



Legislation Text

File #: 15-00703, **Version:** 3

Ordinance No. 16-3 amending Ordinance No. 15-86 (2016 Appropriation Ordinance) for a Supplemental Appropriation to Adopt the Budget and Appropriate Monies in the Amount of \$50,000,000 for the Road Repair, Maintenance and Improvements Sales and Use Tax Fund for the Sole Purpose of Road Repair, Maintenance, and Improvements

From:

Kara Skinner, Chief Financial Officer

Summary:

The attached ordinance is a supplemental appropriation to adopt the 2016 budget and appropriate monies in the amount of \$50 million for the Road Repair, Maintenance, and Improvements Sales and Use Tax Fund for the sole purpose of road repair, maintenance, and improvements.

At the November 3, 2015, special municipal election, voters of the City approved Ballot Question 2C authorizing a temporary additional levy of zero point six two percent (0.62%) in City sales and use tax dedicated solely to road repair, maintenance, and improvements.

Previous Council Action:

On August 25, 2015, City Council passed Resolution No. 83-15 approving the referral and placement of an issue on the November 3, 2015 ballot asking for voter approval to increase the City's sales and use tax by 0.62% for five years, which is dedicated solely to road repair, maintenance, and improvements. The original 2016 Budget was approved by City Council on November 24, 2015, per Ordinance No. 15-86. On December 8, 2015, Council adopted Ordinance No. 15-96 adding a new part to the City Code to establish the Road Repair, Maintenance, and Improvements Sales and Use Tax Fund (Road Tax Fund).

Background:

By voter approval, the City of Colorado Springs is authorized to temporarily increase its sales and use tax by 0.62% (6.2 pennies on a \$10 purchase) for five years to fund only road repairs and improvements, and be permitted to retain all such revenues generated and to expend the same only for road repairs and improvements, exempt from spending and revenue limitations. As approved, the existing sales and use tax rate of 2.5% established by the City Code is increased by 0.62% dedicated to road repairs and improvements to make an effective City tax rate of 3.12% as of January 1, 2016. This tax will sunset (expire) exactly five (5) years from the date of its implementation and will not affect or apply to purchases of food for domestic home consumption, prescriptions, residential utility bills or other items exempt from City sales and use tax under the City Code.

This temporary increase in sales and use tax revenue will be placed in a dedicated fund-the Road Repair, Maintenance, and Improvements Sales and Use Tax Fund, which is currently in the process

of being established in City Code as noted above. All such revenue will be used only for funding the cost to repair roads and streets throughout all areas of the City, including cost of road reconstruction where severe deterioration does not allow repair. None of the additional sales and use tax revenue will be used to hire additional City employees or purchase additional equipment for City road projects. The repair work will be contracted out to the private sector.

Exhibit "A" from Ballot Question 2C is attached with the list of road and street segments intended and scheduled to be repaired or improved with the revenues from the 0.62% temporary sales and use tax. The expenditure of these revenues for road repairs and improvements is to be in addition to, and not in lieu of, amounts currently being expended by the City for road maintenance and improvements. During the period the temporary sales and use tax increase is in effect, the City will maintain spending on repair and maintenance of roads and streets at the average of the City's annual spending amount for such repair and maintenance during fiscal years 2012, 2013 and 2014. The City Auditor will perform an audit to calculate such average spending amount. Subject to City Charter limitations on preparation, submission and approval of the annual budget and annual appropriation ordinance, during such period, the City will annually expend at least the amount so computed on repair and maintenance of roads and streets.

Financial Implications:

The supplemental appropriation sets the 2016 Road Repair, Maintenance, and Improvements Sales and Use Tax Fund revenue and expenditure budgets at \$50,000,000. The source of these funds is the 0.62% sales and use tax approved by voters on November 3, 2015. The 2016 Budget for the Road Repair, Maintenance, and Improvements Sales and Use Tax Fund will be placed in one project account to be used to repair and/or improve concrete such as curb and gutter, sidewalks, and pedestrian ramps in advance of overlay of the same roadway segments, and to repair and/or improve roadway segments.

The Public Works Operations and Maintenance Division (f/k/a Streets Division) will track and report quarterly and annually on the progress of all projects. In addition, Mayor Suthers recently named a five-member advisory committee that includes two City Council members and three experts from the community (one with a financial background and two with street operations knowledge). This committee will meet as deemed necessary to provide input on prioritization of projects, implementation of road improvement plans, and the dissemination of information to the public.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move approval of the Ordinance amending Ordinance No. 15-86 (2016 Appropriation Ordinance) for a supplemental appropriation to adopt the budget and appropriate monies in the amount of \$50,000,000 for the Road Repair, Maintenance and Improvements Sales and Use Tax Fund for the sole purpose of road repair, maintenance, and improvements.

An Ordinance amending Ordinance No. 15-86 (2016 Appropriation Ordinance) for a supplemental appropriation to adopt the budget and appropriate monies in the amount of \$50,000,000 for the Road Repair, Maintenance and Improvements Sales and Use Tax Fund for the sole purpose of road repair, maintenance, and improvements