FACTUAL SUMMARY
CITY OF LOVELAND NOVEMBER 3, 2020 ELECTION
FOR VOTER AUTHORIZATION TO INCREASE SALES AND USE TAX REVENUE

THE FIRE AUTHORITY. The Loveland Fire Rescue Authority is the fire and emergency services provider for the City of Loveland and the surrounding Loveland Rural Fire Protection District. The Fire Authority provides fire suppression, fire prevention, public education, water and land rescue, extrication, hazardous materials, and emergency medical services within its approximate 192 square mile area, including all of the City of Loveland. The Fire Authority responded to over 8,900 calls for emergency service within its boundaries, including the City of Loveland, in 2019.

SUMMARY OF THE ISSUE. The City of Loveland has a projected shortfall in its 2021 General Budget in excess of $7 million. The shortfall is due to increased services and costs over time, combined with slow revenue growth. The current economic recession caused by the coronavirus pandemic will cause further economic shortfalls. Accordingly, without additional revenue, the City will take budget reduction measures such as reductions in City services and delayed capital expenditures in order to balance its budget. The Fire Authority does not assess any independent tax to fund its services. Instead, the majority of the Fire Authority’s operational revenue comes from contributions from the City and the Loveland Rural Fire Protection District. The budget reduction measures to be taken by the City are anticipated to affect the City’s contribution to the Fire Authority, which may cause the Fire Authority to also reduce its services and delay capital expenditures. The City is proposing an additional one percent sales and use tax for public safety, infrastructure and capital equipment, and municipal operations and maintenance, with 20% of the proceeds of such sales and use tax allocated to funding public safety.

ARGUMENTS AGAINST THE PROPOSAL. If successful, the proposal will increase the amount of sales and use taxes the City collects on commercial sales within its boundaries. The sales and use tax will increase from 3% to 4%. For voters who support less and smaller government, the City’s increase in tax revenues may be contrary to this objective.

The tax revenue generated from the increased sales and use tax would support three categories of City services: public safety, infrastructure and capital equipment, and municipal operations and maintenance, with 20% supporting public safety, 50% supporting infrastructure and capital equipment, and 30% supporting municipal operations. Some voters may not be in favor of spending tax money on each of these services or do not believe these are the responsibility of City government to provide. Some voters may support the expenditure of tax money on these services, but may not support the percentage allocations provided, or the ability of City Council to suspend such percentage allocations.

ARGUMENTS FOR THE PROPOSAL. In order to provide high-quality emergency services, the Fire Authority must operate from adequate fire stations, utilize modern equipment, and maintain a workforce of highly skilled firefighters. Two of the fire stations from which the Fire Authority operates have numerous health related deficiencies in need of remediation. Fire Station 3 (900 S. Wilson Avenue), which was constructed in 1980, is too small for current operations, lacks dorms and restrooms, and does not comply with National Fire Protection Association standards for safe fire apparatus bays. Fire Station 5 (251 Knobcone Drive) has an ineffective decontamination area, a workout area that is exposed to diesel exhaust, and aging mechanical systems, roofing, and other structural components. In addition to the fire station needs, the Fire Authority has approximately $1.9 million of unmet equipment...
needs, and pays firefighter wages that are on average 14% lower than other comparable fire departments in the area. The lower wages paid by the Fire Authority make it more difficult to recruit and retain firefighting personnel. The Fire Authority has never fully satisfied the staffing guidelines provided by the National Fire Protection Association, and frequently requires firefighters to work overtime to meet minimum staffing levels at fire stations. Some voters may be in favor of the City's increase in tax revenue, because the allocation for public safety of 20% of the tax proceeds will, in part, help support the City's contribution to the Fire Authority and the Fire Authority's ability to fund these and other fire service priorities.

**THE BALLOT ISSUE.** On November 3, 2020, the City will seek voter approval of the sales and use tax increase through the following Ballot Issue:

**SHALL CITY OF LOVELAND TAXES BE INCREASED NOT MORE THAN $21,130,000 ANNUALLY IN THE FIRST FISCAL YEAR OF COLLECTIONS (2021) AND BY WHATEVER AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY AN ADDITIONAL SALES AND USE TAX OF ONE PERCENT (1%), THEREBY RAISING THE CITY SALES AND USE TAX FROM THREE PERCENT (3%) TO FOUR PERCENT (4%), PROVIDED THAT THE SALE OF FOOD FOR HOME CONSUMPTION SHALL BE EXCLUDED FROM ANY SUCH ADDITIONAL SALES AND USE TAX INCREASE AND REMAIN TAXED AT THE CURRENT RATE OF THREE PERCENT (3%), COMMENCING JANUARY 1, 2021, PROVIDED THAT THE INCREASED REVENUES SHALL BE USED SOLELY FOR THE FOLLOWING PURPOSES AT THE FOLLOWING PERCENTAGES:**

- FOR PUBLIC SAFETY AT TWENTY PERCENT (20%),
- TO ACQUIRE, CONSTRUCT, AND MAINTAIN THE CITY'S INFRASTRUCTURE AND CAPITAL EQUIPMENT AT FIFTY PERCENT (50%), AND
- FOR MUNICIPAL OPERATIONS & MAINTENANCE AT THIRTY PERCENT (30%);

**WITH ALL SPENDING REPORTED IN THE CITY'S ANNUAL INDEPENDENT AUDIT PUBLISHED ON THE CITY'S WEBSITE; AND SHALL ALL THE TAX REVENUES AND INVESTMENT EARNINGS THEREON BE COLLECTED, RETAINED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?**