Town of Castle Rock a great value as a property owner.



SCAN ME



Town of Castle Rock
100 N. Wilcox St.
Castle Rock, CO 80104

Castle Rock Taxpayer





Fire and Police funding options - mill levy and new home construction tax

2021 staffing

94 CRFD FTEs

111.75 CRPD FTEs

New home construction tax

Would apply only to the construction of new residential units in Town. (Not to additions, basement finishes, rebuilds in the event of a fire, etc.)



Fire Department staffing requests through 2026

17 positions requested now:

- 6 operations personnel to meet needed "relief factor" (3)
- 3 training personnel to meet recommended 1.20 ratio (1)
- 4 fire prevention and life safety personnel (1)
- 3 administration personnel to support functions including emergency management (1)
- 1 logistics personnel to meet staffing standards

15 positions needed for a sixth fire station to open in 2026:

- 1 lieutenant to meet minimum equipment coverage in station
- 1 lieutenant to oversee three shifts staffing the station
- 3 sergeants to operate apparatus out of the station over three shifts
- 3 paramedics to meet minimum staffing of new apparatus
- 3 firefighter/EMTs to provide relief factor for all station personnel

Also requested in 2026:

- 8 staff for additional medical unit at Station 100



Police Department staffing requests through 2026

6 positions and three vehicles requested in 2022:

- 4 officers: 1 sergeant in patrol, one in special operations and one in training
- 1 sergeant in patrol | 1 dispatcher

7 positions and five vehicles requested in 2023:

- 6 officers: 1 sergeant in patrol, one in special ops and one in investigations
- 2 community service officers

9 positions and five vehicles requested in 2024:

- 8 officers: 1 sergeant in patrol, one in special ops and one in investigations
- 2 community service officers | 1 sergeant in special operations
- 1 digital media technician

6 positions and three vehicles requested in 2025:

- 4 officers in patrol | 1 sergeant in investigations
- 1 lieutenant in patrol

6 positions and three vehicles requested in 2026:

- 4 officers: 1 sergeant in patrol and one in investigations | 2 lieutenants



\$449,948
Castle Rock
Median Home



\$38.48 to the
Town in 2021

Option A



+41 Fire
FTEs

135 CRFD FTEs total



+34 Police
FTEs

145.75 CRPD FTEs total



11 mills

The Town's property tax on a median home would need to increase to \$353.88



\$7/SF

A new home construction tax of \$15,400 on the average new home would be needed.

Option B



+31 Fire
FTEs

125 CRFD FTEs total



+29 Police
FTEs

140.75 CRPD FTEs total



9 mills

The Town's property tax on a median home would need to increase to \$289.54.



\$5.50/SF

A new home construction tax of \$12,100 on the average new home would be needed.

Option C



+24 Fire
FTEs

118 CRFD FTEs total



+24 Police
FTEs

135.75 CRPD FTEs total



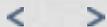
8 mills

The Town's property tax on a median home would need to increase to \$257.37.



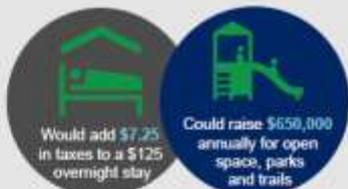
\$4.50/SF

A new home construction tax of \$9,900 on the average new home would be needed.





Open space, parks and trails funding options



6% lodging tax

Potential arguments for this revenue source:

- Tourists enjoy the Town's open spaces, parks and trails, so they should help pay for their maintenance and acquisition
- The lodging tax in some area communities is as high as 10.75%. With voters' approval of a tax quite a bit below that, the Town could make additional headway on maintaining strong open spaces, parks and trails
- Castle Rock is one of only a few area communities presently without a lodging tax

Potential argument against this revenue source:

- A lodging tax could hurt local hotels competitiveness in the local marketplace



1% sales tax increase

Potential arguments for this revenue source:

- Compared to a lodging tax, a sales tax more equitably spreads out consumers' cost impacts across industries
- Visitors and residents alike enjoy the Town's open spaces, parks and trails. Both groups also pay sales tax, making it a sensible revenue source to help fund needs in these areas
- A .01% sales tax increase could generate roughly double the revenue of a lodging tax, making more of an impact on open space, parks and trails funding needs

Potential argument against this revenue source:

- The Town's 4% sales tax is already on the higher end of the municipal sales tax spectrum an increase could push consumers to consider making purchases elsewhere rather than Castle Rock



Potential TABOR ballot questions

The Town expects to receive financial contributions from other local governments and from private developers toward the future I-25/Crystal Valley Parkway interchange. These contributions could also put the Town over its TABOR revenue cap in upcoming years, potentially impacting the Town's ability to efficiently execute this important project. Further, strong sales tax revenue thus far in 2021 has created the possibility that the Town will exceed this cap for the year. Thus, the Town is exploring asking voters this fall to either temporarily or permanently exempt the Town from TABOR's revenue limits.

A voter opinion poll being completed in June 2021 will ask Castle Rock voters their thoughts on these potential TABOR-related ballot questions:



"Without raising taxes, shall Castle Rock be permitted to retain and expend for any public purpose all revenues received from all sources, commencing with the 2021 fiscal year and continuing in each fiscal year thereafter?"

"Without raising taxes, shall Castle Rock be permitted to retain and expend all revenues collected from all sources, for police, fire protection, emergency medical, and transportation purposes, commencing with the 2021 fiscal year and continuing in each fiscal year thereafter?"

"Without raising taxes, shall Castle Rock be permitted to retain and expend all revenues collected from all sources, for police, fire protection, emergency medical, and transportation purposes, for a 10-year period, commencing with the 2021 fiscal year?"

About TABOR

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.

Voters may temporarily or permanently lift the revenue provision, known as "de-Brucing." Eighty-seven percent of municipalities and virtually all school districts in Colorado are permanently exempt from TABOR revenue restrictions. De-Brucing does not increase tax rates.

Even if a community is exempt from TABOR revenue restrictions, voters are required to increase taxes or issue general obligation debt.

Find more at CRgov.com/TABOR



Public Safety Request Scenarios Cost

6/10/2023

"R"

ALL PUBLIC SAFETY	2022	2023	2024	2025	2026	Total
Baseline GF Budget (no changes)	\$56,382,433	\$57,884,856	\$60,149,649	\$62,453,183	\$64,747,881	\$301,623,002
All GF Requests	\$61,344,794	\$64,792,194	\$68,310,446	\$76,458,082	\$80,848,466	\$351,253,891
Plan A (only PS requests)	\$60,666,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107	\$346,638,239
Plan B (only PS requests)	\$59,876,849	\$61,975,754	\$65,588,124	\$73,581,145	\$78,972,906	\$337,994,978
Plan C (only PS requests)	\$59,097,957	\$61,051,319	\$64,140,171	\$72,088,984	\$75,413,270	\$331,791,902

Public Safety Adjusted Plans

	2022	2023	2024	2025	2026	Total
PD						
A	6	7	9	6	6	34
B	6	5	6	6	6	29
C	3	4	5	6	6	24
Fire						
A	8	8	1	24	-	41
B	2	2	3	24	-	31
C	-	-	-	24	-	24

Plan A	Plan B	Plan C
Camera Software	Camera Software	Camera Software
GLTP Transfer	GLTP Transfer	GLTP Transfer
CAT Officers 2022 (2)	CAT Officers 2022 (2)	CAT Officers 2022 (2)
CAT SGT 2022 (1)	CAT SGT 2022 (1)	CAT SGT 2022 (1)
CPU Officer (1)	CPU Officer (1)	2022 New Vehicle Costs
Training Ofcr 2022 (1)	Training Ofcr 2022 (1)	Axon Contract/ Op Supls
Dispatcher 2022 (1)	Dispatcher 2022 (1)	LIDAR Equipment
2022 New Vehicle Costs	2022 New Vehicle Costs	Patrol Officers 2023 (3)
Axon Contract/ Op Supls	Axon Contract/ Op Supls	Traffic Officer 2023 (1)
LIDAR Equipment	LIDAR Equipment	2023 New Vehicle Costs
Patrol Officers 2023 (2)	Patrol Officers 2023 (2)	Patrol Officers 2024 (3)
Patrol Officers 2023 (3)	Patrol Officers 2023 (1)	Training Sgt 2024 (1)
Traffic Officer 2023 (1)	Traffic Officer 2023 (1)	Traffic Officer 2024 (1)
Detective 2023 (1)	Detective 2023 (1)	2024 New Vehicle Costs
Com. Svcs Ofcrs 2023 (2)	2023 New Vehicle Costs	Patrol Officers 2025 (4)
2023 New Vehicle Costs	Patrol Officers 2024 (3)	Invest. SGT 2025 (1)
Patrol Officers 2024 (3)	Patrol Officers 2024 (3)	Wellness Coord 2025 (1)
Training Sgt 2024 (1)	Traffic Officer 2024 (1)	2025 New Vehicle Costs
Traffic Officer 2024 (1)	Detective 2024 (1)	Patrol Officers 2026 (3)
Detective 2024 (1)	2024 New Vehicle Costs	Dispatcher 2026 (2)
Digital Med Tech 2024 (1)	Patrol Officers 2025 (3)	Detective 2026 (1)
Com. Svcs Ofcr 2024 (2)	Patrol Officers 2025 (1)	2026 New Vehicle Costs
2024 New Vehicle Costs	Invest. SGT 2025 (1)	
Patrol Officers 2025 (3)	Wellness Coord 2025 (1)	
Patrol Officers 2025 (1)	2025 New Vehicle Costs	
Invest. SGT 2025 (1)	Patrol Officers 2026 (3)	
Wellness Coord 2025 (1)	Dispatcher 2026 (2)	
2025 New Vehicle Costs	Detective 2026 (1)	
Patrol Officers 2026 (3)	2026 New Vehicle Costs	
Dispatcher 2026 (2)		
Detective 2026 (1)		
2026 New Vehicle Costs		



*BLUE is Operational Costs

Plan A	Plan B	Plan C
Transfer to GLTP	Transfer to GLTP	Transfer to GLTP
Paramedic Recruitment	Paramedic Recruitment	Paramedic Recruitment
Add'l Training and Travel	Add'l Training and Travel	Add'l Training and Travel
Accreditation	Accreditation	Accreditation
Ceremonial Unit	Ceremonial Unit	Ceremonial Unit
Non-Capital EMS Supls	Non-Capital EMS Supls	Non-Capital EMS Supls
Emergency Mgr 2022 (1)	FF/Paramedics 2022 (3)	Station 156 Op Costs
FF/Paramedics 2022 (3)	FPO 2022(1)	Stn 156 Lts 2025 (3)
Safety Ed/Inspector 2022 (1)	Shift Trng Ofcr 2023 (1)	Stn 156 Engineers 2025 (3)
FPO 2022 (1)	Office Asst 2022 (1)	Stn 156 Paramedics 2025 (3)
Shift Trng Ofcr 2023 (1)	Emerg Veh Tech 2023 (1)	Stn 156 FF/EMTs 2025 (3)
Office Asst 2022 (1)	Station 156 Op Costs	Medic Unit 155 2025 (9)
Office Asst 2023 (3)	Stn 156 Lts 2025 (3)	Fire Bat. Chief 2025 (1)
FPO 2023 (1)	Stn 156 Engineers 2025 (3)	
City Educator/Inspector 2023 (1)	Stn 156 Paramedics 2025 (3)	
Shift Training Officer 2023 (1)	Stn 156 FF/EMTs 2025 (3)	
Firefighter/EMTs 2023 (3)	Medic Unit 155 2025 (9)	
Emerg Veh Tech 2023 (1)	Fire Bat. Chief 2025 (1)	
Shift Training Ofcr 2024 (1)		
Station 156 Op Costs		
Stn 156 Lts 2025 (3)		
Stn 156 Engineers 2025 (3)		
Stn 156 Paramedics 2025 (3)		
Stn 156 FF/EMTs 2025 (3)		
Medic Unit 155 2025 (9)		
Fire Bat. Chief 2025 (1)		
Logistics Facility Costs		



*RED is Operational Costs

Tax and Funding Scenarios for Public Safety

Revised 6/15/21 by staff with scenarios presented in by funding source

Base Revenue Scenarios

(Base revenue assumption is 8% sales tax increase in 2021, 4.5% in 2022, and 3% every year after)

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 1: Base revenue assumption with current expenditures.

	2022	2023	2024	2025	2026
Revenue	\$64,278,243	\$62,642,023	\$64,586,111	\$66,566,208	\$67,361,070
Expenditures	\$56,382,433	\$57,884,856	\$60,149,649	\$62,453,183	\$64,747,881
Net change in Fund Balance	\$7,895,810	\$4,757,167	\$4,436,462	\$4,113,025	\$2,613,190

Scenario 2: Funding all town requests with base revenue assumption.

	2022	2023	2024	2025	2026
Revenue	\$64,278,243	\$62,642,023	\$64,586,111	\$66,566,208	\$67,361,070
Expenditures	\$61,344,704	\$64,792,194	\$68,310,446	\$76,458,082	\$80,348,466
Net change in Fund Balance	\$2,933,539	-\$2,150,171	-\$3,724,335	-\$9,891,874	-\$12,987,396

Scenario 3: Funding Plan A (all public safety requests) with base revenue assumption.

	2022	2023	2024	2025	2026
Revenue	\$64,278,243	\$62,642,023	\$64,586,111	\$66,566,208	\$67,361,070
Expenditures	\$60,666,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$3,611,463	-\$1,200,643	-\$2,782,595	-\$8,881,772	-\$11,951,037

Scenario 4: Funding Plan B with base revenue assumption.

	2022	2023	2024	2025	2026
Revenue	\$64,278,243	\$62,642,023	\$64,586,111	\$66,566,208	\$67,361,070
Expenditures	\$59,876,849	\$61,975,754	\$65,588,324	\$73,581,145	\$76,972,906
Net change in Fund Balance	\$4,401,394	\$666,269	-\$1,002,213	-\$7,014,937	-\$9,611,836

Scenario 5: Funding Plan C with only base revenue assumption.

	2022	2023	2024	2025	2026
Revenue	\$64,278,243	\$62,642,023	\$64,586,111	\$66,566,208	\$67,361,070
Expenditures	\$59,097,957	\$61,051,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$5,180,286	\$1,590,704	\$445,739	-\$5,522,776	-\$8,052,200

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 6: New revenue as well as base revenue assumption, \$7.00 New Home Construction tax funding Plan A. Cost per average house (2200 sq. ft.) is \$15,400.

	2022	2023	2024	2025	2026
Revenue	\$78,166,243	\$76,093,783	\$76,700,031	\$78,929,728	\$76,594,190
Expenditures	\$60,666,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$17,499,463	\$12,251,117	\$9,331,325	\$3,481,748	\$662,083

Scenario 7: New revenue as well as base revenue assumption, \$5.50 New Home Construction tax funding Plan B. Cost per average house (2200 sq. ft.) is \$12,100.

	2022	2023	2024	2025	2026
Revenue	\$75,190,243	\$73,211,263	\$74,104,191	\$76,267,328	\$77,261,870
Expenditures	\$59,876,849	\$61,975,754	\$65,588,324	\$73,581,145	\$76,572,906
Net change in Fund Balance	\$15,313,394	\$11,235,509	\$8,515,867	\$2,686,183	\$288,964

Scenario 8: New revenue as well as base revenue assumption, \$4.50 New Home Construction tax funding Plan C. Cost per average house (2200 sq. ft.) is \$9,900.

	2022	2023	2024	2025	2026
Revenue	\$73,206,243	\$71,289,583	\$72,373,631	\$74,503,488	\$75,464,750
Expenditures	\$59,097,957	\$61,051,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$14,108,286	\$10,238,264	\$8,233,259	\$2,414,504	\$51,480

Mill Levy Funding Scenarios

Tax and Funding Scenarios for Public Safety

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 9: New revenue as well as base revenue assumption, mill at 11 funding Plan A.

	2022	2023	2024	2025	2026
Revenue	\$74,934,765	\$73,639,553	\$76,188,505	\$78,539,879	\$79,993,293
Expenditures	\$60,666,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$14,267,985	\$9,796,887	\$8,819,800	\$3,091,899	\$681,186

Scenario 10: New revenue as well as base revenue assumption, mill at 9 funding Plan B.

	2022	2023	2024	2025	2026
Revenue	\$72,760,852	\$71,396,075	\$73,821,636	\$76,097,270	\$77,416,340
Expenditures	\$59,876,849	\$61,975,754	\$65,588,324	\$73,581,145	\$76,972,906
Net change in Fund Balance	\$12,884,003	\$9,420,321	\$8,233,312	\$2,516,125	\$443,435

Scenario 11: New revenue as well as base revenue assumption, mill at 8 funding Plan C.

	2022	2023	2024	2025	2026
Revenue	\$71,673,895	\$70,274,336	\$72,638,201	\$74,875,965	\$76,127,864
Expenditures	\$59,097,957	\$61,051,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$12,575,938	\$9,223,017	\$8,497,830	\$2,786,981	\$714,593

New Construction Tax and Mill Levy Funding Scenarios

Tax and Funding Scenarios for Public Safety

Revised 6/15/21 by staff with scenarios presented in by funding source

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 12: New revenue as well as base revenue assumption. Combination of New Home Construction tax of \$4.50 (\$9,900 per house) and 4.5 mill to fund the Plan A.

	2022	2023	2024	2025	2026
Revenue	\$76,797,548	\$74,995,809	\$76,283,699	\$78,538,679	\$79,721,876
Expenditures	\$60,666,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$16,130,768	\$11,153,143	\$8,914,994	\$3,090,699	\$409,769

Scenario 13: New revenue as well as base revenue assumption. Combination of New Home Construction tax of \$3.75 (\$8,250 per house) and 3.75 mill to fund the Plan B.

	2022	2023	2024	2025	2026
Revenue	\$74,494,330	\$72,722,664	\$74,114,843	\$76,324,780	\$77,424,319
Expenditures	\$59,876,849	\$61,975,754	\$65,588,324	\$73,581,145	\$76,972,906
Net change in Fund Balance	\$14,617,481	\$10,746,911	\$8,526,519	\$2,743,635	\$451,413

Scenario 14: New revenue as well as base revenue assumption. Combination of New Home Construction tax of \$3.25 (\$7,150 per house) and 3.25 mill to fund the Plan C.

	2022	2023	2024	2025	2026
Revenue	\$72,958,852	\$71,200,955	\$72,657,846	\$74,832,208	\$75,881,521
Expenditures	\$59,097,957	\$61,051,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$13,860,895	\$10,149,636	\$8,517,474	\$2,743,224	\$468,250

New Construction Tax with Mill Levy Not Approved Funding Scenarios

Tax and Funding Scenarios for Public Safety

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 15: New revenue as well as base revenue assumption. New Home Construction tax of \$4.50 (\$9,900 per house) and mill of 4.5 is not approved by voters to fund the Plan A.

	2022	2023	2024	2025	2026
Revenue	\$73,206,243	\$71,289,583	\$72,373,631	\$74,503,488	\$75,464,750
Expenditures	\$60,666,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$12,539,463	\$7,446,917	\$5,004,925	-\$944,492	-\$3,847,357

Scenario 16: New revenue as well as base revenue assumption. New Home Construction tax of \$3.75 (\$8,250 per house) and the mill of 3.75 is not approved by voters to fund the Plan B.

	2022	2023	2024	2025	2026
Revenue	\$71,718,243	\$69,857,743	\$71,092,351	\$73,205,568	\$74,133,550
Expenditures	\$59,876,849	\$61,975,754	\$65,588,324	\$73,581,145	\$76,972,906
Net change in Fund Balance	\$11,841,394	\$7,881,989	\$5,504,027	-\$375,577	-\$2,839,356

Scenario 17: New revenue as well as base revenue assumption. New Home Construction tax of \$3.25 (\$7,150 per house) and the mill of 3.25 is not approved by voters to fund the Plan C.

	2022	2023	2024	2025	2026
Revenue	\$70,726,243	\$68,896,903	\$70,227,071	\$72,323,648	\$73,234,990
Expenditures	\$59,097,957	\$61,051,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$11,628,286	\$7,845,584	\$6,086,699	\$234,664	-\$2,178,280

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 18: New revenue as well as base revenue assumption to fund Plan A. Combination of New Home Construction tax of \$6.50 (\$14,300 for a 2,200 sq. ft. home) and a Mill of 4 in the year 2022. Unless otherwise changed, the New Home Construction tax will decrease by \$0.50 per year each year after, in 2026 tax will be \$4.50. In 2033, the New Homes Construction tax will sunset. The Mill will increase by 0.5 per year each year after, Mill will be at 6 in 2026, and in

2033 the Mill will be at 10.5.

	2022	2023	2024	2025	2026
Revenue	\$81,522,069	\$77,537,327	\$72,872,893	\$79,564,469	\$62,070,809
Expenditures	\$60,866,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$20,655,289	\$13,694,661	\$11,804,188	\$4,116,489	\$768,702

Scenario 19: New revenue as well as base revenue assumption to fund Plan B. Combination of New Home Construction tax of \$5.50 (\$12,100 for a 2,200 sq. ft. home) and a Mill of 3 in the year 2022. Unless otherwise changed, the New Home Construction tax will decrease by \$0.50 per year each year after, in 2026 tax will be \$3.50. In 2033, the New Homes Construction tax will sunset. The Mill will increase by 0.5 per year each year after, Mill will be at 5 in 2026, and in

2033 the Mill will be at 8.5.

	2022	2023	2024	2025	2026
Revenue	\$79,538,069	\$74,566,371	\$75,121,937	\$76,013,512	\$77,319,953
Expenditures	\$69,876,349	\$61,975,754	\$65,988,324	\$73,581,145	\$76,972,906
Net change in Fund Balance	\$19,661,720	\$12,590,617	\$9,533,613	\$3,232,367	\$546,947

Scenario 20: New revenue as well as base revenue assumption to fund Plan C. Combination of New Home Construction tax of \$4.50 (\$9,900 for a 2,200 sq. ft. home) and a Mill of 3 in the year 2022. Unless otherwise changed, the New Home Construction tax will decrease by \$0.50 per year each year after, in 2026 tax will be \$2.50. In 2033, the New Homes Construction tax will sunset. The Mill will increase by 0.5 per year each year after, Mill will be at 5 in 2026, and in

2033 the Mill will be at 7.5.

	2022	2023	2024	2025	2026
Revenue	\$77,554,069	\$72,682,371	\$73,457,937	\$75,149,512	\$75,655,953
Expenditures	\$69,097,957	\$61,951,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$18,456,112	\$11,631,052	\$9,317,566	\$3,060,528	\$242,682

Increased Sales Tax Funding Scenarios

Tax and Funding Scenarios for Public Safety

Note: Revenue in 2022 includes a \$2 million GOCO (Great Outdoors Colorado) grant and \$1.308 million in developer contributions for the construction of the Front Range Trail. These are one-time revenues that are planned in 2022 only.

Scenario 21: New Home Construction tax of \$4.50 (\$9,900 per house), and 8% Sales Tax growth in 2021 over the previous year and then 3% each year thereafter to fund the Plan A.

	2022	2023	2024	2025	2026
Revenue	\$79,413,076	\$72,368,109	\$74,388,562	\$77,532,926	\$79,890,212
Expenditures	\$60,866,780	\$63,842,666	\$67,368,705	\$75,447,980	\$79,312,107
Net change in Fund Balance	\$18,546,296	\$8,525,443	\$7,019,857	\$2,084,946	\$278,105

Scenario 22: New Home Construction tax of \$4.00 (\$8,800 per house), and 8% Sales Tax growth in 2021 over the previous year and then 4.5% each year thereafter to fund the Plan B.

	2022	2023	2024	2025	2026
Revenue	\$72,214,243	\$70,972,536	\$72,845,295	\$75,704,005	\$77,494,111
Expenditures	\$69,876,349	\$61,975,754	\$65,988,324	\$73,581,145	\$76,972,906
Net change in Fund Balance	\$12,337,894	\$8,996,782	\$7,256,974	\$2,122,860	\$461,206

Scenario 23: New Home Construction tax of \$3.50 (\$7,700 per house), and 8% Sales Tax growth in 2021 over 2020, 4.9% in 2022 and 2023, and then 4% each year thereafter to fund the Plan C.

	2022	2023	2024	2025	2026
Revenue	\$71,222,243	\$70,011,666	\$71,795,394	\$74,353,350	\$75,801,516
Expenditures	\$69,097,957	\$61,951,319	\$64,140,371	\$72,088,984	\$75,413,270
Net change in Fund Balance	\$12,124,286	\$8,060,347	\$7,615,023	\$2,264,366	\$388,246

TAXPAYER BILL OF RIGHTS (TABOR)

The Taxpayers Bill of Rights (TABOR), Article X, Section 20 of the Colorado Constitution restricts revenues collected by the Town of Castle Rock. Amendment X specifically and significantly addresses the following issues:

- 1) imposes revenue limits,
- 2) requires elections for tax changes and increases or new bonded debt,
- 3) requires emergency reserves, and
- 4) prohibits multiple fiscal year financial obligations.

If revenue limits are exceeded, as determined by a calculation which incorporates an allowance for local growth, then the calculated TABOR surplus amount must be rebated to taxpayers within 12 months of the end of the year of the identified surplus; or, voters can authorize the Town to keep surplus funds.

The following TABOR surplus amounts have been rebated to Town residents or retained for purposes authorized by Town Residents:

<u>Year</u>	<u>Amount</u>	<u>Rebate Method</u>
1999	\$ 455,099	Utility bill credit
2000	7,467,311	\$1,400 to each household
2001	1,264,037	Utility bill credit
2002-2003	-	No surplus
2004	-	Town retains \$5,400,000 surplus per election results
2005-2014	-	No surplus
2015	-	Town retains \$714,580 surplus per election results
2016-2020	-	No surplus

CURRENT TABOR ISSUES

If the Town desires to build the Crystal Valley - I-25 Interchange (estimated cost approx.. \$75 million), and it receives substantial funding from either or both Douglas County or developers west of I-25, those funds will count as TABOR revenue requiring a refunding of those funds to taxpayers – essentially killing the ability of the Town to build the project with those funds

Based on County tax sharing for Town parks in 2021 (\$4 million) – plus sales tax growth after the pandemic in 2021 – Town anticipates TABOR revenue issue of \$5 -7 million in 2021 and likely TABOR revenue in 2022 – again stopping projects with refunds

Staff recommends placing TABOR time out on November ballot to address this issue



POLLING RESULTS

POLL OF LIKELY NOVEMBER VOTERS

827 likely voters polled June 7-12 – polls done by phone, text and email, with no statistically significant differences among the different modes

Poll tested potential ballot language for each of the five revenues being explored:

- property tax (10 mills) or new home construction tax (\$6/square foot) for fire and police
- sales (.1%) or lodging (6%) tax for open space, parks and trails
- temporary or permanent TABOR de-Brucing

Polling firm RBI looks for these factors in assessing a ballot question's likelihood of success:

- "Yes" vote 58-60%, with "strong yes" approaching 40%
- "No" vote under 30%

Viewing poll results through this lens, the property tax has the lowest likelihood of success, and the lodging tax the highest. The new home construction tax, sales tax increase and TABOR de-Brucing also could be viable, but none of the concepts tested met RBI's "strong yes" factor.

Based on polling results, RBI suggests a campaign with messaging focused on the importance of those building new homes paying their fare share, as well as on maintaining the great quality of life in Castle Rock.

POLL RESULTS BY BALLOT QUESTION

Items in bold meet RBI's criteria for success

Property tax

- Initial ask: 37% yes, 12% strong yes, 55% no
- Upon clarification: 43% yes, 14% strong yes, 53% no

New home construction tax

- Initial ask: 55% yes, 23% strong yes, 38% no
- Upon clarification: **60% yes**, 30% strong yes, 37% no

Sales tax

- Initial ask: 53% yes, 22% strong yes, 42% no
- Upon clarification: **60% yes**, 27% strong yes, 38% no

Lodging tax

- Initial ask: 57% yes, 23% strong yes, 36% no
- Upon clarification: **66% yes**, 31% strong yes, 32% no

10-year TABOR time-out for fire, police, roads

60% yes, 23% strong yes, **26% no**



QUESTIONS & CONSENSUS BUILDING FOR NEXT STEPS

STATUS OF DEVELOPMENT OF FIVE YEAR TRANSPORTATION CAPITAL IMPROVEMENT PLAN (CIP)

REVIEW OF EXISTING TOWN STRATEGIC PRIORITIES

MODIFICATIONS TO WORK PLANS

RESPONSES TO CITIZEN SURVEY AND COUNCIL DIRECTION - NEXT STEPS FOR CONSIDERATION

STRATEGIC PRIORITIES

