
MEMORANDUM

TO: Board of Trustees, Poudre River Public Library District

FROM: Seter, Vander Wall & Mielke, P.C.

DATE: November 11, 2024

RE: Legal Status Report

This is our legal status report for the November 11, 2024 meeting of the Board of Trustees.

SE Community Center Library

Task: In April 2015, the voters of Fort Collins approved Ordinance No. 013, 2015, extending for ten years a quarter-cent sales tax to be dedicated to the “Community Capital Improvement Program” capital projects and related operation and maintenance. The Ordinance includes a requirement that the City construct a Community Center in southeast Fort Collins focused on innovation, technology, art, recreation and the creative process, including a “large outdoor leisure pool with water slides, sprays and jets, decks, a lazy river and open swimming area,” as well as meeting spaces dedicated to innovation and creativity.

The Poudre School District currently has approx. 10 acres of land available that may be a suitable site for the construction of a new Community Center that includes the facility requirements contained in the 2015 ballot language in addition to an expanded library branch, and the construction of an indoor aquatics facility that would serve the Fort Collins community and allow the School District access to indoor lanes for its swim programs.

Status: The Library, School District, and the City have fostered a partnership to design, construct, and operate the proposed Community Center. The Parties developed an initial intergovernmental agreement (“IGA”). The Library has a small role in the initial IGA, essentially agreeing to

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participate in the future project negotiations. This was on request of legal counsel, so that the finer details of the operations relationship could be established once further specifics are available and the project is more certain. Legal counsel reviewed the IGA and participated in meetings with the City and the school district representatives. The IGA was also reviewed by the District executive director and finance director. The primary points of the IGA are as follows:

1. **Conveyance of Land-** The initial IGA is conditioned on the execution of a Purchase and Sale Agreement (“PSA”) whereby the School District sells the land for the Community Center to the City.
 - a. The PSA is to be executed by April 2024, with closing slated for November 2024;
 - b. The PSA will include further details, but the IGA indicates that the school district will contribute 15% for construction of the aquatics portion of the facility, in exchange for the City’s promise to build the aquatics facility and coordination/accommodation of school district swim programs.
2. **Funding/ Construction of the Community Center-**The Library and the City will jointly design and construct the library portion of the Community Center.
 - a. The Library will have input on the common areas in the Community Center, as further described in a subsequent operating IGA;
 - b. Contracting for the project will be done by the City through its purchasing processes;
 - c. The aquatics portion will be solely owned and maintained by the City, with the school district contributing 15% for construction of the aquatics facility and a yearly maintenance obligation of \$150,000 and \$45,000 for equipment replacement;
 - d. A separate IGA governing the operations of the aquatics facility will be negotiated between the School District and the City.
3. **Community Center and Library Branch-** The IGA does not bind the Library to participate in the project. However, if the Library participates, it will share in the design and construction costs to equip and operate at least a 30,000 square foot library with meeting rooms and innovation/programming space.
 - a. The Library and City will negotiate a separate operations IGA governing the library space to include the following.
 - i. The form of the library’s interest in the real property;
 - ii. Designation of the parties’ project managers;
 - iii. Whether the library portion will be a stand-alone structure or part of a larger facility;

- iv. Cost sharing for land acquisition, design, and construction costs;
- v. Ongoing maintenance and operations of the real property facilities.

The Board approved the initial South East Community Center IGA, and it is fully executed by all parties.

Action: None at this time.

Legislative Updates:

HB24-1302: “Tax Rate Information to Real Property Owners.” For 2025 mill levy certifications, taxing authorities are now required to submit, with their annual certification of levies, the following information: the rate of each levy; any adjustments from the prior year’s levies; whether the levy is fixed or floating; applicable statutory or constitutional limits on annual levy or revenue increases, and whether the entity is exempt from or has waived these limits; the annual rate of growth of the levy; and the mechanism for determining the annual rate of growth of the levy.

SB24-233: “Property Tax.”

- Beginning with property tax year 2025, local governments (with certain exceptions) are subject to a 5.5% property tax revenue growth limitation.
- For 2024 property tax year, multi-family residential property assessed valuation is reduced from 6.8% to 6.7%, and all other residential property is reduced from 7.06% to 6.7% of actual value in 2024 (a continuation of 2023 valuation), less a \$55,000 carveout.
- For 2025 property tax year, residential real property assessed valuation is 7.15% of the actual value of the property, *except for* school district levies.
- For 2026 property tax year and beyond, residential property assessed valuation is 6.95% of the actual value, minus the lesser of 10% of the actual value of the property, or \$70,000 as adjusted for inflation, *except for* school district levies.
- Local governments (*except school districts*) shall be reimbursed by the state an amount equal to any decrease in assessed value between the 2022 and 2024 property tax years multiplied by the local governments’ mill levy rate from the 2022 property tax year.
- Beginning in 2025 property tax year, a person may defer the payment of real property taxes on a person’s senior homestead property, with the 4% tax-growth cap removed.
- The act shall not take effect if an initiative that reduces valuations for assessment, or an initiative that requires voter approval for retaining property tax revenue that exceeds a

state-wide 4% limit; is approved by Colorado voters at a general election held November 5, 2024.

HB24-1001B: “Property Tax”

- A special session of the Legislature convened on August 26th to discuss further property tax measures in an effort to induce supporters of Initiative 50 (4% state-wide growth cap in state Constitution) and Prop. 108 (further reduction in assessment rates) to pull the measures from the November ballot.
- HB24-100B1 was passed by the Legislature on 8/29/2024. The Governor indicated that he would only sign HB24-1001B if Initiative 50 and Prop. 108 are pulled from the November ballot. Proponents of 50 and 108 pulled the measures from the ballot and the Governor signed the bill on September 4, 2024.
- Beginning in property tax year 2025, the residential assessment rate (“**RAR**”) will be reduced so that:
 - o If statewide actual value change is more than 5%, RAR = 6.15%.
 - o If statewide actual value change is less than or equal to 5%, RAR = 6.25% (rates will increase for property tax year 2026.)
- For 2025 property tax year nonresidential assessment rate will be 27%. Rates will decrease in following years.
- Starting in property tax year 2026, creates a homestead exemption of 10% of actual value up to \$700,000, indexed to inflation.
- Creates a property tax limit of 10.5% over a two-year assessment cycle.
 - o Growth from the Property Tax Limit is from the “qualified property tax revenue” collected and retained from whichever property tax year in a previous assessment cycle for which the local government collected the most revenue, **plus**
 - o Any “carry over amount” (which is any amount that was under the 10.5% that was not collected in the last assessment cycle as tax revenue).
 - o Exclusions from revenue in calculating the property tax limit are:
 - New construction
 - Changes in law for property tax classification
 - Annexation/inclusion
 - Revenue from a TIF expiration (including clarification in HB24B-1001)

- Previously omitted property
- Abated or refunded revenue
- Revenue from previously exempt property
- Revenue from oil and gas
- Bond or other contractual payments
- Revenue attributable to Specific Ownership Tax
- Revenue expended for declared disasters
- Revenue from new mills approved by voters on or after November 5, 2024