

**Mayor**

Aaron Brockett

**Council Members**

Taishya Adams

Matt Benjamin

Lauren Folkerts

Tina Marquis

Ryan Schuchard

Nicole Speer

Mark Wallach

Tara Winer



Council Chambers

1777 Broadway

Boulder, CO 80302

May 9, 2024

6:00 PM

**City Manager**

Nuria Rivera-Vandermyde

**City Attorney**

Teresa Taylor Tate

**City Clerk**

Elesha Johnson

## STUDY SESSION BOULDER CITY COUNCIL

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Financial Forecast &amp; Budget Update for City of Boulder

90 min - 30  
min  
presentation /  
60 min Council  
discussion

Potential Ballot Items

120 min - 30  
min  
presentation /  
90 min Council  
discussion

**3:30 hrs**

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## **COVER SHEET**

### **MEETING DATE**

**May 9, 2024**

### **STUDY SESSION ITEM**

Financial Forecast & Budget Update for City of Boulder

### **PRIMARY STAFF CONTACT**

Kara Skinner, Chief Financial Officer

Charlotte Huskey, Budget Officer

### **ATTACHMENTS:**

#### **Description**

- ▣ **Financial Forecast and Budget Update Memo**



## STUDY SESSION MEMORANDUM

**TO:** Mayor and Members of City Council

**FROM:** Nuria Rivera-Vandermyde, City Manager  
Chris Meschuk, Deputy City Manager  
Kara Skinner, Chief Financial Officer  
Charlotte Huskey, Budget Officer

**DATE:** May 9, 2024

**SUBJECT:** Financial Forecast & Budget Update

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### EXECUTIVE SUMMARY

The purpose of this item is for council to receive an update on the city's financial forecast and an update on the preparations for the 2025 budget. Each year, staff delivers a financial forecast and budget update to provide an overview of economic conditions and budget assumptions for the upcoming fiscal year.

Beginning in 2023, the city's sales and use tax projections forecasted an economic slowdown, and year-end numbers demonstrated a flattening of revenues in 2023. Current economic conditions point to this trend continuing through 2024. With sales and use tax comprising approximately 40% of total city revenues, this remains of significant consideration for the 2025 budget process. The city recognizes the need to budget within a constrained environment by focusing on realigning existing dollars to support key community priorities and citywide goals.

To support this effort, the city is in the third and final year of implementing Budgeting for Resilience and Equity, an outcome-based budgeting approach to budget development and decision-making. Budgeting for Resilience and Equity aligns the city budget to community and citywide goals within the [Sustainability, Equity, and Resilience Framework](#). With significant new investments made toward community and council priorities in recent years, coupled with the limitation of ongoing funding, the implementation of Budgeting for Resilience and Equity becomes that much more important to focus on the outcomes of our investments to support key priorities and goals.

### Questions for Council

- Does council have any questions regarding the 2023 preliminary, unaudited year-end financial results and economic outlook?
- Does council have any questions regarding the 2025 Budget outlook and feedback related to the major budget assumptions?

## BACKGROUND

The City of Boulder has partnered with the University of Colorado-Boulder, Leeds School of Business since 2020 to forecast revenues based upon an econometric model. These forecasted revenues are utilized to guide budget projections, annual budget development and monitoring.

This financial forecast provided annually by staff shares an update on the City's major revenue sources, current and forecasted economic conditions, and major budget assumptions utilized within the annual budget process. This section provides an overview of the prior and current fiscal year and the framework guiding the 2025 budget process.

### 2023 Budget

The city's [2023 Approved Budget](#) was \$515.4 million, comprising an operating budget of \$354.6 million and capital budget of \$160.8 million. This represented an 11% increase compared to the 2022 Approved Budget and included a total of \$33.9 million in one-time and ongoing enhancements to address community needs. The General Fund budget was \$188.4 million, representing a 15% increase compared to 2022.

In the 2023 budget, the city made significant ongoing investments in wildfire resilience, public space management, behavioral and mental health programming and services, and homelessness solutions. At the time, these investments were made at the maximum level of ongoing costs that the General Fund could support based on projections. The city also committed one-time dollars to pilot programs, including the Safe and Managed Spaces program and the Community Assistance Response and Engagement (CARE) behavioral health response program. This programming, among others, will require a funding strategy if permanent ongoing funding is considered in the future.

The 2023 budget also made further investments using the recently renewed Community, Culture, Resilience, and Safety Tax funding to support \$27.0 million in capital infrastructure and maintenance projects such as the Xcel streetlight acquisition project, fire station #3 final funding, and continued core arterial network investments. In addition, the budget included significant funding toward enterprise technology solutions and competitive compensation for city employees.

### 2024 Budget

The [2024 Approved Budget](#) is \$515.4 million across all funds, comprising an operating budget of \$374.2 million and capital budget of \$141.2 million, representing a less than 1% increase over the 2023 Approved Budget. This budget included a change in budgeting practice for capital bond proceeds, which impacts Utilities-related capital projects in 2024. The 2024 General Fund approved budget is \$196.1 million, a 4.1% increase over 2023.

Key year-over-year changes in the operating budget reflect the voter creation of a Boulder Library District that eliminates library operating costs, the subsequent programming of available resources to meet our commitments in service expansions, and perhaps most importantly, our continued investment in city employees to ensure a competitive and effective workforce who are fundamental to carrying out city services and programs across the community.

The 2024 Approved Budget includes [\\$21.1 million in total enhancements](#). Overall, the budget makes permanent investments in critical areas, such as community wildfire resilience, behavioral health response programs, day services center operations, and housing support. In addition, the 2024-29 Capital Improvement Program included significant enhancements and planned spending toward key community and citywide projects such as the Civic Area Phase 2 project, Pearl Street Mall improvements, fire stations #2 and #4 replacements, and renovations at the East Boulder Community Center.

## **2025 Budget – Year 3 Budgeting for Resilience and Equity**

The city is in its third and final year of implementing a new budgeting approach, called Budgeting for Resilience and Equity, which shifts from a traditional increment-based budgeting approach to outcome-based budgeting. This shift in budgeting focuses on heightened and strategic decision-making based on outcomes the city intends to achieve. This approach, through an understanding of programmatic outcomes across the organization, intends to maximize the allocation of dollars toward community and citywide priorities. Below is a summary of our three-year implementation of Budgeting for Resilience and Equity:

Year 1, staff implemented a new budgeting software, [OpenGov](#), and aligned city programs and budgets to the city’s Sustainability, Equity, and Resilience Framework. This effort supported greater transparency of the city’s budget by demonstrating how our investments aligned to community goal areas.

Year 2, the city added specificity by developing intended outcomes for each program area in the city and added data measurements to be able to measure the impact of our investments. This was also the first year the city worked directly with Community Connectors-in-Residence (CC-in-Rs) and their communities to incorporate their input and priorities into the budget development process. This engagement generated significant input that was then used during key decision-making of the 2024 budget.

Year 3 focuses on the refinement of outcomes and performance measures and continued engagement with CC-in-Rs and additional community members through CC-in-R engagement sessions, a citywide 2025 budget questionnaire, and boards and commissions engagement. The 2025 budget direction focuses on realignments of existing dollars and utilizing refined performance measures to guide budget decisions and allocate dollars toward prioritized outcomes.

## **ANALYSIS**

### **City of Boulder Financial Conditions and Projections**

#### *Major Revenue Sources*

##### Sales and Use Tax

The city’s primary revenue source is sales and use tax, which comprises over 40% of the city’s revenues and over 50% of revenues when excluding utility revenues. In 2022, staff shifted the sales and use tax modeling approach to utilize a less conservative forecast to maximize the potential of ongoing revenues and to create ongoing spending opportunities to meet the significant needs across

the community. Also, in 2022, sales and use tax revenues increased significantly during a period of high inflation. Inflationary pressures declined in 2023, which resulted in a downward revision of projections of retail sales for the 2023 revised budget.

As shown in the table below, 2023 year-end unaudited revenues resulted in \$175.9 million in total sales and use tax revenues (101.5% of revised projections). While total sales and use tax revenues came in slightly above anticipated amounts, retail sales tax and business use tax came in \$2.5 million below revised projections. Staff also observed a year-over-year decline in December revenues between 2022 and 2023, which typically is the largest revenue generating month for the city. Year-end retail sales tax and business use tax revenues showing a recent decline in revenues indicate a flattening of sales and use tax revenues.

Construction Use Tax and audit revenues generated 124.1% and 177.0% of anticipated revenues, offsetting the drop in retail sales tax and business use tax revenues. While total sales and use tax revenues still came in just above budget, staff acknowledges that construction use taxes, dependent on current year development activity, is highly volatile, and audit revenues above a baseline are generally considered one-time.

The Recreational Marijuana Sales Tax, which is an additional 3.5% sales and use tax on recreational marijuana dedicated to the General Fund, has also seen a decrease of 18.7% from prior year actuals. This decline in revenues primarily stems from a decrease in demand since the pandemic period in addition to an oversupply of product in the market driven by pandemic-level demand. Staff anticipates this downward trend continuing in 2024 until reaching a revenue plateau.

Staff currently anticipates a 2.0% annual growth in total sales & use tax revenues between 2024-2030. At the May 9 Financial Update presentation, staff and CU Boulder will provide further detail on current and forecasted economic conditions and forecasted sales & use revenues.

<b>Sales &amp; Use Tax 2023 Year-End Unaudited Revenues</b>	<b>2023 Approved Budget</b>	<b>2023 Revised Projections</b>	<b>2023 Year- End Actuals</b>	<b>Actuals as % of Approved</b>	<b>Actuals as % of Revised</b>
Retail Sales	\$141.3M	\$138.1M	\$137.7M	97.40%	99.70%
Business/Consumer Use	\$12.8M	\$12.4M	\$10.3M	80.40%	82.90%
Motor Vehicle	\$6.2M	\$6.4M	\$6.4M	103.30%	100.60%
Construction Use	\$9.3M	\$13.3M	\$16.5M	178.10%	124.10%
Audits	\$1.8M	\$1.8M	\$3.1M	177.00%	177.00%
Recreation MJ	\$1.9M	\$1.4M	\$1.4M	72.60%	102.70%
Non-Audit Penalties/Interest	Not budgeted	Not budgeted	\$412K	N/A	N/A
<b>Total</b>	<b>\$173.3M</b>	<b>\$173.4M</b>	<b>\$175.9M</b>	<b>101.50%</b>	<b>101.50%</b>

### Property Tax

Property values are reassessed by the county assessor's office every two years, on every odd-numbered year. For the 2024 and 2025 revenue years (which are 2023 and 2024 tax years), property taxes are based on the 2023 reassessment performed by the county, and is based upon home sales from July 1, 2020, to June 30, 2022, with sales during that period age-adjusted to the June 30, 2022 appraisal date.

The city received 2024 Preliminary Assessed Values (AVs) from Boulder County in late April. As shown in the table below, due to reassessment years occurring every odd-numbered year, staff does not anticipate a significant increase in AVs for the 2025 revenue year (2024 tax year) and 2025 budget.

<b>Property Taxes – City of Boulder (in millions)</b>					
	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Projection (Prelim. AV)</b>	<b>2024 Approved Budget (Revised AV<sup>1</sup>)</b>	<b>2025 Preliminary Projection</b>
Tax Revenue	\$50.81	\$48.74	\$63.62	\$58.74	\$60.78
<i>Changes in Revenue</i>		-4.07%	30.53%	20.52%	3.47%
Assessment Values (AV)	\$4,281.86	\$4,227.30	\$5,573.55	\$5,146.22	\$5,324.72
<i>Change in AV</i>		-1.27%	31.85%	21.74%	3.47%

<sup>1</sup> Preliminary AV was reduced for the 2024 Budget due legislative impact and uncertainty.

Staff continues to monitor potential legislation that may impact property tax revenues. As is described in the Ballot Measures Study Session memo, currently there are two initiatives, Initiative #50 and #108, that relate to property taxes or property tax revenue that have had titles set for the 2024 statewide ballot. Initiative #50 will be on the November 2024 ballot, which would change the Colorado Constitution to require a taxing jurisdiction that is projected to receive more than 4% of property tax revenues, to place a question on the ballot asking for voter approval to retain the revenue above 4%. Initiative #108 is circulating for signatures and would reduce the assessment rate to 24% for all real property except residential, producing mines, and lands or leaseholds producing oil or gas, and setting the residential assessment rate at 5.7% beginning in 2025.

The Colorado General Assembly is currently considering property tax legislation, and staff will share more detail on the fate of potential legislation at the May 9 study session.

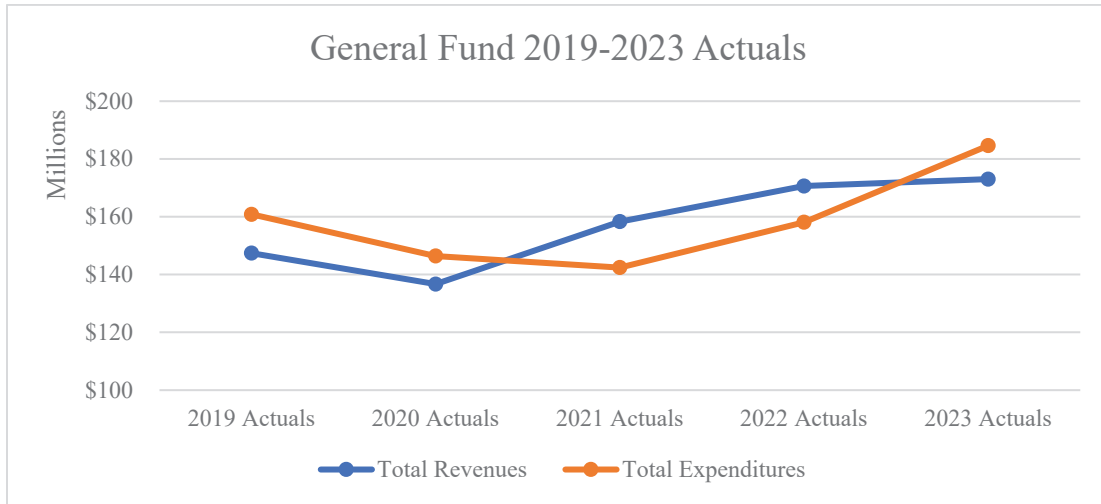
### *Fund Updates*

#### General Fund

- The General Fund ended 2023 drawing approximately \$8.0 million from fund balance, leaving an estimated \$20.1M in fund balance after reserves. The draw from fund balance was planned, in particular, the city planned a draw from fund balance to transfer to the Governmental Capital fund for the Alpine-Balsam Western City Campus project (\$5.6 million) and the Day Services Center (\$5.0 million). In addition, the General Fund transferred fund balance reserves to the Climate Tax Fund (CTF) to consolidate climate funding within the CTF. In addition, year-end numbers also represent an increased level of spending in 2023 compared to recent years, which is likely due to increased staffing levels, increased pace of operational expenses across departments, and the spending of new investments made in 2023. Staff continue to regularly monitor General Fund revenues and expenditures to ensure the accuracy of appropriation levels and to capture potential one-time savings within the annual



budget cycle to fund community and citywide needs. With upcoming significant investments such as the Alpine Balsam-Western City Campus project, staff anticipates bringing forward an adjustment-to-base in 2024 to again utilize a portion of the year-end balances to support this key project. Staff will continue to monitor the fund for potential flexibility for other one-time investments in the upcoming 2025 budget. The below chart represents the five-year trend of sources and uses within the General Fund between 2019-2023.



#### Affordable Housing Fund

- The Affordable Housing Fund ended 2023 drawing \$4.6 million from fund balance after reserves due to total uses exceeding total sources within the fund. Affordable Housing Fund revenues, supported primarily by cash-in-lieu contributions, development impact fees, and real estate sales, saw an approximate 75% decline in cash-in-lieu revenues in 2023 compared to 2019-2022 collections. The Affordable Housing Fund, in addition to the city’s three other housing funds, continues to be the primary city funding mechanism to support the development, purchase, and maintenance of affordable housing units in Boulder.

#### Transportation Fund

- In 2023, the Transportation Fund utilized appropriately 74% of the revised budget, realizing approximately \$15.4 million in savings. Most of this underspending is attributed to delays of original construction and permitting schedules of capital projects within the Transportation Department’s Capital Improvement Program; this capital funding will roll forward into the 2024 Revised Budget to support current year spending of the adjusted timeline of those capital projects. While current projections reflect a stable fund balance in the 2025-29 fiscal years, considerations of potential impacts include the rapid cost escalation impacting the capital construction environment will likely result in mid-year budget adjustments appropriating additional funding for capital projects.

#### Open Space Fund

- In 2023 the Open Space Fund, which funds the acquisition and maintenance of open space land, ended the year with roughly \$3.6 million in savings, obligating approximately 72% of the total revised budget. Year-end fund balance after reserves are currently projected to average \$2.0-3.0 million between 2025-2029.

### Recreation Activity Fund

- In 2023 the Recreation Activity Fund, which funds recreation, reservoir, and golf course programs and services, obligated 95% of the revised budget, yielding \$738,000 in savings compared to the revised budget. The fund is projected to have a negative fund balance after reserves beginning in 2025. Implementation of a new fee policy will help to support fund revenues, as it is currently dependent on transfers from the General Fund, and the Parks & Recreation Department and Central Budget continue to work toward a greater funding strategy in support of these programs.

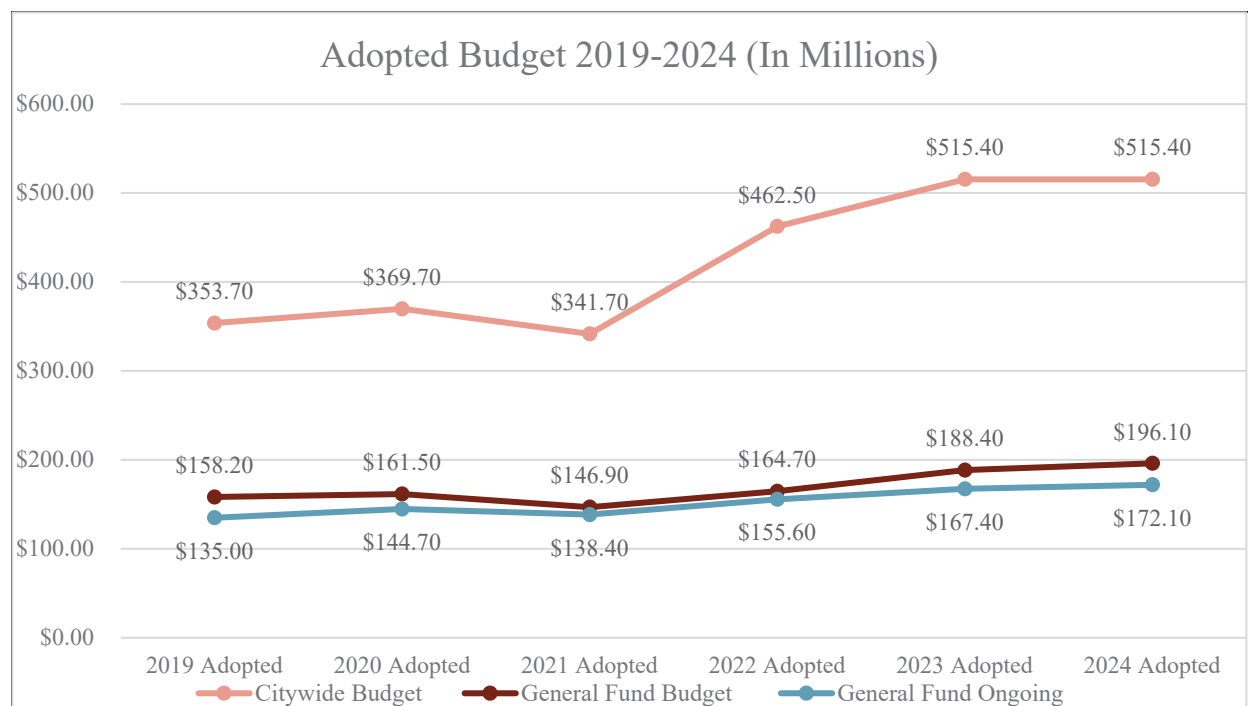
### **2025 Budget – Key Assumptions**

The year's key budget assumptions, as described below, are major factors that will inform the 2025 Budget. While staff carefully considers and reviews a comprehensive set of assumptions during the annual budget development cycle, the following major assumptions and policy issues will be of significant consideration during this year's budget development.

#### 1. Slowing Economic Growth and Known Funding Constraints

As mentioned above, a slowing in economic growth and a flattening of the city's major revenue source, sales & use tax, further constrains the funding flexibility to support new enhancements to the budget and one-time funded pilot programs currently without identified ongoing funding.

In recent years, as demonstrated below in the Adopted Budget 2019-2024 chart, the city has invested significantly with one-time and ongoing funding across the organization in support of community, citywide, and council initiatives. Since 2021, the budget across all funds has increased by 51%. While we recognize the significance of these investments, this same growth rate in recent spending is unsustainable for the 2025 budget and beyond.



Additional uncertainties and risks suggest caution, including high commercial vacancy rates, remote work practices with fewer workers in Boulder, and the upcoming fiscal cliff of expiring pandemic

stimulus dollars. While the city remains in a constrained environment, staff will continue to uplift the recent work of Budgeting for Resilience & Equity implementation to utilize outcomes to realign existing funding toward community and citywide goals.

## 2. Potential Property Tax Legislation and Related Revenue Impacts

Potential legislative impacts generate uncertainty on the future of property tax revenues and revenue growth. Property tax comprises 13% of total city revenues, and 17% of revenues when excluding utility revenues. Property tax represents a major revenue source for the General Fund, comprising 25% of fund revenues, and is a stable source of revenue that supports key general government purposes such as public safety operations and human services programming.

As described above, as well as in the Ballot Measures Study Session May 9 memo, two property tax initiatives, Initiative #50 and Initiative #108, have titles set for the 2024 statewide ballot. Recent legislation (SB22-238) for revenue years 2024 and 2025 impacted property tax revenues by approximately \$2.2 million by reducing assessment rates. Staff anticipates receiving this state backfill from Boulder County in Q2 2024, which will help to offset potential sales & use tax shortfalls this fiscal year. Staff will continue to monitor property tax bills throughout this year's legislative session to consider budgeting assumptions of the potential fiscal impact into the 2025 budget. Staff will share further updates at the May 9 study session.

## 3. Sustainable Capital Maintenance Funding

The 2025-30 Capital Improvement Program will continue to focus on supporting the goals and objectives within the city's Sustainability, Equity, and Resilience Framework, the Boulder Valley Comprehensive Plan, and subcommunity and area plans. Capital maintenance and enhancement projects typically comprise the majority of investments across the six-year capital improvement program (CIP). In the 2024-29 CIP, capital maintenance projects comprised 57% of the CIP, including investments in projects such as the Potable Water Transmission System Maintenance (\$14.0 million in 2024, \$45.5 million in the 2024-29 CIP), the Barker Dam Outlet Rehabilitation & Replacement (\$13.2 million total in 2024), Transportation Pavement Management Program (\$5.4 million in 2024, \$32.3 million in the 2024-29 CIP), and East Boulder Community Park (\$2.2 million total in 2024).

Key to this continued investment in ongoing capital maintenance is funding our city facilities at the "Maintain Well" level as outlined in the [Facilities Master Plan](#) accepted by City Council in 2021. The Maintain Well initiative supports appropriate service and funding standards for city facilities by investing in enhanced, ongoing annual funding to maintain new buildings well into the future, and to plan for future capital renewal needs and building adaption that will ultimately result in savings in operations and maintenance budgets. Current building infrastructure within the city's portfolio is old and does not align with the city's climate, social, or financial goals. Significant investments in equipment and systems replacement are required to prevent failures and meet ongoing service delivery needs for the organization as well as the community. Historically, while the city has invested in capital maintenance across other areas, the city has underfunded operations and maintenance in city buildings, which now results in a large, deferred maintenance backlog.

Due to this underfunding, in recent years the city has seen failures in systems and costly investments for emergency repairs. Therefore, as part of the 2025 budget, staff will continue to align funding resources and ensure sustainable funding strategies to support this standard across city facilities.

## 4. Continue to Address Community Needs Strategically across all Funding Sources

Staff will continue to evaluate the flexibility across all city funds, including dedicated and nondedicated funds and existing budget allocations to continue to support key community investments and needs. Budgeting for Resilience and Equity will continue to serve as a foundational tool to support this effort by utilizing data that measures the impact of our investments and prioritize funding toward those measurable impacts.

Last year, staff conducted a Dedicated Funding Analysis to understand legal and management restrictions of funding across the city. Approximately 60-70% of all city funding is dedicated, which limits the flexibility of uses across funds to support key initiatives and community needs. While dedicated funding may be a successful method of generating funding for specific programs, it restricts future funding opportunities and the utilization of balances to react quickly to changing community needs and interests. As we learned during the pandemic period, dedicated funding reduces organizational capacity and financial resiliency and creates challenges to respond to service needs during economic downturns.

As part of the Long-Term Financial Strategy, the city will establish a plan to perform a comprehensive fee study and a multi-year strategy for approaching tax renewals. The development of this long-term strategy, including an evaluation of current revenue structures and future revenue opportunities, will help to provide financial sustainability and resilience to the city and, ultimately, in service delivery across the community.

#### 5. Arts, Culture and Heritage Fund

In 2023, voters approved dedicating a portion of an expiring general-purpose tax for Arts, Culture and Heritage, beginning in 2025. The city will create and budget a new special revenue fund named the Arts, Culture and Heritage Fund to account for the dedicated 0.075% sales and use tax and the spending per the 2A ballot measure. Funding for arts, culture and heritage uses will be considered along with other budget requests.

As was shared during the 2023 ballot measures discussions and the 2024 budget approval process, passage of this previously undedicated tax to a dedicated tax would significantly impact existing general government operating dollars, and therefore the 2024 budget assumed that the portion of the renewed tax now dedicated to arts, culture, and heritage would fund current art operating programs. This assumption is in alignment with budgeting practices of similar dedicated tax funds across the city, including the recent approval of the Climate Tax and realignment of climate-related funding to the Climate Tax Fund. This assumption also does not impact other departments' current ongoing or one-time arts funding across the organization, such as city facility subsidy leases to arts organizations, additional Community, Culture, Resilience, and Safety Tax non-profit grants funding to the arts community, and the 1% for public art policy applied to capital projects.

#### 6. Living Wage Increases and Minimum Wage Assumptions

In 2024, to support competitive compensation for city employees, the city increased living wage for standard positions to \$22.44. This amounted to \$441,000 across the organization and applied to approximately 105 employees across twelve funds.

In addition to the recent living wage updates that impact standard positions, the City of Boulder, in coordination with Louisville, Longmont, Lafayette, and Erie, is currently exploring a regional approach to increasing the local minimum wage which would impact some of the city's non-standard (seasonal/temporary) positions. Current minimum wage within the city of Boulder is \$14.42 or \$11.40 including tips. While the work with our partners is in process, current assumptions for the

2025 budget process is that the city may align to Boulder County’s current minimum wage rate of \$16.57 in 2025 to \$25.00 in 2030. As demonstrated in the table below, early estimates indicate minimum wage would require between \$43,000 to \$253,000 of ongoing funding in 2025. This will largely impact Parks & Recreation, Open Space, and Utilities employees across the Recreation Activity Fund, 0.25 Sales Tax Fund, General Fund, Open Space Fund, and Water Utility Fund.

We recognize the significance of this change within a constrained budgeting environment. At the June 7 council meeting, staff will share an update on a regional economic analysis for increasing the minimum wage. If municipalities decide to implement a minimum wage increase, it would become effective January 1, 2025.

#### **Minimum Wage Estimated Expense – All Funds 2025-2030**

<b>Minimum Wage Assumptions</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Minimum Wage Increase	\$43,000	\$170,000	\$38,600	\$662,000	\$983,000	\$1,353,000
Minimum Wage Increase and Wage Compression	\$253,000	\$571,000	\$932,000	\$1,334,000	\$1,770,000	\$2,242,000

#### **7. Long-Term Financial Strategy**

During its 2024 retreat, council agreed to include the creation and implementation of a Long-Term Financial Strategy (LTFS) as a council workplan priority. In the fall of 2023, staff shared with the Financial Strategy Committee and City Council the overarching framework of a LTFS, including four key elements guiding the strategy:

1. Overall Performance Budgeting Philosophy
2. Long-Term Financial Plan Governance and Supporting Structures
3. Revenue and Fee Policies and Practices
4. Fund Management Structures and Strategies

The LTFS will support the achievement of the city’s long-term goals as aligned to the Sustainability, Equity, and Resilience Framework and the Boulder Valley Comprehensive Plan by clearly articulating current and anticipated risks and funding challenges, and identifying financial strategies to address those risks and challenges. The LTFS will set a holistic view and strategically planned approach to the city’s financial structures and policies. As part of the strategy, staff will develop guiding financial principles and policies, perform a current state assessment to understand core service delivery needs and funding gaps, evaluate and establish a plan for comprehensive fee study, develop a communications and engagement plan, and identify future steps to support the continued development and evaluation of Budgeting for Resilience and Equity. As part of this year’s efforts, staff plans to identify and propose a timeline and focus areas that will support the initial development of a comprehensive fee study to study current and potential new fees to address policy goals, explore other funding mechanisms to support core city services, and develop a three-to-five year ballot measure strategy.

Council's action step of naming the LTFS as a council priority lays the foundation for staff to focus our efforts on the development of this financial strategy this year. The Financial Strategy Committee will provide the main project oversight on behalf of council with several touchpoints with the full council before approval of the LTFS. The expected timeline includes a Q4 2024 council review and a Q2 2025 approval of a strategy.

### **Summary of Key Budget Assumptions**

A major purpose of the annual financial forecast and budget update is to provide insight into the conditions and policies that will impact the development of the upcoming budget. The 2025 key budget assumptions, listed below, summarizes the key factors influencing this year's budget development:

1. Slowing economic growth and known funding constraints significantly limit budget flexibility for ongoing costs.
2. Potential legislative impacts generate uncertainty on the future of property tax revenues and revenue growth.
3. The Capital Improvement Program will continue to focus on investing in sustainable funding strategies for the ongoing capital maintenance of city facilities and infrastructure.
4. Flexibility across all funds, including dedicated funds and existing budget allocations, will continue to be explored and emphasized to support key community investments and needs.
5. The city will create and budget a new special revenue fund named the Arts, Culture and Heritage Fund with a dedicated revenue source being the dedicated 0.075% sales and use tax per the 2A ballot measure approved by voters in November 2023. Funding for arts, culture and heritage uses will be considered along with other budget requests.
6. Recent living wage increases and potential changes to the minimum wage ordinance impacting city employees will be a factor when considering flexibility across funds.
7. Other ongoing funding needs are significant and beyond funding availability, requiring a long-term financial strategy across all funds and city functions.

The above key budget assumptions demonstrate the limited flexibility of ongoing funding opportunities in the upcoming 2025 budget. The city's goal is to effectively and strategically utilize existing resources and dollars to invest in community and citywide goals. Our efforts toward implementing Budgeting for Resilience and Equity, coupled with the development of a Long-Term Financial Strategy, demonstrates a commitment to sustainable and strategic planning for future funding to address critical needs across the community.

### **COUNCIL QUESTIONS**

- Does council have any questions regarding the 2023 preliminary, unaudited year-end financial results and economic outlook?
- Does council have any questions regarding the 2025 Budget development and feedback related to the key budget assumptions?



## **COVER SHEET**

### **MEETING DATE**

**May 9, 2024**

### **AGENDA ITEM**

Potential Ballot Items

### **PRIMARY STAFF CONTACT**

Elesha Johnson, City Clerk

### **ATTACHMENTS:**

#### **Description**

- ▣ **Item 2\_Potential Ballot Items**





## STUDY SESSION MEMORANDUM

**TO:** Mayor and Members of City Council

**FROM:** Nuria Rivera-Vandermyde, City Manager  
Chris Meschuk, Deputy City Manager  
Erin Poe, Deputy City Attorney  
Kara Skinner, Chief Financial Officer  
Elesha Johnson, City Clerk  
John Morse, Elections Administrator

**DATE:** May 9, 2024

**SUBJECT:** Potential Ballot Measures

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### **EXECUTIVE SUMMARY**

The purpose of this item is to provide information, options and recommendations for November 2024 ballot measures, including to:

1. Provide recommendations to the full council from the Charter Review Committee regarding potential City Charter amendment ballot measures.
2. Provide recommendations from the Financial Strategy Committee to the full Council on potential tax ballot measures.
3. Provide recommendations from the Boards & Commissions Committee to the full council on timing of implementation of changes from the boards and commissions assessment.
4. Provide an update on city petitions that are circulating for signature.
5. Report on potential ballot items for the state and region.

The following is a summary of the potential ballot items and the recommendations for next steps:



From the Charter Committee:

<b>Ballot Item Proposal</b>	<b>Committee Recommendation</b>
Charter Section 9 – Add Executive Sessions	Split support
Charter Section 7 – Increase council pay	Split support
Charter Section 4 – Council members cannot hold more than one elected office	Split support
Charter section 5 – Add Ranked Choice voting for council members	Split support
Charter Section 26 – Increase petition signatures for council candidates	Support

From the Financial Strategy Committee:

<b>Ballot Item Proposal</b>	<b>Committee Recommendation</b>
Residential Vacancy Tax	Not for 2024, seeking council input on whether to research
Commercial Vacancy Tax	Not for 2024, seeking council input on whether to research
Tax on Property Owners with 4+ Dwelling Units	Not for 2024, seeking council input on whether to research
Sales Tax Exemption on Food for Home Consumption, with revenue offset	Not for 2024, seeking council input on whether to research
Behavioral Health Tax	Not for 2024, seeking council input on whether to research

From the Boards & Commissions Committee:

<b>Ballot Item Proposal</b>	<b>Committee Recommendation</b>
Charter Section 130/Others – Revise Board & Commission terms and requirements	Seeking council input on whether to proceed now or wait until next year

Following directions from this study sessions, staff will draft any ballot measures desired for council consideration. The first reading and public hearing of proposed ballot measures is currently scheduled for July 18, 2024, the second reading and public hearing on August 1, 2024, which allows time for a third reading on August 15, 2024, if needed. The last regular council meeting date that council may approve ballot measures is August 15, 2024. Ballot measures must be certified to Boulder County by September 6, 2024.

### **QUESTIONS FOR COUNCIL:**

1. What ballot items related to charter changes would council wish to proceed and direct staff to research and draft?
2. Does council agree with the Financial Strategy Committee recommendation to not consider any tax measures in 2024 but consider some for the Long-Term Financial Strategy? If yes, which potential tax

- measures should be researched and considered as part of the City's Long-Term Financial Strategy?
3. Does council support the recommendation to create a multi-year schedule of planned tax measures within the Long-Term Financial Strategy?
  4. Does council wish to implement any charter changes based on the boards & commissions assessment in 2024?
  5. Does council have any questions on city petitions or other ballot items within the region?

## **ANALYSIS**

### **Section 1. City Council Charter Review Committee recommendations for matters be brought forth this election cycle:**

#### **1. Limited executive session availability for sensitive actions**

Currently, City Council cannot hold executive sessions. Charter Section 9 states: "*All meetings of the council or committees thereof shall be public.*"

The potential change would be to modify section 9 to allow for executive sessions. From 2014 to 2017 council had a limited authority for executive sessions related to Municipalization legal strategy. This authority was approved by voters in 2014 with 56% support. An extension of this authority was denied by voters in 2017 with 56.5% against.

Authority for executive sessions is in state statute §24-6-402(4)(a), C.R.S., Executive Sessions *can* be called for:

- Purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest.
- Conferences with an attorney for the public entity for the purpose of receiving legal advice on specific legal questions.
- Matters required to be kept confidential by Federal or State law or rules or regulations.
- Specialized details of security arrangements or investigations.
- Determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.
- Personnel matters, identifying the person or position to be discussed.
- Consideration of any documents protected by the mandatory nondisclosure provisions of the Open Records Act.

#### **2. Increase council pay**

City Council members are compensated per meeting up to fifty-two meetings per year, for a maximum possible pay of \$12,695.28. Council pay and benefits are defined in Charter Section 7: "*Council members and the mayor shall receive as compensation \$100.00 per meeting for fifty-two meetings per calendar year, plus an annual escalation each January 1 in a percentage equivalent to any increase over the past year in Change the Consumer Price Index (All Items) for the statistical area which includes the city maintained by the United States Department of Labor, Bureau of Labor Statistics; this amendment shall become*

*effective January 1, 1990. Council members serving on January 1, 2022 and thereafter, and the mayor elected in November 2023 and thereafter, may elect to receive benefits under the same terms and conditions that are available to full-time city employees including without limitation participation in city health, vision, dental, and life insurance plans. This compensation shall be averaged over the calendar year and paid on the same schedule as city employees, or such other schedule as determined by the City Manager.”*

This possible charter amendment would increase council member compensation in a manner similar to the compensation provision enacted by voters in Fort Collins in 2022.

Compensation for council members could be based on a percentage of the Area Median Income (AMI) for a single-person household in the Boulder County Metropolitan Statistical Area, as determined and adjusted annually by the U.S. Department of Housing and Urban Development. This would be similar to a change approved in 2022 by the voters in Fort Collins for their city council. In Fort Collins, the compensation is now 75% of the AMI for mayor, 60% of the AMI for the mayor pro tem, and 50% of the AMI for other council members.

If that same methodology of Fort Collins were followed for Boulder, in 2022, the Boulder County AMI for a single person household was \$87,800. Using the Fort Collins percentages:

50% AMI = \$43,900

60% AMI = \$52,680

75% AMI = \$65,850

By comparison, Boulder's current council compensation is less than 15% of the single-person AMI. The Charter Committee is not yet recommending particular percentages of the AMI for Boulder's council compensation, which could be the same as the Fort Collins percentages, or different percentages.

At the study session on May 9, the Charter Committee will discuss with council whether to consider a pay increase, and if yes, whether an AMI-based approach to future council compensation is appropriate and, if so, what AMI percentages council would like to consider presenting to Boulder voters this fall.

Copies of the compensation study presented to the Fort Collins city council in May 2022 and that city's November 2022 ballot measure can be found in **Attachments A and B** to this memo.

### 3. Not allowing a Council Member to hold more than one public office

Charter Section 4 outlines the qualifications of council members and mayor. It does not prohibit a council member from holding more than one elected office. It states: *“No person shall be eligible to office as council member or mayor unless, at the time of the election, such person is a qualified elector as defined by the laws of the State of Colorado, at least twenty-one years of age, and shall have resided in the City of Boulder for one year immediately prior thereto. No person shall be eligible to the office of a council member if such person has previously been elected to three or more terms of office. No person shall be eligible to the office of mayor if such person has previously served eight years as mayor, or*

*if such person has previously served three terms as a council member and four years as mayor.”*

The possible charter change would be to add to the charter a prohibition on a city council member also holding any other elected office.

#### 4. Ranked choice voting for Council member election

In 2020, voters approved a ballot measure to elect the mayor through ranked choice voting. The first election using this voting method was in 2023. This potential ballot measure would be to amend the charter to use ranked choice voting for the at-large city council seats.

There are no cities in Colorado that use ranked choice voting (RCV) for at-large seats. In doing some initial research, we did find cities of similar size across the country that do use ranked choice voting for at-large seats:

- Bloomington, MN - Adopted in 2020 to elect the mayor district council seats, and at-large council seats. First used in November 2021.
- Cambridge, Massachusetts - Adopted in 1941. Uses proportional RCV to elect nine at-large city council seats and six at-large school board seats.
- Portland Maine - Adopted in 2010 for mayor and first used in 2011. Expanded in 2020 to apply to city council and school board seats. In 2022 voters approved a ballot measure authorizing the city council to adopt proportional RCV for multi-winner elections, with first implementation anticipated in November 2023.
- San Leandro, CA - Adopted as option in 2000 charter amendment and used since 2010 to elect mayor and city council (elected at-large, by numbered post).

This potential charter change would amend Article II (possibly charter section 5) to add ranked choice voting. As an example, Charter Section 14 is where ranked choice voting is described for election of the mayor: *“If three or more candidates run for the office of mayor, then the election shall be conducted by ranked choice (instant runoff) voting. The term of office for the mayor elected in 2023 shall be three years. Thereafter, the term of office for the mayor shall be for two years. The term of the mayor shall extend until a successor is duly chosen and qualified.”*

#### 5. Increase petition signatures for mayoral and council candidates

This potential change would amend charter section 26, to increase the number of signatures required to be certified for the ballot for the position of mayor or council member. In 2023, voters approved a charter change to allow council candidates to obtain signatures outside the presence of the City Clerk. Prior to this change, council candidates had to have at least 25 people come in person to the Municipal Building to sign their petition for candidacy.

The potential change would be to increase the required number of signatures from 25 to 50-85. A quick review of surrounding communities that allow circulated petitions are:

- Westminster – 115k population - 25 signatures.

- Centennial – 107k population – 4 Districts – Mayor 100 signatures / council members 50 within district.
- Greeley – 107k population – 4 Wards – Mayor / council members 25 within ward.
- Longmont – 98k population – 3 Wards – Mayor (at-large) 50 signatures / council members 25 within Ward.

Charter Section 26 States: *“When a petition of nomination shall have been signed by not less than twenty-five and not more than thirty-five qualified and duly registered electors, and not later than the seventy-first day before the pending municipal election, the city clerk shall check such petition with the official registration list, determine its sufficiency, and, if sufficient, shall append the clerk's certification of petition, and file the completed petition in the clerk's office, together with the date and certificate of the filing thereof. The petition may be amended to correct or replace signatures which the clerk finds not in apparent conformity with the requirements of this charter and any applicable ordinance at any time prior to the sixty-sixth day before the election.”*

Other charter changes not recommended for the 2024 ballot:

The charter committee discussed other potential amendments and ballot measures brought forth by Council members but decided against recommending charter amendments:

- Eliminating meetings in July to extend the Council break (Sec. 9)
- Whether to increase the signature requirements for dedicated tax measures (Sec. 38a)
- Remove requirement for Public Works Director be an Engineer. (Sec. 66)
- Simplify language on publication of ordinances. (Sec. 18/18a)

**Section 2. Financial Strategy Committee recommendations to City Council on potential tax measures.**

At the March 6<sup>th</sup> Financial Strategy Committee meeting, Committee Members supported staff's recommendation to realign the responsibilities of reviewing potential tax ballot measures from the Charter Committee to the Financial Strategy Committee. This recommendation is supported by the Financial Strategy Committee (FSC) Charter responsibilities of oversight in financial planning, strategy, and fiscal stewardship for the City.

The five potential tax ballot measures proposed for consideration to the Charter Committee, and then to the FSC, included the following:

1. Residential Vacancy Tax
2. Commercial Vacancy Tax
3. Tax on Property Owners with 4+ Dwelling Units
4. Sales Tax Exemption on Food for Home Consumption, with revenue offset
5. Behavioral Health Tax

At the April 5, 2024 FSC meeting, staff shared preliminary research for the potential tax ballot measures, including intended use and outcomes of comparison cities and early revenue estimates and implementation and administration considerations. Due to the direct alignment with the Long-Term Financial Strategy and the additional staff research required, FSC recommended that the full City Council should identify which tax ballot measures should be proposed to be included in the Long-Term Financial Strategy and prioritized for future ballots. In addition, FSC supported staff's recommendation against bringing forward potential tax ballot measures in 2024.

A summary of the preliminary research for each potential tax ballot measure is provided below.

1. Residential Vacancy Tax and Commercial Vacancy Tax

A residential vacancy tax is a tax on residential property that is held vacant during a portion of the year. Residential and commercial vacancy taxes provide an incentive to reduce blight by improving, renting, or selling vacant property. A secondary intended outcome of residential vacancy taxes is to increase housing supply.

Based on preliminary staff research, vacancy taxes are typically structured as a flat fee or tax based on property type category or square footage, ranging from \$1,000 to \$7,000 per unit. Early estimates of vacant units in Boulder range between 1,000-4,000 units within the city limits. Revenue estimates for vacancy taxes in the City of Boulder would be dependent on vacancy type and classification as well as enforcement.

2. Tax on Property Owners with 4+ Dwelling Units

A tax on property owners with 4+ dwelling units within one or multiple residential properties intends to reduce or discourage investor-owned property and increase housing supply. Preliminary staff research did not yield examples of this specific type of tax. However, many jurisdictions tax owner and non-owner-occupied property classes, such as providing lower tax rates or tax credits for owner-occupied properties and taxing non-owner-occupied properties at a higher rate.

3. Sales Tax on Food for Home Consumption, with a Revenue Offset

Staff performed research on the sales tax exemption on food for home consumption, which includes sales tax on food items such as meats and vegetables, dairy products, and baked goods. The City of Boulder currently does not exempt sales tax on food for home consumption, however individuals are exempted from the City of Boulder sales tax on food for home consumption if their income is less than 200% of the federal poverty level and purchasing food through the Supplemental Nutrition Assistance Program (SNAP).

Based on other front range communities who have recently implemented a sales tax exemption on food for home consumption, staff estimates a loss of approximately \$12.7 million in city sales & use tax revenues if an exemption were applied. The table below provides an overview of taxation on food for home consumption of other cities and towns.

**Table 1: Benchmarks – Tax on Food for Home Consumption**

<b>Tax on Food for Home Consumption (FFHC)</b>	<b>Count and Percentage</b>	<b>Cities and Towns</b>
Count of Cities and Towns Reviewed	67 (100%)	Cities in the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Larimer, and Weld
Count of Cities and Towns that tax FFHC	50 (75%)	Noteworthy close to Boulder: Broomfield, Erie, Lafayette, Longmont, Louisville, Lyons, Nederland, Superior, Ward
Count of Cities and Towns that exempt FFHC	17 (25%)	Noteworthy by size or proximity to Boulder: Aurora, Commerce City, Denver, Englewood, Frederick, Firestone, Greenwood Village, Lakewood, Littleton, Loveland

#### 4. Behavioral Health Tax

A behavioral health tax, as proposed, would tax the sale of tobacco products, alcohol, and/or additional increment on marijuana to fund behavioral health services and programming. The below revenue estimates are based on 2022 projections.

Below are estimates of taxable sales and resulting revenue at different increments of tax. Staff chose the 0.15% increment as the lower bound because consumers are familiar with the 0.15% Food Service Tax assessed on food and beverage sales at eating establishments. Additionally, 0.5% and 1.0% were provided as options that are easy multipliers. None of those increments represent a staff recommendation but are provided to help Council envision orders of magnitude.

**Table 2: Estimated Taxable Sales of Tobacco, Alcohol, and Marijuana**

<b>Category</b>	<b>2022 Estimated Taxable Sales</b>
Tobacco	\$18,400,000
Liquor Stores	148,800,000
Alcohol @ Restaurants	73,300,000
Alcohol @ Grocery/Conv.	7,600,000
Recreational Marijuana	45,900,000
Medical Marijuana	5,080,000
<b>Estimated Taxable Sales:</b>	<b>\$299,080,000</b>

**Table 3: Estimated Revenue Generated from Tax Increment Tobacco, Alcohol, and Marijuana Sales**

<b>Tax Increment</b>	<b>Additional Tax Revenue</b>
0.15%	\$448,620
0.50%	\$1,495,400
1.00%	\$2,990,800

During the April 5<sup>th</sup> FSC meeting, FSC members raised several questions after receiving preliminary staff research on potential tax measures. Pending City Council review and approval, staff intend to review these questions along with others proposed as part of the Long-Term Financial Strategy. A summary of FSC member questions is synthesized below:

- What are the intended outcomes of these taxes for Boulder? What do we want to accomplish this tax? Who would benefit from the changes, and who would be impacted by these changes? Does that impact meet our intended outcomes?
- What is the budget we need to fulfill the goals we want to achieve as a city? What are the behaviors we are trying to incentivize and disincentivize?
- What would the cost of enforcement and administration be to implement vacancy taxes? How could enforcement or administration discourage multiple property owners within the same family unit?
- What is the rate of change for vacancies in Boulder? Would a tax generate sustainable, ongoing, or increasing revenues?
- How have other jurisdictions approached sin taxes in how it impacts underprivileged groups, and how would this align with our racial equity goals?

**Section 3: Recommendations from the Boards & Commissions Committee to the full council on timing of implementation of changes from the boards and commissions assessment.**

City Council received an update and provided feedback on the initial recommendations from the Boards and Commissions Assessment on November 9, 2023. Initial recommendations included a variety of changes that would help improve member experience, role clarity, recruitment, and representation. Council indicated interest in many of the recommendations, especially in areas that related to broadening participation on boards and commissions, including barriers to participation. In the months since, staff has met with Council's Subcommittee on Boards and Commissions (Council Members Folkerts and Winer) to review implementation strategies and timelines.

As shared in November, many aspects of boards and commissions, including term lengths, residency requirements, membership criteria, compensation, and meeting frequency, are set in City Charter Section 130. A handful of specific Boards and Commissions (e.g. Arts Commission, Parks and Recreation Advisory Board, Planning Board, etc.) are also set in



Charter. The initial timeline shared with subcommittee members focused on internal process improvement and building a new structure and program prior to pursuing necessary City Charter changes. However, staff acknowledged that making short-term progress on items related to board and commission term length, representation, and accessibility are severely limited until Charter language is changed by voters. The subcommittee encouraged staff to explore options for expediting some recommendations including potential ballot items for 2024 in support of this work.

Due to the amount of research to outline differing options for ballot inclusion, the subcommittee recommended full council consideration of interest in exploring options for editing board and commission related provisions of the Charter. If a majority of City Council is interested in exploring options for 2024 ballot consideration, staff will research and present Charter change options at an upcoming meeting with the goal of making boards and commissions more accessible, equitable, and transparent.

#### **Section 4: Update on community sponsored city petitions that are circulating for signature.**

The city has received and approved for circulation two initiative petitions for code changes related to decommissioning the Boulder Municipal Airport.

##### Petition #1: "Repurpose our Runways"

This petition is seeking to:

*Shall the Boulder Municipal Airport be decommissioned (closed) as soon as reasonably feasible, with the exception that a portion of the site may be used for emergency-only helicopter facilities and uses, and with guidance regarding funding and management of the airport during the transition period including minimizing community impacts, and considering new uses for the site?*

Text of Measure:

##### 11-4-8 Decommissioning

(a) The city shall proactively work to decommission (close) the Boulder Municipal Airport as soon as reasonably feasible.

(b) As of the effective date of this ordinance, the city shall accept no more state or federal funding that comes with FAA grant obligations or any other obligations that would delay decommissioning of the airport. To the extent feasible, the city shall negotiate or litigate to end existing grant commitments to the FAA as soon as possible, and thereby regain local control of the site and its uses.

(c) In the interim period before airport decommissioning:

(1) No expansion or improvement of BDU airport facilities or property shall

be allowed except to maintain public safety for remaining operations and to provide unleaded aviation fuel.

(2) The city shall prioritize and implement measures to minimize negative impacts from aviation activities such as exposure of people and wildlife to noise and lead pollution.

(3) The city shall work with current airport users and tenants on a transition to airport closure.

(4) The City shall consider new uses for the property that prioritize affordable housing, neighborhood-serving businesses, parks, and greenways. Consideration should be given to innovations in climate resilience, creative housing types and building designs, child- and family-friendly features, and minimization of car dependency.

(d) Exceptions: Once decommissioned, no aviation uses or facilities shall be permitted at this site with the exception that a portion of the site may be used for emergency-only rotor aircraft (helicopters) and associated facilities. Such emergency uses may include, but are not limited to, fire, flood, and medical emergencies.

#### Petition #2: "Runways to Neighborhoods"

This petition is seeking to:

*If ballot measure "Repurpose Our Runways" passes, shall the decommissioned airport site be repurposed as sustainable, mixed-use neighborhoods, with at least 50% of on-site housing units designated as permanently affordable for low, moderate, and middle-income residents, and whose development shall be guided with input from a community board?*

Text of Measure:

If "Repurpose Our Runways" passes, then the following shall be added to the Boulder Revised Code:

#### 11-4-8

(e) New uses for the decommissioned airport property shall predominantly consist of sustainable, well-connected, mixed-use neighborhoods designed to help address Boulder's affordable housing crisis. Planning for the new neighborhoods shall implement the new uses and factors described for consideration in 11-4-8(c)(4). Furthermore, the city shall:

(1) incorporate attractive mixed-income housing designed to meet the needs of families and essential workers. At least 50% of on-site housing units shall be permanently affordable units in Boulder's affordable housing program. These homes

shall be for low-, moderate-, and middle-income residents, with a focus on middle-income; and

(2) establish a community board to provide guidance on an area plan for the airport site as well as criteria for development proposals. The city shall include the community board in the process of evaluating development proposals for the airport site.

Letters of “intent to circulate” and petition drafts were submitted to the City Clerk on March 21, 2024. The City Clerk provided her comment letter and approval of the first submission of the petitions to the committee on April 1, 2024. The committee has elected to utilize both paper and electronic endorsements through the Boulder Direct Democracy Online system for both petitions.

Each petition will need 3,401 signatures to be deemed “sufficient”. Petitions must be submitted to the City Clerk for review and certification no later than May 29, 2024.

## **Section 5: Potential 2024 ballot measures for the state and region**

### Boulder County

Boulder County has not made any decisions yet regarding potential 2024 ballot measures. The county is polling on referring various measures to the ballot including tax increases for behavioral health, subdivision paving and repurposing of the Worthy Cause sales tax. Boulder County voters last approved a 15-year extension of the 0.05% Worthy Cause sales tax in 2017. The 15-year initiative allocates a portion of the sales tax revenue to county non-profit human service agencies for capital projects, including the purchase of land or buildings, construction, renovation, or debt reduction. The county is also polling on some general policy questions.

### Boulder Valley School District (BVSD)

Boulder Valley School District currently does not have plans for any ballot measures.

### State of Colorado

Currently, there are two initiatives that relate to property taxes or property tax revenue that have had titles set for the 2024 statewide ballot, one which will be on the ballot and one that is circulating for signatures.

- Initiative #50 will be on the 2024 ballot. This initiative is a change to the Colorado Constitution, requiring 55% of the vote to pass. Per the initiative, each year property tax revenue is projected to increase by more than 4%. a taxing jurisdiction would be required to put a question on the ballot asking voter approval to retain the revenue above the 4%. The wording of the ballot title is prescribed by the initiative.
- Initiative #108 is currently circulating for signatures. This initiative would reduce the assessment rate to 24% for all real property except residential, producing mines and lands or leaseholds producing oil or gas (for 2023 taxes payable in 2024 assessment rates range from 26.4-27.9%) and setting the residential assessment rate at 5.7% (for

2023 taxes payable in 2024 assessment rate is 6.7%) effective tax years beginning 1/1/2025. The measure provides a backfill from the state General Fund to local governments for lost revenue.

The deadline to collect sufficient signatures is August 5, 2024. It is very early in the process so it is unclear which initiatives may ultimately appear on the November 2024 ballot. The Colorado Secretary of State maintains a [website](#) with the current status of initiatives.

In addition, the Colorado Commission on Property Tax released preliminary report on 3/15/24, with the final report due 12/31/24. The Commission recommends conducting fiscal analysis involving 10 different proposals for property tax, however they did not provide a specific recommendation for any of the proposed property tax changes. Of the 10 proposals, the highest potential impacts to the City of Boulder stem from the following:

- Homestead Value Reduction
- Extend SB22-238 and SB23B-001 to apply in 2024, evaluate extending to 2025
- Adjustable cap on property tax growth at taxing jurisdiction level, can be overridden
- Separate school and government local tax assessments

#### **NEXT STEPS**

- June 20, 2024 follow up discussion with council (if needed)
- July 18, 2024, first reading of ballot measures
- August 1, 2024, second reading and public hearing on ballot measures (potential final adoption)
- August 15, 2024 continued second reading/third reading and public hearing on ballot measures (potential final adoption) and, council's approval of the ballot order

#### **ATTACHMENTS**

- A. Fort Collins May 2022 Summary memo on council pay options
- B. Fort Collins November 2022 ballot measure for council compensation