

CITY COUNCIL COMMUNICATION



MEETING DATE: July 30, 2019

ITEM NUMBER: 5.C.

SECOND READING: N/A

TYPE OF ITEM: Study Session

PRESENTED BY: Sandra Seader, Assistant City Manager, 303-651-8634

SUBJECT/AGENDA TITLE: Council Direction on Ballot Issues for the November 2019 Ballot

EXECUTIVE SUMMARY: Over the past several months, Council has given general direction about ballot issues for voters to consider in November of 2019. The ballot wording for these issues must be set by the end of August, and for tax authorizations and Charter revisions, must be set by ordinance. In order to ensure that the ballot issues reflect the intent of the Council, staff is checking in on draft wording and a few details prior to ordinances being presented to Council on August 13 (second reading on August 27). The ballot wording is not final at this point, as there has not been review from the City Attorney's office, who will finalize language and prepare the ordinances/resolutions once Council has given final direction on content.

Council has generally directed four ballot issues:

1. Street Sales Tax Permanency
2. Competitive Pool and Ice Rink/Library Annex Tax Increase and Bond Authorization
3. Charter Revision – Lease Timing Caps
4. City Council Compensation Increase

Draft wording and staff notes are below.

Longmont Draft Ballot Issue Wording – 2019 Election

1. Street Sales Tax Permanency

WITHOUT INCREASING TAX RATES OR IMPOSING ANY NEW TAX, shall the City of Longmont's existing 0.75% sales and use tax for streets and transportation projects, currently set to sunset in 2026, be extended indefinitely for the purposes of funding street repair and maintenance, improvements for bicycle and pedestrian transportation, replacement of deteriorating bridges and other infrastructure?

Staff Note: This ballot issue only extends the tax permanently and there is no bonding authority established.

2. Competitive Pool and Ice Rink/Library Annex Tax Increase and Bond Authorization

Shall the City of Longmont debt be increased in an amount not to exceed \$47,500,000, with a repayment cost of not to exceed \$75,440,000 and shall City taxes be increased \$5,100,000 annually in the first full fiscal year and by such amounts as are raised annually thereafter by increasing the City sales and use tax rate from 3.53 percent to 3.73 percent, which is an increase of two cents on each ten dollar purchase, beginning January 1, 2020, subject to the following:



the proceeds of the debt will be used for the construction of a competitive pool, ice rink and library annex;

the proceeds of the taxes will be used for the payment of such debt, for the construction, operation and maintenance of the competitive pool, ice rink and library annex, and for the financing, operation and maintenance of other City capital improvements;

the debt may be paid from such legally available revenues, bear interest, and be sold in one series or more at a price above, below or equal to the principal amount of such bonds and with such terms and conditions, including provisions for redemption prior to maturity with or without payment of premium, all as the City Council may determine; and

shall the proceeds from such tax and debt proceeds and any investment income earned from such proceeds be collected and spent as a voter-approved revenue change under Section 20 of Article X of the Colorado Constitution?

Staff notes: The ballot question is drafted without any sunset for the new tax, because the tax is sized to not only cover the debt service on the proposed bond, but also to provide an operating subsidy for the pool and ice facility as the feasibility study identified the likelihood that the facility would not be fully self-supporting. There is also a subsidy included for the ongoing operations of the library annex. The operating subsidy is an ongoing cost and is the primary reason for no sunset being proposed. In addition, a twenty-year bond is proposed. With no sunset on the tax, once it is fully repaid, the City would have the funding capacity to consider another bond issue to address other city capital improvements. These could include expansion or rehabilitation of existing facilities (similar to the bond just issued in 2019) or the addition of new capital improvements. As the revenue generated by the tax increase grows, whatever is not needed to pay debt service or the operating subsidy can be used to address capital needs from the Public Improvement Fund which is annually underfunded.

The proposed Competitive Pool and Ice Facility will feature a 50-meter, 10-lane competitive pool; a leisure pool; a single sheet of National Hockey League-sized ice; a fitness area; and a library annex. The library annex will feature 24/7 access to pick up holds and return library materials; a small collection; flexible meeting/classroom space; and study/work space. The proposed library annex can serve as a “neighborhood library” for those residents who live near the facility, plus it includes features that are intended to enhance the recreation user and visitor experience (e.g. provide convenient way for users to access and return library materials; offer work space or study space for children and families spending extended time at the facility for practice and competitions). The revised cost for the facility is \$47 million but the bond issue of \$47.5 million is inclusive of issuance and underwriting costs.

Library Board note: The Library Board voted not to support the branch library as part of the Competitive Pool and Ice Rink ballot question. Although they could see the need for a branch or branches, they felt it was getting out ahead of the feasibility study Council directed earlier in the year and would be confusing to the public moving forward.

If the Library Annex was removed from the ballot question above, the costs would be:

- \$45.5 million bond
- Repayment cost not to exceed \$72,260,000
- Taxes be increased \$4,650,000 annually
- Rate from 3.53 percent to 3.71 percent
- An increase of one and eight one hundredth cents on each ten dollar purchase

3. Charter Revision – Lease Timing Caps

In order to allow for leases of City property for 30 years, the Longmont City Charter could be revised to read as follows:

12.4. - Term, compensation, restriction.

No franchise, or right to use the streets, or the public places or property of the city, shall be granted for longer than 20 years, except that leases of city property may be up to 30 years. Every grant of a franchise shall fix the amount and manner of payment of the compensation to be paid by the grantee for the use of the same, and no other compensation of any kind shall be exacted for such use during the life of the franchise. This provision shall not exempt the grantee from any lawful taxation upon his or its property, nor from any license, charges, or other impositions levied by the council, not levied on account of the use granted by the franchise.

Council would have to adopt an ordinance, including the ballot title, submitting this proposed revision to the voters.

4. City Council Compensation Increase

Beginning on January 1, 2020, shall the compensation for City of Longmont City Council members be increased as follows: Mayor from \$1500 per month to \$1700 per month, Other City Council Members from \$1000 per month to \$1400 per month, to be adjusted annually by the same amount and method as social security?

This would require an ordinance amending section 2.12.030 of the Longmont Municipal Code. In accordance with sections 5.1 and 5.4 of the City Charter, Council could by motion, submit this ordinance to the voters.

COUNCIL OPTIONS: Give direction to the City Manager to prepare the appropriate ordinances to place these four issues on the ballot, change the scope of the ballot issues, decide not to ask the voters to consider any one or all of the issues.

RECOMMENDED OPTIONS: Council policy direction.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION: The City Clerk coordinates our municipal election with Boulder County. The City is charged based on the amount of space used to ask voters questions about Longmont. The estimated cost for these ballot issues is \$93,000, including the cost for the City Council contests that will also be on the ballot. \$92,725 is budgeted for this election.

BACKGROUND AND ISSUE ANALYSIS: N/A

ATTACHMENTS: N/A