TOWN OF MILLIKEN
TOWN BOARD
AGENDA MEMORANDUM

To: Mayor Tokunaga and Board of Trustees From: Kent Brown, Town Administrator	Meeting Date: Wednesday, August 26, 2015

Agenda Item #	Action: X	Discussion:	Information:
Agenda Title: Adoption of Ordinance No. 718 An Ordinance of the Town of Milliken, Weld County, Colorado, setting the ballot title and ballot question referring to this ordinance at an election to be held November 3, 2015; providing the effective date of this ordinance; temporarily increasing the rate of town sales and use tax; restricting the use of revenues generated from the tax increase;, and setting forth the details in relation.			
Attachments: Ordinance 718			

PURPOSE

This ordinance is to set the ballot title and ballot language necessary to pursue a 1% increase in the Town of Milliken sales and use taxes to be used at the November 2015 election.

BACKGROUND

Previously, the Town Board was presented with sets of data supporting the following conclusions:

1) Milliken's property tax rate and proportion of revenue that funds the Town's budget is among the highest in Weld County.
2) Milliken's valuation is lower than expected (for its population size) in terms of residential, commercial and industrial. The percentage of the total property valuation for commercial and industrial is among the lowest in Weld County.
3) Milliken's valuation is heavily dependent on oil & gas valuation – which can have wild swings (high variability) from year to year as seen in the graph reprinted from documents presented last year.
4) Milliken's sales tax rate is among the lowest for <u>all Weld County cities and similar size cities statewide</u>.

According to the most recent figures from the statewide compendium of financial data from municipalities - - - Milliken's total taxes per capita (for all taxes) and total revenue per capita for cities of a similar size – are in the lower range.

For example – Milliken's total municipal taxes per capita was 10th lowest out of 35 cities statewide. Milliken's total revenue per capita was 4th lowest out of 35 cities statewide that have a population between 3,200 and 9,100.

To address significant ongoing street maintenance and capital projects that are facing the Town of Milliken, the Town Board and staff have discussed the possibility of having an election to raise the sales tax rate.

What is currently generated by 1% of the sales and use tax?

2015 Budget

173,000 sales tax
159,000 use tax vehicle
94,000 use tax building
426,000 total

The proposed uses for the additional sales and use tax include the following two (2) categories:

1) **Street Improvements/Maintenance**

225,000 would equal another street project with about equal the number of blocks that would be milled and overlayed and the same number slurry sealed or crack sealed.

The 2015 Contract was for $204,234 as a comparison.

As per the most recent street surveys, the Town has over 80 lane miles of streets to maintain. Doubling the size of the annual street maintenance contract will obviously start to address a greater number of streets; however, there will still be more needs than resources to address them.

2) **Capital Improvement**

Downtown (as an example)

225,000 could address a portion of downtown improvements or add parking in key locations ***or***

Field House (as an example)

225,000 could address the annual payment by the Town on behalf of the Town's residents for the Milliken Activity Complex (TRPR Field House) ***or***

Parks (as an example)
225,000 would allow one more park to be renovated each year or amenities added in the park (capital improvement program).
The 2015 Budget had just over $500,000 budgeted for 4 different parks. ***or***

Traffic Control
225,000 would allow the Town to pay for another streetlight improvement over a number of years. A rough cost estimate from a traffic engineering firm was approximately $350,000 and would depend on the additions to the traffic light installation (lighted street signs, traffic lanes, etc.) $350,000 was an approximate cost for a traffic light installation in a nearby community. The installation of the stoplight at Hwy257/Hwy60 was significantly more expensive. ***or***

Trail Connections/Pedestrian Pathways
225,000 would pay for a trail connection in one of the gaps over the railroad tracks. As per the Gap Analysis estimate – it may still cost more than $225,000 – however, depending on construction and other issues, it could significantly address one project per year.

PROPOSED CHANGES

The proposed changes include a sales tax ballot item that asks the residents in Milliken to approve a 1% sales and use tax increase to fund public street maintenance and capital improvements. Of the total 1% increase, 0.5% increase is to be allocated to paving and overlay projects, with the remaining 0.5% increase to be allocated to capital improvement projects.

BUDGET IMPLICATIONS

Increased sales and use tax would generate an estimated $450,000 annually.

STAFF RECOMMENDATION

Staff recommends that the Board of Trustees adopt Ordinance No.718.

SUGGESTED ACTION

"I move to adopt Ordinance No. 718, an Ordinance of the Town of Milliken, Weld County, Colorado, setting the ballot title and ballot question referred to in this ordinance at an election to be held November 3, 2015; providing the effective date of this ordinance, and setting forth the details in relation to the sales and use tax rate for the Town of Milliken."

ORDINANCE NO. 718

AN ORDINANCE OF THE TOWN OF MILLIKEN SETTING THE BALLOT TITLE AND BALLOT QUESTION REFERRING THIS ORDINANCE AT AN ELECTION TO BE HELD NOVEMBER 3, 2015; PROVIDING THE EFFECTIVE DATE OF THIS ORDINANCE; TEMPORARILY INCREASING THE RATE OF THE TOWN SALES AND USE TAX; RESTRICTING THE USE OF REVENUES GENERATED FROM THE TAX INCREASE; AND SETTING FORTH DETAILS IN RELATION THERETO.

WHEREAS, the Town of Milliken, Colorado (the "Town"), is a statutory municipality organized and operating under the laws of the State of Colorado;

WHEREAS, the Town presently imposes a sales and use tax at the rate of 2.5% pursuant to Town Ordinance No. 140, as amended by Town Ordinance No. 278 for the sales tax (collectively, the "Sales Tax Ordinance") and Town Ordinance No. 270 for the use tax (the "Use Tax Ordinance") and Town Ordinance No. 457; and

WHEREAS, pursuant to Section 29-2-111, C.R.S., the Board of Trustees of the Town (the "Board") has the power, with elector prior approval, to create a special fund for the deposit of all or any portion of the revenue from a sales and use tax and to pledge such fund solely to provide for capital improvements; and

WHEREAS, at least fifty percent (50%) of the tax revenues collected from the additional one percent sales and use tax rate shall be used for capital improvements and the balance of the additional one percent sales and use tax to be used for public street maintenance; and

WHEREAS, the sales and use tax increase, if approved by the eligible electors of the Town, shall commence on January 1, 2016, and terminate on January 1, 2026; and

WHEREAS, Article X, Section 20 of the Constitution of the State of Colorado requires that the Town have voter approval in advance for any tax rate increase; and

WHEREAS, the Town Board desires to submit a ballot issue to the eligible electors of the Town on November 3, 2015, authorizing the temporary tax increase for the purpose set forth in this Ordinance; now therefore,

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN MILLIKEN, COLORADO:

Section 1. Calling the Election. An election shall be held on Tuesday, November 3, 2015, at which there shall be submitted to the eligible electors of the Town a ballot issue authorizing a tax increase, which question shall be in substantially the following form:

SHALL SALES AND USE TAXES FOR MILLIKEN BE INCREASED $450,000 ANNUALLY IN FISCAL 2016, TO BE USED ONLY FOR PUBLIC STREET IMPROVEMENTS, MAINTENANCE AND REPAIRS, SIDEWALKS, AND STREET LIGHTING, AND FOR CAPITAL PROJECTS, INCLUDING THE CONSTRUCTION, MAINTENANCE AND IMPROVEMENT OF PUBLIC WORKS, AND THE PURCHASE OF LAND AND BUILDINGS, AS DETERMINED BY THE TOWN BOARD, BY INCREASING THE SALES AND USE TAXES FROM 2.5 PERCENT TO 3.5 PERCENT TO CONTINUE FOR TEN YEARS WHEN THE TAX RATE SHALL RETURN TO 2.5 PERCENT WITH ALL TAX REVENUES GENERATED FROM THE INCREASED TAX AUTHORIZED HEREIN AND FROM ANY EARNINGS FROM THE INVESTMENT OF SUCH REVENUES TO CONSTITUTE A VOTER-APPROVED REVENUE CHANGE, AND AN EXCEPTION TO THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

Section 2. Setting Ballot Title and Content. For purposes of C.R.S. § 1-11-203.5, this Ordinance shall serve to set the title and content of the ballot issue set forth herein and the ballot title for such question shall be the text of the question itself.

Section 3. Conduct of Election. The officers and employees of the Town are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance and the holding of a polling place election on November 3, 2015.

Section 4. Temporary Sales and Use Tax Increase. Upon approval of the ballot issue set forth in Section 1 hereof by a majority of the eligible electors voting thereon at said election, the sales and use tax imposed by the Town of Milliken pursuant to the Sales Tax Ordinance and the Use Tax Ordinance shall be 3.5%. The 1.0% sales and use tax rate increase imposed pursuant to this Ordinance shall become effective on January 1, 2016, and shall thereafter terminate on January 1, 2026.

Section 5. Severability. Should any one or more sections or provisions of this Ordinance be judicially determined invalid or unenforceable, such determination shall not affect, impair, or invalidate the remaining provisions hereof, the intention being that the various provisions hereof are severable.

Section 6. Emergency Declaration; Effective Date. By reason of the fact that it is necessary to certify the ballot issue no later than September 4, 2015, it is hereby declared that an emergency exists, that this Ordinance is necessary to the immediate preservation of the public peace, health and safety, and that, with the exception of Section 4, it shall be in full force and effect upon adoption. Upon passage of this Ordinance and subject to the approval thereof at the election to be held on November 3, 2015, the provisions of Section 4 hereof shall be effective on January 1, 2016.

ADOPTED AND APPROVED this 26th day of August, 2015.

TOWN OF MILLIKEN, COLORADO

By _____
Milt Tokunaga, Mayor

ATTEST:

By _____
Cheryl L. Powell, Town Clerk