THE PROBLEM

The City of Littleton is faced with an annual $6.5 million revenue shortage in its Capital Projects Fund. This deficit is due to a growing backlog of infrastructure and maintenance projects, requirements to modernize safety equipment, and limited revenue sources.

Repairs to Littleton’s roads, bridges, sidewalks, and medians have been deferred due to limited revenue. Many major intersections are over capacity, making traffic worse.

Almost every city building is several decades old and in need of maintenance and repair, including one with a roof in such bad condition it collapsed under heavy snow.

To comply with state law and maximize transparency, Littleton police need modern public safety equipment, including state-mandated body cameras for all officers.

Without new revenue to address these ongoing needs, Littleton’s Capital Projects Fund is projected to be depleted by 2025.
THE DETAILS

Littleton’s Capital Projects Fund pays for road and building maintenance and improvements, technology upgrades, and equipment that touches residents every day. There are several reasons the fund is projected to be depleted in just four years:

1. **Increasing Capital and Infrastructure Demands** – Littleton’s list of unfunded capital and infrastructure projects totals $98 million over the next 15 years ($6.5 million per year). In sum, the city’s 2021 budget identifies over 70 capital and infrastructure projects that need funding between now and 2035. Some of these estimated costs include major expenditures such as:

   - **$2 MILLION** to fund repairs and updates to the courthouse, Town Hall Arts Center, Bemis Public Library and the Littleton Museum
   - **$7.5 MILLION** for technology upgrades, fiber network connections, police and public works radios and equipment
   - **$18.2 MILLION** for public safety equipment and city fleet vehicles – this subtotal does not address the state-mandated body cameras
   - **$19.6 MILLION** for maintenance, repairs and replacement of city-owned buildings
   - **$50.3 MILLION** to maintain and improve the quality of Littleton’s roads, sidewalks, and medians – and fix major intersections like Santa Fe Drive and West Mineral Avenue

The city’s Capital Projects Fund – which should pay for these projects – only brings in about $6 million each year, about half of which is earmarked for street maintenance. As the network of streets, sidewalks, medians, and bridges has grown over the years, that $3.1 million earmarked for street maintenance now meets only about 25 percent of the annual need.
2. **Rising Maintenance And Repair Costs** – When critical capital improvement projects are delayed, the materials, labor, and other associated costs to fix roads, repair buildings, and update technology keep going up. For example, the cost to regularly maintain one mile of any given city street is $100,000. If maintenance on that same mile is delayed by three to five years, the street needs to be completely rebuilt at a cost of $1 million. The ability to make timely repairs to city streets and buildings will be less costly.

3. **Unreliable Revenue Streams** – The main sources of revenue for the Capital Projects Fund are not adequate to address both the backlog of projects and anticipated funding needs.

   - Revenue from building use tax that developers and homebuilders pay when new structures are approved is highly volatile and averages only about $1.5 million per year. Because Littleton has no room to grow, substantial growth in Building Use Tax Revenue is unlikely.
   - Littleton’s share of the revenue from the Highway Users Tax – or gas tax – which comes from federal and state sources, isn’t enough to make up for the shortages. As more hybrid and electric vehicles replace older vehicles, these funds become less reliable.
   - There is not enough sales tax revenue to fund increasing demands. Unlike neighboring cities with many “big box” retailers, Littleton has only two large-format retail stores within the city limits. Littleton values its small locally owned retailers, but they don’t generate the volume of sales tax the city needs.

4. **Fewer Fees & Taxes** – and a low sales tax rate. The city has not increased its sales tax in more than 50 years. At three percent, Littleton’s sales tax rate is lower than the metro-wide average of three and a half percent. Unlike other cities, Littleton does not collect street maintenance fees, street lighting fees, business license fees, a lodging tax, or grocery taxes.
City leadership, staff, and their consultants are engaging the community in a conversation about priorities so the city council can make an informed decision about the direction to take moving forward. Below are five possible courses of action for residents to consider that could help fix the $6.5 million annual shortfall.

• A retail marijuana tax increase would provide $500,000 to $1 million per year

• A lodging tax – which Littleton does not currently collect - on hotel and short-term rental guests could generate up to $1 million per year

• A 0.5% increase in the sales tax rate ($0.50 on a $100 purchase) would generate an average of $6.5 million annually in new revenue

• A 0.75% increase in the sales tax rate ($0.75 on a $100 purchase) would generate an average of $10 million annually in new revenue

• Eliminating community assets like Bemis Public Library and the Littleton Museum would create an annual savings of $4.2 million in the General Fund

Please get involved and learn more at: LittletonFundingFix.org