

FACTUAL SUMMARY

Pursuant to the provisions under the Fair Campaign and Political Finance Act § 1-45-117(b)(l), CRS:

“Nothing in this subsection shall be construed as prohibiting an agency, department board, division, bureau, commission, or council of the state, or any political subdivision thereof from expending public moneys or making contributions to dispense a factual summary, which shall include arguments both for and against the proposal, on any issue of official concern before the electorate in the jurisdiction. Such summary shall not contain a conclusion or opinion in favor of or against any particular issue. As used herein, an issue of official concern shall be limited to issues that will appear on an election ballot in the jurisdiction.”

This Factual Summary, authorized by Resolution No. 46-09 adopted February 24, 2009 by City Council, is submitted to all registered voters within the city limits of Colorado Springs.

Election Official:

**Kathryn M. Young, CMC/CERA
City Clerk**

Mail Ballot Election Date: April 7, 2009

The City of Colorado Springs submits what it asserts are arguments for and against these proposals. The proposals are set out in their entirety; you should read them and decide for yourself.

**FACTUAL SUMMARY
UNDER THE
FAIR CAMPAIGN AND POLITICAL FINANCE ACT
PROVIDED BY
THE CITY OF COLORADO SPRINGS**

ISSUE 1A – JOBS

BALLOT TITLE:

“Without raising additional taxes, shall the existing .665 general property mill levy tax be extended from its current expiration of December 31, 2009 through December 31, 2025 to be used exclusively to create, attract and retain primary jobs, market and promote Colorado Springs, require City Council to create and appoint a five person Job Opportunity and Business Sustainability Committee with no more than two members of City Council appointed thereto, to make recommendations to City Council pertaining to the expenditure and use of such revenue, with all revenues and expenditures constituting a voter-approved revenue change?”

Issue 1A proposes to:

- Attract, retain and create quality jobs to ensure a diverse economic base, a resilient and growing City tax base and thriving neighborhoods;
- Establish a Job Opportunity and Business Sustainability Committee to commence work on the development of a plan to attract, retain and create quality jobs and broaden economic development strategies;
- Establish a sustainable long-term funding source to ensure that Colorado Springs is competitive with comparable communities in addressing the promotion of creating, attracting and retaining employers; and
- Establish a sustainable long term funding source available to City Council to market and promote Colorado Springs.

Background and Provisions of the Proposal

In 1989, the City issued general obligation bonds to build the Police Operations Center and a portion of Powers Boulevard and these bonds were subsequently refunded in 2004. The general obligation bonds will be paid off in September 2009. The City Council’s Sustainable Funding Committee studied the issue of whether this property mill levy tax should be extended for the purpose of addressing a sustainable long-term source of funding that attracts, retains and creates quality jobs in Colorado Springs and made a recommendation to City Council for placement of this question on the April 2009 General Municipal Election ballot for the voters to decide.

Issue 1A will generate approximately \$3 million annually from the .665 mill levy if extended through December 31, 2025.

Arguments For

Issue 1A establishes a consistent funding source to create, attract and retain jobs in Colorado Springs over the next 16 years without raising taxes.

The City's property tax is one of the lowest in the state at its existing level of 4.944 mills which includes the .665 mills currently utilized for debt payments.

Arguments Against

The City does not have the obligation to create, attract or retain jobs and it is not a core function of the City to market and promote Colorado Springs.

If Issue 1A is not approved, the annual property tax on a home with an assessed valuation of \$200,000 will be reduced by .665 mills resulting in a savings to property owners of approximately \$10.60 per year.

ISSUE 1B – REVENUE RETENTION FOR ESSENTIAL CITY SERVICES

BALLOT TITLE:

“Shall the City of Colorado Springs be permitted to expend up to \$1,200,000 to provide essential City services, this amount being the estimated 2008 revenue above the 2008 fiscal year spending limitation mandated by the Taxpayer's Bill of Rights, otherwise known as 'TABOR' (Colorado Constitution, Article X, Section 20 and City Charter, Article VII, Section 7-90), and constituting a voter-approved revenue change?”

Issue 1B proposes to:

- Utilize the revenue, if retained by the City, to provide essential City services to its citizens.

Background and Provisions of the Proposal

The \$1,200,000 amount reflects the current estimated amount of revenue expected to be received over the TABOR property tax revenue limit. In light of the current fiscal constraints of the City, voters are being asked to consider whether the amount over the revenue limit should be retained to continue essential City services during 2009.

Arguments For

The City is experiencing severe revenue shortfalls and is faced with cutting services essential to its citizens, including public safety, transit, parks, recreation and cultural services, street repair and other services. The City has reduced its budget by more than \$41 million and cut more than, 170 jobs and does not have enough revenue to fund previous levels of services.

Arguments Against

Even though the City is facing severe revenue shortfalls, its citizens also have fiscal challenges. The estimated one-time refund is approximately \$5.70 per active electric account.

ISSUE 1C – EXPANSION OF TOPS MAINTENANCE RESPONSIBILITIES

BALLOT TITLE:

“Shall the existing 0.1% (one-tenth of a cent) City sales and use tax for Trails, Open Space and Parks (TOPS) be amended to allow no more than fifteen percent (15%) of the revenue from the tax and interest earnings of the TOPS fund to be used for stewardship and maintenance of all City-owned trails, open space and parks for a period of five years, from May 1, 2009 through April 30, 2014, only, with a change to biennial independent audit requirements, and no other changes to the TOPS program as authorized in previous elections?”

Issue 1C proposes to:

- Allow for a broader definition of the uses of Trails, Open Space and Parks (TOPS) funds to include stewardship and maintenance of all City-owned open space, wildlife habitat, water supplies, trails and greenways;
- Change the audit requirement from “biannual” to “biennial”;
- Adjust the percentage of total revenues for maintenance purposes from 6% up to 15% of the revenue from tax and interest earnings of the TOPS fund; and
- Allow use of the revenue generated from up to 15% maintenance fund for stewardship and maintenance of all City-owned trails, open spaces and parks properties for a period of five (5) years.

Background and Provisions of the Proposal

On April 1, 1997 voters approved a ballot measure creating the Trails, Open Space and Parks (TOPS) program with funding provided by a 0.1% sales tax. TOPS allowed for use of revenues to construct parks and trails, and acquire open space. The measure also allowed maintenance of trails and open space only.

On April 1, 2003 voters approved a 6% set-aside of all annual TOPS revenue for maintenance of TOPS parks, trails and open space.

The current decline in the City’s revenue is not sufficient to maintain non-TOPS funded parks. Issue 1C proposes to expand the 6% maintenance responsibilities of TOPS properties up to 15% of the TOPS fund for stewardship and maintenance of all City-owned trails, open spaces and parks properties for a period of five (5) years, with no other changes other than changing the audit requirement from “biannual” (twice a year) to “biennial” (every two years).

Arguments For

Issue 1C, for a period of five (5) years, will change the allocation of the funds to provide up to 15% in stewardship and maintenance for all City-owned trails and open space without increasing taxes.

Any future changes to the TOPS program would require voter approval.

Changing the audit requirements from biannual (twice a year) to biennial (every two years) is consistent with other City audit standards and will save on administrative costs.

Arguments Against

The voters approved the TOPS program to provide stewardship and maintenance responsibilities for TOPS-acquired trails, open space and parks only. Spending additional TOPS funding on maintenance decreases the amount of funding for future park construction, trail development and open space acquisition.

This is the second time voters are being asked to use more of the TOPS funds on maintenance. Enlarging the maintenance fund to 15% will decrease the amount of other trails, open space and parks that TOPS could fund until it sunsets in the year 2025.

Reliance on TOPS revenue for ongoing maintenance is not wise because the 15% TOPS maintenance provision sunsets in five (5) years.

ISSUE 1D – FEDERAL GRANTS AND FEDERAL FUNDS

BALLOT TITLE:

“Shall the City of Colorado Springs benefit from the receipt of federal grants and federal funds to assist the Colorado Springs Airport and the City’s other enterprises compete for those federal funds, by replacing the definition of ‘Enterprise’ in the Charter of the City of Colorado Springs, Article VII, Section 7-90, with the same definition of ‘Enterprise’ as found in Colorado Constitution, Article X, Section 20, as amended?”

Issue 1D proposes amending the Charter of the City of Colorado Springs to:

- Allow the Colorado Springs Airport and various City enterprises to compete for and receive federal grants and federal funds without impacting the City’s TABOR calculation.;
- Assist the City in providing critical air transportation services to the Colorado Springs community; and
- Replace the definition of ‘enterprise’ in its entirety with the same definition in the Colorado Constitution, as amended, as it currently states: “‘Enterprise’ means a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined.”

Background and Provisions of the Proposal

The City TABOR (Taxpayer’s Bill of Rights, City Charter, Article VII, Section 7-90) defines an enterprise as a City-owned business that receives more than 75 percent of its revenue from non-governmental sources. This definition limits the amount of federal grant funds that City enterprises can receive to 25 percent of its total revenues. This limit has particular adverse consequences for the Colorado Springs Airport as it regularly receives grants from the Federal Aviation Administration and the Transportation Security Administration. In years when the

Airport is successful in receiving federal grant funds in excess of the 25 percent threshold, the Airport no longer meets the definition of an enterprise under Section 7-90 of the City Charter and loses its enterprise status. This has serious consequences for both the Airport enterprise and the City.

The State TABOR (Taxpayer's Bill of Rights, Colorado Constitution, Article X, Section 20) defines an enterprise as a government-owned business receiving less than 10 percent of annual revenue from Colorado state and local government grants. Federal grants are not included in the definition. Denver International Airport and all other enterprises throughout the State have no TABOR imposed limits on their receipt of federal grants. This issue is unique to the City of Colorado Springs due to the definition of an enterprise in the in the City Charter. This limitation makes it difficult for the Colorado Springs Airport to compete with other airports for new service and facilities.

Arguments For

If Issue 1D is passed, the Colorado Springs Airport would be able to accept as many federal grants as they become available including a federal stimulus grants without losing enterprise status and jeopardizing business park growth and development that provides job opportunities.

The City of Colorado Springs is subject to separate versions of TABOR-one defined in the City Charter, another defined in the State Constitution. The two laws have differing definitions for an "enterprise" such as the Colorado Springs Airport. If ballot Issue 1D is passed, the definition of "enterprise" in the City Charter would be amended to match the definition of "enterprise" as set forth in the State Constitution. In all other respects, the version of TABOR as set forth in the City Charter would remain the same.

Under the current City Charter definition, if a City enterprise accepts a federal grant that pushes it over a 25% revenue threshold it loses its enterprise status. This significantly reduces the flexibility of the enterprise to finance projects and otherwise operate as a self-funding business. Passage of Issue 1D would eliminate the 25 percent threshold, giving City enterprises, such as the Colorado Springs Airport, the ability to accept federal grants without losing enterprise status.

Arguments Against

There is no need to change the definition of enterprise in the City TABOR to match the State definition because enterprise status can be maintained by limiting federal grant funds to the 25% threshold defined in the current City Charter. While this would reduce the level of grant funding available to the enterprise, the enterprise could continue to operate as a self-funding entity, but on a smaller scale.

Issue 1D is not necessary because the Colorado Springs Airport would continue to develop the business park and provide job opportunities but at a slower pace.

Enterprises are still required to operate as a City-owned business that is self-sustaining and do not have to accept federal grants.