
BUFFALO MOUNTAIN METROPOLITAN DISTRICT

POTENTIAL SALES TAX INITIATIVE PRESENTATION

BMMD

NOT FOR PROFIT GOVERNMENTAL ENTITY

- BMMD Staff & Accountants
 - Shellie Duplan – District Manager
 - Will Yates – Operations Manager
 - Ken Marchetti, Marchetti & Weaver, CPA
 - Meghan Hayes, Marchetti & Weaver, Account Manager
- Directors
 - Joe Newhart – President
 - Cheri Breeman – Treasurer
 - Chris Dorton – Director
 - Raoul Pietri Jr. – Director
 - Josh Shramo – Director
- Maintenance Contractors
 - RKR, Inc. – Road Maintenance and Plowing Operations
 - Water Solutions – Water/Sewer Maintenance Operations

PUBLIC ENGAGEMENT

June 16, 2020, 6:00 p.m.

Via Zoom Webinar - <https://zoom.us/j/97099752765>

Via Phone Conference

(253) 215-8782 or (301) 715-8592, Webinar ID: 970-9975-2765

Via In-Person Meeting At District Office

July 10, 2020, 5:00 p.m.

Via Zoom Webinar - <https://zoom.us/j/96935287185>

Via Phone Conference

(253) 215-8782 or (301) 715-8592, Webinar ID: 969-3528-7185

Via In-Person Meeting At District Office

- ☐ Newsletter Articles
- ☐ Direct Mail Question & Answers
- ☐ Website Postings

GENERAL FUND WATER/SEWER FUND

GENERAL FUND

- Road/Path/Drainage maintenance services funded by property taxes & small County contribution through the General Fund
- Capital improvement projects for road/path/drainage funded through the General Fund
- Proposed sales tax will be managed under this Fund

WATER/SEWER FUND

- Water/Sewer maintenance services and capital projects paid by service fees billed & paid by BMMD customer
- Water/Sewer services are NOT subject to the proposed sales tax initiative
- Current money reserves will be spent on needed infrastructure repairs and replacements
- Current fund reserves will be spent on emergency repairs

CURRENT ROAD/PATH/DRAINAGE MAINTENANCE SERVICES

A proposed sales tax will help continue to fund the following services

- Plowing
- Hauling snow
- Sanding/De-Icing
- Pedestrian Path
- Road Ditch Maintenance
- Drainage
- Culvert Cleaning
- Sweeping
- Road Shoulder Repair
- Guardrail Repair
- Pothole Repair
- Crack filling/sealing
- Sign Repair
- Striping
- Spring Runoff Control
- Road Retaining Walls

- Summit County Owns all Wildernest Roads
- BMMD maintains County roads through long standing Intergovernmental Agreement (IGA)

EXISTING CONDITIONS



EXISTING CONDITIONS



EXISTING CONDITIONS



EXISTING CONDITIONS



PLOWING



NEEDED CAPITAL IMPROVEMENT PROJECTS

- Paving Overlays Throughout District (last overlay of RGR – 2012) = *\$1+ million*
- Road Subgrade Rehabilitation
 - Burgundy Circle - \$250,000
 - Fawn Court - \$250,000
 - Bashore Court - \$250,000
 - Lacy Drive - \$250,000
- Storm Sewer Improvements - *\$300,000 each segment*
- Street Culvert Replacement - *\$20,000 each*
- Unexpected Emergencies or Unforeseen Problems - *unknown*

GENERAL FUND EXPENDITURES VS. REVENUES

General Fund - Current 5 Year Plan With No Sales Tax

Actual Value of Homes Prediction/Hypothetical -->

10%

0

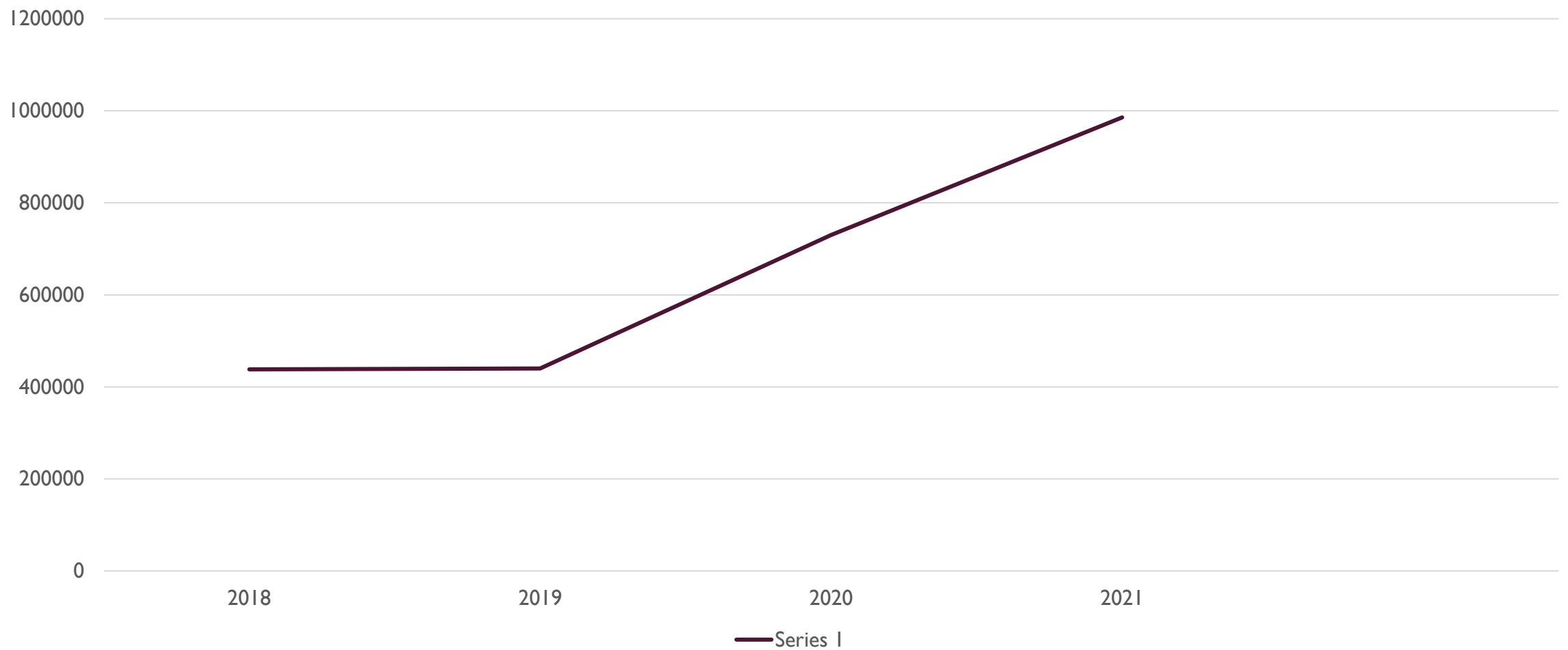
Residential Assessment Rate Prediction -->

-18%

-10%

	2019	2020	2021	2022	2023	2024
Revenues	\$1,066,376.00	\$1,328,836.00	\$1,309,812.00	\$1,213,331.00	\$1,207,424.00	\$1,102,855.00
Expenditures	(\$832,586.00)	(\$1,479,398.00)	(\$1,533,666.00)	(\$1,526,666.00)	(\$1,669,058.00)	(\$1,594,061.00)
Excess Revenues over (under) Expenditures	\$233,790.00	(\$150,562.00)	(\$223,854.00)	(\$313,335.00)	(\$461,634.00)	(\$491,206.00)

MAINTENANCE COST INCREASES



MAINTENANCE COST INCREASES

- 2019 - \$440,032
- *2020 - \$730,134 - 65% increase
- 2021 - \$985,500 – 35% increase
- 2022 - \$985,500
- 2023 - \$985,500

*Metro Services II company retires 6/30/20 after 35 years of maintenance service. New Company hired to take over services 7/1/20 – 12/31/2023.

*Contract was publicly bid to ensure best prices were obtained.

GALLAGHER AMENDMENT PROPERTY TAX SHORTFALLS

Gallagher Amendment, adopted by **Colorado** voters in 1982

Under the **Gallagher Amendment**, the portion of residential property that is subject to taxation (called the "assessed value") drops when residential property values statewide grow faster than nonresidential properties.

Since 1982, residential property values in Colorado have grown faster than nonresidential properties, causing the assessment rate on residential properties to drop from 21 percent in 1982 to 7.15% today. **This drop in residential rate assessment is predicted to have a negative impact on property tax revenues collected under the General Fund which is used for road/path/drainage maintenance services.**

2022	2024
Residential Rate Assessment Prediction	Residential Rate Assessment Prediction
-18%	-10%

*Property Values are Assessed Every 2 Years

There is current action in the CO Legislature to repeal the Gallagher Amendment. If repealed, the District's intent remains the same which is to lower the mill levy rate to the extent the combined property and sales taxes generate more funds than needed, regardless if the Gallagher Amendment is repealed, denied or changed.

IMPACT ON INFRASTRUCTURE POPULATION GROWTH

Summit County - Projected Permanent Resident Population Growth			
Time Frame/Years	Percent Change	New Residents Added	Projected Ending Population
2010 - 2015	9.6%	2,674	30,668
2015 - 2020	14.8%	4,553	35,221
2020 - 2025	12.7%	4,481	39,702
2025 - 2030	10.1%	4,000	43,702

Source: U.S. Census Bureau, State Demographer, and Summit County Planning Department.

IMPACT ON INFRASTRUCTURE

SHORT TERM RENTALS

- 795 unique rental units in Wildercrest
- 30% of total housing in Wildercrest
- 95% of those listings rent out the entire home
- Population increase during summer & winter
- Increased impact on infrastructure: roads, water and sewer

OPTIONS TO RAISE NEEDED FUNDS FOR CONTINUED SERVICES

Potential Sales Tax in Wilderrest

Items subject to sales tax include all items which are subject to State sales tax and delivered into Wilderrest.

1. **Short Term Rentals** – sales tax paid by visitors using short-term rentals in Wilderrest based on reservation value.
2. **Products** – sales tax on products purchased and delivered directly to Wilderrest properties from commercial vendors (i.e., Lowes, Amazon).
3. **Retail** – straight sales tax placed on the sale of a goods purchased from commercial businesses located within the Wilderrest Community (i.e., gas station, ski rentals).

ADVANTAGES TO SALES TAX

- The intent of sales tax is to lower the amount of property taxes needed to fund BMMD operations.
- Sales tax funds will either reduce the need for future property tax increases or could potentially result in a property tax reduction, but only if surplus sales taxes are achieved.
- Visitors using short-term rentals will now contribute to improving or repairing infrastructure by paying a sales tax.

DISADVANTAGES TO SALES TAX

- All consumers are subject to a sales tax when ordering products to be delivered to a location within the Wildercrest community.
- More work is created for short-term rental property owners and business owners by submitting sales tax revenue to the State. Most hosting companies implement taxes automatically.
- Short-term rental property owners must collect the sales tax from their tenants which increases the total cost of their rental nightly rate.

WHAT ARE CURRENT SALES TAX RATES IN SUMMIT COUNTY

Type of Tax	Blue River	Breckenridge	Dillon	Frisco	Silverthorne	Wilderness*
State of CO	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Summit County	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
City	2.5%	2.5%	2.5%	2.00%	2.00%	0.00%
Mass Transit	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Affordable Housing	0.725%	0.725%	0.725%	0.725%	0.725%	0.725%
Lodging	3.4%	3.4%	2.00%	2.35%	2.00%	0.00%
Total Sales Tax	12.275%	12.275%	10.875%	8.375%	10.375%	6.375%

*Wilderness (*Buffalo Mountain Metropolitan District*) is part of unincorporated Summit County. Current sales tax is lowest in the County. If passed, the proposed 4% sales tax will bring Wilderness to an equal level with some neighboring communities.

WHO SUBMITS SALES TAXES TO THE STATE & HOW IS IT MONITORED

1. **Short Term Rentals** – property owner/manager is responsible for the collection of the sales tax paid by the renter at the time the reservation is active. The property owner/manager in turn submits the collected sales tax revenues directly to the State.
 2. **Products Delivered Into Wildernest** – sales tax is paid at the time of purchase by the consumer. The vendor in turn submits the collected sales tax revenues directly to the State.
 3. **Retail** – the business and/or vendor is responsible to collect the sales tax by the consumer. The vendor in turn submits the collected sales tax revenues directly to the State.
-

Monitoring – District will engage an outside monitoring firm to help monitor transactions subject to a sales tax.

GENERAL FUND EXPENDITURES VS. REVENUES

Current 5 Year Plan With Proposed 4% Sales Tax

Actual Value of Homes Prediction/Hypothetical -->				10%		0
Residential Assessment Rate Prediction -->				-18%		-10%
	2019	2020	2021	2022	2023	2024
Revenues	\$1,066,376.00	\$1,328,836.00	\$1,309,812.00	\$1,213,331.00	\$1,207,424.00	\$1,102,855.00
4% Sales Tax Revenue	\$0.00	\$0.00	\$237,933.00	\$490,141.00	\$504,845.00	\$519,991.00
Expenditures	(\$832,586.00)	(\$1,479,398.00)	(\$1,533,666.00)	(\$1,526,666.00)	(\$1,669,058.00)	(\$1,594,061.00)
Excess Revenues over (-under) Expenditures	\$235,809.00	(\$148,542.00)	\$16,100.00	\$178,827.82	\$45,234.00	\$30,808.90

HOW DOES THE POTENTIAL SALES TAX INITIATIVE GET APPROVED

- The District sales tax question will be included on the ballot at the November 3, 2020 general election.
- Eligible voters must be registered in the State of Colorado AND be a property owner or resident in the Wildernest community.
- If you are not registered to vote in Colorado you will not be eligible to vote on this issue.

IF THE SALES TAX DOES NOT PASS WHAT HAPPENS NEXT

- Reduction in Maintenance Services (i.e., pothole repairs, sweeping, pedestrian path repairs, repaving projects).
- Reduction in snow plow schedule

OR

- District will need to increase the Mill Levy rates from the current 15 mill levy to approximate 23 mills to make up for the shortfall.

WHAT WOULD IT COST IF THE MILL LEVY HAS TO BE INCREASED

Projection of Individual Home Property Taxes				
Based on \$100,000 of Home Value for Taxes Payable in 2021 and 2022				
	Collection Year 2021		Collection Year 2022	
	Mill Levy	Property Taxes	Mill Levy	Property Taxes
Residential Property				
Calculation of Assessed Value				
Assumed Actual ("Market") Value		100,000		110,000
Estimated Percent Change in Actual Value				10%
Residential Assessment Rate Estimate		7.15%		5.88%
Assessed Value		7,150		6,468
Percent change in assessed value				-9.54%
Mill Levy Rates				
Buffalo Mountain Currently	15.000	107		
Buffalo Mountain hypothetica	23.000	164	23.000	149
Increase without change in Residentail Assessment Rate		57		
Increase with change in Residential Assessment Rate				42

Any change in the Mill Levy Rate requires voter approval.

In analyzing whether a sales tax may be a beneficial source of revenue for Buffalo Mountain Metro District, an estimate of the sales taxes that could amount with property taxes would require a mill levy increase from 15 to approximately 23 mills. The District's intent is to only raise the combined : taxes. To the extent the full amount raised from sales taxes is not needed for services then the intent is to lower the mill levy by a corresponding a

CLOSING STATEMENT

- BMMD has identified a potential source of revenue that could help the District subsidize on-going maintenance operation services by implementing a local Wilderdest sales tax which will have the least financial impact on Wilderdest property owners.
- Being proactive through long-range financial and asset management planning will help sustain BMMD services now and into the future.

QUESTIONS OR COMMENTS

Thank you on behalf of
BMMD Board of Directors
And Staff

Next Public Meeting

July 10, 2020, 5:00 p.m.

Via Zoom Webinar - <https://zoom.us/j/96935287185>

Via Phone Conference - (253) 215-8782 or (301) 715-8592, Webinar ID: 969-3528-7185

Via In-Person Meeting At District Office

Details on BMMD Website: www.Colorado.gov/bmmd

Contact BMMD

Shellie Duplan – Manager

970-513-1300

shellie@bmmd.org