

**KEEP CASTLE ROCK  
SPECIAL**





To address longer-term funding needs – particularly in the Fire and Police departments – the Town explored alternative revenues:

- property tax
- sales tax
- reallocating existing taxes
- tobacco tax
- marijuana tax
- consumers use tax
- occupational privilege tax
- admissions tax
- other options



Exploring our  
revenue alternatives



Town continually reviews opportunities to reduce expenditures, successfully completes an annual independent audit to review Town finances, compares favorably to staffing/spending levels for peer communities, and uses innovations to make Town operations efficient for citizens and also internal operations.

Town also successfully receives a large number of grants – both large and small – further stretching Town tax dollars. Numerous examples exist: Federal grant for Crystal Valley interchange, State lottery fund grants for trails, Grants for road and intersection improvements, Grants for protective vests for police officers, Fund raisers, volunteers, Philip S. Miller bequest, Metzler Estate donation. Just to list a few.

**Wise use of  
Town tax dollars**





Revenue assumptions

Assume 8% sales tax increase in 2021, 4.5% in 2022 and 3% in 2023-2026

2022 revenue includes one-time revenues – a \$2 million grant and \$1.3 million in developer contributions – for construction of the Colorado Front Range Trail

Funding all requests with base revenues

|                            | 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 | \$76,758,082 | \$80,348,466  |
| Net change in fund balance | \$2,933,539  | -\$2,150,171 | -\$3,724,335 | -\$9,891,874 | -\$12,987,396 |

Funding all requests with \$7/square foot new home construction tax added to revenues

|                            | 2022         | 2023         | 2024         | 2025         | 2026         |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                    | \$78,166,243 | \$76,093,783 | \$76,700,031 | \$78,929,728 | \$79,974,190 |
| 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    |

Funding scenarios

Voters have not approved an increase to Town tax rates since 1994. Sales tax revenue is not sufficient to meet operational needs as the community grows.

To ensure those building new homes in Castle Rock are paying their fair share – and to keep Castle Rock special – Town Council is considering asking voters this fall to approve new revenue streams or increase existing ones. Here's what's being explored:

- **new home construction tax of \$7/square foot** – amounting to \$15,400 on the average new home in Castle Rock – to add 75 Fire and Police positions between 2022 and 2026
- **0.1% sales tax increase** – adding \$.01 to every \$10 taxable purchase – to fund acquisition and maintenance of open space and trails
- **6% lodging tax** – amounting to \$7.50 on a \$125/night room stay – to support parks and recreation services
- **a 10-year "timeout" from revenue restrictions of the State's TABOR law** – this does not increase taxes but, rather, allows the Town to maximize existing resources

**Potential 2021  
ballot measures**

These potential ballot measures focus on those building new homes in and visiting Castle Rock paying more to maintain the great quality of life that exists within the community.

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 and paid upon issuance of a building permit 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;

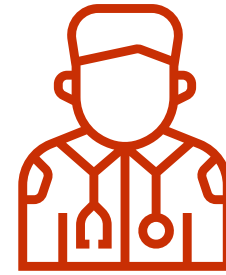
(II) the rate of such tax may be increased or decreased without further voter approval so long as the rate does not exceed \$7.00 per square foot as adjusted for inflation; and

(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?

**New housing construction tax  
for police and fire**

Yes \_\_\_ No \_\_\_

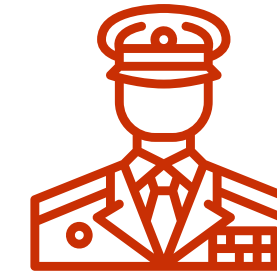
2022 - 8 positions



**3**  
firefighter/  
paramedics



**2**  
1 safety educator  
and 1 fire  
prevention officer

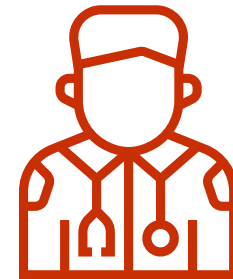


**2**  
1 emergency  
manager and  
1 office assistant

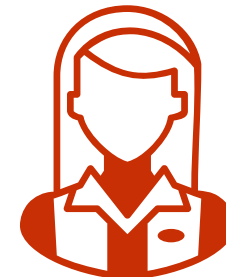


**1**  
shift training officer

2023 - 8 positions



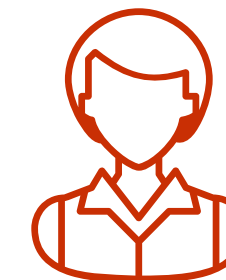
**3**  
firefighter/  
EMTs



**2**  
1 safety educator  
and 1 fire  
prevention officer



**1**  
shift training officer



**1**  
emergency vehicle  
technician



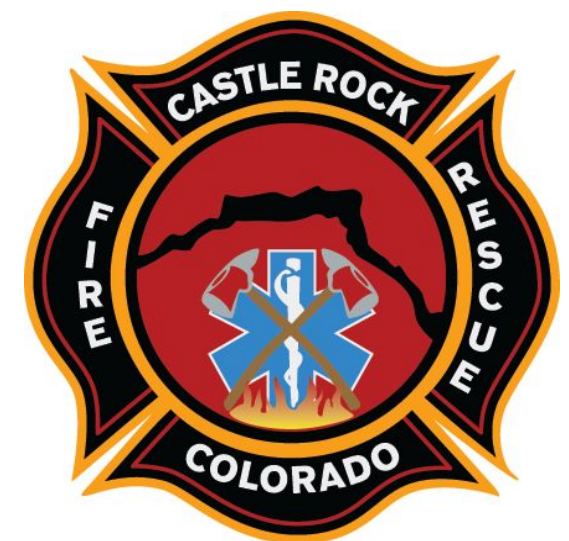
**1**  
office assistant

2024 - 1 position



**1**  
shift training officer

**41 Fire Department positions  
in draft budgets for 2022-2026**





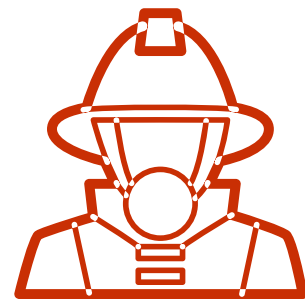
2025 - 24 positions

These positions would be funded so a sixth fire station can open in northeast Castle Rock and so that a medic unit can be added at Station 155 on Crowfoot Valley Road



3

battalion chiefs  
to maintain appropriate  
oversight of all stations



3

lieutenants  
to oversee three shifts staffing  
the new fire station



3

engineers  
to operate apparatus out of  
the new station over three shifts



9

paramedics:  
3 for the new station  
6 for the medic unit



6

firefighter/EMTs:  
3 for the new station  
3 for the medic unit



41 Fire Department positions  
in draft budgets for 2022-2026



2022 - 6 positions



4

officers:  
2 in patrol  
1 in special operations  
1 in training



1

sergeant in patrol



1

dispatcher

2023 - 8 positions



5

officers:  
3 in patrol  
1 in special operations  
1 in investigations



2

community service officers



34 Police Department  
positions in draft budgets  
for 2022-2026

2024 - 9 positions



5

officers:  
3 in patrol  
1 in special operations  
1 in investigations



2

community service  
officers



1

sergeant in  
special operations



1

digital media  
technician

2025 - 6 positions



4

officers in patrol



1

sergeant in investigations



1

wellness coordinator

2026 - 6 positions



4

officers:  
3 in patrol  
1 in investigations



2

dispatchers

34 Police Department  
positions in draft budgets  
for 2022-2026

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?

Yes \_\_\_ No \_\_\_

**Parks and recreation sales tax  
on lodging**



2022



1

parks maintenance worker  
would be hired in 2022

2023



2

1 parks resource specialist  
1 parks planner

## Maintaining our Parks and Recreation services

Castle Rock residents and visitors love our gold medal-winning parks and recreation system! Older parks age and need additional maintenance and refurbishment. As new parks and recreation locations come on line they require maintenance as well. Whether replacing dormant trees and vegetation, updating parks, improving entryways into town, additional resources are needed to keep Castle Rock special.



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?

Yes \_\_\_ No \_\_\_

**Open space sales and use tax**

Type something





# \$269,650

would be budgeted annually for maintenance needs, including supplies

# \$8,056,884

would accumulate in a new, dedicated fund by 2026 for the acquisition of additional open space or the development of open space and trails

**Draft budgets for open space  
sales tax 2022-2026**



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, including, but not limited to, grants and contributions from other governments for interchanges and other transportation projects, in excess fo 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?

Yes \_\_\_\_ No \_\_\_\_

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

Roads

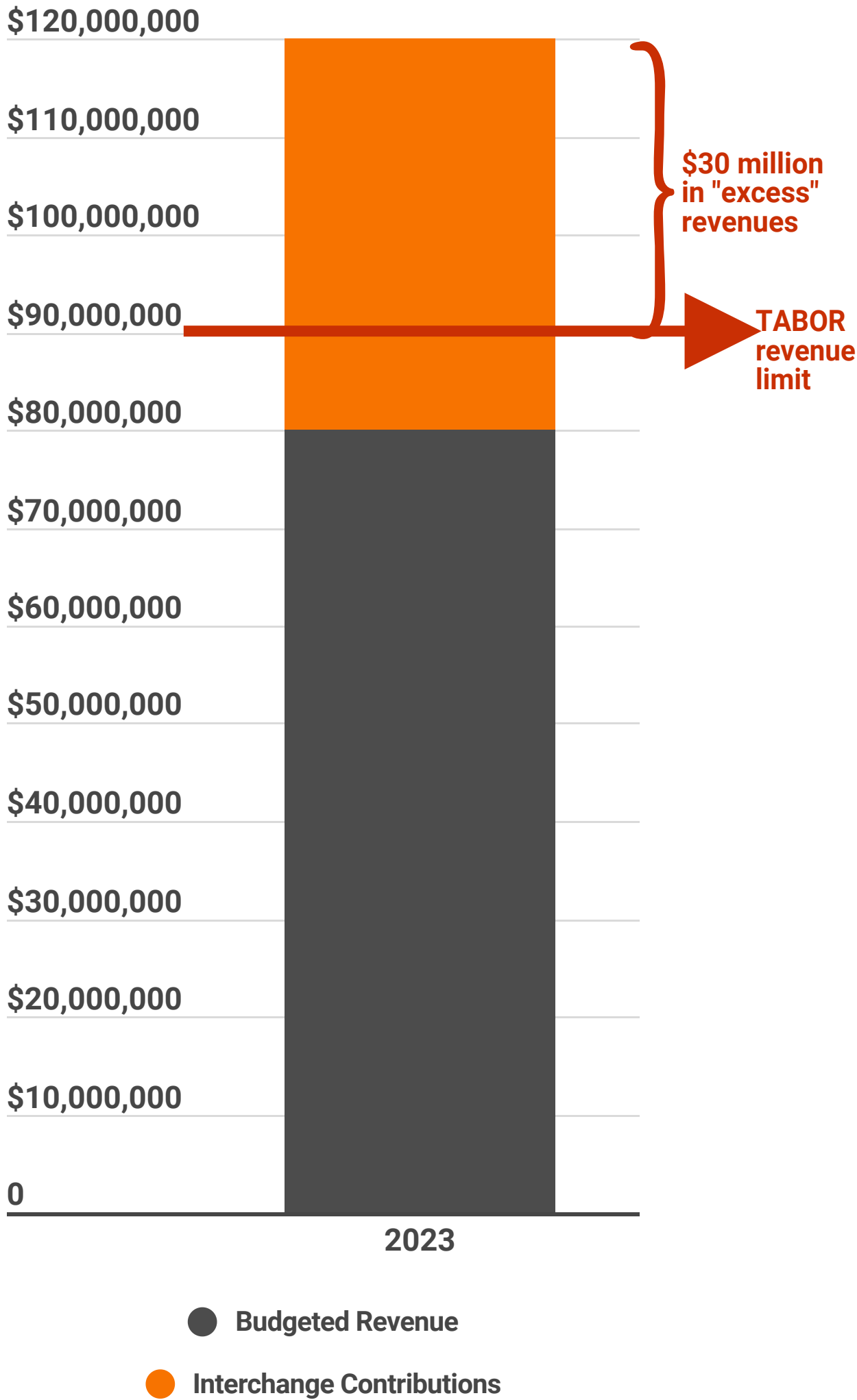
The Town is anticipating receiving grants and other financial contributions to construct the I-25/Crystal Valley Parkway interchange. This chart shows how, if the Town is successful in obtaining \$40 million in intergovernmental and developer contributions toward the interchange, total TABOR revenues 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 interchange and return the contributions or cut expenses elsewhere – like in fire, police, parks and rec, or roads – by \$30 million so it could issue TABOR refunds.

Fire and Police

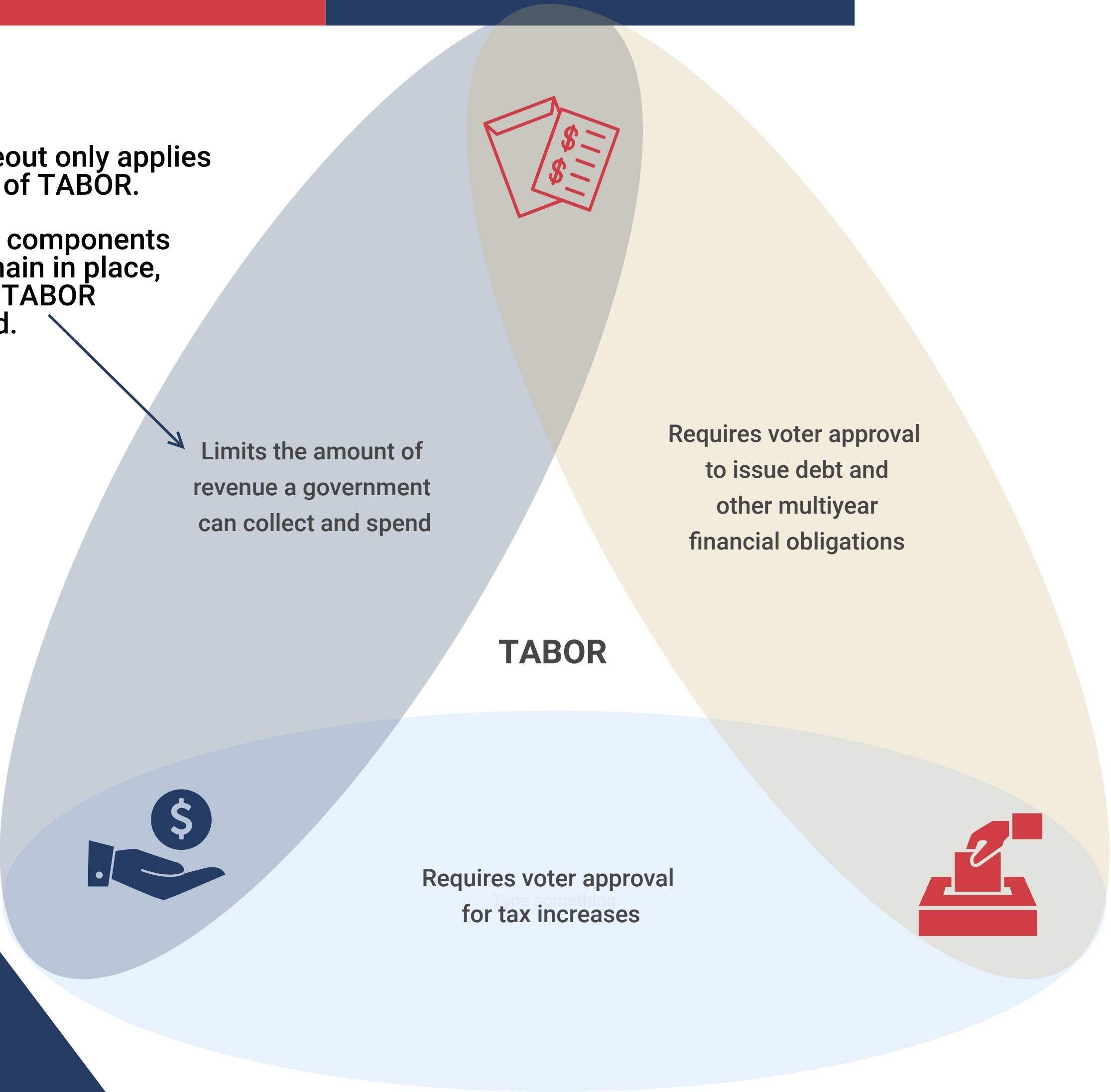
Further, strong sales tax revenue thus far in 2021 has created the possibility that the Town will exceed its TABOR revenue cap for this year. Granting the TABOR timeout would allow the Town to use all funds collected in 2021 – and in any year through 2030 where financial performance is strong – to meet needs while still preserving other aspects of TABOR that require voters' approval for tax increases or multiyear financial obligations.

Why is a temporary, 10-year TABOR timeout needed?



A TABOR timeout only applies to this aspect of TABOR.

The other two components of TABOR remain in place, even during a TABOR timeout period.



What would a TABOR timeout do?



**Tonight:** After official approval, Town advocacy shifts to education efforts

**Oct. 8:** Ballots begin going into the mail

**Nov. 2:** Election Day – ballots due in by 7 p.m.



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

**Key dates if approved**







14: "I move to approve Ordinance #2021-014 Submitting to the Electorate at the Special Municipal Election on November 2, 2021, the Question of Authorizing an Excise Tax on New Housing Construction as Provided in a New Chapter 3.12 of the Castle Rock Municipal Code, on Second Reading."

15: "I move to approve Ordinance #2021-015 Submitting to the Electorate at the Special Municipal Election on November 2, 2021, the Question of Authorizing an Increase in the Tax Imposed on Sales of Lodging as Provided in Section 3.04.050 of the Castle Rock Municipal Code, on Second Reading."

16: "I move to approve Ordinance #2021-016 Submitting to the Electorate at the Special Municipal Election on November 2, 2021, the Question of Authorizing an Increase in the Town Sales and Use Tax as Provided in Sections 3.04.050 and 3.04.190 of the Castle Rock Municipal Code, on Second Reading."

17. "I move to approve Ordinance #2021-017 Submitting to the Electorate at the Special Municipal Election on November 2, 2021, the Question of Authorizing the Retention and Expenditure of Excess Tabor Revenues as Provided in a New Section 3.06.040 of the Castle Rock Municipal Code, on Second Reading."

18. "I move to approve Ordinance #2021-018 Calling a Special Municipal Election of the Town of Castle Rock to Be Conducted as a Coordinated Election on November 2, 2021, for the Purpose of Submitting to the Registered Electors Certain Questions as Proposed in Ordinance Nos. 2021-014, 2021-015, 2021-016, and 2021-017, on Second Reading."

**Suggested motions**





### What is TABOR?

Enacted in 1992, TABOR limits the amount of revenue Colorado governments 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 can 1) refund the money in some manner, or 2) ask voters to keep and spend the money on local services.

### TABOR history

| Year(s)   | "Surplus"     | Outcome  |
|-----------|---------------|----------|
| 1999      | \$455,099     | refunded |
| 2000      | \$7,467,311   | refunded |
| 2001      | \$1,264,037   | refunded |
| 2002-2003 | no surplus    | -        |
| 2004      | \$5.4 million | retained |
| 2005-2014 | no surplus    | -        |
| 2015      | \$714,580     | retained |
| 2016-2020 | no surplus    | -        |

What's a "TABOR timeout?"