



# **Quality Community Initiative (QCI) Revenue Analysis**

City Council  
March 18, 2013

# Schedule

- March 18<sup>th</sup> – Regular Council meeting presentation
- March 25<sup>th</sup> – Study Session presentation and discussion
- The specific timeline will depend on direction of Council:
  - If placing item on November ballot, then:
    - Decide on measure by June 17
    - Set ballot language by August 19, 2013

# Revenue Option Summary

- QCI recommended a package of revenue sources to fund needed projects:

Revenue Source	Potential Revenue	Proposed Use
Impact Fees	\$400,000	Transportation ONLY
Storm Water Utility Fee	\$3,367,000	Stormwater construction & maintenance
Parks & Recreation District at 14.8047 mills	\$10,127,925	Existing O&M - \$5.8M Debt Service - \$2.8M New O&M - \$1.6M
Admissions Tax (8%)	\$575,000	unspecified
Head Tax (\$5 per month)	\$1,800,000	unspecified
Sales Tax Increase (½ cent)	\$4,285,700	Transportation ONLY

# Impact Fees

- QCI recommended doubling the Road Impact Fee to raise \$400,000 assuming 200 residential permits/year
- Rather than raising the fee, City can require developers to fund the first lane, landscaping & sidewalk improvements in addition to paying current road impact fee
- Or give the developer option of paying a double Road Impact Fee at time of permit

# Pros

- Allows City to fund more than the current 40% of arterial road construction
- Doesn't require raising the impact fee
- This makes Commerce City consistent with Aurora, Brighton & other communities
- Only requires Council approval of this funding mechanism

# Cons

- Increases development costs
- Requires negotiating the choice of paying the double impact fee or funding the road improvements construction at time of development agreement

# Stormwater Utility

- QCI recommended phasing in a Stormwater Utility Fee to fund full compliance with federal law, maintenance of current drainage facilities & construction or replacement of drainage facilities
- Setting the fee at \$6.00 per month per residence will raise \$3,367,000 annually
- This frees up \$850,000 in General Fund

# Pros

- Stormwater is currently inadequately funded
- Provides needed funding for the operation, maintenance, replacement & construction of stormwater compliance & facilities
- Makes City consistent with other metro communities
- Only requires Council approval of this funding mechanism

# Cons

- Increases annual costs for homes & businesses
- Requires billing the fee through the County on the property taxes
- Political environment may not be good now because of the Adams County stormwater experience

# New Special District for Parks & Recreation

- QCI recommended establishing a new special district to fund the full operation & maintenance of current facilities & construction of new facilities
- Setting the special district's mill levy at 14.8047 mills would provide revenue of \$10,127,925 annually
- This frees up money in General Fund for capital road maintenance

# Pros

- Allows construction of new parks & recreation center sooner than current situation
- Provides needed funding for the operation, maintenance, replacement & construction of parks & recreation facilities
- Ensures consistent funding for parks, open space, trails and recreation

# Cons

- Increases annual costs for homes & businesses
- Requires setting up a separate special district
- Requires amendment of City Charter
- The special district would have its own elected board of directors
- Requires elections for district & debt
- Electors often not receptive to property tax increase
- Overlapping districts already provide P&R service

# Admissions Tax

- QCI recommended placing an entertainment admissions tax on the ballot
- New analysis: estimate if set at 8% would provide \$1,372,000 annually, if Flea Market is included
- This provides money for road capital maintenance or parks & recreation

# Pros

- Provides funding for capital road projects
- Provides needed funding for the operation, maintenance, replacement & construction of parks & recreation facilities
- Majority of revenue would come from visitors to community

# Cons

- Increases annual cost to attend entertainment venues
- Requires a citizen petition in order to apply to the Flea Market
- Requires election

# Head Tax

- QCI recommended placing an employment head tax on the ballot
- New analysis: estimate if set at \$5/month would provide \$1,470,000 annually
- This provides money for road capital maintenance or parks & recreation

# Pros

- Provides funding for capital road projects
- Provides needed funding for the operation, maintenance, replacement & construction of parks & recreation facilities
- Much of revenue would come from employees that live in other communities

# Cons

- Increases annual costs for businesses
- Businesses don't like the administrative burden of collecting & remitting the tax
- Requires election

# Sales Tax Increase

- QCI recommended placing a proposal to increase the sales tax on the ballot
- Updated estimate is ½ cent increase would provide \$5,000,000 annually
- QCI recommended using the money for road projects

# Pros

- Provides funding for capital road projects
- Doesn't require new collection mechanism
- Most of the revenue would come from businesses rather than from residents

# Cons

- Increases annual costs for businesses
- Requires election



# Additional Information

- The impact on a family of four has been estimated for each revenue measure
- The Commerce City sales tax rate is compared to other area cities

# Staff Analysis

Impact on Family of 4		Annual \$ Impact
Sales Tax Increase		
	1/2% increase in Sales Tax	\$ 72.50
	1% increase in Sales Tax	\$ 145.01
Admissions Tax		
	Admissions Tax at 8%	\$ 42.24
	Admissions Tax at 4%	\$ 21.12
Stormwater Utility Fee		
	Stormwater Fee at \$2/month	\$ 24.00
	Stormwater Fee at \$3/month	\$ 36.00
	Stormwater Fee at \$4/month	\$ 48.00
	Stormwater Fee at \$5/month	\$ 60.00
	Stormwater Fee at \$6/month	\$ 72.00



# Sales Tax Comparison to Other Cities

City	Rate %	County	State	RTD/CD	Total	Food?
Arvada	3.46	0.5	2.9	1.1	7.96	Yes
Aurora	3.75	0.75	2.9	1.1	8.5	No
Boulder	3.41	0.8	2.9	1.1	8.21	Yes
Brighton	3.75	0.75	2.9	1.1	8.5	Yes
Broomfield	4.15		2.9	1.1	8.15	Yes
Castle Rock	4	1	2.9	1.1	9.0	Yes
Centennial	2.5	0.25	2.9	1.1	6.75	No
Commerce City	3.5	0.75	2.9	1.1	8.25	No
Denver	3.62		2.9	1.1	7.62	Yes
Englewood	3.5	0.25	2.9	1.1	7.75	No
Erie	3.5	0.8	2.9	1.1	8.3	Yes
Federal Heights	4	0.75	2.9	1.1	8.75	Yes
Fort Collins	3.85	0.6	2.9		7.35	Yes
Glendale	3.75	0.25	2.9	1.1	8.0	No



# Comparison to Other Cities

City	Rate %	County	State	RTD/CD	Total	Food?
Golden	3	0.5	2.9	1.1	7.5	Yes
Greenwood Village	3	0.25	2.9	1.1	7.25	No
Lafayette	3.5	0.8	2.9	1.1	8.3	Yes
Lakewood	3	0.5	2.9	1.1	7.5	No
Littleton	3	0.25	2.9	1.1	7.25	No
Longmont	3.275	0.8	2.9	1.1	8.08	Yes
Louisville	3.5	0.8	2.9	1.1	8.3	Yes
Loveland	3	0.6	2.9		6.5	Yes
Northglenn	4	0.75	2.9	1.1	8.75	Yes
Parker	3	1	2.9	1.1	8.0	Yes
Superior	3.46	0.8	2.9	1.1	8.26	Yes
Thornton	3.75	0.75	2.9	1.1	8.5	Yes
Westminster	3.85	0.75	2.9	1.1	8.6	Yes
Wheatridge	3	0.5	2.9	1.1	7.5	Yes
Windsor	3.2	0.6	2.9		6.7	Yes

# Head Tax Comparison to Other Cities

City: \$/Employee/Month	Employee	Business	Total
Aurora (gross over \$250/mo.)	\$2	\$2	\$4
Denver (gross over \$500/mo.)	\$5.75	\$4	\$9.75
Glendale (gross over \$750/mo.)	\$5	\$5	\$10

# of FTE Employees	0 – 5	6 – 15	16 – 49	50 or more
Aspen: Tax/Year	\$150	\$200	\$400	\$750

# Staff Analysis

<b>Property Tax Increase</b>	
<b>Impact of Different Levy Increases</b>	<b>Based on \$200,000 Home</b>
Property Tax Increase at 1 mill	\$ 15.92
Property Tax Increase at 3 mills	\$ 47.76
Property Tax Increase at 5 mills	\$ 79.60
Property Tax Increase at 7 mills	\$ 111.44
Property Tax Increase at 9 mills	\$ 143.28
Property Tax Increase at 11 mills	\$ 175.12
Property Tax Increase at 13 mills	\$ 206.96
Property Tax Increase at 14.8047 mills	\$ 235.69



# Comparison to Other Cities

City	2008	2010
Arvada	4.31	4.31
Aurora	10.664	10.595
Boulder	9.841	10.818
Brighton	6.65	6.65
Broomfield City	11.457	11.457
Centennial	5.054	5.077
Cherry Hills Village	13.402	13.402
Commerce City	3.28	3.206
Edgewater	5.03	5.03
Englewood	7.827	8.01
Federal Heights	0.68	0.68
Glendale	18.67	18.67
Golden	12.34	12.34
Greenwood Village	2.932	2.932



# Comparison to Other Cities

City	2008	2010
Lafayette	15.515	14.334
Lakeside	4	4
Lakewood	4.711	4.711
Littleton	6.662	6.662
Lone Tree	0	0
Louisville	6.71	6.71
Northglenn	11.597	11.597
Parker	2.602	2.602
Sheridan	8.042	7.994
Thornton	10.21	10.21
Westminster	3.65	3.65
Wheatridge	1.83	1.83
Average	7.013464	7.006714
Max	18.67	18.67

# Summary / Next Steps

- In combination the QCI recommended new or increased revenues provide funding for all the recommended projects
- Staff needs Council direction on the revenue measures & levels that Council is willing to consider further
- Then staff can develop more information on the various projects that can be funded
- Then scientific polling needs to occur



# Additional Information

- What additional information does City Council need before the study session?