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A G E N D A

**Delta City Council
Work Session**

**April 15, 2014
5:30 p.m.**

A. Recreation Center Tax Discussion

MEMO

To: City Council
From: Justin Clifton, City Manager
Date: April 15, 2014
Subject: Recreation Center Tax



Office of the City Manager

Recommendation:

Staff recommends Council consider how to approach voters concerning the Recreation Center tax, as early as this November. At the work session staff will use dynamic graphs to run through different scenarios for how the tax could be made permanent and possibly used in different ways. The interest in this subject came up after looking in detail at projected increases to utility costs. Those utility costs, estimated to increase as much as \$33 over the next five years (for the average resident), caused Council to look to the Rec Center funding as a way to help support general services. However, it is important for Council to consider all of the impacts of making such a decision. At the meeting staff will try and articulate the potential impacts of broadening the use of the tax.

In general, it appears there may be revenues to “share” while still maintaining excellent programming. The Rec Center retired debt service that totaled more than \$300K annually in 2011. The Rec Center also recently completed an expansion of the pool and fitness area paid for by savings accrued over previous years. Without the need to pay debt or save for future expansions it seems reasonable to assume there is significant funding available. However, Council should also recognize that the expanded Rec Center carries additional costs, we have learned more about the on-going maintenance costs, the Rec Center has already increased its support of General Fund services by \$200K, and there may still be interest in future expansions (a conference center has been discussed). For these reasons, the following questions become critical to making a decision regarding the structure of this sales tax:

1. What is the current financial forecast of the Rec Center?
2. What is the current service level our current funding provides?
3. How would expanding the use of the tax impact operations?
4. What kinds of services would likely be impacted?
5. Would Rec Center patrons need to pay more and if so, how much?
6. Is voter approval necessary to realize efficiencies?
7. What scenarios are the voters most likely to approve?
8. How might other environmental factors impact the Rec Center (general economy, Montrose election etc.)?
9. What tactics are most appealing to strike a balance between excellent service at the Rec Center and other services provided by the City for the lowest cost?