AGENDA

CITY COUNCIL WORK SESSION

July 14, 2025

4:00 PM, City Council Chambers
427 Rio Grande Place, Aspen

Zoom Meeting Instructions

Join from PC, Mac, iPad, or Android: https://us06web.zoom.us/j/82954507609?pwd=bkrPVa1xndM9VKH0pnk2S9xAf7dDhe.1

Passcode:81611

Join via audio:
+1 346 248 7799
Webinar ID: 829 5450 7609
Passcode: 81611
International numbers available: https://us06web.zoom.us/u/krafYNwSs

I. Work Session

I.A Presentations Regarding Potential Ballot Questions
November 2025 Ballot - Potential Tax Questions.docx

I.B Work Session Discussion: GMQS Demolition Allotment Program - Potential Amendments to the Land Use Code
7.14.25_Demo Allotment Worksession.pdf

II. Council discussion of the items published in the most recent information update, as needed

CITY OF ASPEN

MEMORANDUM

TO: Mayor Richards and City Council

FROM: Pete Strecker, Interim City Manager

MEETING DATE: July 14, 2025

RE: Potential Tax Questions for November 2025 Ballot

REQUEST OF COUNCIL:

Council will hear from representatives of the Aspen School District, Aspen Fire District, and the Early Childhood Education Coalition regarding multiple tax questions proposed for Aspen voters ahead of the upcoming November 2025 election. This work session is meant to share some of the specifics around each question, including the estimated impacts to the taxpayer and overall collection projections, plus the expected uses of these tax dollars and the benefits to the Aspen Community.

While most of these tax questions will be proposed under the taxing authority allowed to these individual organizations or has already been endorsed for placement by Pitkin County on an organization's behalf, one specific request proposed by the Aspen School District seeks to leverage the City's own sales tax authority. Therefore, the council has discretion over if and how this one question is asked of voters this November.

SUMMARY AND BACKGROUND:

A brief summary of the questions is outlined below. Greater detail around these ballot questions will be shared by the representatives from each organization.

The Aspen Fire District is anticipating two tax questions this November: (1) an extension for an existing 0.24 mill levy; and (2) a new 0.50% sales tax (authorized for fire districts under SB 24-194). Funds from these levies "would go towards improving wildfire mitigation and response, maintaining emergency call response times, and protecting emergency services districtwide." More information can be found on the Fire District website at https://www.aspenfire.com/proposals.

The Confluence Early Childhood Education (CECE) coalition is a non-profit organization proposing a 0.25% sales tax across a service district that stretches across three counties (Garfield, Pitkin and Eagle). As a special district, the CECE is focused on "a coordinated,

regional approach to expanding access to early care and education programs (to) ensure better academic and life outcomes for children throughout the region." More information can be found on the CECE website at https://cececoalition.org/.

The Aspen School District, facing eventual changes in the state funding formula and declining enrollment, is proposing three tax questions this November.

The first question is a property tax strictly applied to property in the Town of Snowmass Village and will not impact Aspen residents. This property tax has historically generated approximately $500,000 and is being requested to increase to approximately $1M, if supported by the Town Board.

The second is a sales tax question only levied on sales within the City of Aspen (this excludes TOSV and other areas within the broader school district boundaries). There is an existing dedicated 0.30% sales tax for the school district today, which generates roughly $4 million and is set to sunset December 31, 2026. The School District is requesting to double this dedicated sales tax, pending City Council approval.

The final tax question is an increase in the mill levy "override", which provides additional property tax from all real estate located within the School District boundaries. The current "override" levy is limited to 25% of total program funding for the School District and the proposed question will seek to allow the district to consider increasing this to up to 47%.

DISCUSSION:

Because the City Council has discretion over the use of its taxing authority, of the questions noted above, only the request for levying additional City sales tax by the School District is directly under Council control for placement on the November ballot. As Council considers how to proceed, it is important to note that the aggregate impacts of the sale tax questions be weighed, as the combined impact of all proposed measures would increase the taxation on goods and services within city limits as shown below:

State of Colorado	2.90%
Pitkin County	3.60%
RFTA	0.40%
City of Aspen	2.10%
City of Aspen - Education	0.30%
Current Aggregate Sales Tax	**9.30%**
CECE Special District	0.25%
Aspen Fire District	0.50%
Aspen School District (Increase)	0.30%
Possible Aggregate Sales Tax	**10.35%**

Possible Aggregate Sales Tax	10.35%
Lodging Tax	2.00%
Possible Aggregate Tax - Traditional Lodges	**12.35%**

Possible Aggregate Sales Tax	10.35%
Lodging Tax	2.00%
STR Excise Tax	5.00%
Possible Aggregate Tax - STR Owner Occupied / Lodge Exempt	**17.35%**

Possible Aggregate Sales Tax	10.35%
Lodging Tax	2.00%
STR Excise Tax	10.00%
Possible Aggregate Tax - STR Classic	**22.35%**

FINANCIAL IMPACTS:

The levy of additional taxes could influence the decision by consumers whether to buy local and/or stay within the lodge offerings which could impact future tax collections.

Additionally, additional sales tax levies will add to the tax burden of residents and should be considered in the annual sales tax refund program, if these taxes were levied in the future. This will add to the cost of that refund program.

ALTERNATIVES:

As most all of these questions are outside of the direct purview of the Council, there are limited responses that the Council may offer, aside from the sales tax question posed by the School District. When considering this particular question, Council may want to consider alternatives to the requested doubling of the dedicated 0.30% sales tax already being supported by the Community.

It is important to note that the City has been a significant partner in providing financial support to the School District over the years. As noted above, the existing dedicated 0.3% sales tax generates roughly $4M for the district annually now. This is accompanied by other financial assistance such as:

- *$250,000 per year from City taxes levied on nicotine products which helps fund Aspen Family Connections;*
- *a dedicated school resource officer staffed by the Aspen Police Department;*

- *financial contribution of $150,000 in 2019 in partnership with the District to re-turf the stadium field;*
- *a MOU that outlines significant commitments from Recreation, Parks & Open Space and Golf Course for use of fields, aquatic areas, ice, golf and tennis facilities for school sporting events and practices, project graduation and more.*

When considering how the Council might like to provide additional financial support for the School District, the Council could consider a few different options:

(a) The Council can consider the existing ask for doubling the sale rate to 0.60% or any other percentage, including maintaining the current 0.30% dedicated sales tax beyond the current sunset date of December 31, 2026.

It is relevant to note that the existing 0.3% level of tax has already generated an outsize level of financial support by the City for the School District to date. This is reinforced when considering: (a) many areas within the district boundaries have no additional property or sales tax levied (Woody Creek, Aspen Village, North Forty and AABC, Red Mountain); and (b) the per pupil equivalent generated from the current sales tax is 2.7 times the amount generated per pupil from the property tax levied by TOSV.

If Council decides to support extending the 0.3% sales tax beyond the current sunset date via this November's ballot, Council would lock in existing financial support to the School District for an additional period of time, and provide time to develop a more equitable and holistic funding strategy that could be shared across the entirety of the Aspen School District (perhaps with the assistance of Pitkin County). With more time to collaborate on a holistic solution, a more equitable approach to providing financial support for the School District could be reached.

	2024 Taxable Sales	Rate	Revenue	Students*	Amt / Student
City of Aspen	1,304,108,933	0.30%	$ 3,912,327	895	4,371.31

** includes students in ALL of 81611 (includes North Forty, Aspen Village, Red Mountain, etc.). Woody Creek is separate.*

(b) Mirror the mill levy proposed for the Town of Snowmass Village as sought by the School District (estimated to be approximately 1.192 mills). Applying the same mill levy within the City of Aspen would generate roughly $3.5M annually. This would put the two communities on parity for the tax burden and would use property taxation as the consistent tax methodology as the base funding for the School District, and it would also limit the impact to the City's sales tax levy and

the escalation of that overall aggregate sales tax rate. This, however, would be slightly less than the current tax receipts generated by the existing 0.30% dedicated sales tax today.

	2024 Assessed Valuation	Mills	Revenue	Students	Amt / Student
Town of Snowmass Village	856,276,380	1.192	$ 1,020,681	318	3,209.69
	2024 Assessed Valuation	**Mills**	**Revenue**	**Students**	**Amt / Student**
City of Aspen	2,930,335,720	1.192	$ 3,492,960	895	3,902.75
** includes students in ALL of 81611 (includes North Forty, Aspen Village, Red Mountain, etc.). Woody Creek is separate.*					

(c) A mill levy could also be set to mirror the existing $4M contribution today or any other targeted amount, while still avoiding any further escalation to the City's sales tax rate.

Ballot language for the November election must be certified by September 5, and the Pitkin County Clerk and Recorder has asked for language to be finalized prior to that time. If Council is interested in pursuing a question on behalf of the school district that would require Council approval, final language for the ballot could be considered at the August 12 meeting.

RECOMMENDATIONS:

Staff recognize that each of the organizations presenting today bring forward requests for financial support linked to extremely worthwhile endeavors and in isolation, are highly desirable and worthy of consideration for Council support. However, there are also challenges when the totality of all additional sales tax levies is aggregated along with existing sales (and lodging) taxes, both by the City and the boarder County, RFTA and State. As such, Council should weigh what options it has to mitigate the over burdening of taxation on consumers within city limits to the extent it can.

CITY MANAGER COMMENTS:

CITY OF ASPEN

MEMORANDUM

TO: Aspen City Council

FROM: Ben Anderson, Community Development Director

MEMO DATE: July 7, 2025

MEETING DATE: July 14, 2024

RE: Work Session Discussion:
GMQS Demolition Allotment Program
Potential Amendments to the Land Use Code

REQUEST OF COUNCIL: This work session's purpose is to arrive at Council direction for the creation of possible amendments to the GMQS Demolition Allotment program. Previously, Council passed a policy resolution (Resolution #80, Series of 2024) to open necessary sections of the Land Use Code in pursuit of amendments on this topic. Both the previous and current Council have made comments related to the program and the desire for possible changes. Staff acknowledges that there are a diversity of perspectives on the program within the current Council and desires to come forward with amendments that are responsive to the Council's majority position.

SUMMARY AND BACKGROUND:
As one of the outcomes of Ordinance #13, Series of 2022 (moratorium response), Council implemented a package of new code language and regulations related to single-family and duplex demolition. Central to these changes was the use of the GMQS Allotment system to limit single-family and duplex demolitions to six per year (and an additional two annual allotments for long-time locals).

The rationale for the demolition-related code changes emanated from comments from Council and the community related to the felt and observed impacts of development – particularly in single-family and duplex redevelopment scenarios that involved demolition. The following impacts of this type of development were identified:

- More modestly sized and constructed, older homes being replaced with much larger and more complex new homes.
- Demolition and construction waste impacts at the landfill.
- Neighbor noise and other impacts from intense residential construction activity.
- Significant employee generation impacts from initial construction and long-term maintenance and operations.
- The carbon impacts related to demolition, construction and long-term operations and maintenance of redeveloped single-family and duplex homes.

In response to these identified impacts, staff and the consultant teams analyzed these comments against the reality of development context and potential regulatory responses within the Land Use Code. Recommendations were made for potential amendments. While certainly a topic that was debated during the adoption of Ordinance #13, it seemed clear the outcomes generated by this type of development were consistent with the Purpose Statement at the beginning of the GMQS chapter of the LUC (26.470.010):

a) Implement the goals and policies for the City and the Aspen Area Community Plan;
b) Ensure that new growth occurs in an orderly and efficient manner in the City;
c) Ensure sufficient public facilities are present to accommodate new growth and development;
d) Ensure that new growth and development is designed and constructed to maintain the character and ambiance of the City;
e) Ensure the presence of an adequate supply of affordable housing, businesses and events that serve the local, permanent community and the area's tourist base;
f) Ensure that growth does not overextend the community's ability to provide support services, including employee housing, traffic control and parking; and,
g) Ensure that resulting employees generated and impacts created by development and redevelopment are mitigated by said development and redevelopment.

Council agreed to the policy and regulatory direction with clear understanding that it was aligned with community expectations, the Aspen Area Community Plan (AACP), and elements of the purpose statement above in responding to and mitigating the impacts of growth and development.

STAFF DISCUSSION:
During the moratorium work, the primary concerns that staff encountered directly from many members of the community – were related to the massive residential construction projects that were dominating neighborhoods, the changed nature of a property or of a neighborhood following a demolition and redevelopment project, and the environmental and neighborhood impacts created by the redevelopment of modest homes into much larger homes. As staff navigated these comments and scanned Aspen's development context, it became clear that single-family and duplex demolition projects were the development type that were directly causing many of the negative externalities that the community and City Council were concerned about.

Staff understands that disagreement with this program exists in the community and at the Council table. However, staff remains committed to the concept of the program and believes that it is a fully legitimate response to the issues that Council and the community were responding to in declaring the moratorium.

<u>Current Status of the Program</u>

- Since August of 2022, 35 Demolition Allotments have been issued in total.
- Of this total, eight allotments have been issued to long-time locals who have met the ownership and occupancy requirements of the code.
- 14 of the issued allotments have been granted building permits.

- All 2025 allotments have been issued. One, 2026 regular allotment has been granted and two, 2026 long-time local allotments have been granted.
- Staff has issued a small number of Pre-Application summaries in 2025 that may result in applications that could pursue appeals or future long-time local allotments.

Staff Observations about the Program

Administrative Burden

Without question, the administration of this program has been time consuming for Community Development staff, the City Attorney's office, and City Council. Because of excess demand in relation to the available allotments, many of the issued allotments were unable to utilize what was intended to be an administrative process and have instead relied on appeal. The Code has long had GMQS appeals for insufficient allotments as reviewed by City Council.

A interesting aspect of this program is that while it has placed a quota on a new type of development, the allotment system has been in the Land Use Code in some fashion since the late 1970's. In the past, competition for all types of development allotments was a significant component of development review that was complex, time consumptive, and often contentious. Until the addition of the demolition allotments to this system, the system had gone stagnant and unused for more than a decade as development patterns were not requiring allotments. The current process for demolition allotments is unchanged from the earlier systems – but it does seem that much of the community has forgotten about how restrictive the allotment program has been more generally throughout its history.

Process Burden and Cost for Applicants

Applying for a demolition allotment requires a Land Use application. This in itself can be a burden but is a common requirement for many types of even minimal development activity in Aspen. The cost to apply is $1,300, which represents four hours of staff time. The rest of the application is very straight forward and could be navigated by a lay person without planning or law expertise. One aspect of an application that does have additional cost is the requirement of a current site improvement survey – that provides staff with an understanding of site conditions, property lines, and encumbrances on the property, like easements. While this can be costly (up to $5,000), ComDev requires an updated survey for an eventual building permit – so this will be required eventually.

Because there has been more demand for allotments than supply, most applications have used an appeal – having gone into the process knowing that there were not current year allotments available. This requires further process with City Council. While not necessary, many applicants have retained legal counsel at this moment to see the process through. As a consequence of this legal involvement, the City Attorney has felt it appropriate to utilize a settlement agreement to issue the allotment, rather than a basic resolution. This has likely added to additional cost and time for some applicants, but could avoided.

Role of Construction and Demolition Waste Ordinance

Without question, one of the primary reasons that some Council members prioritized the demolition allotment system within the moratorium response was over concerns about this type of development's impact on the landfill and in the carbon impacts of the disposal of construction materials. Early in 2025, the new ordinance requiring diversion of construction materials for a broader swath of permit types came into effect. Staff acknowledges that this was an important provision of the demo allotment requirements that is now more broadly applicable – and importantly no longer relies on the demo allotment program for implementation.

Potential Changes

In previous discussions with Council and members of the community, there have been suggestions made for changes to the program – from eliminating the program in its entirety to nuanced changes to individual elements of the program. Below are brief descriptions of the ideas that staff has considered and options for how they might be implemented.

Further Simplify the Application and Review Process.

As previously mentioned, this program was conceived as an administrative review. Due to the appeals and evaluation of long-time locals, most applications have required some level of review by City Council. This has added additional time and process for applicants, staff, and City Council. Broadly, changes in this category would be intended to reduce process requirements and review timelines.

Options:

- Modifications could be made to the program to make the process fully administrative under most circumstances.
- Planning and Zoning Commission could be made to take on the current role of City Council – without changing other aspects of the process.
- When a current year's allotments are utilized, new applications could pursue future years allotments directly – without having to be denied, first.

Expand the Number of Annual Allotments.

When Ordinance #13, Series of 2022 was being finalized, staff proposed a range of the number of annual allotments that may be appropriate – and Council agreed to six as the number. In the years leading up to the ordinance, the highest number of demolition permits that we saw in a year was thirteen, but over the course of nine or ten years of tracking, the average was roughly six per year.

In thinking about whether expanding the number of allotments is appropriate, it should be noted that based solely on the allotments issued to date, the community will be experiencing 30+ demolitions (and redevelopments) within the next few years. Additionally, it should be noted that since 2022, only one application for a demo allotment has not been granted an allotment under one path or another.

Options:

- Increase the number of annual allotments to a number greater than six.
- Increase the number of long-time local allotments to a number greater than two.

Change the Criteria for Getting an Allotment.

There have been suggestions that demolition and redevelopment projects could be subject to:

- Further increases to the construction and demolition waste diversion rate.
- Further incentives in the movement toward electrification.
- Alternative affordable housing mitigation requirements.
- Other heightened standards in delivering community benefits from this impactful development activity.

Options:

There could be an interesting relationship between a larger number of annual allotments being made available (or remove the allotment limit) combined with a heightened set of standards. If Council were desiring to change standards, staff continues to believe that a "competition" between applications would be difficult to manage and apply in a fair and consistent manner. Consistent standards that are either met or not met remain staff's preference – should changes be desired. This would also allow for reviews to be administrative in nature, rather than requiring a board review in navigating subjective criteria.

Modify the criteria for getting a "long-time local" allotment.

Staff continues to struggle with the concept of defining a "local" or what "long-time" means. The current threshold of 35 years of ownership and full-time occupancy is an arbitrary number that tried to capture a duration that made someone a local. While staff certainly understands the desire to make sure that policies are distinguishing Aspen's speculative real estate development market from the interests of families that have lived here full-time and contributed over decades to the community, the ownership structures and relationships present in the community are difficult to differentiate in a way that is fair and can be applied consistently.

Options:

- Reduce the required years to a number less than 35.
- Provide better definition in the relationship of heirs to long-time owners.
- Remove the occupancy requirement but retain the ownership requirement.

Give preference in the allocation of allotments to homes that are of a certain age or condition.

During the moratorium outreach, staff heard concerns from community members that increasingly newer and newer homes were being demolished and redeveloped. It is also true that some homes that are now 40, 50, or 60 years old were not built particularly well in the first place. However, to just say that a home that is of this vintage should be torn down is missing some crucial distinctions and nuance:

- Not all homes are built alike. Some were built well, others were not. Some have architectural interest, others do not.

- If we as a community write off homes from the 50s, 60s, 70s, and 80s (and 90s) as unworthy of our attention and based in an assumption that they should be torn down, we could lose a whole generation of homes from this era, that also contribute to Aspen's architectural fabric.

- Much has been said about the poor energy inefficiency of older homes. While some homes are easier to upgrade than others, a renovation project that improves insulation and upgrades windows and mechanical systems would be a far more sustainable project than a full demolition and redevelopment. One of the data points that we hope to get from these demolition allotment projects is a reporting and a holistic evaluation of the embodied carbon calculation.

Staff have had conversations with at least one member of Council who believes that a response in this area would be an improvement to the program. In concept, staff does not have objection to the idea. However, after significant consideration, staff continues to struggle with how a program could be designed to differentiate homes in way that would be fair and consistent.

Provide additional incentives for significant renovation projects that do not pursue demolition.
Appropriate and effective incentive programs are difficult to arrive at within Aspen's real estate context, but a package of incentives could be out together for projects that upgrade and modernize a home rather than pursue a full demolition/redevelopment project.

Maintain the Status Quo
Staff agrees that the program could benefit from improvements. However, it may be that a majority of Council desires to wait to see how the program continues to play out as issued development allotments translate into actual redevelopment projects in the coming years.

Eliminate the program entirely.
There have been clear voices in the community and at the Council table that desire to eliminate the program. Five years from now, as more of the allotted demolition projects are complete and have provided a set of examples and connected data on which to evaluate the program, and no tangible benefits are identified – staff would likely become advocates for getting rid of the demolition allotment program. However, staff believes the pursuit of this outcome now would be premature, and that the potential of the program to deliver community benefit remains.

CONCLUSION:
For some members of the community, particularly those engaged in speculative real estate development and long-time local homeowners, the initiation of the demolition allotment program has been concerning. Others in the community see a program with the potential to mitigate and pace the redevelopment pressures that are transforming neighborhoods. Staff acknowledges the presence and legitimacy of both of these perspectives. While staff continues to support the program's potential and in general, the status quo, staff is also committed to supportively responding to the majority Council position should change be desired.

QUESTIONS FOR COUNCIL:

1) Does a majority of Council wish to maintain the status quo?

2) Does a majority of Council wish to eliminate the program?

3) If there is not a majority in support of either 1) or 2), is there majority support for any or a combination of the categories of potential changes identified in the memo:

    - Further Simplify the Application and Review Process.
    - Expand the Number of Annual Allotments.
    - Change the Criteria for Getting an Allotment
    - Modify the Criteria for Getting a "Long-Time Local" Allotment
    - Give Preference in the Allocation of Allotments to Homes that are of a Certain Age or Condition.
    - Provide Additional Incentives for Significant Renovation Projects that do not Pursue Demolition.

4) Are there other program changes that a Council majority desires staff to consider or evaluate?

NEXT STEPS:
A policy resolution authorizing staff to pursue code amendments related to the Demolition Allotment Program has already been passed. With majority direction from Council staff will draft proposed code amendments and will bring an Ordinance for 1st and 2nd Reading. Staff will additionally engage the public in providing information on the proposed amendments and opportunities for feedback, prior to Council consideration of the Ordinance.