

Attachment #2

From: Bud Romberg

Subject: Re: Fire/EMS Funding Committee Packet

Dear all,

Rather than comment on each pie chart separately, I would say that this approach espouses “fairness” in that all new funds are allocated based on who is using the Fire/EMS services, and in my estimation it is up to the Council to decide on the breakdown. With that said, I would recommend that all NEW sources of revenue be dedicated, leaving the sales tax portion to the discretion of Council based on the competitive needs of other portions of the city budget.

As to each type of new funding:-

I would support the 2 mill property tax for operations, and a 1 mill property tax for capital to bond for the fire station. If these are done at the same time it would save a bond election. This includes the 2nd home owners who at this point pay nothing, and takes into account the discrepancy caused by the Gallagher Amendment.

“Sin tax” would tax served and packed drinks and marijuana, as many EMS calls are occasioned by overdoing in these areas.

“Entertainment tax” presents the question of exactly what is considered entertainment, but there is a definite effect on both Fire/EMS and transportation by our visitors as well as by ourselves. With regard to the argument that this would upset Ski Corp:- I do not know whether they charge any “sales tax” outside of the City Limits which they then send to the City or whether this amount comes off of their bottom line, but an entertainment tax would be a pass thru and cost them nothing. A 1% tax on a movie would add 6 cents to a ticket, and on a \$50 dinner tab would add only 50 cents. Other resort areas have a “Resort Fee” which is added to all sales, which accomplishes the same thing.

I would be opposed to increasing the sales tax.

Obviously the fees for services and the fire district pieces of the pie should remain the same.

I would in fact favor a “Scenario F” which would include all of the above, again leaving to Council the exact levies of each piece.

Thanks for your consideration.

Bud

From: Ed MacArthur

Fire Funding recommendation:

Keep current structure with a District fire board that maintains property tax for non city members and the city government running the fire program while contributing city sales tax dollars. The cost to the district should be proportional to the need(number of calls). This contribution should be reviewed every 3-5 years to change percentage if city growth outpaces existing conditions so the district does not get stuck with a percentage not commensurate with the need. Current reserves held at the fire district should be committed for 50% of the new fire station costs.

City council should establish the fire department budget as a core function of city government and fund it with sales tax dollars set aside to accomplish a long term plan fitting the needs of their citizens. Responsibility of these dollars should be in the hands of elected officials. Many years ago we decide to fund our local government with sales tax and should not change this without a vote of the citizenry. With sales tax dollar availability bonding mechanisms are available to fund items like fire stations, Police stations and other core city issues. I understand that council would like to remove this as an item to manage and remove from the list of public desired wants instead of needs. I believe this is exactly why we elect a council is to maintain our needs but eliminate wants when not fundable. They must be responsible for the budget and manage accordingly.

Talking points:

The conversation around fairness to county residents that must pay city sales tax should be understood in the context that they do not pay on capital items (cars, snowmobiles, RV's, building materials when building a house, barn or anything else). I would maintain payment on most day to day purchased items within the city is minimal compared to the above items that all city tax payers must pay.

If the district continues to use one third of the call volume can they even fund the numbers at a double the budget amount. The 9 mills may not be enough.

If citizens really expect the city to fully fund Parks, bike trails, golf courses, tennis facilities, Howelson hill and other such none core items the city must ask the citizens to approve other measures for funding. Let's find out how important the other items really are.

I would suggest that removing the existing city offices for a fire station and new offices might be a bad idea if funding is as tight as described. What happened to using the easterly side of the community center parking lot? It is flat, has utilities and a new traffic light is proposed to align with Indian trails for easy access to US 40 both going east and west.

The conversation came up about current ISO ratings. Based on current information from consultants we are in the upper 30% of districts in the state and upper 12.6% of districts across the country. Seems very adequate.

It appears the bulk of calls over the last 6 months that insufficient response was identified as a problem almost 70% happened between 6am and 7pm. Maybe one or two extra personnel during this time will address the needs if in fact it is a problem.

If evidence exists that alcohol, marijuana and ?? contribute substantially to the number of calls I could support a sin tax to be paid directly to fire issues but not to transportation. The general thought seems to be people can do whatever they want and have no responsibility so not sure of the support for this concept.

I am constantly amazed at the fact we have no fees to ride our bus system. I have traveled around the world and paid bus or transit fees almost everywhere. Why does Steamboat make this a core function of government? People should pay for service when making their transportation decisions. You charge people for a ride to the hospital in an ambulance, as you should, but transport them all over town for free. Make the transportation system pay for itself.

I am not in favor of an entertainment tax. Not sure at what point you charge an industry and when not. Seems like we are picking on an industry and not sure why as it supports our entire way of life. Movie theaters, bowling alleys, skiers, tubers, old town hot springs, SSWSC, runners, bikers, skaters, restaurants, bars, fitness centers, political rallies, etc, etc etc. Where is the line drawn as to what's entertainment?

Thank you all for your time.

Ed

From: Joella West

Know Your Enemies...and disarm them if possible

(Following up on Kathy's remark)

1. Commercial property owners. Bob Weiss made it pretty clear that the folks he represented (along with who knows how many others) were angry about the process, the size and unequal burden of the proposed levy, and what they perceived was an abdication of responsibility by Council in making an agreement to transfer all responsibility for Fire/EMS to the District Board. He also said that they were not opposing the principle of a property tax.

The process issue has been addressed with the convening of this Committee. The 2 or 3 alternatives that we will propose include a much more modest mill levy (which Bob opined would not be opposed by commercial property owners), and we have endorsed the continuation of the present IGA, thus keeping authority and responsibility with Council.

2. Steamboat Resort et al. An entertainment tax sounded like a good idea to me until we talked about how much of that would need to come from lift tickets. That's really poking the beast—a beast with whom the City made peace some years ago. If the mission of the Committee is to give Council ways to get a saleable ballot measure, I see this as a way to guarantee that it will be made unsaleable by a powerful and well financed opponent, with other entertainment entities piling on for good measure.

3. Purveyors of marijuana, alcohol, food & beverage. It would be very helpful to get a feel for whether a significant number of these merchants would put up serious opposition. We have a real justification for taxing alcohol. We can't say the same for either marijuana or f&b. They just look like easier sells. I'm not suggesting we abandon either of them—we should just be aware of that.

4. Property owners in general. I don't see them as Enemies, but I do think our recommendations to Council should include planning a strong informational campaign. Can't do a thing to address the folks who are just opposed in general to any kind of tax. They can be loud, but can they get traction to defeat funding Fire/EMS if they have no organized well-funded groups to join with?

5. Time. Two reasons time is an enemy:

(a) This funding has been pushed for years. The what-if scenario in Chief Stewart's presentation of the third-ambulance-out on Christmas 2017 was compelling. It's only a matter of time (sooner and sooner as call volume continues to increase) until this actually happens.

(b) While this funding has been delayed in favor of what Council believed were more immediate needs, the costs have risen, and will continue to do so. Every time we talk about once again pushing all or portions of this plan farther out, we're really talking about greater and greater costs. I think our recommendations should include committing to the full budget and the plan (including the time line) that has been presented.

Making Choices

Having laid out pretty much all my thoughts above, I believe that the pies we should send back to Council for their consideration are Scenario E (my strong preference as both fairest and most saleable), and Scenario B (F&B sales tax is less fair because less directly justified than a straight tax on alcohol).

I really don't think that we should send Scenario D back to Council with any kind of recommendation. It would probably be easier to pass a new sales tax (Scenario C) than it would to get Steamboat Resort to agree to a tax on lift tickets.

From: Dan Pirrallo

Proposed Comprehensive Funding Approach

Comprehensive Funding Approach to address the funding needs for the following issues/ areas that City Council and the community have been struggling with over the past few years.

Funding Needs

- Fire and Emergency Medical Service
- Air Program
- Destination Marketing
- Maintenance / Enforcement
- City Capital Improvements

Current and Potential Funding Sources

- Charges for Services (Fire and EMS)
- General Sales Tax
- Steamboat Springs Area Fire District
- City Property Tax
- Marijuana Sales Tax
- Alcohol Sales Tax
- Accommodations Tax / 2A Trails
- Local Marketing District
- Tourism Improvement District

Objectives

- Address the expressed community needs
- Create equity and alignment between the funding source and the nexus of funding use
- Create a fair and balanced approach to funding
- Take into consideration the Gallagher Impact to funding sources
- Fund City core services (Fire and Emergency Medical services / Public Safety) from the City General Fund

Proposal

- Fire and Emergency Medical Service
 - Funding
 - Charges for Services (Fire/ EMS) \$793,200
 - Steamboat Springs Area Fire District \$1,873,768
 - City Sales Tax (existing) \$2,729,075
 - City Sales Tax (Destination Marketing funds a/o 2021) \$850,000
 - NEW: City Property Tax at 2 mills \$1,303,848
 - NEW: Retail Marijuana Tax at 2% \$228,367
 - NEW: Alcohol Tax at 2% \$1,071,742
 - Total \$8,850,000
 - Note: Dedicate “New Taxes” in total to Fire/ EMS and Public Safety
 - Note: This does not assume that \$8,850,000 should be the “Approved” Fire/ EMS Operation and Capital Budget.
- Pros
 - Minimizes new City Property Tax impact
 - Aligns Fire Asset Protection with the value of property
 - Aligns “sin tax” with the perception that use creates emergency medical response
 - Aligns funding with second homeowners and visitors
 - Minimizes the Gallagher effect to commercial property owners/ business owners
 - Aligns the funding sources with the users of the services
 - Aligns the City core services with the majority of funding coming from City General Fund
- Cons
 - Opposition from restaurants and packaged liquor business
 - Opposition from City residential and business property owners

- Air Services
 - Funding
 - LMD 2% \$2,000,000
 - NEW: Repurpose Accommodations Tax to fund the air program \$1,100,000 **
 - Complete the 2A trail funding through 2023
- Total \$3, 000,000
- **Allocate \$100,000 or 10% annually for maintenance i.e. Haymaker, Tennis Center, others directed by City Council (noted below)
 - Pros
 - Alignment with fund generation and expenditure
 - Maintenance allocation for amenities built with Accommodations Tax
 - Cons
 - Accommodation Tax will not be available to build additional facilities
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- Destination Marketing
 - Funding
 - Create a Tourism Improvement District \$1,500,000
 - Likely to including lodging and restaurant industries
 - Pros
 - Alignment with fund generation and expenditure
 - Makes \$850,000 available from General Fund to be allocated to Fire / EMS and Public Safety
 - Cons
 - Will impact residents when purchasing food/ beverages at restaurants
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- Maintenance and Enforcement
 - Funding
 - Repurpose 10% of the Accommodations Tax to fund maintenance/ enforcement of amenities built from accommodations tax revenue starting in 2024 \$100,000
 - Pros
 - Provide funding for much-needed support for amenities built using the accommodations tax
 - Cons
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- City Capital Improvements
 - Funding
 - City Council has discretion over the 2A “Excess” funds to be used for capital projects in alignment with 1986 accommodations ballot language, i.e. Howelsen Hill, others as directed by City Council
 - Pros
 - Ability to address City infrastructure needs
 - Cons