

Silver Cliff Sales Tax Increase 2020 Election – Ballot Issue “A”
 Street/Road and Equipment Plan Information
 (See the Attached Proposed Budget Sheet)

Silver Cliff’s Mayor and Board of Trustees are working to proactively to help our residents from life timers to newcomers, by responding to a current survey and Silver Cliff’s Strategic Plan both which address streets/roads as a priority.

Silver Cliff’s Mission Statement

We work collaboratively with our residents, businesses and visitors to provide responsible, fiscally sound services to create responsible growth, manage infrastructure, drive development and preserve our natural beauty and appearance.

The Rezoning Committee Survey

“If Silver Cliff could do one thing to benefit you, what would it be?”. Of the 139 respondents who answered this question, the highest number by far (51 respondents, 36.7%) asked for the roads to be fixed and maintained.

To move forward the Mayor and Trustees have voted to ask for a 1% sales tax increase on the April 7, 2020 election ballot, totaling an estimated \$75,000 per year. The following information describes how this extra tax money will be allocated to improve the Town streets/roads and equipment. If approved, this increase would take effect January 1, 2021.

How does our sales tax compare to other surrounding areas?

Current Silver Cliff town sales tax is 2%, the Custer County sales tax is 2%, and the Colorado sales tax is 2.9%, for a total of 6.9%. Raising the Silver Cliff sales tax by 1% (up to 3%) will bring this total to 7.9%, very much in line with surrounding cities and counties.

Westcliffe current sales tax is 6.9% with a 1% increase question in the April 7 election to increase to 7.9%

Current Rates		
Silver Cliff 6.9%	Westcliffe 6.9%	Canon City 8.4%
Walsenburg 8.9%	Salida 8.65%	Pueblo 7.6%

Cost per Silver Cliff citizen:

If the citizens of Silver Cliff were the only ones paying this tax the cost per citizen per year would be approximately:
 \$75,000 divided by 657 citizens would be approximately \$114 per person per year.

However, the other citizens of the county and visitors also eat in our restaurants and bars and shop at our businesses. With this taken into account, the cost per sales taxpayer per year becomes:
 \$75,000 divided by over 5,657 shoppers would be approximately \$13.26 per year per person

To break it down more it would be about \$1.10 per Silver Cliff citizen per month.

This increase is one cent (\$0.01) on the dollar.

Example:

\$10.99 purchase	\$10.99 purchase
\$ <u>.76</u> 6.9% sales tax	\$ <u>.87</u> 7.9% sales tax
\$11.75 total	\$11.86 total

\$0.87 increase subtract \$0.76 current equals \$0.11

This seems like a reasonable amount to pay to have our streets/roads up to standard within ten years and all chip-sealed in another ten years.

Budget:

In the Silver Cliff 2020 budget, almost 45% of the town's income is from our 2% sales tax, and of that more than 85% is paid by visitors from outside of Silver Cliff.

The proposed 2020 Public Works Budget is \$153,800. \$20,000 is for street/road materials, \$10,000 for equipment maintenance and \$5,000 for fuel for a total of \$35,000. With the 1% sales tax increase of approximately \$75,000 per year these areas would more than triple the \$35,000 for streets/roads to \$110,000.

Streets/Roads and Equipment

Silver Cliff has approximately 17 miles of gravel streets/roads, including 6 miles in Silver Cliff Ranch, and 2.7 miles of chip sealed/paved roads. Both types of roads are continuously deteriorating, and our current budget is not adequate to remedy this. The gravel streets/roads are muddy when it rains/snows, extremely dusty when it doesn't, always rough, and require a huge amount of maintenance. The chip sealed/paved streets are rapidly falling apart. Due to a very appreciated donation of 1528 tons of Indian Sunset Road Base at an estimated cost of \$13,752.00, we have been able to do some much-needed maintenance.

Gravel Streets/Roads

To bring our 17 miles of gravel streets/roads up to standard, we will use Class-6 road base with a center crown to allow water to run off into the update drainage. Then we will finish with a coating of magnesium chloride (MgCl) to further minimize dust and reduce required street/road maintenance.

This will cost approximately \$33,000 per mile, for a total of \$571,000. The drainage in Silver Cliff Ranch is a priority. The encroaching trees in the right of ways need to be removed and drainage installed.

We'll immediately begin working on the existing gravel streets/roads with an application of MgCl at a cost of \$4,000 per mile, for a total cost of \$69,000. This will have an immediate effect of significantly reducing dust/mud and reducing required maintenance until the Class-6 road base can be applied.

The total to improve our streets/roads, bringing them up to standard, is over \$700,000, plus at least \$15,000 per year to adequately maintain/replace our maintenance equipment. This is in addition to the dollars needed for routine street/road maintenance such as grading, drainage ditch maintenance, pothole patching, etc.

Chip Sealed /Paved Streets

To bring our chip sealed/paved streets up to standard, we will patch the street edges, potholes and severely degraded areas with new asphalt and then apply a new layer of chip-seal. This will cost about \$50,000 per mile, for a total of \$132,000.

Equipment

The 2020 budget has \$10,000 for equipment maintenance. This number should ultimately be more than that to adequately keep our equipment maintained to the level where we won't have significant unexpected down time and to provide for equipment replacement costs.

We recently had to replace our grader at a cost of \$70,000 down and \$20,000/year for 5 years. Without the needed sales tax increase, this will be a significant drain on our public works funds.

Additional Information:

If the 1% sale tax increase is approved it will begin January 1, 2021 adding approximately \$75,000 per year to our current street material, equipment and fuel budget, we will have approximately \$110,000 per year to meet this plan.

This will be apportioned for routine street/road maintenance (gradually reducing as we improve the streets/roads), for an equipment maintenance/replacement plan to be developed, for paying off the grader lease purchase in five years, and for the street/road improvements described above (see the attached yearly proposed budget). This will allow us to complete the described improvements in approximately ten years. At that point, the 17 miles of gravel street/roads in all of Silver Cliff could be chip sealed/paved with two layers of chip seal in another 10 years using the 1% sales tax increase funds. Also, new streets need to be added as required, and town alleys need to be maintained and repaired.

The dollar numbers in this plan do not include inflation. This is based on the reasonable assumption that prices would rise by the same percentage as inflation, and thus the collected dollars from the sales tax increase would also rise by the same percentage.

What if we don't pass this increase?

Our current street/road and equipment maintenance/replacement budget of \$35,000 per year is not enough to maintain the streets/roads or the equipment in their current condition, much less improve them. As they continue to deteriorate, the cost to bring them up to standards will continue to increase. Chip sealed/paved streets will likely have to RETURN TO GRAVEL as they deteriorate, and gravel street/roads will continue to get worse and worse (ROCKIER, ROUGHER, DUSTIER).

In short, without passage of this 1% sales tax increase in April, our street/road situation will be a DISASTER.

Do we have any other alternatives?

Doubling the Silver Cliff portion of property tax would only yield an estimated \$26,000 per year, and all of that would be paid by Silver Cliff property owners – not enough money to fix our street/roads and more expensive for our citizens than the proposed sales tax increase. Also, the unintended consequences of the state constitution TABOR and Gallagher amendments would likely reduce the amount raised each year.

Grants for street/road maintenance and improvements are very difficult to obtain and require significant matching dollars from the

town. Without the sales tax increase, the Town is severely limited in what grants we can apply for due to not having the cash match funding. We cannot count on grants to solve our street/road funding problem.

Attracting more retail businesses to Silver Cliff will also increase our sales tax revenue, but this is a very long-term effort that can't supply the dollars we need now to improve our streets/roads.

Other long-term approaches to increasing the town's income include broadband. We're

endeavoring to create a broadband government partnership that will generate capability using grants and then allow us to lease these capabilities to private internet providers for sustainable income to the town. This is also a long-term effort that can't supply the street/road improvement dollars we need now and in the next several years.

Finally, we could ask or assess town residents and property owners to pay to improve the streets/roads adjacent to their property. This would seem to be a much more painful approach than increasing the sales tax and would put the total burden on our town residents and property owners, instead of sharing the burden with all patrons that visit our Town.

Can the town be trusted to use the money ONLY for streets/roads and equipment improvement and maintenance?

YES! This is a REQUIREMENT of the sales tax increase ballot question. The money raised from the 1% additional sales tax will be tracked and reported separately each year, including exactly how it was spent EXCLUSIVELY on Silver Cliff streets/roads and equipment. The additional budget information will show how we will develop a street/road improvement plan and a capital improvements plan. (See attached proposed budget)

What is Use Tax and How Does It Apply?

Use tax is a sales tax on any building and construction material purchases made outside one's town, city, county or state of residence for taxable items that will be used, stored or consumed in one's town, city, county or state of residence and on which no sales tax was collected in the town, city, county or state of purchase. If the same purchase would have been sales taxed in the purchaser's town, city, county or state of residence, then use tax is due, since no sales tax was paid at the location of purchase.

This the how Ballot Issue A will appear on the ballot:

ISSUE A: SHALL THE TOWN OF SILVER CLIFF'S TAXES BE INCREASED ANNUALLY BY SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00), COMMENCING ON JANUARY 1, 2021, AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER FROM A THREE PERCENT (3%) SALES TAX (AS INCREASED FROM THE PRESENT TWO PERCENT (2%) SALES TAX) AND A THREE PERCENT (3%) USE TAX (AS INCREASED FROM THE PRESENT TWO PERCENT (2%) USE TAX); AND SHALL THE TOWN BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND ALL REVENUE GENERATED BY SUCH TAX IN EXCESS OF THE LIMITATION PROVIDED IN SECTION 20 OF ARTICLE X OF THE COLORADO CONSTITUTION AS A VOTER-APPROVED REVENUE CHANGE; AND SHALL THE USE OF SUCH REVENUE BE LIMITED TO THE REPAIR, IMPROVEMENT, MAINTENANCE, AND CONSTRUCTION OF STREETS AND ALLEYS AND THE MAINTENANCE, REPLACEMENT, AND PURCHASE OF EQUIPMENT FOR THE TOWN?

Yes
No