

Boulder City Council
STUDY SESSION
Study Session is Televised

Tuesday
July 14, 2015

6-9 PM
Potential 2015 Ballot Items

Council Chambers
Municipal Building
1777 Broadway

Submit Comments to City Council
Email: council@bouldercolorado.gov or
Attention: Alisa Lewis, City Clerk
PO Box 791, Boulder, CO 80306
Fax: 303-441-4478



CITY OF BOULDER STUDY SESSION

To: Members of City Council

From: Jane S. Brautigam, City Manager
Tom Carr, City Attorney
David Gehr, Deputy City Attorney
Kathy Haddock, Senior Assistant City Attorney
Maureen Rait, Executive Director of Public Works
David Driskell, Executive Director of Planning and Sustainability
Alisa D. Lewis, City Clerk
Carl Castillo, Policy Advisor
David Farnan, Library and Arts Director
Bob Eichem, Chief Financial Officer
Cheryl Pattelli, Director of Finance
Elena Lazarevska, Senior Financial Analyst

Date: July 14, 2015

Subject: Potential 2015 Ballot Items

PURPOSE:

This memorandum and the staff presentation at the study session:

- Provides follow up work on potential ballot items that were discussed at the April 14, 2015 study session, or were added subsequent to the meeting. Background on all items considered in the long range fiscal look at the city and accompanying attachments can be found at <https://documents.bouldercolorado.gov/WebLink8/0/doc/129011/Electronic.aspx>
- Requests guidance in regards to what ballot items Council desires to place on the November 2015 ballot.

Timeline for the Study Session:

- | |
|---|
| • Potential ballot items 1 through 7 - 6:00 to 7:30 |
| • Potential ballot item 8 - Occupation Privilege Tax (Head Tax)
7:30 to 9:00 |

Specific items of items of interest discussed on April 14 were the following:

<i>1. Utility Occupation Tax</i>	
<i>Revenue Generated</i>	Approximately \$6.3 million annually
<i>Expiration date</i>	Both components sunset the earlier of December 31, 2017, or when the city decides not to create a municipal utility, or when the city commences delivery of municipal electric utility services.
<i>Description</i>	<p>One portion of the occupation tax is a general fund revenue that replaced the franchise tax for electricity (app. \$4.3M annually). Renewal at this time is proposed as there would need to be lead time to reduce services by this amount in 2016 and 2017 if the renewal is not approved by the voters. If approval is granted by the voters services will continue as they are currently. If not approved, it is very difficult for both those who use or receive the services and those who provide the services to stop the services all at once on January 1, 2018.</p> <p>Therefore, 2016 and 2017 would be used to phase in the service reductions that would need to be made. This methodology has been used consistently by the city for expiring taxes to lessen the disruption that would be caused due to the loss in revenue.</p> <p>The second portion of the tax is the occupation tax that pays for the study of whether to create an electric utility (app. \$2.0 million annually). It is not proposed that the second part of the occupation tax be placed on the ballot in 2015 due to many unknowns at this time regarding municipalization.</p>
<i>If moves forward: Tentative first reading:</i>	<i>July 28</i>
Question: Does Council want to move this item forward?	If moved forward staff proposes: a five year extension until the earlier of December 31, 2022, or when the city decides not to create a municipal utility, or when the city commences delivery of municipal electric utility services.

2. Climate Action Plan Tax	
Revenue Generated	\$1.8 million annually
Expiration	March 31, 2018
<p>Note: The potential renewal of this tax arose subsequent to the April 14 study session. It was discussed during the Charter Committee meeting held on June 10. Placing this on the ballot in 2015 would avoid having this tax on the ballot at the same time Boulder County plans to place the renewal of their sustainability tax in 2016.</p>	
<p>Description: The Climate Action Plan Tax funds programs and services to reduce greenhouse gas emissions. Some examples include EnergySmart energy efficiency services and rebates for the residential and commercial sectors, and SmartRegs implementation assistance and rebates for residential rental properties. The tax also funds four positions to support the programs and services.</p>	
<p>If this item moves forward, first reading tentatively scheduled July 28</p>	
<p>Question: Does Council want to move this item forward?</p>	
<p>If this item moves forward staff proposes that the extension be for five years (until the earlier of March 18, 2023, or when the city decides not to create a municipal utility, or when the city commences delivery of municipal electric utility services).</p>	

3. Short Term Rental Tax	
Revenue Generated	If placed on the ballot the amount of revenue will be dependent on the scope of the tax. That is, what would be allowed and what would not.
Expiration	N/A at this time
<p>Description: A Short Term Rental type of tax would be levied on the rental amount charged for short term rental accommodations of less than thirty days. This topic was discussed at the City Council Study sessions held February 10, April 14, and June 2, 2015. During previous discussions the regulatory aspects and the taxing aspects were both discussed.</p> <p>From staff point of view, this is a compliance issue rather than a revenue issue. These transactions are occurring illegally in many neighborhoods in the city and continue to proliferate. They are advertised in various forms of media and often on web sites. One of the most perplexing issues has been that if the city taxes these transactions, the city will be taxing something that is illegal within the city and the city has not done this in the past. In past discussions council has stated they expect to address the regulatory issues before the ballot issue is finalized.</p> <p>There is a wide discrepancy in what advocates of this tax have projected it will produce and what staff has found the tax produces when checking with the mountain towns that have such a tax. Advocates believe it would generate several hundred thousand dollars per year. Previous information gathered from mountain communities that tax vacation rentals indicates the administrative burden for collecting the tax is great and the revenues</p>	

received have been small in relation to the work required to collect the tax. The amount that would be collected if the tax is placed on the ballot and is approved by the voters will depend on the scope of what is authorized as a short term rental. As an example, it is logical to conclude that less tax will be collected if only owner occupied rentals would qualify as short term rentals than if any place in the city was authorized as a short term rental. Therefore, the biggest impact on the tax amount that would be collected will be influenced by what rentals are allowed (if they are allowed) legislatively. Therefore, staff would make final revenue projections once this is decided.

At the February 10 study session there appeared to be interest by Council in creating a new type of tax to cover these types of transactions that are occurring in the new service sharing economy. The tax rate would be tied to the same rate as the lodging tax rate and if the lodging tax rate would change the tax rate for these types of businesses would change too. While this does not address the legal question of running this type of business it does make it a taxable transaction. As was discussed at the study session staff feels it would be best to consider having a separate type of tax for this new and fast evolving business segment. There are significant administrative differences in implementing and gaining ongoing compliance for this type of transaction if it is taxed. Therefore, staff feels it would be best to separate the taxation of these types of transactions from the accommodations tax transactions. Since this would be a new type of tax it would require voter approval.

Staff would also recommend that if this item is placed on the ballot and if it were successful, no sharing of these new revenues occur until there is a multi-year history of revenues collected and costs incurred by the city for this new program. Based on the discussion at the study session it is unknown at this time how much would be recovered in fees and how much of the new costs incurred from this program would be paid from new taxes collected. From conversations held with other entities that collect such a tax it is evident it will be more labor intensive and have higher administrative and collection costs. Until appropriate data is collected and actual costs are known this would help ensure that the city was not spending more than is collected to administer the tax.

If moves forward first reading tentatively scheduled August 4

Questions:

Does Council want to move this item forward?

4. Charter Amendment – Council Compensation and Benefits	
<i>Revenue Generated</i>	N/A
<i>Expiration</i>	N/A
<i>Description:</i> First reading was held at the June 16 Council meeting of this proposed amendment. Three versions have moved forward to second reading. At first reading it was requested that health insurance coverage be added to the three options. This will be in the information received for second reading. The proposed language change would be added to each of the three options. Due to the change after first reading there will be a third reading required for this item.	
<i>2nd reading tentatively scheduled July 28</i>	
Question: Which version or versions would Council prefer to move on to 2nd and 3rd reading?	

5. Charter Amendment – Library	
<i>Revenue Generated</i>	N/A
<i>Expiration</i>	N/A
1. <i>Description:</i> Revise the Library Commission Charter language to redefine the role and function of the Library Commission to bring it in line more closely with current practices. This proposed Charter Amendment has been brought forth by the Library Commission for consideration by Council. Past indications are Council is interested in bringing this item forward for full council consideration.	
<i>Tentative first reading: July 28</i>	
Does Council wish to move proposed Charter change on to first reading?	

6. Charter Amendment –Executive Sessions for Real Estate Transactions	
<i>Revenue Generated</i>	N/A
<i>Expiration</i>	N/A
1. <i>Description:</i> The potential for this charter amendment arose subsequent to the April 14 study session. It was discussed during the Charter Committee meeting held on June 10. At the June 16 council meeting it was requested that this item be brought forward for discussion by Council at the July 14 study session. It arose from the discussion surrounding whether an offer should be made and for how much for the Boulder Community Hospital site on Broadway.	
<i>Tentative first reading: July 28</i>	
Question: Does Council wish to move proposed Charter change on to first reading?	

7. Charter Change - Subcommunity Planning Process Addition to the Charter

Revenue Generated	N/A
Expiration	N/A
Description: Add language to the charter directing council to adopt a subcommunity planning process to be managed by the City Manager. The subcommunity boundaries shall be defined by council. The planning process is to be used in conjunction with other existing zoning and land use provisions. The purpose of the subarea planning process is to facilitate creation and maintenance of subcommunity area plans that address specific factors related to location, form, uses, density and intensity of development. Please see attachment 2 for Councilmember Weaver’s original hotline outlining the proposal.	
Tentative first reading: August 4	
Question: Does Council wish to move proposed Charter change on to first reading?	

Ballot items that may be brought forward by other means or levels of government

This category is provided so that City Council is provided information to understand what other levels of government will be doing in the coming years. The information provided for this study session is based on what is known at this time. It is recognized that change may occur in the future that will impact issues that may need to be considered by City Council.

The following ballot item descriptions could influence the city’s decisions with regard to revenue related ballot measures and timing.

A. Renewal of the .10% Scientific and Cultural Facilities District (SCFD) extension.

The SCFD tax was originally passed in 1988. The Scientific Cultural Facilities District Tax or Cultural District (CD) tax is a .10% tax. The tax boundaries for SCFD are basically the same as the Regional Transportation District (RTD) boundaries. Although state collected, after the tax is collected it is distributed to localities in which it applies for the purpose of supporting scientific and cultural organizations in the Metro Denver region.

The SCFD board has decided to ask for the renewal in November of 2016, two years prior to its 2018 expiration date.

SCFD distributes over \$52 million annually to over 300 organizations in 7 counties. Additional information can be found at <http://www.scfid.org/>.

B. Boulder County

At this time, staff is not aware of any tax that Boulder County plans to put on the ballot in November. Staff will be following up with the county and will let the Council know if any items are proposed to be brought forward.

C. Boulder Valley School District (BVSD)

At this time, staff is not aware of any tax that BVSD plans to put on the ballot in November.

D. Regional Transportation District (RTD)

At this time, staff is not aware of any tax that RTD plans to put on the ballot in November.

E. Colorado Department of Transportation (CDOT)

At this time, staff is not aware of any tax that CDOT plans to put on the ballot in November.

F. State of Colorado

At this time it is not certain what revenue or ballot items may be considered by the State of Colorado. Staff will provide additional information as it becomes available.

G. Various initiatives that may be brought forward via the city process

While no specific topics have been submitted to the City Clerk, it is possible that initiatives could occur in the coming months. If there are any, City Council will discuss them at the August 4, 2015 council meeting.

NEXT STEPS

Based on council guidance provided at the study session, staff will bring back more detailed information on ballot items council wants to consider further, and the timeline that will need to be met.

The date by which the final reading of any ballot issue should be completed is Tuesday, September 1. This will allow the City Clerk's office time to complete all administrative requirements and meet all deadlines required in Colorado laws for elections.

ATTACHMENTS

The memo for the April 14 study session and attachments can be found at <https://documents.bouldercolorado.gov/WebLink8/0/doc/129011/Electronic.aspx>

Part Two of the Study Session: 7:30 to 9:00

8. Occupational Privilege Tax (OPT) aka - Head Tax	
Revenue Generated	Unknown at this time. If this item is placed on the ballot, the final projected revenue amount will depend on how such a tax is applied. That is, (1) amount per employee, (2) who the tax would apply to: employee only, owner only, or both, (3) would certain entities be exempt from paying, (4) would income below a certain level be exempt from the tax and if so, what level. Please see Attachment 1 for projections based on the Denver model.
Expiration	N/A at this time.
<p>Description: The OPT is in place in Aurora, Denver, Glendale, Sheridan and Greenwood Village. A minimum threshold level is often implemented if the tax is approved by the voters. A staff report was prepared and included in the June 16, City Council agenda packet. The report is included as Attachment 1 and provides more in depth information and analysis on this potential ballot item.</p> <p>Subsequent to the report being completed, additional data became available for the number of jobs in the City of Boulder when preliminary data was received for the Boulder Valley Comprehensive Growth Plan. Based on this new information there was not a material difference in the number of jobs that are within the city.</p> <p>One of the essential items to take into consideration when contemplating a new tax is the impact on those who may pay the tax. The OPT is not new to Boulder and has been discussed at various times over the years. The Blue Ribbon Commission I report stated that previous examinations of this tax in the City of Boulder identified three significant concerns:</p> <ol style="list-style-type: none"> 1. It would place Boulder businesses at a competitive disadvantage to those in the region. 2. Governments do not have to pay the employer portion and Boulder has a significant government employment base. 3. There would be a negative impact on non-profit organizations. <p>Options for addressing items two and three have been addressed in the staff report (Attachment 1). If this ballot item moves forward there will be multiple methods and opportunities available to receive public input. It is expected that significant input would be received via e-mail, phone calls, and conversations and discussions over the coming weeks regarding the impact the tax would have on businesses and employees in the City of Boulder.</p>	

If the tax is placed on the ballot and is approved by the voters in November of 2016, Finance staff recommends the tax start July 1 of 2016. This would provide time to prepare and provide educational materials for businesses and employees about the tax, prepare the software, tax returns and other work that would need to be done to administer the tax.

Tentative first reading: August 4

Questions:

1. Does Council wish to move an OPT on to first reading?

If yes,

2. Which tax model would Council like to move forward?

a) Should employees only be subject to the proposed tax?

b) Should governmental employers be exempt from the tax unless they choose to voluntarily comply?

c) Should non-profit employers qualifying as 501 (C) (3) organizations under the Internal Revenue Service tax code (same as are exempt under the City of Boulder Sales and Use Tax Code) be exempt unless they voluntarily choose to comply?

3. What should the proposed amount be per employee?

ATTACHMENTS:

Attachment 1: Staff report on the Occupation Privilege Tax circulated June 16 as an IP [Attachment A of the IP updated July 6]

Attachment 2: Hotline submitted by Councilmember Weaver on June 9, 2015



**INFORMATION PACKET
MEMORANDUM**

To: Members of City Council

From: Jane S. Brautigam, City Manager
 Tom Carr, City Attorney
 David Gehr, Deputy City Attorney
 Bob Eichen, Chief Financial Officer
 Cheryl Pattelli, Director of Finance
 Patrick Brown, Revenue and Licensing Officer

Date: June 16, 2015

Subject: Requested Background Information regarding Occupational Privilege Tax (OPT) aka Head Tax for Potential Ballot Item

EXECUTIVE SUMMARY

At the April 14, 2014 study session it was requested that staff provide background information prior to the City Council recess regarding the Occupational Privilege Tax, often referred to as a Head Tax. The topic will be one of the items discussed at the July 14 study session.

QUESTIONS FOR COUNCIL THAT ARE PROPOSED TO BE ASKED AT THE JULY 14 STUDY SESSION

Guidance is requested regarding, does council want staff to move forward with next steps to:

1. Place the question of an OPT on the November 2015 ballot?
2. If it is placed on the ballot, what should the rate of the tax be?
3. If it is placed on the ballot, what exemptions, if any should the city provide?
4. If it is placed on the ballot should the revenue received be used for general purposes of the city, or be dedicated for specific purposes?

BACKGROUND AND ANALYSIS

A. The Occupation Privilege Tax in Colorado

Municipalities in Colorado are not permitted to collect an income tax. That right is reserved for the state. Cities may impose an occupational privilege tax (OPT). This is often referred to as a head tax because of the way it is imposed. Specifically, the OPT, in its pure form, imposes a flat dollar amount on each employee working within the boundaries of the municipality. In other words, it is a tax per head rather than a percent of income.

An OPT is currently in place in Denver, Aurora, Greenwood Village, Sheridan and Glendale. Table 1 illustrates the OPT rates paid by employees in their corresponding municipalities.

**Table 1
Rate Paid by Employee**

	City/County Denver	City of Aurora	Greenwood Village	Sheridan	Glendale
OPT Rate per Employee per Month	\$5.75	\$2.00	\$2.00	\$3.00	\$5.00

In addition, the employer pays an equivalent tax for each employee they employ. For example, if an employer had a 100 employees and the OPT rate was \$2 per month, the employer would deduct \$2 per month from each employee’s pay and match it with an employer contribution of \$2 per employee, for a total OPT of \$400 each month.

The OPT applies to anyone who works within the city. The OPT applies to all employees who are employed by the employer including contract employees.

None of the five entities have any type of mechanism that adjusts the rate up or down in future years. That is the rate does not change based on index of any kind.

Table 2 illustrates the total OPT that would be collected based on the tax rates in various cities. For illustrative purposes no exemptions are used.

Table 2
Example of Total Paid/ Month by Employee and Employer Based on Current Rates

	City/County Denver	City of Aurora	Greenwood Village	Sheridan	Glendale
# of Employees (for illustration only)	100	100	100	100	100
OPT Rate/Month	\$5.75	\$2.00	\$2.00	\$3.00	\$5.00
Employee OPT/Month	\$575	\$200	\$200	\$300	\$500
Employer OPT Match	\$575	\$200	\$200	\$300	\$500
Total OPT Paid to City/Month	\$1,150	\$400	\$400	\$600	\$1,000

The tax cannot be a disguised income tax therefore; the tax cannot vary based upon income level. However, a minimum income threshold can be imposed where no employee making less than a certain amount is charged the OPT (neither the employer nor employee would pay the tax).

Table 3 provides the minimum monthly income threshold in each municipality that has the OPT:

Table 3
Income Threshold per Month Below Which No OPT is Collected

	City/County Denver	City of Aurora	Greenwood Village	Sheridan	Glendale
Threshold Amount per Month	\$500	\$250	\$250	\$500	\$750

Several of the aforementioned municipalities have exemptions in place for governmental employers. This is due to a previous Colorado Supreme Court case. Therefore, in the charts below the amount paid is the employee amount only and there is no governmental employers match.

Table 4 provides a matrix of these exemptions:

Table 4
Exemptions in Cities that Currently have an OPT

Entity	Religious Exemption	Governmental Exemption	Charitable Organizations Exemption*
City/County Denver	Employee pays OPT Employer does not pay OPT	Employee pays OPT Employer does not pay OPT	Employee pays OPT Employer does not pay OPT
City of Aurora	Employee pays OPT Employer does not pay OPT	No exemption**	Employee pays OPT Employer does not pay OPT
Greenwood Village	Employee pays OPT Employer does not pay OPT	No exemption**	Employee pays OPT Employer does not pay OPT
Sheridan	No exemption	Employee pays OPT Employer does not pay OPT	Employee pays OPT Employer does not pay OPT
Glendale	No exemption	No exemption**	No exemption

*If a non-profit organization is qualified by the United States Internal Revenue Service as a tax exempt organization under section 501(c)(3) of the United States Internal Revenue Code then it would be considered a Charitable Organization under the City's municipal code.

** In checking with the three cities that say they do not exempt government it was found that the federal government never pays the employer match. For state and other local governments there is no clear line of what entity pays it and which do not. It seems to be more based on what the entity decides to do. City of Boulder staff feel the city should pay the employer match if an OPT is placed on the ballot and was approved by the voters.

B. Implementation of Occupation Privilege Tax in Boulder

While updated information has not been garnered from local businesses, the Blue Ribbon Commission I report stated that previous examinations of this tax in the City of Boulder identified three significant concerns that have been voiced:

1. It would place Boulder businesses at a competitive disadvantage to those in the region.
2. Governments do not have to pay the employer portion and Boulder has a significant government employment base.
3. There would be a negative impact on non-profit organizations.

Staff has also received some input that the stronger the correlation between the tax and what it pays for makes the tax more palatable.

If the City Council decides to place some form of this item on the ballot in November of 2015 there will be various opportunities to obtain updated input (council correspondence, letters, public hearings, etc.). Staff will also ensure that this memo is distributed and

made available to those who will have an interest in the issue. If the item moves forward staff will also include the community sustainability assessments and impacts.

To project how much the tax would generate annually staff used employment information provided by the Colorado Department of Local Affairs (DOLA) Demography Department. A second resource used was information from the April 2015 Boulder Economic Council Market Profile. There is a difference in the number of jobs (375) in Boulder when comparing the two sources. Mainly it seems to be due to the timing of the reports. Staff has also been made aware of comments made by DOLA staff in meetings that there are closer to 80,000 jobs within the City of Boulder. To date staff has not been able to track down the backup documentation that supports this statement.

Table 5 illustrates job data received from DOLA. The report is as of the end of the fourth quarter of 2013. The categories of religious and charitable are included in various categories (Health Care, Social Assistance, and Other Services).

Table 5
Employees in Boulder per Industry Category

City of Boulder Industry	Employees	% of Employees
Agriculture, Mining, Utilities	313	0.3%
Construction	1,566	1.7%
Manufacturing	9,650	10.3%
Wholesale	2,982	3.2%
Retail	7,927	8.4%
Transportation & Warehousing	877	0.9%
Information	5,570	5.9%
Finance and Insurance	3,352	3.6%
Real Estate	1,279	1.4%
Professional, Scientific & Tech	14,546	15.5%
Mgt. of Companies	567	0.6%
Admin, Support & Waste Mgmt	3,003	3.2%
Educational Services	1,456	1.5%
Health Care & Social Asst	8,463	9.0%
Arts, Entertainment, & Recreation	1,864	2.0%
Accommodation & Food Service	9,290	9.9%
Other Services	2,745	2.9%
Undefined	11	0.0%
Federal Gov	652	0.7%
State Gov	8,929	9.5%
Local Gov	8,933	9.5%
Total	93,972	100.0%

Table 6 illustrates the annual **estimated** revenue stream from OPT by various OPT rates (rate is per employee/employer per month). The estimated OPT annual revenue is adjusted for exemptions and non-compliance (businesses that are not licensed and/or do not remit their tax).

Staff has made revenue projections using the most conservative case. That is, there is no employer match included for government, religious or non-profits when revenue projections were made to place in Table 6. If Council would like to have staff add them back it can do so for the July 14 study session.

**Table 6
Projected Revenue per Year at Various Rates**

OPT Rate	# of Workers	Employee Paid OPT	Employer Paid OPT less Government-Match	Estimated Annual OPT Paid
\$2	93,972	\$1,849,366	\$1,485,010	\$3,414,356
\$3	93,972	\$2,774,049	\$2,227,515	\$5,121,534
\$4	93,972	\$3,698,731	\$2,970,020	\$6,828,713
\$5	93,972	\$4,623,414	\$3,712,525	\$8,535,891

Based on the research completed by city staff the percent of total employees for which the OPT tax was paid ranged from 79 to 86 percent, with an average of 82 percent. Based on this data the estimated OPT revenue per \$1 is projected to range from \$825,000 to \$890,000 annually. The average would generate \$850,000 annually.

NEXT STEPS

Based on council guidance provided at the July 14 study session, and questions received over the council recess staff will bring back more detailed information as requested. As with all ballot questions for 2015, the date by which the final reading of any ballot issue needs to be done is September 1. Due to the way the ballot calendar falls this year it is two weeks later than in most years.

ATTACHMENTS

- Attachment A: Potential Uses for Occupational Privilege Tax [updated 7/1/2015]
- Attachment B: Estimated OPT Revenue projection work papers

Attachment A: Potential Uses for Occupational Privilege Tax**Transportation Division:****Option 1: Use Head Tax for employee passes as part of Community-wide Eco Pass Program**

The Community-wide Eco Pass committees have discussed the use of a head tax to fund the employee portion of a city or county-wide Eco Pass program. For the City of Boulder, it was estimated that an employee-only pass program would cost about \$5.8m per year. This cost includes both the Eco Passes and the additional transit service needed to meet the new demand and provide higher transit level of service.

Option 2: Local and Regional Transit Improvements and Traffic Demand Management Programming in priority order:

1. \$1 million - Regional Transit Planning and Service Improvements, including arterial Bus Rapid Transit and other regional and inter-regional service.
2. \$1 million - Local Transit Service Buy-ups (improvements in level of service offered by RTD) and new Community Transit Network (CTN) routes
3. \$1 million - Additional Local Transit Service Buy-ups and new Community Transit Network (CTN) routes
4. \$1 million - Combination of First and Final Mile, multi-modal access improvements, and employer-based TDM Program expansion for existing and new developments.

Housing Division:

Revenues received from a head tax would allow the Division of Housing to continue to pursue the city's goal of having 10% of its residences as permanently affordable to low- and moderate-income persons through the creation and preservation of affordable units. Affordable housing continues to be a priority of the City of Boulder and additional funds will allow the city to continue to expand funding to nonprofit and for profit housing providers for the purchase, construction, and maintenance of affordable housing and for the costs of administering programs. Funding decisions are made in accordance with current funding policies and practices including review of funding applications by staff and the City Manager-appointed Affordable Housing Technical Review Group with recommendations sent to the City Manager for approval. Using the current average per unit subsidy of \$69K each \$1M in revenue would equate to approximately 14-15 new or preserved affordable housing units.

Alternatively the city could dedicate additional revenue to pursue new affordable housing goals that result from the Housing Boulder discussion. While specific impacts would depend on the goals, one example of a new program that could be implemented with new funding is a shared appreciation down payment assistance loan program for middle income households. If \$100,000 per household were invested in this manner, 10 households could be served annually for each \$1M in revenue. Following city council's adoption of a new comprehensive housing strategy and the completion of a new nexus study for the recently adopted affordable housing linkage fee a more specific determination of funding impacts will be possible.

Attachment A: Potential Uses for Occupational Privilege Tax**General Fund and Other Funds of the City – Capital Projects****General Purpose Capital Projects:**

Additional revenues could be used to support debt financing or ongoing costs related to some major capital needs. While one year of revenues would not fund the following capital priorities, the new source of revenue could be accumulated for smaller projects until there were enough funds, or debt could be used to receive up front proceeds to pay for the project and the new source of revenue could be used to pay the annual debt service. If debt were used it would require voter authorization. None of the following currently have a source of revenue to address the need.

1. Fire Station #3

The highest priority unfunded capital item identified is the relocation of Fire Station #3. The current strategy calls for relocating Fire Station #3 out of the 100-year floodplain, co-locating it with Fire Administration Offices, and constructing a separate storage facility for fire vehicles and equipment. In 2011, 13 sites were identified as potential locations for Station 3. After analyzing multiple criteria, six sites remained. Since that time, three of those six could still be possible, each with their own acquisition issues. The top site is still the Mapleton ball fields, although the city continues to explore options as opportunities arise. This station needs to be 17,000 square feet to house a fire engine, ladder truck, LRV/Ambulance, Dive Team and crews plus a battalion chief, the administration building needs to be 7,500 square feet and the storage building 10,000 square feet. Costs are estimated as follows: One-time Buildings \$11,412,500, Land up to \$8,600,000, On-going \$459,000

2. East Mapleton / Gerald Stazio Ball Fields

Boulder Parks and Recreation provides quality athletic facilities and programs to the community and ball fields remain a priority in engaging youth in health and wellness. Recent studies have demonstrated that athletic fields continue to be in high demand and require effective management to balance supply and demand. The department is working collaboratively to explore a possible relocation of Fire Station 3 to the Mapleton ball fields and recognizes this priority for the community. This opportunity would allow the department to balance the loss of fields at Mapleton with the development of new fields at the existing Gerald Stazio Complex. The approved plans for the Stazio Complex include three additional fields that remain to be constructed and could be implemented to mitigate the loss of fields at Mapleton due to the Fire Station relocation. The department currently has funding to complete planning and design for the proposed fields at the Stazio Complex and redesign of East Mapleton in 2016. The capital cost to construct these planned fields, and associated site improvements, is estimated at \$4.2 million and is dependent upon final design. Additionally, the East Mapleton site would need to be reconstructed to function with the proposed Fire Station improvements and the preliminary cost for this renovation is estimated at \$3.1 million. Pending final design, the estimated capital cost to accommodate the Fire Station at East Mapleton is approximately \$7.3 million. O&M costs associated with this initiative would not be significant due to the balance of removal and replacement of fields. Many other options exist within the capital investment strategy developed for the department to combine the ball field initiative with other allied projects if the opportunity should arise.

Attachment A: Potential Uses for Occupational Privilege Tax

3. Citywide Radio Infrastructure

Another high priority capital item identified is the citywide Radio Infrastructure. Over the next 5 years, much of the city's radio infrastructure will need to be replaced due both to age and new unfunded narrow-banding mandates from the Federal Communications Commission (FCC). This will include the need for new infrastructure as well as new radios, and radio pack sets for all departments using the radio system. Estimated cost \$5 to 6 million.

4. Valmont City Park Phase 2

Phase 2 of Valmont City Park, which will include the design and development of the area south of Valmont Road, may encompass a new sports complex with multi-use athletic fields, baseball/softball fields, a sprayground/splashpark, lighted play courts and potentially utilizing artificial turf. A permanent 18-hole disc golf course could be developed in the northwest portion of the site as well as improvements to existing multi-use pathways with proposed connections to other park trails. A Universally Accessible Play Area has been proposed in conjunction with an adventure play area using enhanced landscaping with efficient, water-conserving irrigation. The existing poultry barn north of Valmont Road will be considered for remodeling for multi-use events. Additional park amenities may include picnic areas, parking areas, potential skate area and an outdoor performance area. The development will incorporate sustainable construction and infrastructure with prairie dog relocation, stormwater management and efficient water conservation. Estimated cost \$48 million.

Attachment 1: June 16 IP updated
Attachment B: Estimated OPT Revenues

Industry	# of Workers	\$2 monthly OPT rate for Employees (annual revenue)	\$2 monthly OPT rate for Employers (annual revenue)	Estimated Annual OPT Revenue (\$2+\$2) without thresholds & exemptions	Estimated Annual OPT Revenue (\$2+\$2) with thresholds & exemptions (82%)
Agriculture, Mining, Utilities	313	\$7,512	\$7,512	\$15,024	\$12,320
Construction	1,566	\$37,576	\$37,576	\$75,152	\$61,625
Manufacturing	9,650	\$231,608	\$231,608	\$463,216	\$379,837
Wholesale	2,982	\$71,562	\$71,562	\$143,124	\$117,362
Retail	7,927	\$190,246	\$190,246	\$380,492	\$312,003
Transportation & Warehousing	877	\$21,050	\$21,050	\$42,100	\$34,522
Information	5,570	\$133,672	\$133,672	\$267,344	\$219,222
Finance & Insurance	3,352	\$80,438	\$80,438	\$160,876	\$131,918
Real Estate	1,279	\$30,706	\$30,706	\$61,412	\$50,358
Profession, Scientific & Tech	14,546	\$349,096	\$349,096	\$698,192	\$572,517
Mgt. of Companies	567	\$13,598	\$13,598	\$27,196	\$22,301
Admin, Support & Waste Mgmt	3,003	\$72,064	\$72,064	\$144,128	\$118,185
Educational Services	1,456	\$34,938	\$34,938	\$69,876	\$57,298
Health Care & Social Asst	8,463	\$203,102	\$203,102	\$406,204	\$333,087
Arts, Entertainment, & Rec	1,864	\$44,728	\$44,728	\$89,456	\$73,354
Accommodation & Food Services	9,290	\$222,948	\$222,948	\$445,896	\$365,635
Other Services	2,745	\$65,882	\$65,882	\$131,764	\$108,046
Undefined	11	\$262	\$262	\$524	\$430
Federal Gov	652	\$15,648	\$0	\$15,648	\$15,648
State Gov	8,929	\$214,296	\$0	\$214,296	\$214,296
Local Gov	8,933	\$214,392	\$0	\$214,392	\$214,392
Boulder City Total	93,972	\$2,255,324	\$1,810,988	\$4,066,312	\$3,414,356
OPT Revenue per \$1 (82%) The average of entities contacted					\$853,589
OPT Revenue per \$1 (79%)					\$826,424
OPT Revenue per \$1 (86%)					\$889,809

Hotline item submitted by Councilmember Weaver on June 9, 2015

Fellow Council Members and HOTLINE followers,

One of the topics that has been much discussed during our consideration of growth and development of late has been subcommunity or area planning. Several visiting planners have mentioned area planning processes as useful tools for creating shared visions for subcommunities within cities. With that perspective as motivation, as well as the success of the North Boulder Subcommunity Plan, I have written a draft version of a potential Charter Amendment that would facilitate subcommunity planning. I feel strongly that such a measure will be helpful in promoting local area discussions about planning and growth that have more context than City-wide processes, but consider the needs of wider areas than individual neighborhoods. In the process as I envision it, resident perspectives (both rental and owner-occupied), business perspectives, worker perspectives, developer perspectives, and all others will be welcome input to each subcommunity plan.

I send this out now because we have a Charter committee meeting Wednesday June 9 at 4:30pm, and this subject is on our agenda for discussion. Draft language is below, and I look forward to Council, staff, and community feedback on this initial proposal.

All the best,

Sam Weaver

Member of Boulder City Council

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Phone: 303-416-6130

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Draft language:

The purpose of this Section is to ensure that residents and businesses in Boulder's subcommunities have meaningful input into potential changes to land use regulations that may have impacts on their quality of life, neighborhood character, business operations, housing affordability, and property values. Such changes may include but are not limited to those that determine the maximum allowable floor areas ratios, building heights, people density, and the locations of allowable uses within subcommunities. Executed well, the subcommunity planning process detailed below will result in a shared subcommunity vision for the future as well as long-term predictability for all stakeholders.

For purposes of this Section, "subcommunity" shall mean a contiguous area within the city limits of Boulder as reasonably demarcated by the City Council.

The City Council shall direct and oversee an ongoing subcommunity planning process managed by the City Manager and Planning Department staff. The goal of this program shall be to create and maintain subcommunity area plans that shall be used to direct land development activities within the subcommunity. These subcommunity plans will not replace the zoning function, but will be used in

Attachment 2: Hotline e-mail on Subcommunity Planning

conjunction with other City plans to help direct the location, form, uses, density, and intensity of development within the subcommunities. The factors that shall be considered when creating or updating a subcommunity area plan shall include but are not limited to:

- 1) The existing character of residential neighborhoods and business districts in the subcommunity
- 2) The desired future character of residential neighborhoods and business districts in the subcommunity
- 3) Business services that exist within the subcommunity
- 4) Business services that do not exist but are desired within the subcommunity
- 5) Occupancy levels that exist within residential areas within the subcommunity
- 6) Occupancy levels that are desired within residential areas within the subcommunity
- 7) Development density that exists within residential and business areas within the subcommunity
- 8) Development density that is desired within residential and business areas within the subcommunity
- 9) Development intensity that exists within residential and business areas within the subcommunity
- 10) Development intensity that is desired within residential and business areas within the subcommunity
- 11) Building height that exists within residential and business areas within the subcommunity
- 12) Building height that is desired within residential and business areas within the subcommunity

Techniques that shall be used to determine the direction that residents and businesses within the subcommunity desire to pursue shall include, but not be limited to:

- 1) Visualization of multiple alternatives for future development that visually communicate building location, massing, intensity, and density to residents and businesses within the subcommunity
- 2) Outreach meetings to discuss the results of the visualization exercises, as well as to exchange ideas regarding the sub-community characteristics listed above
- 3) Scientific opinion polling of residents and businesses within the subcommunity to gauge the directions that the subcommunity members wish to pursue in the future
- 4) Consideration by the Planning Board and City Council of the creation of form-based building codes that comport with the completed subcommunity plans in areas of the subcommunities that are reserved for the most intense development

The purpose of including this Section in the City Charter is to engage and empower residents and businesses and to provide City Council, the Planning Board, and Planning staff with a clear mandate to proceed with initial and ongoing sub-community planning in a series of timely, thorough, and public processes, and to direct the City Manager to deploy such resources and personnel as are required to accomplish these goals.