Fort Collins City Council
Work Session Agenda

6:00 p.m. Tuesday, December 13, 2022
Colorado Room, 222 Laporte Ave, Fort Collins, CO 80521

NOTICE:
Work Sessions of the City Council are held on the 2nd and 4th Tuesdays of each month in the Colorado Room of the 222 Building. Meetings are conducted in a hybrid format, however there is no public participation permitted in a work session.

City Council members may participate in this meeting via electronic means pursuant to their adopted policies and protocol.

How to view this Meeting::

Meetings are open to the public and can be attended in person by anyone.

Meetings are televised live on Channels 14 & 881 on cable television.

Meetings are livestreamed on the City's website, fcgov.com/fctv

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A solicitud, la Ciudad de Fort Collins proporcionará servicios de acceso a idiomas para personas que no dominan el idioma inglés, o ayudas y servicios auxiliares para personas con discapacidad, para que puedan acceder a los servicios, programas y actividades de la Ciudad. Para asistencia, llame al 970.221.6515 (V/TDD: Marque 711 para Relay Colorado). Por favor proporcione aviso previo. Las solicitudes de interpretación en una reunión deben realizarse antes del mediodía del día anterior.

While work sessions do not include public comment, mail comments about any item on the agenda to cityleaders@fcgov.com

City of Fort Collins

Meeting agendas, minutes, and archived videos are available on the City's meeting portal at https://fortcollins-co.municodemeetings.com/

City Council Work Session Agenda

December 13, 2022 at 6:00 PM

Jeni Arndt, Mayor
Emily Francis, District 6, Mayor Pro Tem
Susan Gutowsky, District 1
Julie Pignataro, District 2
Tricia Canonico, District 3
Shirley Peel, District 4
Kelly Ohlson, District 5

Colorado River Community Room
222 Laporte Avenue, Fort Collins

Cablecast on FCTV
Channel 14 on Connexion
Channel 14 and 881 on Comcast

Carrie Daggett City Attorney	Kelly DiMartino City Manager	Anissa Hollingshead City Clerk

CITY COUNCIL WORK SESSION
6:00 PM

A) CALL MEETING TO ORDER

B) ITEMS FOR DISCUSSION

1. **East Mulberry Potential Annexation Approach.**
   The purpose of this item is to seek Council insight into the East Mulberry Plan update and potential annexation considerations related to the plan update. Staff will share a potential approach to annexation for Council to consider based on a concept referred to as 'tipping points'. Staff will also share and seek Council input on options pertaining to how staff should proceed with updating the East Mulberry Plan.

2. **Sustainable Funding Discussion.**
   The purpose of this work session is to discuss sustainable funding efforts to date and to seek Council directions for next steps.

C) ANNOUNCEMENTS

D) ADJOURNMENT

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December 13, 2022

WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

Caryn Champine, PDT Director
Rebecca Everette, Planning Director
Megan Keith, Senior Planner

SUBJECT FOR DISCUSSION

East Mulberry Plan Update and Potential Annexation Approach.

EXECUTIVE SUMMARY

The purpose of this item is to seek Council insight into the East Mulberry Plan update and potential annexation considerations related to the plan update. Staff will share a potential approach to annexation for Council to consider based on a concept referred to as 'tipping points'. Staff will also share and seek Council input on options pertaining to how staff should proceed with updating the East Mulberry Plan.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council have feedback on a potential annexation approach based on tipping points?

2. Does Council prefer a more targeted update or a full update of the East Mulberry Plan?

BACKGROUND / DISCUSSION

Staff has been modeling financial scenarios related to potential future annexation of the East Mulberry enclave with an outside consultant, Economic Planning Systems, since late 2020. Staff has also been working towards an update to the East Mulberry Plan, including extensive community engagement, since early 2021. Recent Council discussions on this topic include:

- March 2021: Work session focused on the plan update, strategic approach to plan-making and annexation evaluation.
- April 2022: City Council and County Commissioner discussion of potential future annexation and the existing Intergovernmental Agreement for Growth Management.
- April 2022: Work session focused on overall community approach to annexation and growth management, including implications for the East Mulberry Enclave area.
- August 2022: Staff presented a financial analysis framework for five subarea designations within a 20-year timeframe separated into 5-year increments.
- October 2022: Staff presented Opportunities and Tradeoffs by Character Area and received feedback to provide ranges of costs to inform future discussions at the November 8th full Council Work Session

Financial Summary

Several financial scenarios were presented at the August 1, 2022 Council Finance Committee meeting. Five phased approaches were analyzed, looking at a twenty-year evaluation timeframe. Each of these scenarios emphasized a different prioritization schema, resulting in alternative timing and ordering of the full annexation area. However, the financial model can be modified to accommodate other assumptions and priorities depending on future direction from Council. The financial impacts of these scenarios are presented below, which includes both the ongoing operating revenues and expenses, as well as one-time development/impact fees and capital expenditures:

Governmental: 20-year View		
($M)	Range	Avg. / Yr.
Revenue	$80 - $210	$4 - $10
Expense	($115) – ($265)	($6) – ($13)
Margin	($35) – ($55)	($2) – ($3)

Utilities: 20-year View		
($M)	Range	Avg. / Yr.
Revenue*	$75 - $240	$4 - $12
Expense	($200) – ($325)	($10) – ($16)
Margin	($85) – ($125)	($4) – ($6)

** Note: Utility Revenues reflect current rate structures and don't include rate adjustments to cover added costs of potential acquisition.*

Primary expenditure drivers are highlighted below:

- **Police Services**: Analysis of existing activity in the annexation area suggests that up to 35 additional FTE (23 sworn officers; 12 professional support) would be required at an annual cost of in excess of $6 million.

- **Streets/Traffic:** The annexation area encompasses nearly 46 miles of roadways, of which approximately 30 miles would likely come under City maintenance and upkeep. Annual estimate of maintaining is around $750,000. Potential additions of up to 14 miles of roadway w/ new developments would increase this figure.

- **Light & Power:** Capital expenditure estimate for connectivity and sub-station buildout requirements is $90 - $100 million.

- **Stormwater:** Capital improvements primarily related to the Cooper Slough and Dry Creek/Lincoln channel areas is approximately $40 million.

Additionally, the scenarios above were also evaluated by accelerating or de-accelerating the potential annexation timeframes. While the annual, average bottom line impacts are not much different than the above estimates, accelerating the timeframes does increase risks by committing to larger expenditure outlays upfront (police, street maintenance, L&P infrastructure) with revenues dependent on development activity and increased revenue generation to come.

The governmental sector will require additional funding to pursue any potential annexation option. No specific identified source of funding is currently available and council priorities and existing needs will help inform the extent to which funding may become available. The recent Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) may provide some opportunity for federal funding assistance. On the utility side, mechanisms are in place to pay for additional requirements brought on by potential annexations, subject to impacts to existing projects and funding requirements, and the resulting impact to ratepayers.

Opportunities and Trade-Offs: Character Area Analysis

During the October 20, 2022 Council Finance Committee, staff presented a series of opportunities and trade-offs based on designated “character areas” within the East Mulberry Plan area. Slides and supplemental content presented during that session are included as attachments. The opportunities and trade-offs were developed through engagement efforts both with City staff and through community conversations held with residents and business-owners within the East Mulberry Plan area over the past two years. These opportunities and trade-offs will be used to create the basis for analysis and policy recommendations within the East Mulberry Plan update.

East Mulberry Corridor Plan (2002)

The East Mulberry Corridor Plan was jointly adopted by the Fort Collins City Council and Larimer County in 2002. One of the primary plan objectives was to implement the 1997 City Plan guidance to the East Mulberry Corridor. Additional objectives included addressing key issues such as:

- Provision and maintenance of public facilities and services
- Annexation
- Costs of improvements
- Redevelopment
- Streetscape Design

In the 2002 East Mulberry Plan introduction, community members and residents expressed concerns about traffic congestion, safety, and infrastructure decline. Continued growth and change without mechanisms for addressing these issues may impact the quality of life in the area.

Fort Collins Subarea Plans: Position and Purpose

Subarea plans like the East Mulberry Plan are important tools for implementing geography-specific implementation strategies of broader city policy and goals. Subarea plans can achieve the following:

- Address important issues and opportunities unique to a given area
- Offer context-sensitive implementation and funding strategies that are actionable
- Provide land use guidance that supersedes the City Plan Structure Plan
- Guide policy considerations related to large potential annexations

East Mulberry Plan Update: Why Update? Why Now?

Much has changed since the East Mulberry Corridor Plan was created in 2002. In the 20 years since the plan was adopted, conditions have changed both in the East Mulberry Plan area and across the broader Fort Collins community. A plan update should be pursued for the following reasons:

- The East Mulberry Enclave was created in 2018 and became eligible for annexation in 2021. Since the adoption of the 2002 plan predated these conditions, the East Mulberry Plan did not address this specifically through policy recommendations or other elements of the plan.

- Many comprehensive citywide documents have been updated since the East Mulberry Plan was adopted. This includes City Plan, the City's Land Development Code (formerly Land Use Code), key outcome areas of the City's Strategic Plan, amongst others. An East Mulberry Plan update could ensure alignment with these documents.

- Substantial development activity is occurring in the East Mulberry Plan area. Specifically, the Bloom and Mosaic communities may be catalysts for additional development proposals in this area. A plan update could address known future development and proactively address the remaining undeveloped areas of the East Mulberry Plan area.

- Market conditions have also changed, creating a need to analyze current zoning designations and explore application of policies that could serve to protect and preserve existing land uses while creating opportunity for new development.

Potential Plan Policy and Strategy

Throughout the past year, staff have shared a range of potential annexation approaches and their associated advantages and tradeoffs for Council consideration. Two of these potential annexation approaches include:

- Voluntary annexation: annexing individual properties as they develop or redevelop. This option represents the current status quo.

- Annexing portions of the East Mulberry Enclave in phases, like the Southwest Enclave Annexation.

Staff has been exploring an additional potential approach for Council consideration. This approach is based on "tipping points". Tipping points could be defined as catalytic investments or changes in condition that may prompt annexation into the city. When a tipping point is activated, strategic annexation of the area in question and potentially the surrounding parcels could be initiated. Tipping points for consideration could include a combination of predictable or anticipated events, opportunities, and other defined conditions. Specifically, opportunities to achieve city priorities, major development/redevelopment activity, funding opportunities, and infrastructure upgrades. Because tipping points would be initiated when future conditions are met, tipping points and opportunities to consider annexation may be spread across a longer time horizon. Some potential tipping points that staff have begun formulating for evaluation include:

- **Maintaining Logical Boundaries:** Over time, voluntary annexation establishes a smaller island of parcels or area that is essentially surrounded by City of Fort Collins. To create or maintain logical boundaries for enforcement, provision of services (i.e., police services, roadway/sidewalk improvements, and create areas of compatible land uses), annexation of the parcels to form more logical or contiguous boundaries may be a tipping point.
- **Proactive Resource Protection:** Imminent impact to a critical natural resource or buffer. To apply natural resource protection under city codes, this may be considered a tipping point for considering annexation.
- **Redevelopment Risk:** Eventual property sales could pose a risk of redevelopment to existing mobile home parks. Protection of this existing affordable housing stock may be a tipping point to consider annexation.
- **External Funding:** The city is awarded external funding to undertake a major infrastructure project. Implementation of this major infrastructure project could reduce the cost burden of annexing certain areas within the East Mulberry Enclave. Award of external funding opportunities may be tipping points.

The advantages and tradeoffs of the aforementioned annexation approaches are captured in the following table:

Potential Annexation Approach	Advantages	Tradeoffs
Annex individual properties as they develop (voluntary annexation)	• The city's cost burden is more gradual.	• Could lead to a checkerboard pattern of city and county jurisdiction. • Challenging for implementing long-term, large-scale vision. • Regional infrastructure improvements would be difficult to implement. • New development and redevelopment hindered by inadequate or non-existent infrastructure.
Annex portions of enclave in phases (like the Southwest Enclave Annexation)	• Costs can be anticipated by annexation phase. • Phases provide structure for an implementation framework. • Predictability for residents and businesses.	• City would still incur significant cost burden as phases are brought into the city.
Annex portions of the enclave at 'tipping point' intervals	• Council and staff can frequently revisit and consider tipping points. • Proactively allows planning for and accommodation of tipping points without the need to take on a specific potential annexation strategy. • The East Mulberry Plan document can serve as an implementation tool and resource rather than just high-level guidance.	• Open-ended nature of timing could be less predictable for residents and businesses. • May require additional and ongoing coordination with Larimer County.

Options for Consideration: Plan Update

As described earlier in this document, the East Mulberry Plan requires an update for a variety of reasons. The type of plan update that staff will take on is dependent on the potential annexation strategy Council wishes to pursue. Staff have categorized these plan update options for Council consideration as a targeted update or a full update. These options are described further below:

- **Targeted Update of the Existing East Mulberry Corridor Plan**
    - Assumes that voluntary annexation at a parcel-by-parcel level will continue over time.
    - Out-of-date conditions would be updated.
    - Framework Plan and other elements would be updated to align with recent citywide guidance documents, such as City Plan and the most recent Strategic Plan.

- Requires fewer staff resources than anticipated.
- Resulting plan is a policy guidance document, similar to the 2002 East Mulberry Plan.

- **Full Update:**
  - Would provide a more specific annexation and land use strategy assuming potential annexations under a tipping points-based framework.
  - Out-of-date conditions would be updated.
  - Current work plan and staffing resources anticipate a full update.
  - Resulting plan is a tool to guide decision making and investment.

NEXT STEPS

Late Winter/Spring 2023:

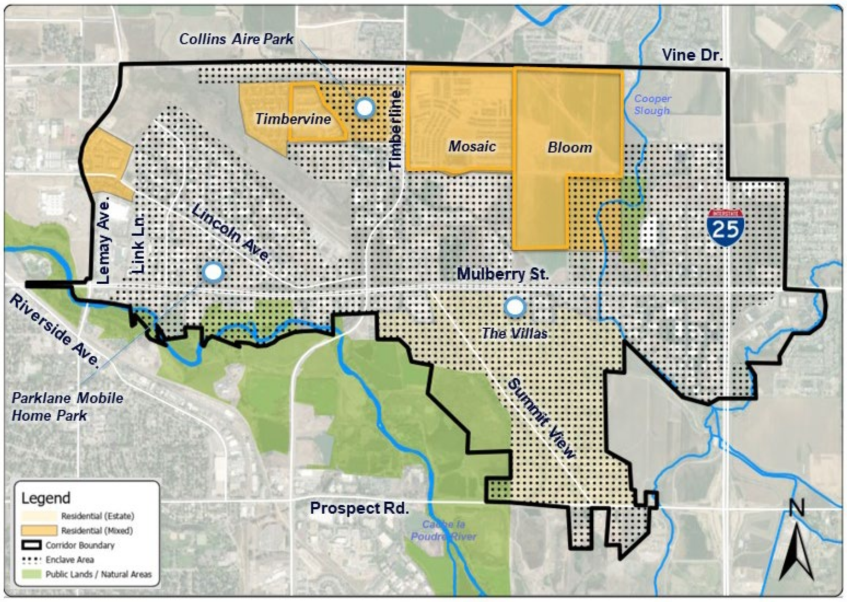
1. Work Session to confirm direction and content of East Mulberry Plan update
2. Work Session focused on East Mulberry Plan Update (Draft Plan)
3. Consideration of adoption of the East Mulberry Plan Update

   Note: There are currently no scheduled Council actions related to annexation timing or phasing.

ATTACHMENTS

1. East Mulberry Character Areas: Review of Opportunities and Tradeoffs
2. Presentation

East Mulberry Residential Character Area



Contains most of the existing and planned housing in the plan area, including existing mobile home parks.

Key Opportunities:

- **Mobile Home Park Preservation**
- **Application of other Affordable Housing Preservation Tools**
- **Apply City development code and land use priorities to future projects**
- **Address infrastructure deficiencies**

Key Tradeoffs:

- **Limited sales tax generation**
- **Existing stormwater and street infrastructure to serve residential areas is sub-standard.**

Mobile Home Park Preservation

Within the East Mulberry area, there are multiple mobile home parks, one of which is currently for sale. These mobile home parks are not currently zoned for preservation. The City of Fort Collins recently created a zone district specifically for the purpose of mobile home park preservation.

Current number of residential units or mobile homes within each existing mobile home park:

- Collins Aire Park: 535 homes (currently for sale, as of 10/10/2022)
- The Villas: 48 homes
- Nueva Vida (formerly Parklane): 68 homes

Application of other Affordable Housing Preservation Tools

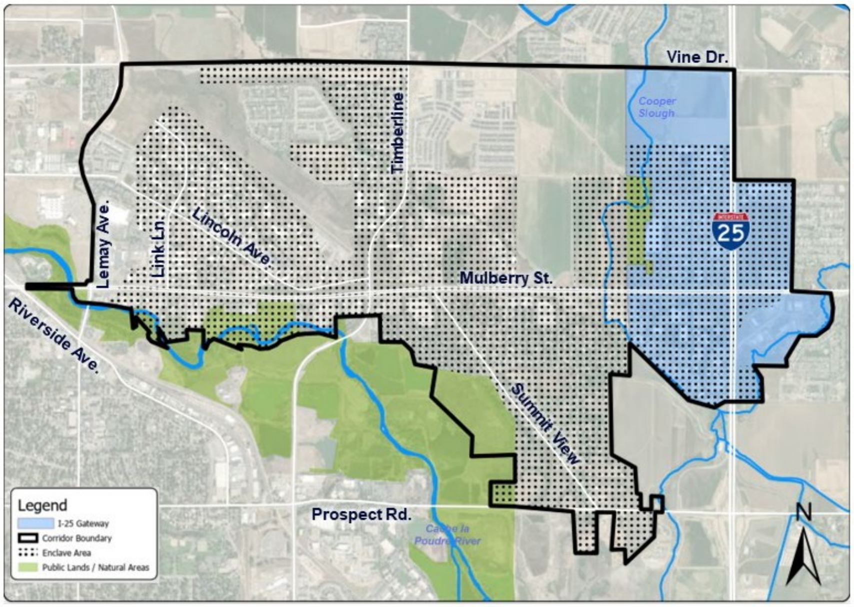
- Potential to utilize the City's Land Bank program and to partner with a community land trust to preserve affordable housing in the area
- Application of potential future resources for affordable housing as implementation of the Housing Strategic Plan

Address Infrastructure Deficiencies

- Stormwater infrastructure, pedestrian access and transit availability are very limited or absent in many areas within the enclave.
- With over 2,500 units of housing planned or recently developed (Mosaic, Timbervine, and Bloom), multi-modal connections and access will become increasingly necessary to accommodate existing and future residents.

Opportunity	Council Priority	Strategic Plan	City Plan
Mobile Home Park Zoning		1.8: Preserve and Enhance mobile home parks as a source of affordable housing	Increase availability of affordable housing
15-minute community concept	#30: Implementation of 15-minute community concept	6.5: Maintain existing and aging transportation infrastructure	Supporting a sustainable pattern of development

East Mulberry I-25 Gateway Area



The primary eastern gateway into Fort Collins houses a variety of existing uses including unique industrial uses.

Key Opportunities:

- **Improve Mulberry as a regional connector**
- **Improve aesthetics and safety at eastern gateway**
- **Enhance and preserve natural features**

Key Tradeoffs:

- **City assumes responsibility and cost associated with higher police call volume**

Improve Mulberry as a Regional Connector

The E Mulberry corridor and I-25 intersection is an important gateway into the northernmost portion of the Fort Collins community. While CDOT maintains the I-25 and E Mulberry intersection, several changes could be made to improve the interchange along with modifications to the entire corridor to better accommodate multi-modal transportation.

Improve Aesthetics and Safety at Eastern Gateway

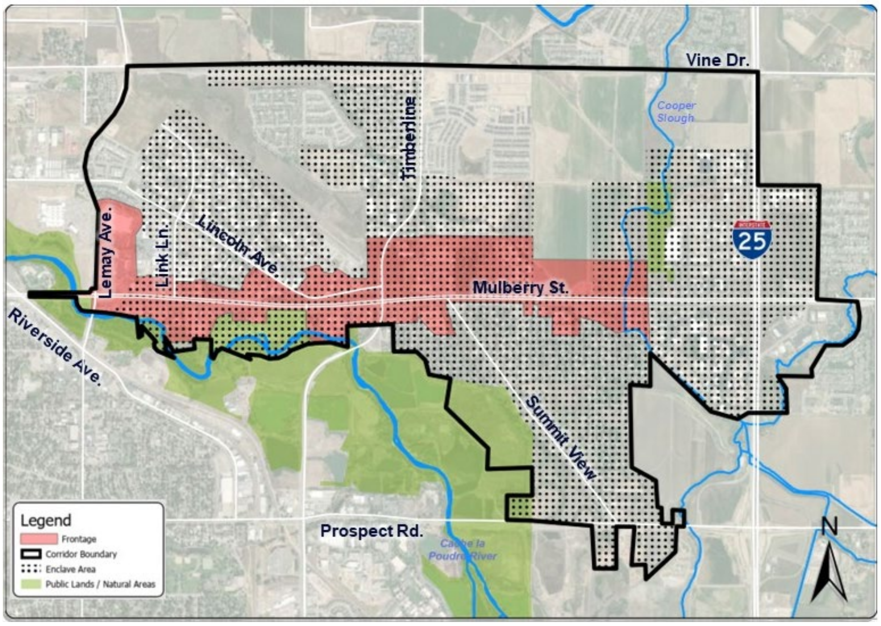
- Upon annexation, Land Use Code standards would apply to new developments and businesses would need to come into compliance with some City codes after an amortization period, including lighting and signage.
- While Land Use Code standards would apply upon annexation, City staff is focused on preservation of existing businesses. Therefore, flexibility in standards and additions of uses in the Industrial zone district will be explored in the update to the East Mulberry Plan.
- Upon annexation, the City of Fort Collins could begin to partner on the redesign of the E Mulberry interchange
- Upon annexation, Fort Collins Police Services would begin to service the area at a level more consistent with urban level needs.

Address Infrastructure Deficiencies

- The I-25 and E Mulberry interchange should be upgraded to safely accommodate increased traffic, stormwater run-off, and multi-modal transportation.
- The area lacks sufficient stormwater infrastructure, creating burdens on existing business owners. These burdens include increased risk of flooding in a large weather event and expensive stormwater containment requirements if a business owner wants to expand.

Opportunity	Council Priority	Strategic Plan	City Plan
Improve Mulberry as a regional connector	Advance regionalism by supporting and investing in regional transportation connections	3.2: Work with key partners to grow diverse employment opportunities in the community	Support local, unique and creative businesses
Enhance and preserve natural features like the Cooper Slough and Dry Creek	Protect and Enhance Instream River Flows	4.6 Sustain and improve the health of the Cache la Poudre River and all watersheds within Fort Collins	Supporting a sustainable pattern of development

Frontage Character Area



Mulberry Street and parallel frontage road is a key corridor for travel and business access.

Key Opportunities:

- **Improve accessibility, safety, aesthetics, environmental health, and water quality along the Mulberry frontage. Improve aesthetics and safety at eastern gateway**
- **Address infrastructure deficiencies**

Key Tradeoffs:

- **City assumes increased maintenance responsibilities.**

The East Mulberry corridor is a prominent gateway into the northernmost portion of the Fort Collins community and is a major transportation spine for warehousing, manufacturing, fabrication, and maintenance businesses that serve the Northern Colorado region and the State of Colorado. While CDOT maintains the East Mulberry roadway, several changes could be made to improve truck access and better accommodate multi-modal transportation.

Improve accessibility, aesthetics, and water quality

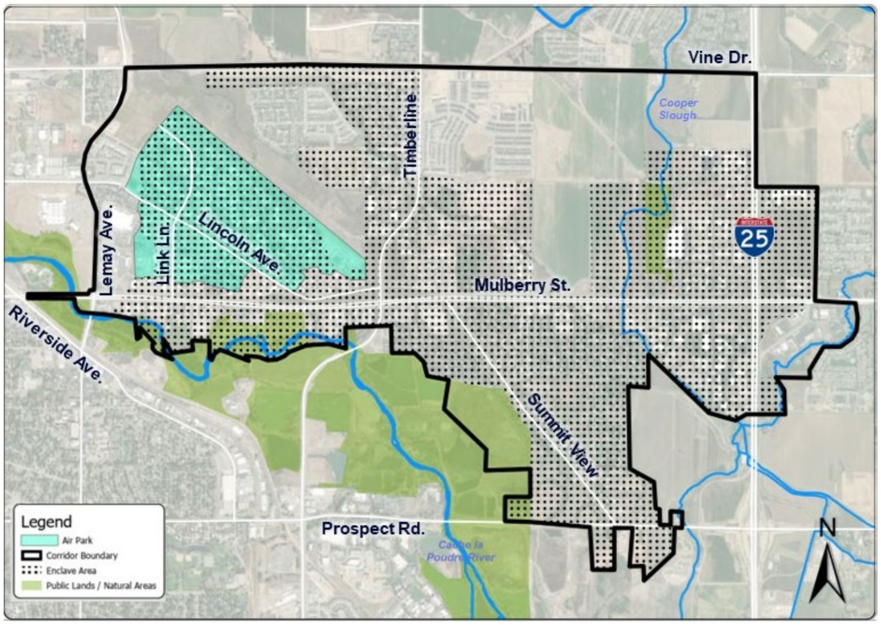
- Upon annexation, the City of Fort Collins could begin to partner on the redesign of the E Mulberry corridor
- Improvements would include upgrades to stormwater infrastructure to protect the Cache la Poudre waterway
- Upon annexation, Land Use Code standards would apply to new developments and businesses would need to come into compliance with some City codes after an amortization period, including lighting and signage.
- Improvements to access along the frontage roads could be achieved as future redevelopment occurs and the Fort Collins Master Street Plan is applied to prominent intersections and frontage access points.
- Upon annexation, Fort Collins Police Services would begin to service the area at a level more consistent with urban level needs.

Address Infrastructure Deficiencies

- Stormwater infrastructure is especially problematic along the E Mulberry corridor, affecting businesses and residents to the north and existing residential neighborhoods to the south where flooding often occurs.
- Frontage road access is limited and dangerous along the E Mulberry corridor creating access issues for existing businesses and creating significant barriers to pedestrian and bicycle access.

Opportunity	Council Priority	Strategic Plan	City Plan
Improve accessibility, safety, aesthetics, environmental health, and water quality along the E Mulberry frontage	Improve safety for all modes and users of the transportation system	6.5: Maintain existing and aging transportation infrastructure	Supporting a sustainable pattern of development
Enhance and preserve natural features like the Poudre River and Cooper Slough	Protect and Enhance Instream River Flows	4.6 Sustain and improve the health of the Cache la Poudre River and all watersheds within Fort Collins	Supporting a sustainable pattern of development

Airpark Character Area



The Airpark includes a mix of industrial services, housing, restaurants, breweries, and serves as a new and small business incubator.

Key Opportunities:

- **Ability to support establishment, retention and expansion of existing small businesses.**
- **Support new business incubation, start-ups, and creative industries.**
- **Coordinated approach to stormwater improvements.**

Key Tradeoffs:

- **Risk of displacement and gentrification of existing businesses.**
- **City would inherit severely deficient or non-existent stormwater and roadway infrastructure, including frequent flooding issues.**

The Airpark is home to a high concentration of industrial businesses that serve Northern Colorado and beyond. businesses are housed within warehouses and on large lots that provide easy truck access, outdoor storage, and access to I-25. The Airpark area also has several infrastructure deficiency issues related to stormwater, pedestrian access, deterioration of roadways, and aging overhead power lines.

Support Existing and New Businesses

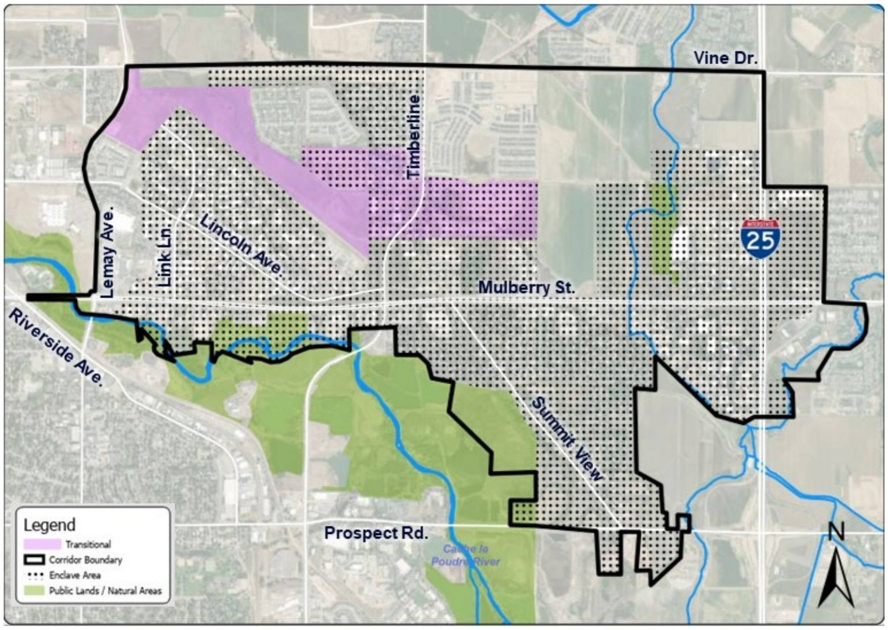
- While Land Use Code standards would apply upon annexation, City staff is focused on preservation of existing businesses. Therefore, flexibility in standards and additions of uses in the Industrial zone district will be explored in the update to the East Mulberry Plan.
- Due to site constraints and infrastructure deficiencies, staff is focused on creating requirements that address health and safety concerns in the case of business expansions, building upgrades and other minor improvements that would trigger site upgrades.
- City of Fort Collins staff could work closely with businesses to create Improvement Districts for improvements to local roads and help improve access to other City-led businesses support tools.
- Improvements could include upgrades to stormwater infrastructure to protect the Cache la Poudre waterway

Gentrification Risk

- City staff is sensitive to the risk of gentrification due to improvements within the area. While there are multiple factors involved in gentrification, the City would focus on limiting barriers to business expansion and working with business owners to identify and execute creative solutions that fit their needs while addressing citywide standards and priorities.

Opportunity	Council Priority	Strategic Plan	City Plan
Improve accessibility, safety, aesthetics, environmental health, and water quality along the E Mulberry frontage	Improve safety for all modes and users of the transportation system	6.5: Maintain existing and aging transportation infrastructure	Supporting a sustainable pattern of development
Enhance and preserve natural features like the Poudre River and Cooper Slough	Protect and Enhance Instream River Flows	4.6Sustain and improve the health of the Cache la Poudre River and all watersheds within Fort Collins	Supporting a sustainable pattern of development

Transitional Character Area



Transitional Areas are primarily undeveloped areas that could help unify and connect land uses in the Mulberry corridor.

Key Opportunities:

- **Opportunity to address area-wide stormwater issues with key interventions in this area.**
- **Proactive zoning to meet current and future land use demand.**
- **Strategic roadway connections built to city standards.**

Key Tradeoffs:

- **Funding for investments such as new roadways and other infrastructure may be dependent on new development.**

The Transitional area is important to stormwater infrastructure, especially for businesses and residents within the Airpark area, and in relation to water quality and runoff to the Poudre River. International Boulevard is also planned for extension from the Bloom neighborhood and through the existing airport airstrip, creating an additional access point for residents of Timbervine and other surrounding neighborhoods to the rest of the community (including downtown area).

Address Stormwater Infrastructure and Land Use

- Improvements are planned within this area and master planning for stormwater upgrades would begin upon annexation of the Airpark area and surrounding properties.
- Annexation of properties adjacent to the former airport area would provide an opportunity for rezoning
- Parcels that are still available for development could be rezoned to better match the industrial land uses within the Airpark area.

Address Access Deficiencies

- As the area grows, requirements for access to new developments and existing neighborhoods will increase, putting pressure on existing roadways.
- While these access points will only be created as new development occurs, annexation and rezoning can encourage redevelopment and investment.

Opportunity	Council Priority	Strategic Plan	City Plan
Analyze the area for potential rezoning to better fit the needs in the area	Advance regionalism – collaboration regionally while maintaining the unique character of Fort Collins	3.2 Work with key partners to grow diverse employment opportunities in the community	Utilize tools and partnerships to leverage infill and redevelopment opportunities to achieve development consistent with City Plan and supporting the City's broader strategic objectives
Enhance and preserve natural features like the Poudre River and Cooper Slough	Protect and Enhance Instream River Flows	4.6 Sustain and improve the health of the Cache la Poudre River and all watersheds within Fort Collins	Supporting a sustainable pattern of development

City of Fort Collins

East Mulberry Plan & Potential Annexation

Council Work Session

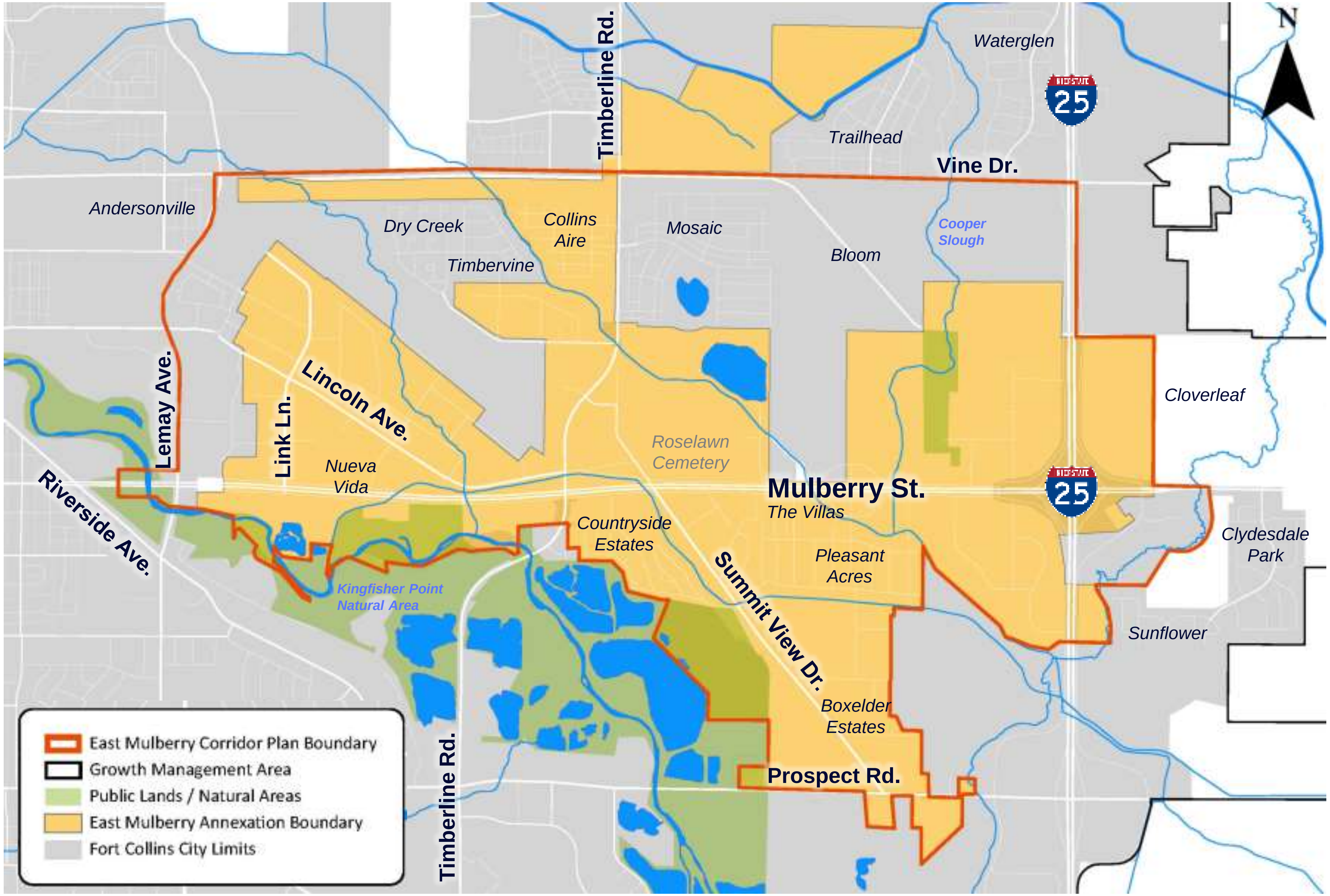
Rebecca Everette | Megan Keith

December 13

Questions:

- Does Council have feedback on a potential annexation approach based on tipping points?
- Does Council prefer a more targeted update or a full update of the East Mulberry Plan?

Mulberry Context



City of Fort Collins

East Mulberry Plan – Where We’ve Been

2022

March | April | May | June | July | August | September | October | November

March 8: Council Work Session

April 13: Joint City Council and County Meeting

April 26: Council Work Session

May 10: Council Work Session (Council Priorities Check-in)

August 1: Council Finance Committee Session

October 20: Council Finance Committee Session

November 8: Council Work Session

Summary of Recent Council Events

Council Session	Synopsis of Council Feedback	How Staff Applied Directives
March 8 Work Session	• Carefully consider a potential annexation and explore other frameworks for a phased approach.	• Continued refinement of potential annexation phasing scenarios • Temporarily paused the plan update effort
April 26 Work Session	• Study and prepare a summary of lessons learned from the Southwest Enclave. • Proceed cautiously with the potential annexation analysis with clear decision points for Council along the way.	• July 2022 memo focused on lessons learned from the Southwest Enclave Annexation. • Summary of financial analysis at 8/1 Council Finance Session. • Formulating strategies for plan update.
August 1 Council Finance Committee	• Enhance the storytelling surrounding the financial scenarios and illuminate how opportunities and tradeoffs tie into Council and community priorities.	• Presented opportunities and tradeoffs by character area at 10/20 Council Finance Committee.
October 20 Council Finance Committee	• Provide ranges of costs to inform future discussions.	• Cost ranges provided in AIS materials and summarized on the following slides.

Financial Analysis – Bottom Line

August 1 Council Finance Committee Meeting:

- Staff modeled a financial analysis framework for five subarea designations within a 20-year timeframe, separated into 5-year increments (immediate, short, medium, and long-term)
- Findings can be summarized as:
  - Costs outweigh revenue in the short term for both governmental and utilities sectors depending on upfront investment
  - Governmental functions will always represent a net cost to the City
  - Funding would come from a combination of ongoing revenue and new revenues from within the subarea
  - Federal funding such as IIJA or IRA represent an opportunity to cover some of the potential cost
  - The different sequencing options for annexation do not have a major impact on cost
  - While annexation phase timing allows for manageable cost ramp-up over time, it also exposes risk to higher costs long-term as infrastructure further degrades and inflation occurs

Governmental and Utilities: Range of fiscal impacts from scenario modeling

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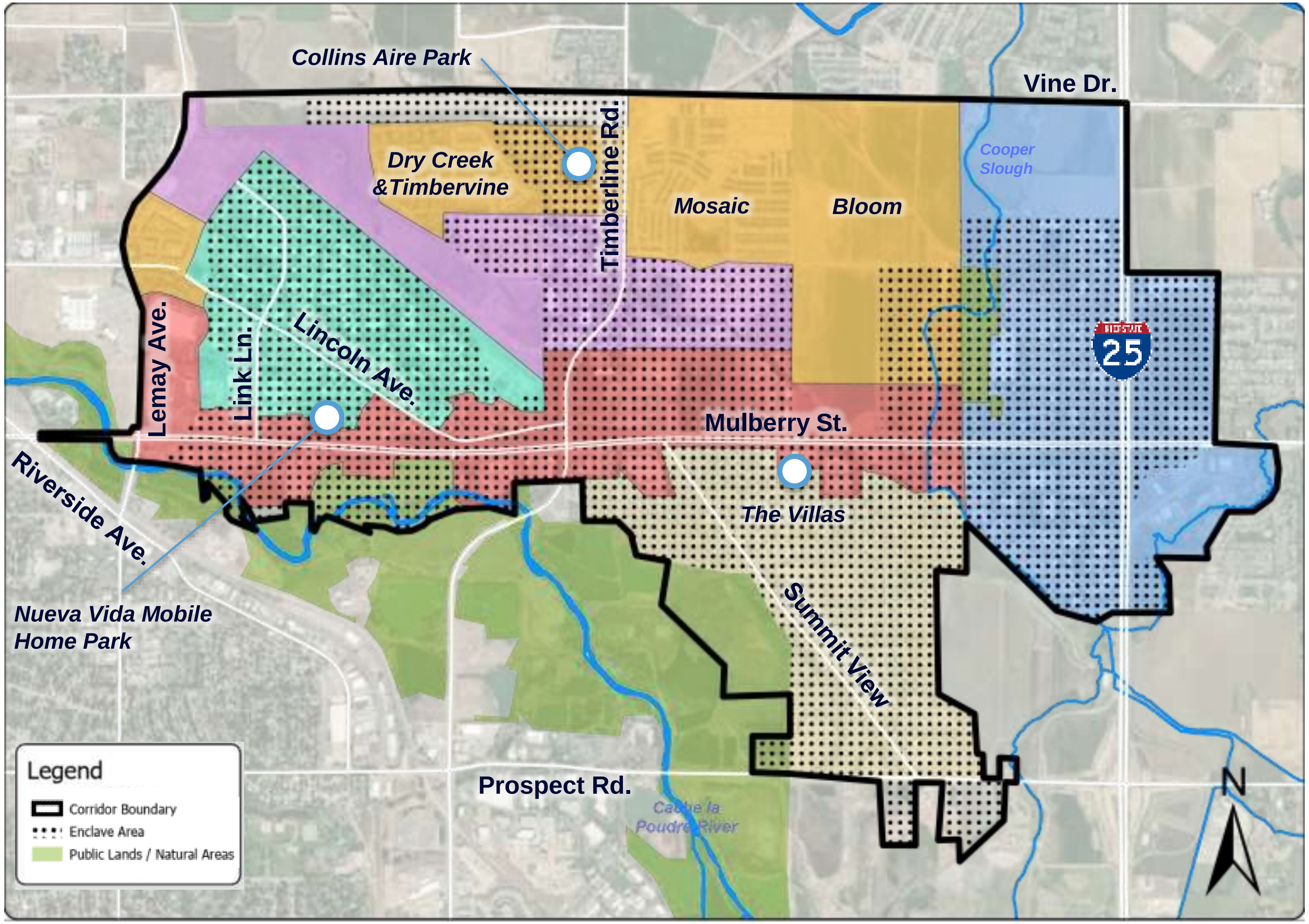
** Note: Utility Revenues reflect current rate structures and don't include rate adjustments to cover added costs of potential acquisition.*

East Mulberry Plan Character Areas



Character Areas

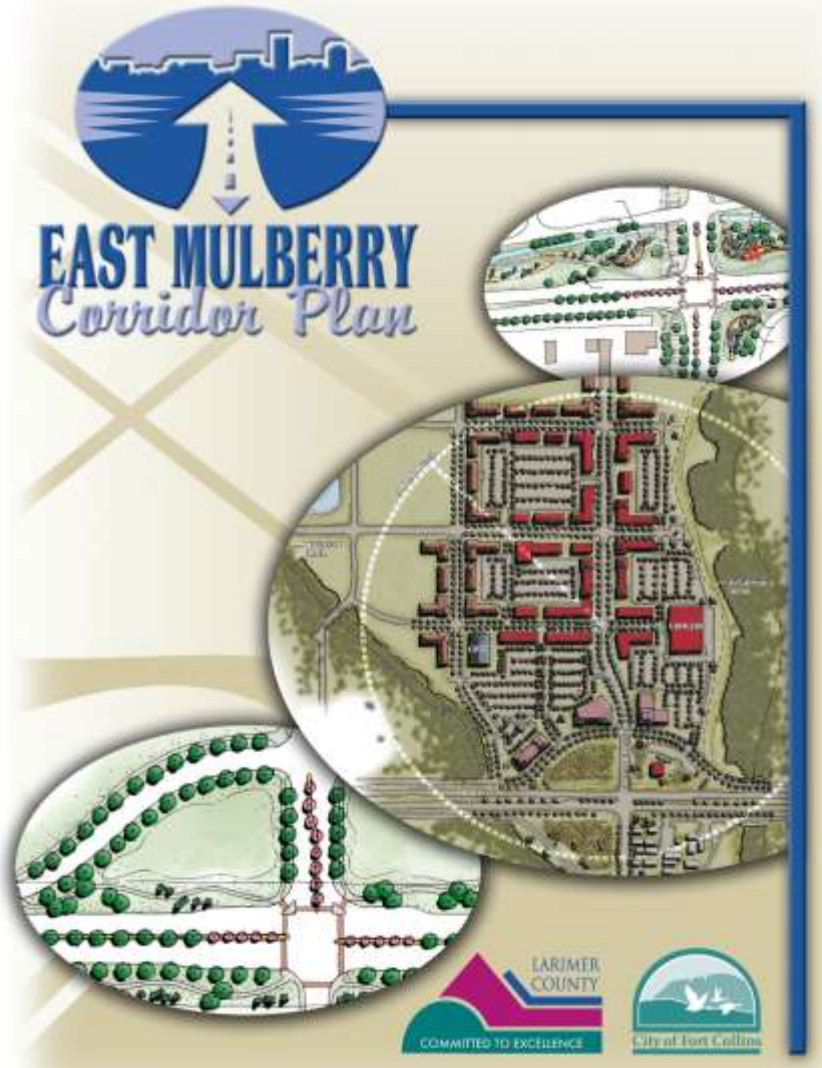
- Residential Character Areas (Estate and Mixed)
- I-25 Gateway
- Frontage
- Airpark
- Transitional

Opportunities and tradeoffs by Character Area were presented on October 20 at Council Finance Committee:

A Few Key Opportunities and Tradeoffs by Character Area Included:

Character Area	Opportunity	Tradeoff
Residential	**Example:** Preserve mobile home parks and other affordable housing options.	**Example:** Existing stormwater and street infrastructure to serve residential areas is sub-standard.
I-25 Gateway	**Example:** Enhance and preserve natural features like Cooper Slough, Dry Creek, and their associated buffers.	**Example:** City assumes responsibility and cost associated with higher police call volume near interchange.
Airpark	**Example:** Ability to support establishment, retention and expansion of existing small businesses. Support new business incubation, start-ups, and creative industries.	**Example:** City would inherit severely deficient or non-existent stormwater and roadway infrastructure, including frequent flooding issues.

Please refer to AIS materials for additional opportunities and tradeoffs for all five East Mulberry Plan Character Areas.



2002 East Mulberry Corridor Plan

- Jointly adopted by Fort Collins and Larimer County
- Primary plan objective was to implement the 1997 City Plan for the East Mulberry Corridor. Also addressed key issues such as:
    - Provision and maintenance of public facilities and services
    - Annexation
    - Costs of improvements
    - Redevelopment
    - Streetscape Design
- Plan acknowledges that continued growth and change may impact quality of life in the area
- Community members shared concerns about traffic congestion, safety, and infrastructure decline

Subarea Plans

- Provide geography-specific implementation strategies of broader city policies and goals
- Offer context-sensitive implementation and funding strategies that are more actionable and responsive to the specific needs of that area
- Address important issues and opportunities unique to a given area
- Land use guidance in subarea plans supersedes the City Plan Structure Plan

Why Update? Why Now?

- Respond to changed conditions after 20 years
- Creation of the enclave and eligibility for annexation occurred after the 2002 Plan was adopted (E. Mulberry Enclave was created in 2018, became eligible for annexation in 2021)
- Align with the 2019 City Plan update and other comprehensive plan documents
- Major new and planned developments that may be catalysts for other development in this area (Bloom and Peakview)
- The plan area still has substantial portions of undeveloped land or areas that are likely to redevelop in the future

City of Fort Collins

Potential Plan Policy and Strategy

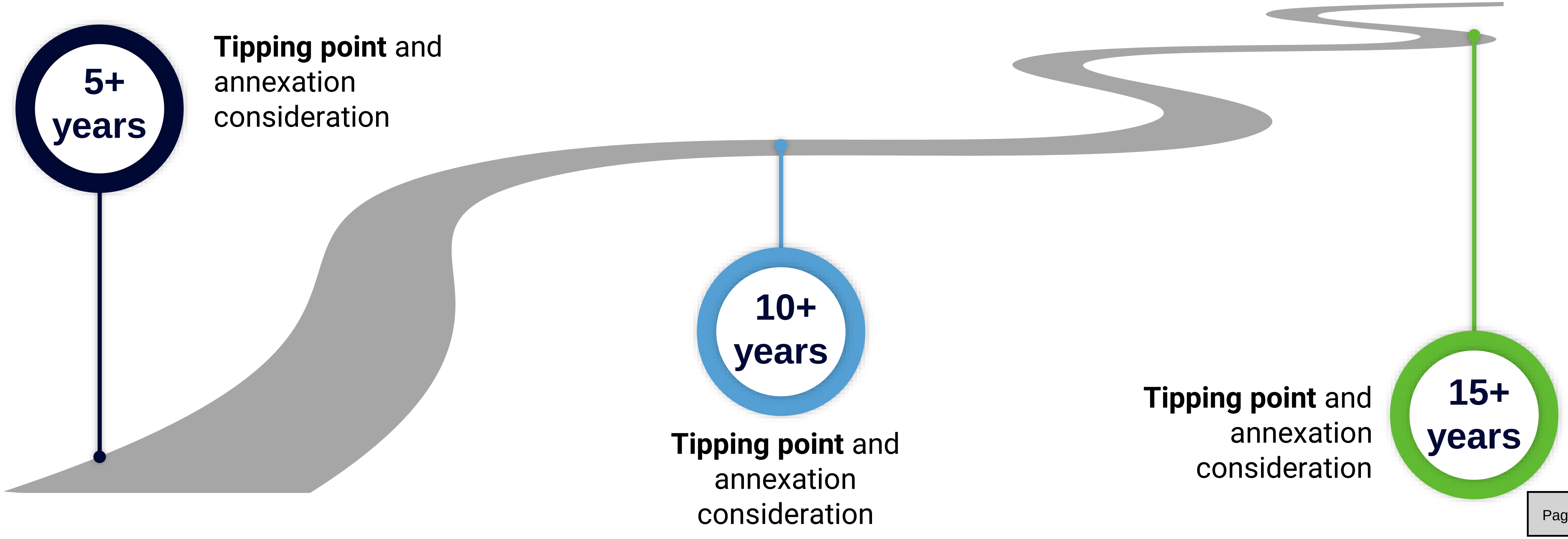
Advantages and Tradeoffs – Potential Annexation Approaches

Potential Annexation Approach	Advantages	Tradeoffs
Annex individual properties as they develop (voluntary annexation)	• The city's cost burden is more gradual.	• Could lead to a checkerboard pattern of city and county jurisdiction. • Challenging for implementing long-term, large-scale vision. • Regional infrastructure improvements would be difficult to implement. • New development and redevelopment hindered by inadequate or non-existent infrastructure.
Annex portions of enclave in phases	• Costs can be anticipated by annexation phase. • Phases provide structure for an implementation framework. • Predictability for residents and businesses.	• City would still incur significant cost burden as phases are brought into the city.
Annex portions of the enclave at 'tipping point' intervals	• Council and staff can frequently revisit and consider tipping points. • Proactively allows planning for and accommodation of tipping points without the need to take on a specific potential annexation strategy. • The EMP document can serve as an implementation tool and resource rather than just high-level guidance.	• Open-ended nature of timing could be less predictable for businesses and residents. • May require additional and ongoing coordination with Larimer County.

Annexation Approach Based on Tipping Points

What are tipping points?

- Catalytic investments or changes in condition that may prompt annexation into the city.



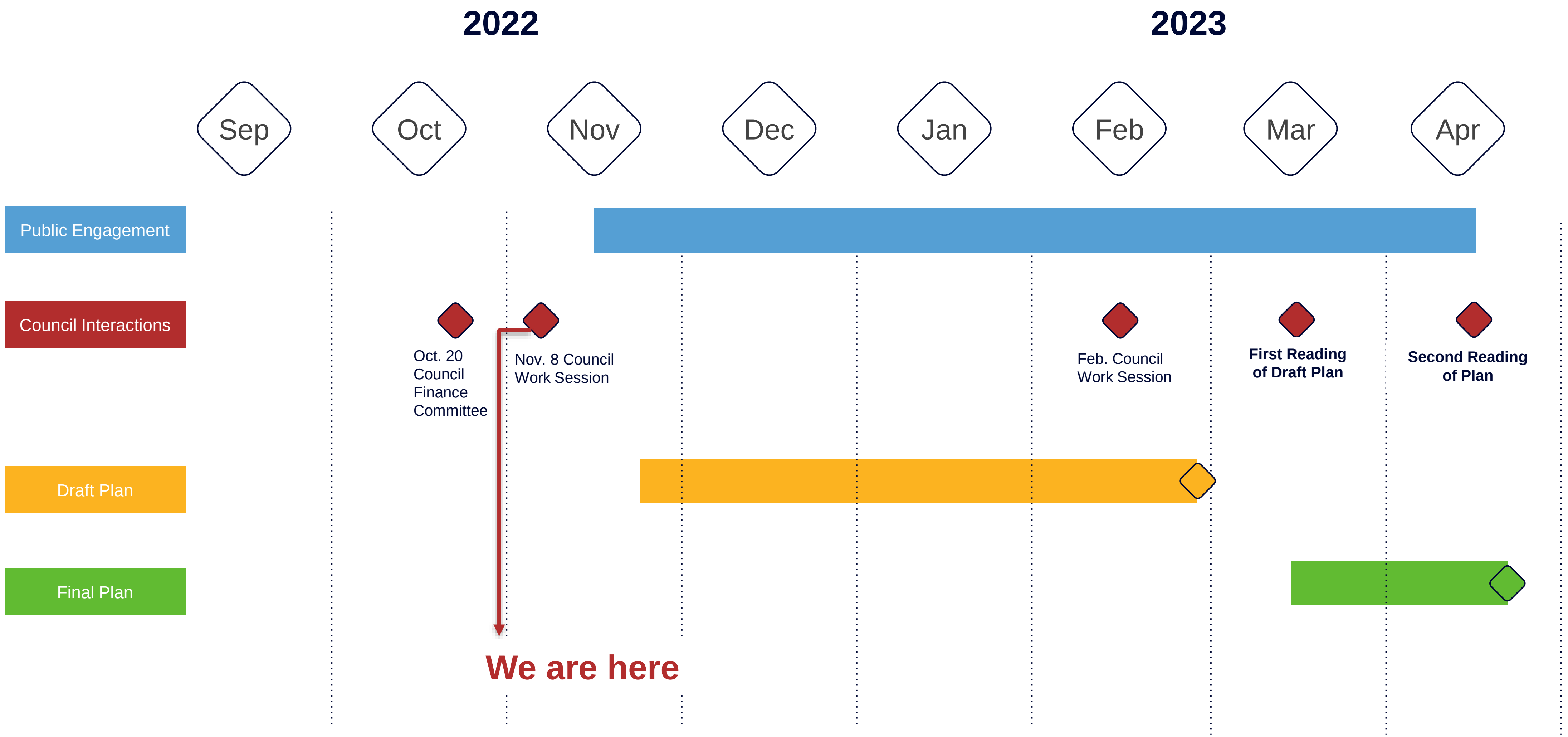
Tipping Points – Potential Scenarios

- **Maintaining Logical Boundaries:** Voluntary annexation patterns establish islands of parcels surrounded by City of Fort Collins.
  - **Goal:** Create or maintain logical boundaries for enforcement and provision of service.
- **Proactive Resource Protection:** Imminent impact to a critical natural resource or buffer.
  - **Goal:** Apply the city's natural resource protection standards.
- **Redevelopment Risk:** Eventual property sales could pose risk to mobile home parks.
  - **Goal:** Protect existing affordable housing stock.
- **External Funding:** The city receives external funding for a major infrastructure improvement project.
  - **Goal:** Lower the cost burden of annexation.

Options for Consideration: Plan Update

Type of Plan Update	Annexation Strategy	Work to be Performed	Resource Needs	Result
Targeted update of the existing EMP	• Assumes voluntary annexation at a parcel level over time	• Out-of-date conditions addressed • Update Framework Plan and other elements to align with City Plan	• Fewer staff resources required than anticipated	• Plan is a policy guidance document (like 2002 EMP)
Full update to provide a more specific annexation and land use strategy	• Assumes annexation under a ‘tipping points’ framework	• Out-of-date conditions addressed • Catalytic tipping points identified for future annexations • New implementation framework	• Current work plan and staffing resources anticipate full update	• Plan is a tool to guide decision-making and investment

East Mulberry Plan Update - Anticipated Schedule



Questions

- Does Council have feedback on a potential annexation approach based on tipping points?
- Would Council prefer a more targeted update or a full update of the East Mulberry Plan?

City of Fort Collins

December 13, 2022

WORK SESSION AGENDA ITEM SUMMARY
City Council

STAFF

Ginny Sawyer, Project and Policy Manager
Jennifer Poznanovic, Sr. Manager, Sales Tax & Revenue

SUBJECT FOR DISCUSSION

Sustainable Funding Discussion.

EXECUTIVE SUMMARY

The purpose of this work session is to discuss sustainable funding efforts to date and to seek Council directions for next steps.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions does Council have regarding these efforts?
2. Does Council support continued efforts on funding for all four priority areas?
3. Is there any area Council would prioritize if there is a phased approach?

BACKGROUND / DISCUSSION

Over the past several years, masterplan developments and updates have identified clear funding needs in the areas of parks and recreation, transit, and housing. Along with these needs the criticality of advancing City climate action goals has also been identified as an area of need. Original estimated annual shortfalls ranged from six to twelve million per area.

When conversations were first initiated, funding needs included:
- Parks & Recreation - $8 to $12M annual shortfall (Parks & Recreation Master Plan)
- Transit - $8M to $10M annual shortfall (Transit Master Plan)
- Housing - $8M to $9.5M annual shortfall (Housing Strategic Plan)
- Climate - $6M+ annual shortfall (Our Climate Future Plan)

Throughout 2022, staff has worked with the Council Finance Committee (CFC) to refine and better articulate the needs and what additional funding would accomplish. CFC discussions have also focused on potential funding mechanisms and the impacts and implications of various strategies.

Discussions and feedback to date have highlighted a desire to:

- Clearly define and articulate revenue needs and level of service considerations.
- Thoroughly research funding options including impacts and the context of existing and potential new tax measures (local and regionally.)
- Work to keep overall resident impact and tax burden as low as possible.
- Consider existing dedicated tax renewals and associated election timelines in a strategic manner.

These considerations were also supported by the full Council at the April 12, 2022, work session.

Funding Gaps

Since April, staff has engaged with CFC in June, September, and November to clarify funding needs. These efforts have resulted in updates to the funding gaps (see below) and more focused funding strategies.

- Transit from $8-$10 to $14.7M
- Climate from $6M to $9.5M

With total annual shortfalls ranging from $30-$40 million discussions have focused on understanding priorities in each area and how additional money would be spent.

Parks and Recreation needs are in operations and maintenance and infrastructure replacement. Additional funding is needed to maintain existing assets and to stay current with community needs and trends. (https://www.fcgov.com/parks/files/fort-collins-parks-infrastructure-replacement-program-management-plan_compressed.pdf?1665426175)

Transit funding needs have been identified to build out the transit system to the 2040 vision. Shorter term needs would focus on capital investments and increased frequencies. Longer term funding would focus on local grant matches for larger projects. (Slide 13)

Fort Collins **Housing** goals call for increasing affordable housing stock to 10% total. Additional funding could be utilized in a variety of ways including expanding the competitive funding process and/or expanding and initiating City-led efforts. (Slide 14)

The **Climate Action** focus would be on reduction strategies identified in Our Climate Future Big Moves. (Attachment 1 and slides 15 & 16)

Potential Funding Options

The City, and most Colorado local governments, rely mostly on sales tax for revenue. When initiating the sustainable funding conversation all potential options were considered and discussed. Below is the full list of potential funding options with revenue projections and anticipated impacted groups.

	Mechanism	Annual Revenue Projection	Impact to Residents
1	Special districts (Library District Mill Levy 3.0)	$11M+	Business, Resident
2	Property tax (Library District Mill Levy 3.0)	$11M+	Business, Resident
3	Large emitters fee	$11M+	Business
4	¼-cent sales tax base rate increase	$9M+	Resident, Visitor
5	¼-cent additional dedicated sales tax	$9M+	Resident, Visitor
6	Repurpose ¼-cent dedicated tax	$9M+	Resident, Visitor
7	Excise tax on specific goods	$5M	Resident, Visitor
8	Business occupational privilege tax ($4 monthly/$48 annually)	$4M+	Business
9	Tax on services (i.e., haircuts, vet service, financial services, etc.)	$4M+	Business, Visitor
10	User Fees (parks, transit) ($5 monthly/$60 annually)	$4M	Resident
11	Reconfigure capital expansion fees (Affordable housing)	$2M	Business
12	Establish new capital expansion fees (Affordable housing)	$2M	Business
13	Carbon Tax	$2M	Business

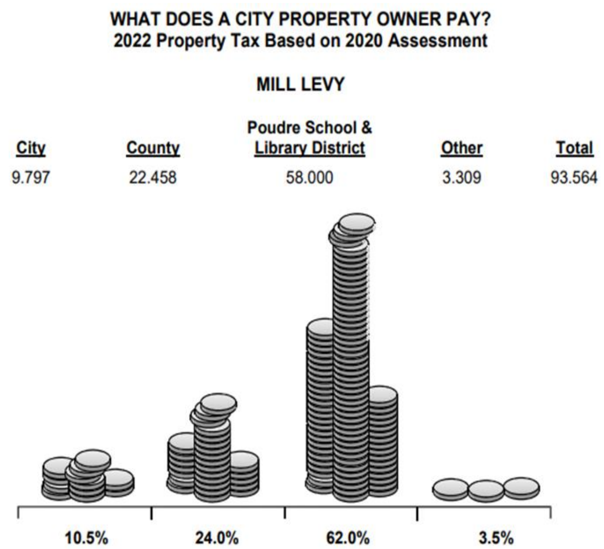
Through CFC discussion and analysis, sales tax, property tax and excise taxes emerged as the most feasible mechanisms. The table below demonstrates the potential revenue gain along with estimated annual impact to residents. Capital expansion fees are listed and is something staff will pursue during the Fee Study in 2023.

Category	Funding Mechanism	Annual Revenue Estimate	Household Impact
Sales Tax	¼-Cent Sales Tax (dedicated, ongoing or repurpose)	$9M+	• **$30.67** average per year for a resident • Sales tax on food would remain at 2.25% • Visitors also impacted
Property Tax	1 Mill Property Tax	$3.5M	• Residential annual increase of **$21.45** • Commercial annual increase of **$87.00**
	2 Mill Property Tax	$7M+	• Residential annual increase of **$42.90** • Commercial annual increase of **$174.00**
	3 Mill Property Tax	$11M+	• Residential annual increase of **$64.35** • Commercial annual increase of **$261.00**
	4 Mill Property Tax	$14.5M+	• Residential annual increase of **$85.80** • Commercial annual increase of **$348.00**
	5 Mill Property Tax	$18M+	• Residential annual increase of **$107.25** • Commercial annual increase of **$435.00**
Excise Tax	5% Tax on Specific Goods	$5M	• **$5 per $100 purchase** in Fort Collins • Visitors also impacted
Capital Expansion Fee	Reconfigure/Broaden Application	$2M	• Net neutral for residential and commercial permit fees

Sales Tax: Sales tax has been the most traditional revenue source for the City. Our base rate is currently 2.85%. There are four dedicated ¼ cent taxes. These taxes are paid on any purchase made within the city. Requires voter approval. (Groceries taxed at 2.25%).

Property Tax: Since 1992, the City has collected 9.797 mils of property tax which equates to 10.5% of a Fort Collins property owners total annual property tax. Below is the breakdown of what a Fort Collins property owner pays in property tax.

Poudre Fire Authority gets 67% of the City's portion (approx. 6 of the City's 9 mills) of property tax amount through an intergovernmental agreement. Requires voter approval.



Excise Tax: An excise tax is an additional tax on a specific product. Fort Collins does not currently have any excise taxes. These taxes are typically seen on luxury goods, sugar sweetened beverages, or as "sin" taxes on tobacco, marijuana, and alcohol.

For consideration in these discussions, staff has estimated excise tax revenue using a 5% tax on marijuana. Numerous other municipalities across Colorado have an additional excise tax on marijuana and have not experienced negative impacts. Police Services has found that "gray/black" market marijuana activity in Fort Colins is focused on transport out of state, not on sales and availability to residents or minors. Police Services is reporting an uptick in underage sales of tobacco.

Staff is also researching excise tax mechanisms to generate revenue and change behavior in natural gas use. This includes options for implementing either a methane excise tax or a usage fee.

Any excise tax would require voter approval.

Funding Scenarios

Achieving additional funding will likely be a phased effort that lessens the funding gaps incrementally over time. Knowing this, and through CFC conversations, demonstration scenarios target pursuing new revenue in a $25M range.

The scenarios presented are not intended to be final or recommended options. They are intended to demonstrate the flexibility and variable means and ways to add additional revenue to cover the identified gaps.

The two scenarios include anticipated impacts to a household of three and range from $156 annually to $107 annually. The models focus on property tax, sales tax and excise tax.

Staff has also calculated the impact to 3-person households at both 50 and 80% AMI and found the lowest impact to be 0.14% of total annual income to 0.32% at the high end.

Scenario A:

4.1% sales tax/estimated $156 annual cost to a 3-person household.

Category	Funding Mechanism	Annual Revenue Estimate	Stakeholder Impact
Sales Tax	**New ¼-Cent Sales Tax**	**$9M+**	• **$30.67** average per year for a resident • Sales tax on food would remain at 2.25%
Property Tax	**3 Mill Property Tax**	**$11M+**	• Residential annual increase of **$64.35** • Commercial annual increase of **$261.00**
Excise Tax	**5% Tax on Retail Marijuana**	**$5M**	• **$5 per $100 purchase** in Fort Collins • Visitors also impacted
Total	**Sales Tax 4.1%**	**$25M+**	• **$156 net annual increase per household* + impact of excise tax**

*Assumes a family of three

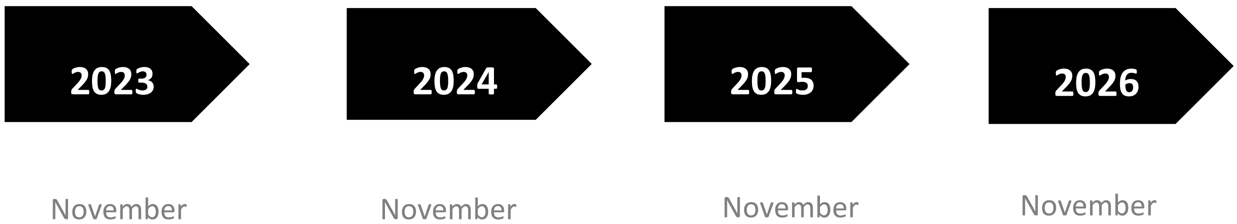
Scenario B:

3.85% sales tax (no increase). Higher property tax and impact to homeowners.

Category	Funding Mechanism	Annual Revenue Estimate	Stakeholder Impact
Property Tax	**5 Mill Property Tax**	**$18M+**	• Residential annual increase of **$107.25** • Commercial annual increase of **$435.00**
Excise Tax	**5% Tax on Retail Marijuana**	**$5M**	• **$5 per $100 purchase** in Fort Collins • Visitors also impacted
Total	**Sales Tax 3.85%**	**$23M+**	• **$107.25 net annual increase per household + impact of excise tax**

Election Timeline Considerations

Per the recent ballot initiative, City elections will now be in November. Tabor initiatives cannot be considered during special elections.



Street Maintenance and Community Capital Taxes expire December 31, 2025. November 2024 and April 2025 would have been traditional elections to target for renewal.

NEXT STEPS

Based on Council direction, staff will continue to work with Council Finance Committee to establish preferred funding mechanisms and how to direct funding, election timelines, and an engagement plan.

ATTACHMENTS

1. Climate CFC Summary
2. Presentation

COUNCIL WORK SESSION
AGENDA ITEM SUMMARY ATTACHMENT 1

Staff: Honore Depew, John Phelan, Javier Echeverría Díaz, Megan Valliere

Date: December 13, 2022

SUBJECT FOR DISCUSSION Sustainable Funding – Climate

Climate Funding

Council Finance Committee Discussions Summary

Over the course of the last year, the Council Finance Committee (CFC) has expressed the need to include climate-dedicated funding as the "fourth corner" of the sustainable funding discussion. At the November CFC meeting staff presented five options for generating climate-focused revenue. (Nov. 3, 2022 CFC AIS – pg. 84)

The options presented were based on initial research and case studies of peer municipalities. The primary factors considered for each option were potential uses, revenue generation, flexibility, and equity. CFC made the following recommendations:

- Continue to consider climate funding needs as part of the overall new revenue discussion. Examples include:
    - Denver's Climate Protection Fund
        - quarter cent sales tax dedicated to climate resilience
        - allowable uses include buildings, renewables, workforce, transportation, environmental & climate justice, adaptation & resiliency, and administration
    - Portland Clean Energy Community Benefits Fund
        - 1% surcharge on gross revenues from retail sales on all large retailers in the city with over $1 billion in national sales *and* $500,000 in local sales annually
        - allowable uses include renewable energy & energy efficiency, job training/apprenticeships & contractor support, regenerative agriculture & green infrastructure, and future innovations
- Prioritize staff research in 2023 to define options for revenue generation and related behavior change impacting methane gas (aka natural gas) usage. This research would include options for implementing either a methane excise tax or a usage fee and program design to compensate for inequitable impacts (e.g., automatic income-qualified exemptions).
    - A regional example is Boulder's experience in environmental revenue generation through similar utility-related taxes.

What Could Dedicated Climate Revenue Fund?

If a proposal for new sustainable climate funding is advanced, and especially if some portion derives from a voter-approved tax, a clear description of allowable uses for those funds must be developed. That process could rely on extensive community leadership to ensure funds were used in equitable and impactful ways. It could also involve understanding voter preference using focus groups and surveys to match allowable uses directly to community climate priorities.

These approaches have helped peer communities successfully achieve their goals for climate revenue generation.

Because the Our Climate Future (OCF) plan is a community vision for a sustainable future Fort Collins, it provides a strategic foundation for establishing specific areas to focus needed funding. As a starting place the Big Moves and the strategies (Next Moves) therein allow staff to suggest what new sustainable funding might be used for. Many of the strategies below were discussed by City Council during a Work Session earlier this fall as part of an OCF Council Action Road Map and the 2030 OCF Pathways.

Shared Leadership and Community Partnership (Big Move 1)

- Targeted climate justice initiatives to invest in community capacity to lead.
    - Community-led action grants and precursor funding
        - (e.g., relationship building & grant readiness)
    - Equity trainings for staff and partners
    - Community consultant program
    - Climate equity committee

Zero Waste Neighborhoods (Big Move 2) and Zero Waste Economy (Big Move 10)

- Support neighborhoods and businesses as they transition to zero waste.
    - Circular economy strategies
    - Innovate Fort Collins Challenge on circular start-ups/initiatives
    - Removing recycling barriers with equity focus

Climate Resilient Community (Big Move 3)

- Enhance community systems for responding to extreme climate events and adapt to a changing climate.
    - Emergency weather event response plans and facilities
    - Enhanced water efficiency strategies
    - Neighborhood scale resilience

Efficient, Emissions Free Buildings (Big Move 6) and Electric Cars and Fleets (Big Move 13)

- Expanded programs and services for transition of heating and vehicles to efficient electric.
    - Efficiency improvements
    - Panel and service upgrades
    - Workforce and supply chain support
    - EV managed charging options
    - EV charger installation support
    - Electric grid flexibility systems

Next steps

- Continue collaboration with the Finance team and other departments on potential joint efforts to develop new revenue options for Council consideration.

- Research revenue options (both fees and taxes) related to methane gas use, including legal, administrative, and equity requirements and considerations in the first half of 2023.
- Determine timeline for Larimer County/State deadlines for ballot measure submission for TABOR-related issues.

Content from November CFC meeting below

EXECUTIVE SUMMARY

The purpose of this item is to respond to the requests at the September 1, 2022, Council Finance Committee (CFC) meeting and provide several models for climate revenue generation for consideration. Five options for generating climate-focused revenue are summarized, along with the current revenue built into Utilities' electricity rate structure that supports climate initiatives.

The options presented include:

1) Sustainable Revenue – for parks, transit, housing and climate (in alignment with the ongoing CFC discussions)
2) OPTION 1: Dedicated Sales Tax – specifically for climate initiatives
3) OPTION 2: Natural Gas – excise tax
4) OPTION 3: Natural Gas – as proxy fee for emissions
5) OPTION 4: Large Emitter Fee

These options are summarized based on initial research and case studies of peer municipalities. If directed, extensive additional legal and policy analysis will be needed for those options selected to be explored further in 2023. Given the additional time needed to conduct in-depth analysis for further consideration of each option, staff is requesting to know which approaches CFC members would like to remove from consideration at this time. Staff recommends exploring Options 1 & 2 further. Greater detail on future revenue use will be part of the December 13 Council Work Session.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

BACKGROUND/DISCUSSION

Over the last year, City staff have identified and presented to Council Finance Committee (CFC) various revenue generation mechanisms to provide necessary resources for parks, housing, and transit. Since the conversation began, CFC has indicated a desire to see climate funding included as the "fourth corner" of the dedicated funding discussion. During the September 1, 2022, CFC meeting, staff presented a brief and general overview of potential revenue generation mechanisms for ongoing climate funding. After the staff presentation, which included only brief remarks on fees for large emitters, staff heard a clear request by committee members to present additional research and data exploring ways to both generate climate revenue and drive changes to systems and behaviors.

The analysis contained in this agenda item summary details the high-level, conceptual research in this area for CFC review. Should CFC desire more information about any of these options, it will require more in-depth policy and legal analysis in 2023 to determine how they would be implemented in the context of the City of Fort Collins, our existing finance and revenue generation tools, and the suite of options being presented to Council for sustainable revenue for parks, housing, transit, and climate.

The options detailed below and included in an attached summary table (See ***Appendix 1***) are divided into two categories - *Core, Ongoing Climate Funding* and *Acceleration Opportunities / Enhancements to Core.* Staff considers *Core Funding* to include funding from the existing Utilities rate structure and possible new funding from the outcomes of the broader Sustainable

Revenue project. Potential *Acceleration Opportunities* include options that would generate dedicated climate revenue while also working toward Our Climate Future goals using financial incentives and disincentives that encourage systems and behavior change within the community. The options are summarized below with detailed discussion available in the attached Appendix 2. The summaries include a brief overview of the funding mechanism (i.e., description, potential uses of funding, revenue potential (when available), flexibility of funds) and key policy considerations (equity considerations and implementation notes).

Core, Ongoing Climate Funding

Core Funding includes revenue from the existing Utilities electricity rate structure and possible new funding from the outcomes of the broader Sustainable Revenue project.

Existing Revenue (Utilities)

Overview

The existing electrical rate structure generates funds directly from customers to help manage community electricity use and carbon emissions. Current electric use would be 21% higher without this funding, which has been in place since 2005. A portfolio evaluation of Utility programs confirmed that for every $1.00 invested, Utility efficiency programs recognized $1.80 in local community benefits.

- **Uses**: Program resources are available for residential, commercial and industrial customers and are closely coordinated with Platte River Power Authority. The funds are used to support a range of climate initiatives, including energy efficiency, increased renewables, and enhanced grid flexibility.
- **Revenue**: Fort Collins Utilities generates more than $6 million annually from the existing rate structure. City Council approves the Utility customer electric rate structure by ordinance annually or when needed.
- **Flexibility**: Funds are allocated through the Fort Collins Budgeting for Outcomes (BFO) process. As a result, the funds can be used for a wide array of purposes that align with the Fort Collins Utility charter.

Key Policy Considerations

- **Equity**: The BFO process and staff program design can support equitable distribution of the funds. Past examples include Epic Homes focus on rental properties, the Larimer County Conservation Corp Energy and Water Program and targeted small business lighting incentives.
- **Other Considerations**: These ongoing and evolving programs have a proven track record of positively impacting environmental, social, and economic conditions in Fort Collins and contributing to the outcomes of the Our Climate Future plan.

Sustainable Revenue (Climate, Transit, Housing, Parks)

Overview

The New Revenue Core Team has presented and discussed the pursuit of sustainable revenue via a repurposed sales tax, property tax, excise tax, user fee, or other mechanisms identified and discussed in past CFC meetings. Splitting this revenue between parks, transit, housing, and climate will provide ongoing funding for all four areas, enabling targeted spending on climate initiatives that will support the City and community in reaching our climate mitigation and resilience goals.

- **Uses**: A wide range depending on the structure of the revenue funding model which could support residential, commercial, and industrial structures and users.
- **Revenue**: Depends on the chosen structure.
- **Flexibility**: Since any of the revenue generation mechanisms included in past discussion can be written broadly to allow for a wide variety of investments and last for as many years as the Council and community would like, this revenue will provide for both flexibility and consistency in our approach.

Key Policy Considerations

- **Equity**: These mechanisms affect a broad swath of the community and collect revenue from most individuals in the city. Depending on structure, this approach will likely be regressive (having a proportionally greater impact on low-income community members). Equity considerations should be built in to these revenue options to reduce the impact on specific community populations.
- **Implementation**: These mechanisms, aside from user fees, require voter approval.

Acceleration Opportunities / Enhancements to Core

Potential *Acceleration Opportunities* include options that would generate dedicated climate revenue while also working toward Our Climate Future goals using financial incentives and disincentives that encourage systems and behavior change within the community.

OPTION 1: Dedicated Sales Tax for Climate Initiatives

Overview

This option could be considered separately from or as part of the new sustainable revenue package being developed for parks, housing, transit, and climate funding. One possibility would be to put forth a voter-approved tax for climate (inclusive of parks, housing, and/or transit) to help accomplish Our Climate Future goals, or it could be an additional dedicated tax separate from the package of new revenue tools discussed above. Examples include Denver's Climate Protection Fund and the Portland Clean Energy Community Benefits Fund (both are described in detail in the attached ***Appendix 2***).

- **Uses**: Both Denver and Portland's funds can be applied to a wide range of allowable uses, including: buildings, renewables, workforce, transportation, environmental & climate justice, regenerative agriculture, green infrastructure, adaptation & resiliency, future innovations, and administration.
- **Revenue**: Denver's fund generates $40 million annually and Portland's generates $30 to $60 million depending on the source. Local revenue generation would depend on the rate and applicability of the tax and should be expected to be significantly lower given the population differential between Fort Collins and Denver/Portland.
- **Flexibility**: A dedicated sales tax can be written to have a wide range of allowable uses, as in the Denver and Portland case studies. Staff views this potential revenue source as highly flexible as well. As in the case of core new revenue, this funding could last as long as Council and the community would like, and it would impact the entire community as well as visitors who enter the City and pay sales tax as part of their purchases while in town.

Key Policy Considerations

- **Equity**: Sales taxes are inherently regressive, but Denver has found a way to distribute resources generated from their tax equitably. Denver's ordinance creating the Climate Protection Fund (CPF) states that it "should, over the long term, endeavor to invest fifty percent (50%) of the dedicated funds directly in the community with a strong lens toward equity, race and social justice." Portland only assesses a surcharge on gross revenues from large retailers due to their outsized impact on climate change. Small retailers were excluded to minimize impacts on small- and medium-sized businesses within the community.
- **Implementation**: A dedicated sales tax requires voter approval.

OPTION 2: Natural Gas Excise Tax

Overview

One policy option that could both raise revenue and disincentivize emissions is an excise tax on natural gas use. A new tax could be assessed on the delivery of natural gas and charged directly to the entities that deliver natural gas (e.g., Xcel Energy). The delivery entity would have discretion on how to pass the cost along to customers. A local example is Boulder's experience in environmental revenue generation through a similar tax structure (for a detailed description of the current and proposed Boulder approaches see the attached ***Appendix 2***).

- **Uses**: In Boulder, the revenue collected from their existing climate taxes has been put toward rebates and incentives to help residents and businesses reduce energy usage and implement solar solutions, piloting innovative technologies, implementing local policies, lobbying and advocacy for regulatory changes at other levels of government, and other initiatives related to reaching the City's clean energy goals. Their proposed natural gas excise tax includes allowable uses for revenue such as direct cash assistance for energy efficiency, microgrid energy storage, building electrification, transportation infrastructure electrification, natural climate solutions, and wildfire resilience.
- **Revenue**: Revenue generation locally will vary depending on how it is structured and could be one of the higher-impact options to consider. Because staff expects the community to slowly phase out its dependence upon natural gas, revenue generated from an excise tax of this type will likely endure for greater than ten years and into the foreseeable future. In Boulder, the combined total of average annual revenue for their existing two taxes is roughly $3.9 million per year and could increase to $6.5 million per year with their tax consolidation proposal this November.
- **Flexibility**: The Council can structure allowable uses for the tax as broadly as it would like in the ballot language, therefore, this revenue generation mechanism could be highly flexible.

Key Policy Considerations

If Council is interested in pursuing this option, staff will need to conduct additional research and analysis to determine estimates for implementation and administrative costs.

- **Equity**: Staff would classify this mechanism as regressive since the City maintains little control over how natural gas providers pass costs onto their customers and because an excise tax on a utility will likely impact low-income customers to a greater degree than middle- and high-income customers. Boulder is pursuing options to enhance the equitable application of the tax.
- **Implementation**: A new excise tax requires voter approval. There may be several legal complexities with implementing a general tax on natural gas providers that is then passed onto consumers, especially given the City's current contract with Xcel Energy.

The City currently maintains a franchise fee agreement with Xcel Energy which grants them the nonexclusive right to use City streets, public utility easements, and other City property for the purpose of providing natural gas service in exchange for a fee, which they pass down to consumers. More information about the City's franchise agreement with Xcel Energy can be found below.

OPTION 3: Natural Gas as Proxy Fee

Overview

When considering potential revenue from medium-sized emitters (entities not required to report to the EPA because they are under the 25k MT CO2e/year) natural gas consumption could be used as a proxy for emissions, and a fee could be charged to medium-sized emitters. This option is the least-well understood due to staff's inability to find local, regional, or other peer examples of this type of program.

- **Uses**: The use of these funds would need to be tied to the actions or behavior of the feepayer limiting the ability to achieve broader Our Climate Future goals and objectives.
- **Revenue**: For the same reason as the previous option, staff believes that revenue generated from this mechanism will endure for greater than ten years and into the foreseeable future.
- **Flexibility**: Fees must legally have a narrower use that applies these recovered dollars to the cost of programs that address shortfalls imposed by feepayers. The use of revenue generated via this mechanism would be restricted to a greater degree than a voter-approved tax. Council and City Staff would need to brainstorm creative ways to use revenue to target emissions in a way that ties the fee revenue to the costs incurred due to activities related to GHG emissions by the City's largest emitters.

Key Policy Considerations

Since the City does not supply natural gas, staff does not currently have access to consumption levels by account within the community. Should Council be interested in pursuing this type of revenue generation, staff will need to invest time and resources into understanding the legal and policy-related complications that may arise from the use of a fee-based mechanism. Researching how staff will collect data on the largest natural gas emitters in the community will present an additional hurdle for this option.

- **Equity**: Since the fee would directly target the community's largest emitters, it would be levied equitably. Nonetheless, Council and staff would still need to make intentional investments of fee revenue in ways that are both legal and equitable to enhance the community-wide impact of the revenue.
- **Implementation**: A fee does not require voter approval. The largest barrier to this type of program is determining exactly which consumers would be subject to the fee (i.e., the top 50 or 100 consumers, consumers above a certain threshold, etc.) and how the City would collect that information. At this time, staff does not have an estimate of the implementation/administrative costs of a natural gas proxy fee, in part due to a lack of peer examples in this space.

OPTION 4: Large Emitter Fee

Overview

A "large emitter" would be defined as those entities reporting more than 25,000MT CO2e annually, as reported to the EPA. The recommended fee would be based on the Social Cost of Carbon, which is priced at $51/MT of carbon emitted. At this level of carbon emissions, there are three facilities within City limits to which the fee would apply, Broadcom, Colorado State University, and Anheuser Busch (details on emissions available in the attached ***Appendix 2***).

- **Uses**: Fees require the organization to use the recovered revenue in pursuit of programs and policies that connect to the issue caused by the behavior or actions of the feepayer. Consequently, the safest investment of fee revenue would result in the City providing programs or rebates that earmark funding for these entities to address large sources of emissions and their impact on climate and environment in our community.
- **Revenue**: Assuming a fee of $51/MT of carbon emitted this revenue mechanism could generate as much as $10.9 million annually (details of the revenue calculation available in the attached ***Appendix 2***). As with many behavior-based policy interventions, revenue is expected to decrease over time as emitters align their behavior with the expectations of the policy in an attempt to reduce their overall costs.
- **Flexibility**: Fees must legally have a narrower use that applies these recovered dollars to the cost of programs that address shortfalls imposed by feepayers, the use of revenue generated via this mechanism would be restricted to a greater degree than a voter-approved tax. Council and City Staff would need to brainstorm creative ways to use revenue to target emissions in a way that ties the fee revenue to the costs incurred due to activities related to GHG emissions by the City's three largest emitters.

Key Policy Considerations

Further staff analysis is necessary to understand the resource-intensiveness of this approach in terms of administrative costs as staff is unaware of other analogous programs for comparison. In terms of equity, staff's evaluation is that this mechanism is generally more progressive in nature than other options since it targets the highest emitters in the community. Nonetheless, it also creates an arbitrary line between emitters that are required to report to EPA and those just under the threshold of 25MT, potentially creating equity issues between entities just above and below the line.

- **Equity:** Since the fee would directly target the community's largest emitters, it would be levied equitably. Nonetheless, Council and staff would still need to make intentional investments of fee revenue in ways that are both legal and equitable to enhance the community-wide impact of the revenue.
- **Implementation:** Because this revenue generation strategy is not a traditional tax, it does not require voter approval via ballot initiative. This may ultimately lessen the procedural hurdles toward implementation. CSU is a separate governmental entity unlike the other two private enterprises, the likelihood of legal complexity is relatively high according to analysis by the City Attorney's Office.

Additional Lever – Natural Gas Franchise Fee

The City assesses a tax called an occupational privilege gas service tax paid by Xcel Energy to the City in exchange for the non-exclusive right of the company to use City streets, public utility easements, and other City property for the purpose of providing utility service to the City and residents. The franchise agreement specifies that Xcel must collect the fee via a surcharge upon City residents who are customers of the company. The fee is then remitted to the City in monthly installments.

Allocation of Existing Franchise Fee Revenue

The revenue generated from this tax averages nearly half a million dollars per year (historical detail available in the attached ***Appendix 2***), all of which is then funneled directly into the general fund.

The franchise fee was originally instated in 1987, and several updated agreements between the City and Xcel have been executed in the decades since. The latest agreement was signed in 2018 and stipulates the terms of the franchise fee, including the maximum surcharge to be collected from customers, which is set at 3%. The current franchise agreement is set to terminate in 2038.

While franchise fees can provide reliable and sustainable revenue for the general fund which can then be allocated flexibly based upon the needs of the greater organization (as is currently the case in Fort Collins, Greeley, Thornton, Lakewood, and Frisco, CO) some municipalities have leveraged these funds creatively in pursuit of climate and environmental health goals (examples are available in the attached ***Appendix 2***).

Importantly, redirecting the use of franchise fee revenue at its currently negotiated level of 3% for climate-related goals, policies, and programs does not constitute new revenue generation in the context of the present sustainable revenue conversation.

Renegotiation of Franchise Fee

While redirecting the use of current franchise fees solely to climate-related programs does not create new revenue, Council could endeavor to reopen and renegotiate the terms of the current agreement to raise the surcharge on customers. If, for example, the surcharge was doubled to 6%, the City could generate an additional $300k - $500k per year on average. This could raise the annual revenue to a total yearly average of between $600k - $1M which could be leveraged in pursuit of GHG reduction goals outlined in Our Climate Future plans.

Staff Recommendation and Next Steps

Staff recommends further legal and policy analysis of Options 1 & 2 as part of the broader Sustainable Revenue conversation. These tax-based options for climate revenue generation are anticipated to have longer timeframes, higher flexibility for use of funds, and fewer legal complications compared with (fee-based) Options 3 & 4.

Next steps for this process will be:

- Take CFC guidance on which options to investigate further
- Provide a timeline to the full City Council at the December 13 Sustainable Funding Work Session that includes future analysis of the selected revenue generation strategies

The December Work Session will also be an opportunity to go deeper into what new revenue may be used for. As shared in the recent OCF Work Session, there will be many investments needed to achieve adopted climate and waste goals, in alignment with the OCF Pathways and the Council OCF Action Roadmap.

ATTACHMENTS

1. PPT – Sustainable Funding: Climate Options
2. Appendix 1 – Climate Revenue Options Summary Table
3. Appendix 2 – Climate Revenue Options Research and Discussion

Key Considerations	Core, Ongoing Climate Funding		Acceleration Opportunities / Enhancements to Core			
	Existing revenue (Utilities)	**Sustainable Revenue (Climate, Transit, Housing, Parks)**	**OPTION 1: Dedicated Sales Tax for Climate Initiatives**	**OPTION 2: Natural Gas Excise Tax**	**OPTION 3: Natural Gas as Proxy Fee**	**OPTION 4: Large Emitter Fee**
Flexibility of funds use	Med	Highest	Higher	High	Low/Med	Low
Voter approval required	N	Y	Y	Y	N	N
Estimated revenue generated / yr*	$6.5M	$$	$$	$$ / $$$	$$	$$ / $$$
Implementation resources needed	13 FTE (embedded in biannual budget)	TBD	TBD Denver admin costs limited to 5% of revenue; Portland considering increase for admin costs from 5 to 12%	TBD Boulder FTE costs up to 33% of revenue (14-16 FTEs including existing)	TBD	TBD
Duration	Ongoing	Ten years + unless permanent adoption	Ten years + unless permanent adoption	Ten years+	Ten years+	< 5 years
Number of entities affected	Community-wide (all electric utility customers)	Community-wide	Community-wide	Taxing natural gas industry (passed down community-wide)	5-100 largest emitters	3 entities reporting to EPA
Equity considerations **	Balanced	Regressive	Regressive	Regressive	Progressive	Progressive
Example applications from other communities	• Energy Efficiency Programs • Solar and storage customer programs • Grid Flexibility programs	N/A (Tailored discussion for Fort Collins-specific deficits)	Denver ($40-50M / yr); Denver allowable uses: • Sustainable Transportation • Workforce Development • Resilience • Buildings • Renewables	Boulder ($6.5M / yr) Allowable uses: • Direct cash assistance for energy efficiency • Microgrid, energy	N/A (Staff is not aware of peer communities instituting a fee of this type)	N/A (Staff is not aware of peer communities instituting a fee of this type)

Key Considerations	Core, Ongoing Climate Funding		Acceleration Opportunities / Enhancements to Core			
	Existing revenue (Utilities)	**Sustainable Revenue (Climate, Transit, Housing, Parks)**	**OPTION 1: Dedicated Sales Tax for Climate Initiatives**	**OPTION 2: Natural Gas Excise Tax**	**OPTION 3: Natural Gas as Proxy Fee**	**OPTION 4: Large Emitter Fee**
			• Climate Justice Portland (1% sales tax on large retailers, annual revenue of about $30 $60M); Portland allowable uses (grant funding): • Renewable energy & efficiency • Job training, apprenticeships, & contractor support • Regenerative agriculture & green infrastructure • Innovation	storage, building electrification • Transportation infrastructure electrification • Natural climate solutions • Wildfire resilience		
Next Steps	Ongoing budget processes (Existing revenue source)	Work with CFC and Council during Dec. work session to further solidify desired revenue generation approaches and allocation of dollars to climate work	Further analysis of implementation strategies and resources necessary to administer this kind of tax/program (FTEs, administrative costs, etc.)	Further analysis of the legality of maintaining a franchise agreement alongside a general occupational privilege tax that acts as a natural gas excise tax. Further analysis of resources necessary to administer the program.	Extensive legal and policy analysis of the practicality of pursuing a fee-based mechanism, how to obtain information about top 5-100 natural gas users, how to structure the fee, and the administrative resources necessary.	Extensive legal analysis of fee to program dollar nexus, greater understanding of CSU/Broadcom/ Anheuser Busch efforts to reduce emissions below EPA required reporting level, and further study on administrative resources necessary.

Key Considerations	Core, Ongoing Climate Funding		Acceleration Opportunities / Enhancements to Core			
	Existing revenue (Utilities)	Sustainable Revenue (Climate, Transit, Housing, Parks)	OPTION 1: Dedicated Sales Tax for Climate Initiatives	OPTION 2: Natural Gas Excise Tax	OPTION 3: Natural Gas as Proxy Fee	OPTION 4: Large Emitter Fee

*For this conceptual analysis, potential revenue generated are rough estimates, corresponding to the following amounts:

- **$ =** $1 – $5 million
- **$$ =** $5 – $10 million
- **$$$ =** greater than $10 million

**Equity considerations can be more nuanced than a simple categorization of "regressive" or "progressive" – we provided these simplified labels to indicate the general slant of each mechanism. That said, there are several modifications that can be made to any of the options labelled as "regressive" that address equity concerns. For example, a certain percentage of revenue generated from dedicated sales taxes can be earmarked for investments in low-income communities or programs for income-qualified customers of City services. Similarly, a natural gas excise tax could "kick in" only at a higher baseline level of consumption to mitigate impacts for low-income consumers. Even those mechanisms that are generally labelled as "progressive" require intentional investments and program design elements that focus equity and environmental justice. As a result, none of these revenue generation opportunities are regressive or progressive on their own; they each require deliberate decisions that encourage equitable outcomes in terms of how taxes and fees are levied and how their revenues are invested.

City of Fort Collins

SUSTAINABLE FUNDING UPDATE

Council Work Session

QUESTIONS:

1 What questions does Council have on these efforts?

2 Does City Council support continued efforts on funding for all four priority areas?

3 Is there any area Council would prioritize if there is a phased approach?

SUSTAINABLE FUNDING **WORK-TO-DATE**

Introduce Topic: Sustainable Revenue

Funding Mechanisms & Early Scenario Planning

Work Session Direction and Questions

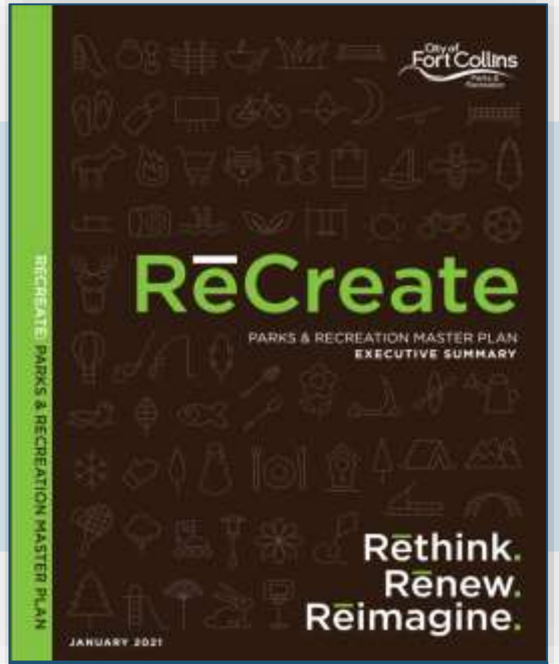
Dec. CFC → Jan. CFC → Mar. CFC → April Council Work Session → June CFC → Sept. CFC → Nov. CFC → Dec. Council Work Session

Deep-Dive on Identified Needs: Parks & Rec, Transit & Housing

Funding Mechanisms and Potential Funding Levels

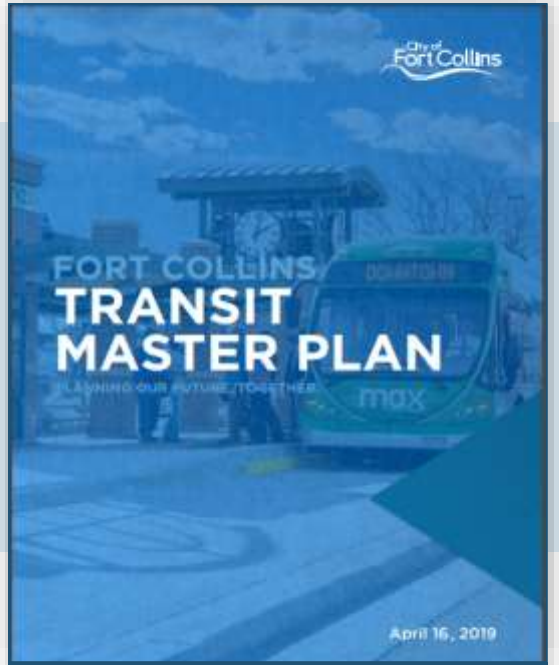
Election options are known for timeline considerations

Identified Funding Needs



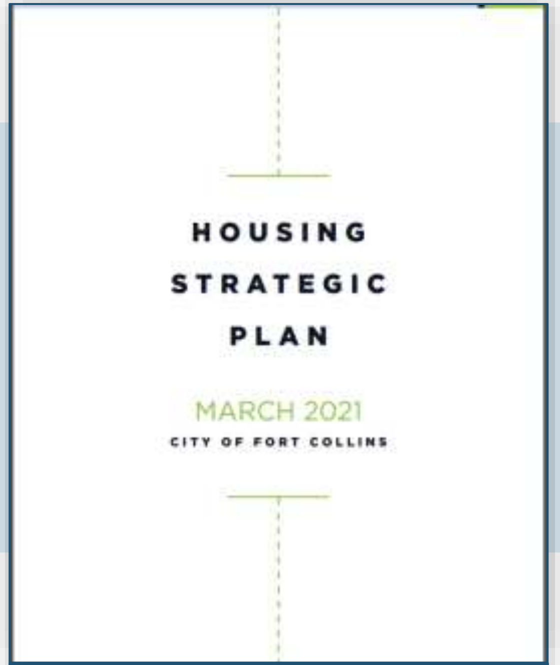
$8-12M Annual Gap

Masterplan Projects



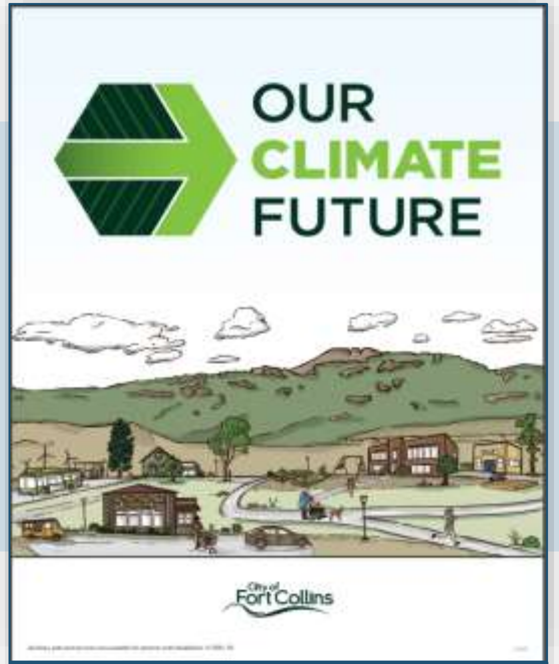
$8-10M Annual Gap

Masterplan to Build Out Projects



$8-9.5M+ Annual Gap

To Achieve 10% Affordable Housing Stock



$6M+ Annual Gap

Accelerate Electrification, Increase Resilience and Equity, Reduce Waste

ANNUAL REVENUE GAP = $30M TO $38M+

City Revenue

Sales Tax
- Local Total: 3.85%
- Base rate: 2.85%
- Groceries: 2.25%

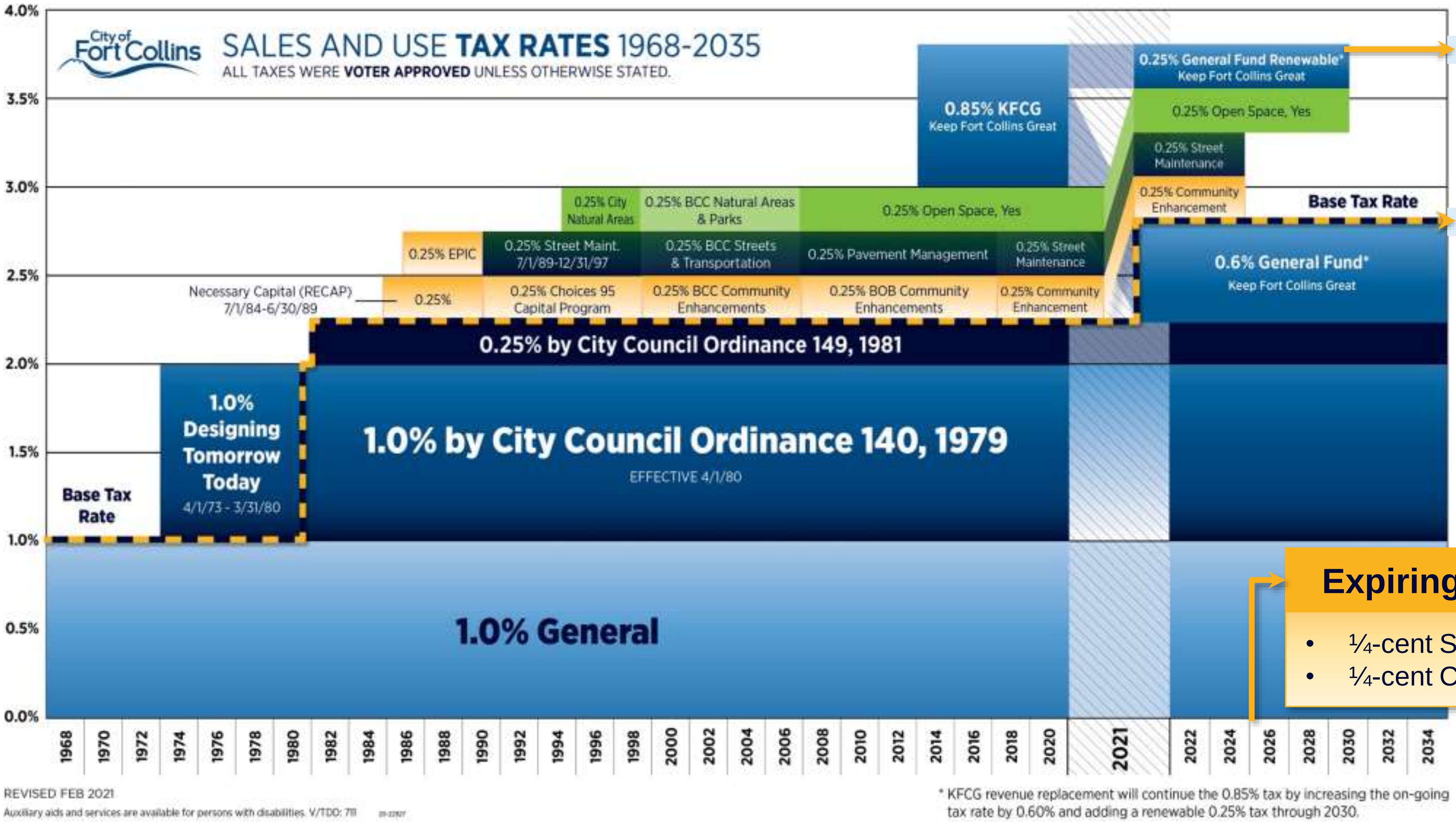
3 dedicated ¼-cent taxes:
- Street Maintenance
- Capital Improvement
- Open Space

Keep Fort Collins Great
- General ¼-cent

Property Tax

Fees, Fines, Grants

Tax Rate History



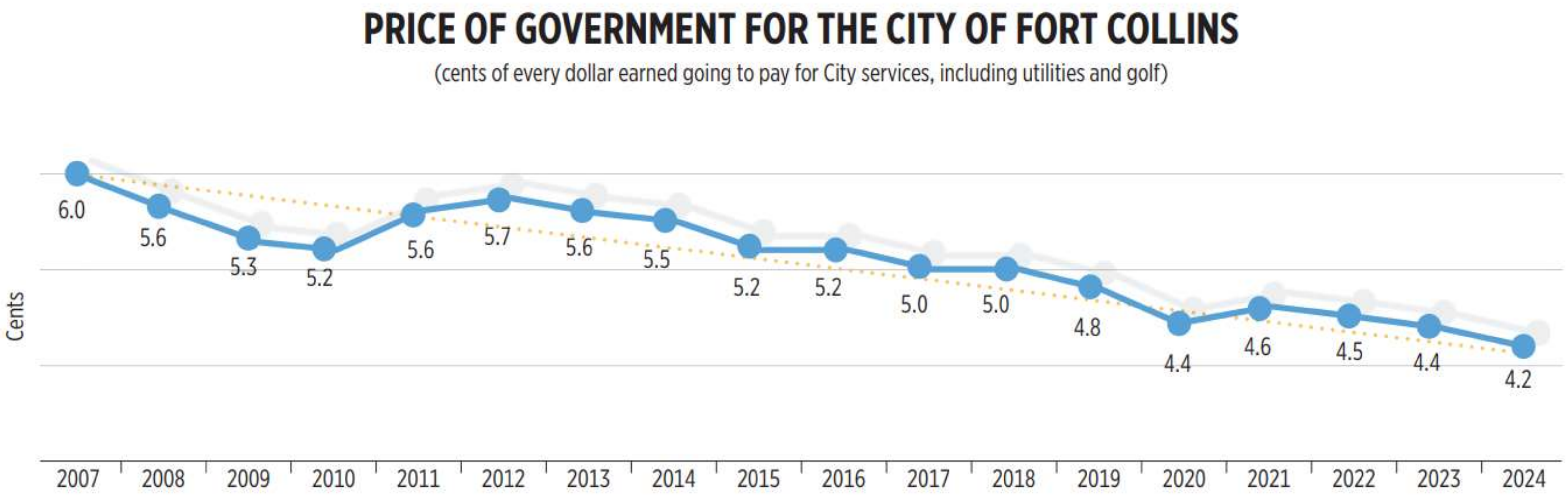
3.85%
Current City Sales Tax rate

2.85%

Expiring 12/31/2025:

- ¼-cent Street Maintenance
- ¼-cent CCIP

Relative Price of Government



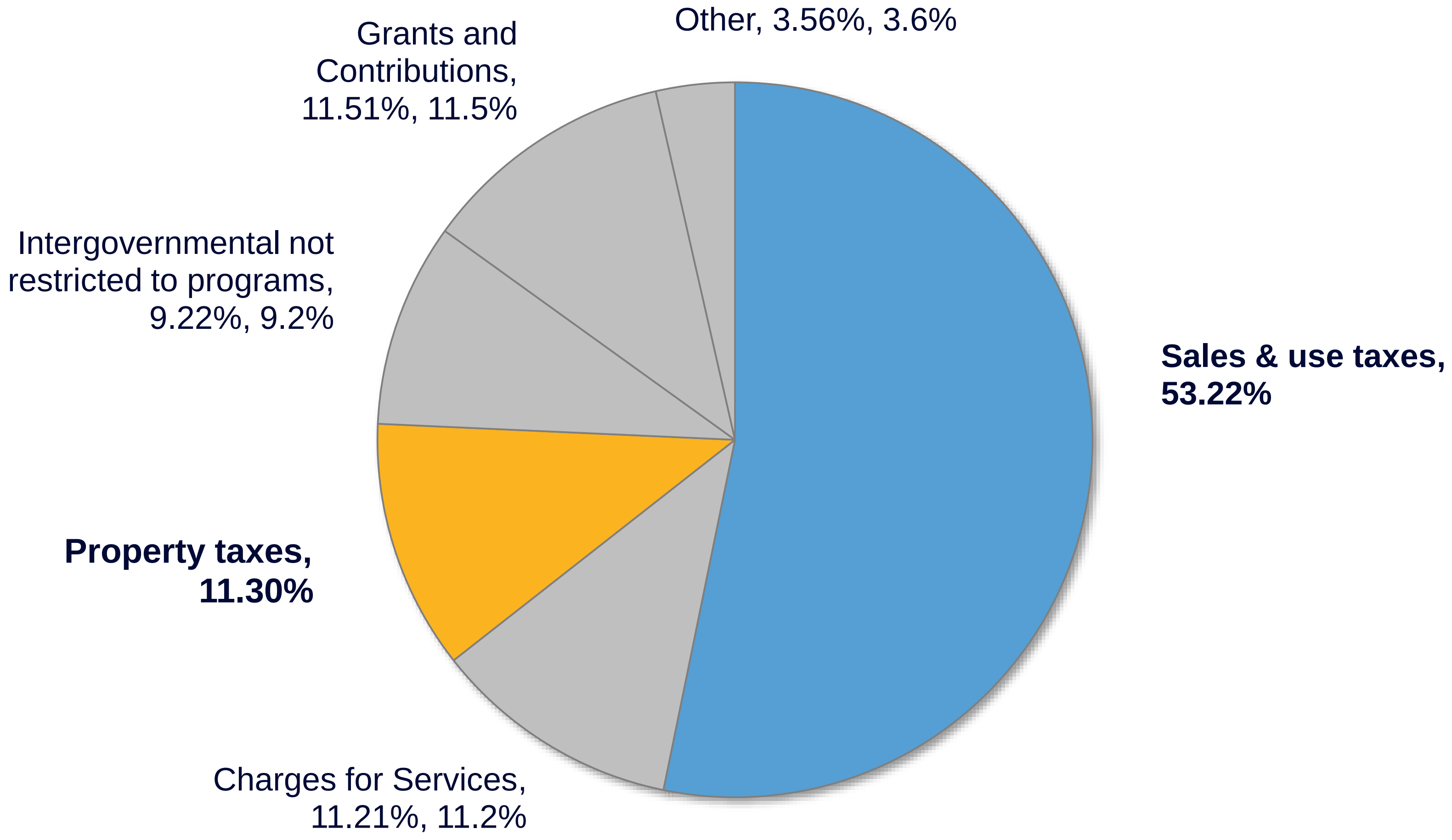
*Note: 2022 is estimated due to lag time in the availability of data from the U.S. Bureau of Economic Analysis; 2023-2024 are forecasts/projections

Price of Government examines how much residents pay for City services compared to the estimated income in the community.

Downward trend over the past 20 years

2021 REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES

$305.7 MILLION



Sales & Use Tax:

- Over 50% of the City's revenue without utilities

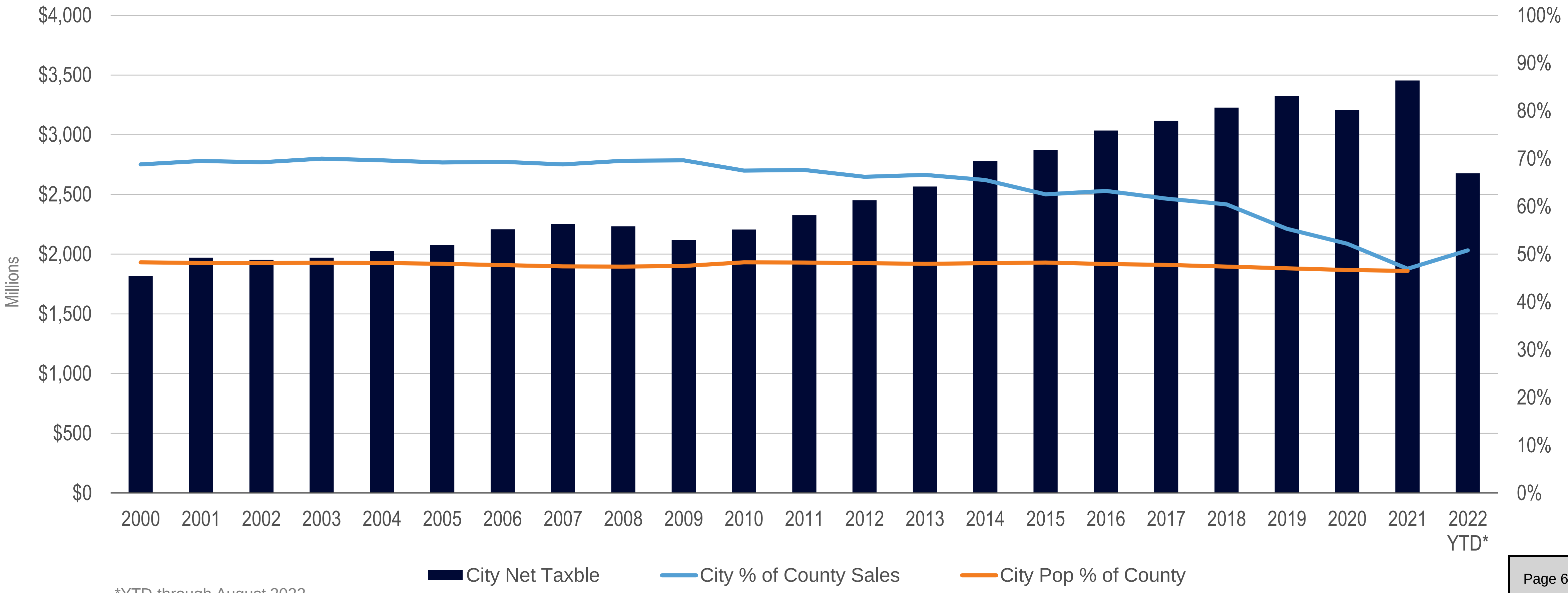
Property Tax:

- Current City mill levy of 9.797 has not increased since 1992
- Poudre Fire Authority receives 67% of the City's portion of property tax via an IGA

Item 2.

FORT COLLINS NET TAXABLE SALES

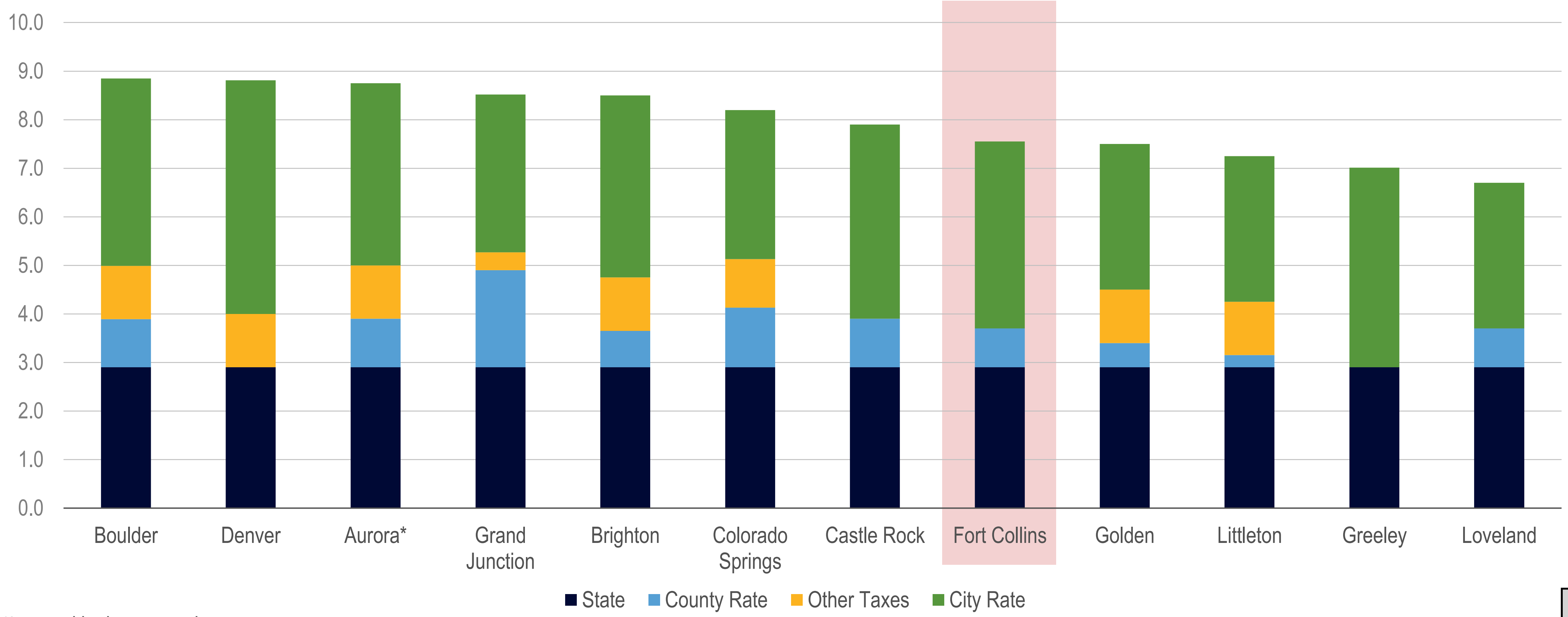
(revenue trends and comparisons)



*YTD through August 2022

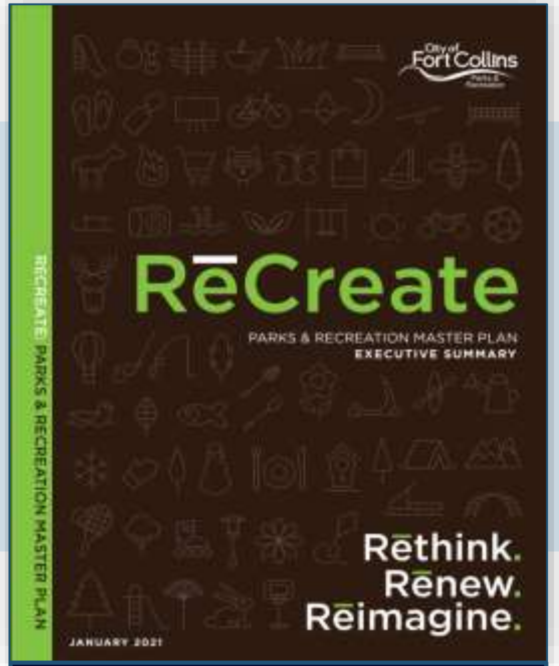
TOTAL TAX RATES

(revenue trends and comparisons)



*Located in three counties

Identified Funding Needs

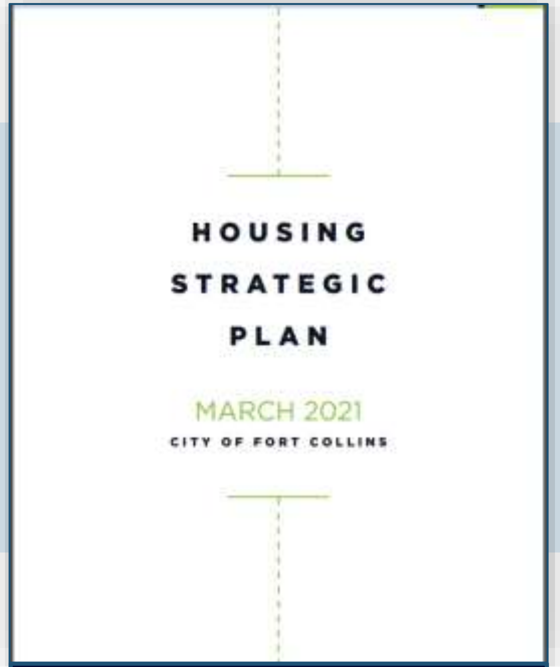


$8-12M Annual Gap

Masterplan Projects

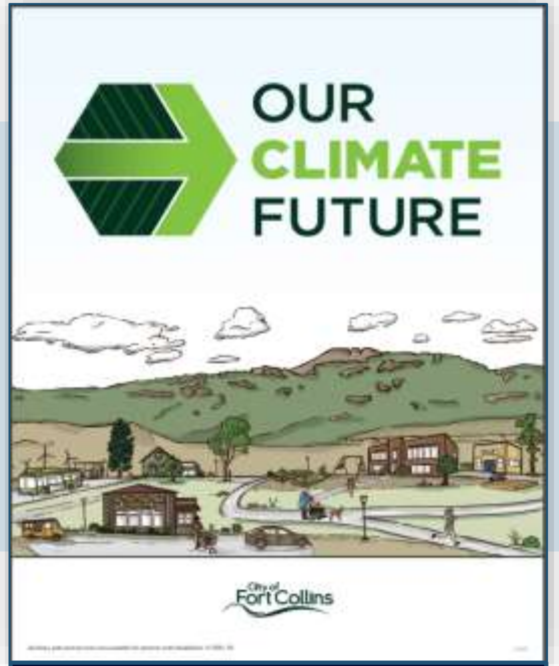
$14.7M Annual Gap

Masterplan to Build Out Projects



$8-9.5+ Annual Gap

To Achieve 10% Affordable Housing Stock



$9.5M+ Annual Gap

To Accelerate Community Transition From Fossil Fuels

ANNUAL REVENUE GAP = $40M TO $46M+

City of Fort Collins

What Could Dedicated Parks & Rec. Revenue Fund?

Item 2.

Annual Gap ($M)	Operations & Maintenance (Daily Tasks)	Infrastructure Replacement
Parks	$1.0	$8.2
Recreation	$0.0	$2.3
Planting Refresh		$0.6
Total	**$1.0**	**$11.1**

OPERATIONS AND MAINTENANCE: The daily tasks needed to keep parks and recreation facilities running and minor repairs to capital assets to keep them in a good state of repair, such as water management, turf care, trash & recycling in parks.

INFRASTRUCTURE REPLACEMENT (CAPITAL): Critical maintenance or repair of existing assets; can also include strategic changes to existing parks or recreation facilities and design elements

- Replacements, like replacements of courts or playgrounds, typically require one-time funding and are not likely to increase annual operations and maintenance costs.
- Can also include strategic changes to existing parks or recreation facilities and design elements that may trigger slight increases in annual operations and maintenance costs.
- $11M annual gap include recreation needs

Transit Master Plan Buildout

Local match for major capital projects

There are currently unprecedented Federal dollars in grant funding available to fund 60-80% of large transit projects.

Short- & Mid-term Examples:

- West Elizabeth Bus Rapid Transit
- North transit maintenance facility (needed for further expansion)
- Electrification and ultimate zero-emission of bus fleet
- Additional charging infrastructure
- North College MAX extension
- Mobility hubs

Improve route frequencies and add new service

The Transit Master Plan identified frequency and service expansions that would greatly increase transit ridership.

Short-term Examples:

- Procure additional buses and increase operational frequencies
- Increase frequency on Drake from 30 to 15 minutes
- Increase frequency on North College from 30 to 15 minutes
- Increase off-peak frequency on Shields from 60 to 30 minutes
- Add new route with 30-minute frequency on Lemay/Trilby
- New southeast micro-transit service
-

Accelerate Housing Strategic Plan Implementation

Expand the City's competitive funding process
to better support projects seeking to: Acquire land, develop new affordable housing, preserve existing affordable housing, support residents.

Examples:

- Housing acquisition (redevelopment/preservation)
- Land acquisition
- New construction costs
- Affordable homeownership renovation
- Renovate affordable rental housing
- Homeownership assistance

Expand or initiate City-led efforts
as identified in adopted policies including the Housing Strategic Plan, City Strategic Plan, and HUD Consolidated Plan.

Examples:

- Acquire properties for Land Bank (expand)
- Offset fees for affordable projects (expand)
- Develop incentive programs (energy efficiency, voluntary affordability restrictions, etc.)
- Explore redevelopment partnerships
- Other innovative approaches (middle income, mixed income, etc.)

Examples of Accelerated Implementation of Our Climate Future Big Moves

BIG MOVE 1

Shared Leadership and Community Partnership

Targeted climate justice initiatives to invest in community capacity to lead.

- Community-led action grants and precursor funding (e.g. trust building)
- Equity trainings for staff and partners
- Community consultant program
- Climate equity committee

BIG MOVE 2 & BIG MOVE 10

Zero Waste Neighborhoods

Zero Waste Economy

Support neighborhoods and businesses as they transition to zero waste.

- Circular economy strategies
- Innovate Fort Collins Challenge on circular start-ups/initiatives
- Removing recycling barriers with equity focus

Examples of Accelerated Implementation of Our Climate Future Big Moves

BIG MOVE 3 Climate Resilient Community

Enhance community systems for responding to extreme climate events and adapt to a changing climate.

- Emergency weather event response plans and facilities
- Enhanced water efficiency strategies
- Neighborhood scale resilience

BIG MOVE 6 Efficient, Emissions Free Buildings & BIG MOVE 13 Electric Cars and Fleets

Expanded programs and services for transition of heating and vehicles to efficient electric.

- Efficiency improvements
- Panel and service upgrades
- Workforce and supply chain support
- EV managed charging options
- EV charger installation support
- Electric grid flexibility systems

City of Fort Collins

FULL LIST

Potential Funding Options

	Mechanism	Annual Revenue Projection	Impact to Residents
1	**Special districts (Library District Mill Levy 3.0)**	**$11M+**	Business, Resident
2	**Property tax (Library District Mill Levy 3.0)**	**$11M+**	Business, Resident
3	**Large emitters fee**	**$11M+**	Business
4	**¼-cent sales tax base rate increase**	**$9M+**	Resident, Visitor
5	**¼-cent additional dedicated sales tax**	**$9M+**	Resident, Visitor
6	**Repurpose ¼-cent dedicated tax**	**$9M+**	Resident, Visitor
7	**Excise tax on specific goods**	**$5M**	Resident, Visitor
8	**Business occupational privilege tax ($4 monthly/$48 annually)**	**$4M+**	Business
9	**Tax on services (i.e., haircuts, vet service, financial services, etc.)**	**$4M+**	Business, Visitor
10	**User Fees (parks, transit) ($5 monthly/$60 annually)**	**$4M**	Resident
11	**Reconfigure capital expansion fees (Affordable housing)**	**$2M**	Business
12	**Establish new capital expansion fees (Affordable housing)**	**$2M**	Business
13	**Carbon Tax**	**$2M**	Business

Mechanics & Residential Impact

Category	Funding Mechanism	Annual Revenue Estimate	Household Impact
Sales Tax	**¼-Cent Sales Tax (dedicated, ongoing or repurpose)**	**$9M+**	• **$30.67** average per year for a resident • Sales tax on food would remain at 2.25% • Visitors also impacted
Property Tax	**1 Mill Property Tax**	**$3.5M**	• Residential annual increase of **$21.45** • Commercial annual increase of **$87.00**
	2 Mill Property Tax	**$7M+**	• Residential annual increase of **$42.90** • Commercial annual increase of **$174.00**
	3 Mill Property Tax	**$11M+**	• Residential annual increase of **$64.35** • Commercial annual increase of **$261.00**
	4 Mill Property Tax	**$14.5M+**	• Residential annual increase of **$85.80** • Commercial annual increase of **$348.00**
	5 Mill Property Tax	**$18M+**	• Residential annual increase of **$107.25** • Commercial annual increase of **$435.00**
Excise Tax	**5% Tax on Specific Goods**	**$5M**	• **$5 per $100 purchase** in Fort Collins • Visitors also impacted
Capital Expansion Fee	**Reconfigure/Broaden Application**	**$2M**	• Net neutral for residential and commercial permit fees

Scenario A: $25M+

Category	Funding Mechanism	Annual Revenue Estimate	Stakeholder Impact
Sales Tax	**New ¼-Cent Sales Tax**	**$9M+**	• **$30.67** average per year for a resident • Sales tax on food would remain at 2.25%
Property Tax	**3 Mill Property Tax**	**$11M+**	• Residential annual increase of **$64.35** • Commercial annual increase of **$261.00**
Excise Tax	**5% Tax on Retail Marijuana**	**$5M**	• **$5 per $100 purchase** in Fort Collins • Visitors also impacted
Total	**Sales Tax 4.1%**	**$25M+**	• **$156 net annual increase per household* + impact of excise tax**

IMPACT FOR A HOUSEHOLD OF THREE:

- **0.32%** increase at 50% Area Median Income
- **0.20%** increase at 80% Area Median Income

*Assumes a household of three

Scenario B: $23M+

Category	Funding Mechanism	Annual Revenue Estimate	Stakeholder Impact
Property Tax	**5 Mill Property Tax**	**$18M+**	• Residential annual increase of **$107.25** • Commercial annual increase of **$435.00**
Excise Tax	**5% Tax on Retail Marijuana**	**$5M**	• **$5 per $100 purchase** in Fort Collins • Visitors also impacted
Total	**Sales Tax 3.85%**	**$23M+**	• **$107.25 net annual increase per household + impact of excise tax**

IMPACT FOR A HOUSEHOLD OF THREE:

- **0.22%** increase at 50% Area Median Income
- **0.14%** increase at 80% Area Median Income

Excise Tax on Specific Goods

Marijuana Excise Tax:

- Precedent across Colorado at approx. 5%
- 5% estimate of $5M* annually for the City
- Current revenue at 3.85% reflected below:

Type	2020	2021
Retail	$3.6M	$3.9M
Medical	$172k	$192k

Others

- Natural gas
  - Staff research priority for early 2023
- Sugar sweetened beverages
- Beverages in plastic containers
- Alcohol
  - 5% Alcohol estimate of $5M+

*Retail only

City	Marijuana Excise Tax
Pueblo	8%
Berthoud	7%
Grand Junction	6%
Denver	5.5%
Aurora	5%
Boulder	5%
Breckenridge	5%
Broomfield	5%
Carbondale	5%
Commerce City	5%
DeBeque	5%
Dillon	5%
Eagle	5%
Florence	5%
Frisco	5%
Glenwood Springs	5%
Gunnison	5%
Lyons	5%
Palisade	5%
Thornton	5%
Walsenburg	5%
Northglenn	4%
Silverthorne	3%

Election Timeline Options:

November	November	November	November
2023	2024	2025	2026

- Street Maintenance and Community Capital Taxes expire Dec. 31, 2025.
- November 2024 and April 2025 would have been traditional elections to target for renewal.

ANTICIPATED NEXT STEPS:

- Based on Council direction: Continue to work with Council Finance Committee to establish preferred funding mechanisms and election timelines

QUESTIONS:

1 What questions does Council have on these efforts?

2 Does City Council support continued efforts on funding for all four priority areas?

3 Is there any area Council would prioritize if there is a phased approach?

City of Fort Collins