



Niwot Incorporation Budget & Financial Review Workshop

February 27, 2026

Purpose and Steps in Feasibility Study

Purpose: Determine revenue to ask voters to support to cover estimated expenses.

1. Estimate revenue

- Create database of properties in territory
- Calculate property tax revenue at various mill levies
- Estimate sales tax revenue at various %
- Research other revenue sources

2. Estimate expenses

- Inventory public infrastructure in territory
- Research similar municipality budgets
- Get estimates from possible service providers
- Solicit preliminary bids from road contractors

Purpose and Steps in Feasibility Study

3. Test general assumptions

- Growth rate in revenue streams
- Growth rate in expense streams
- Whether or not to include a contingency for expenses

4. Put it all together in a multi-year model, test different tax levels needed to cover costs, and seek community input on a reasonable balance. **Result is the “Pro Forma Budget”.**

5. Run simulations to test the effect of possible actual numbers – recession, boom, higher or lower costs, etc.

Output of process is an “up to” **property tax mill levy and sales tax percent** included in the petition that is voted on in November. Everything else in the Pro Forma can be debated, researched further, and adjusted. Actual budget will be set by the Town Council. We’re showing feasibility but aren’t making decisions about how the Town will be run.

Assumptions in Current Pro Forma

- **Growth in property taxes is based on 20-year historical compound annual growth rate (CAGR) in Front Range plus expected bump from incorporation.**
- **All other revenue and expense growth is set at 3%**, except marijuana tax set as flat. The effect of higher or lower growth is easy to review. Current inflation rate is 2.4% and Fed target is 2%.
- **Contingency on expenses is set at 15%**, although the effect of a higher, lower, or no contingency is easy to review. This was added to address the concern that we haven't thought of everything.
- **Most data was obtained for 2025 or 2026** and inflated to starting value for year of first revenue or expense.
- **The Colorado Municipal League (CML) State of Our Cities and Towns Survey 2025** (available online) is a good resource when specific bids or nearby town comparisons aren't available.

Notes on Timing

- Timeline is for first Town officers to be sworn in after election in August 2027.
- Boulder County will continue to provide most services for the remaining 4 months of 2027 and for the first 8 months of 2028, including Building Department.
- Some start-up costs will still be required in 2027 for employees and administrative expenses.
- Assumption is that the Town will cover all of the personnel and administrative costs in 2028, except for the contracting attorney and judge.
- Town responsibility for service contracts will be for the last 4 months of 2028 (1/3 of year), making 2029 the first full financial year.
- Incorporation costs must be paid within a year of the date of incorporation.
- The town will need short-term funds, possibly from Boulder County, to cover the limited costs in 2027 and early 2028 until tax revenue is received.

Recent Updates to Pro Forma

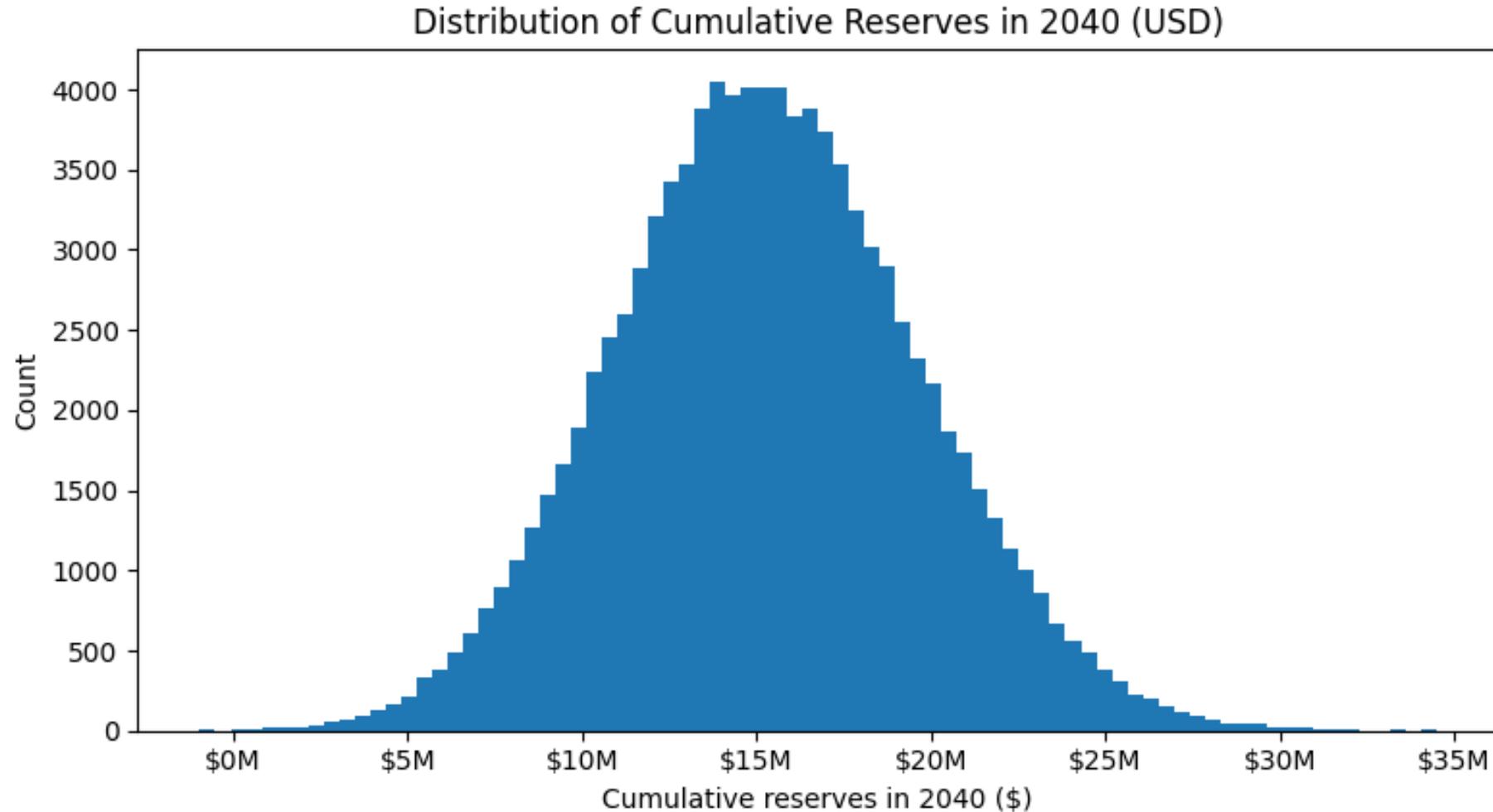
Intent to provide information as early as possible for input and questions in collaborative approach. This means that changes in the pro forma model as additional information is received and issues are addressed is positive and expected.

Changes to the posted model on Niwot.Town (none of these updates materially change the financial feasibility):

- Received proposal from SAFEbuilt for Building Department services with updated projected building permit revenue and cost for contracted service. Includes 15% excess of revenue over costs for town use.
- Received Financial Scenario Analysis from Piper Sandler with details and options for proposed road repair bonds.
- Removed cost for Events and Beautification for end of 2027 as LID pre-allocates these expenses.

Sensitivity Analysis on Pro Forma

Monte Carlo: 100,000 simulations over 2027-2040, calculating contribution to reserves and terminal cumulative reserves. (Bond Payment Held Constant)



Revenue

Revenue – Property Taxes (4 mills) Residential

- Database of total Actual Market Value of residential properties for 2025 tax year (June 30, 2024 assessments)
- Residential assessment rate will be 6.8% in 2027 for funds received in 2028 (first funds to town). However, first 10% of value up to \$70K is exempted, along with other possible exemptions (e.g., senior), so used 6.7%.
- Market value assumed to increase at 20-year historical compound annual growth rate (CAGR) of 4.4% for Front Range (8.8% every other year as per County Assessor schedule).
- Documented extra growth for communities that incorporate of 5%/yr in years 1 and 2 post-incorporation. This was added in 2031 tax year (June 30, 2030 assessments)

All property tax revenue in pro forma is in the year it is received by the town, which is based on the prior year's market value (tax year).

Revenue – Property Taxes (4 mills) Commercial

- Database of total Actual Market Value of commercial properties for 2025 tax year (June 30, 2024 assessments).
- Commercial assessment rate will be 25% in 2027 for funds receive in 2028. No exemptions.
- Market value assumed to increase at 20-year historical compound annual growth rate (CAGR) of 2.4% for Front Range (4.8% every other year according to County Assessor schedule).
- Documented extra growth for communities that incorporate of 5%/yr in years 1 and 2 post-incorporation. This was added in 2031 tax year (June 30, 2030 assessments)

Revenue – Sales and Use Tax (2.5%)

1. Local sales based on 2025 revenue from LID at 1%. Approximately \$25M total/yr = \$625K revenue
2. Online sales based on 2025 revenue from Lyons, Lafayette, and Berthoud adjusted for population, household income, and sales tax rate. Estimate is \$55M/yr = \$1,375K. (Note: including Louisville, the closest to Niwot in HH income, would have raised the revenue by about \$100K.)
3. Total sales tax revenue in 2025 \$ = \$2M
4. General use tax (which includes autos) based on Louisville adjusted for population, HH income, and sales tax rate. Excludes building materials in Louisville data. Results in \$440K in 2025, inflated to \$481K in 2028.

Retail Marijuana Tax (3%)

1. Longmont has a 3% tax; Boulder has a 3.5% tax
2. Local sales of \$1.5M to \$2M based on rough estimate of change in revenue for the LID when Niwot shop opened. We used \$1.67M.
3. The average sales per store in Boulder County over 2023 to 2025 was about \$3.2M.
4. Tax must be approved by the voters. Financial feasibility does not depend on this tax.

Other Taxes

1. **Highway Users Tax Fund** is based on miles of road and number of registered vehicles in municipality and can range from \$2,000 to \$5,000 per mile. We have 25-29 miles depending on whether the county keeps responsibility for through roads. Niwot is on the high side for number of vehicles - used 4,500 registered vehicles = \$4,000 per mile = \$100K per year (in 2025), inflated to \$109K in 2028.
2. **Road and Bridge Fund** is Niwot Assessed Value/Boulder County Total Assessed Value portion of 0.167 mills. Calculates to \$29.6K in 2025, inflated to \$32.3K in 2028.
3. **Specific Ownership Tax (SOT)** is paid with auto registration and varies by original value and age of vehicle. It is distributed to all mill levy recipients in proportion to levies. Assuming 4,500 vehicles at \$180 average SOT/vehicle x 4 mills/102.461 mills = \$32K, inflated to \$35K in 2028.

Other Revenue

1. **Grants** are available to municipalities for a variety of purposes. According to the Colorado Municipal League survey, a town that aggressively pursues grants averages about \$150/per person, which would be \$645K. We assumed no grants in the first full year (2028) and \$270K starting in 2029.
2. **Conservation Trust Fund** is available for any municipality that applies and is distributed according to population For 2026, the CTF pool of \$82M is distributed across population of 5.9M; Niwot's share is \$72K, inflated to \$80K in 2029. Funds are restricted to purposes relating to public recreation areas, including maintenance of these areas.
3. **Utility and Franchise Fees** are charged by almost all municipalities and will be approximately \$75K/yr.

Building Department Permit Fees

Building Department Permit Fees based on proposal from SAFEbuilt, which provides contracted building department services to 71 municipalities in Colorado. Assumes full-service building department including Building Official, Inspections, Plan Review, Permit Technician, and building department software.

Projected Annual Permit Revenue for Niwot = ~\$180K using IRC Standards

SAFEbuilt Share Percentage = 85%

Niwot Retained Revenue = ~\$27K

Building Department software is included (with annual updates)

Expenses

Pay and Benefits

1. **Employees included are Town Manager, Town Clerk, and Deputy Clerk/Admin** as typical for municipality of our size. Base pay from ZipRecruiter and Salary.com. Benefits at 38% is on high side of average for CO small municipalities of 30-35%. Includes health, payroll taxes, and PERA.
2. **Honorariums for Mayor at \$1,000/mo (growing at 3%) and 6 Council Members at \$500/mo each (assumed no growth).** Will be up for discussion by the Charter Commission.
3. **Contracting Attorney/Prosecutor** is only for minor municipal offenses. Range for small towns in Colorado is \$30-60K; used midpoint of \$45K.
4. **Municipal Court/Contract Judge.** Range for small towns in Colorado is \$10-20K; used \$20K.

Service Contracts – Public Safety

- Current use based on analysis of calls is 0.67 full-time equivalent (FTE) of an officer.
- Approximately \$200K per year weighted average cost from Sheriff Johnson in 2026 for various types officers (e.g., deputy, detective, animal control) including all benefits, worker's comp, share of overhead, and vehicle use.
- Assume raising coverage to 2 FTE (total, not per shift) for cost of \$400K in 2026, inflated by 4%/yr per the Sheriff, to \$450K in 2029.
- Distribution of resources will be decided by Town Council in consultation with the Sheriff. Higher FTE than current could mean an individual officer is assigned to Niwot as primary job, meaning 1 FTE, probably during day shift (40 hrs/wk).
- Full backing of Sheriff's Department in case of emergency.
- Compared to Lyons, Niwot doesn't require significant highway and traffic patrol.
- School Resource Officers are covered by the school district.

Service Contracts – Public Works

1. **Routine Road Maintenance** is based on potholes and crack sealing 20% of total roads (29 miles) each year at \$13K/mi and chip (or slurry) sealing 15% of total roads each year at \$82K/mi. Costs from per square foot estimates from Enright, Blacktop, and City of Littleton applied to calculation of total square feet of road considering actual road width and cul de sacs (740,000 sq ft).
2. **Snow Removal, Street Sweeping** is based on a bid from major landscaper. Streets are \$175/mi x 29 miles x 12 plowable events; Sidewalks are \$200/mi x 5 miles x 12 plowable events; Street sweeping is \$250/mi x 29 miles x 2 sweepable events = \$87,400. Added \$50,000 for routine maintenance of signs, lights, etc.
3. **Parks and Trails** set to exceed Conservation Trust Fund expected revenue of \$75K by \$18K. Cost needs further exploration and likely allocation of responsibility with County.
4. **Building Department** expenses are set at 85% of permit revenue, per SAFEbuilt.

Administrative Expenses

1. **Office Space and Meeting Rentals** is based on \$15/sq ft for 2000 sq ft as typical for Niwot (\$30K lease) plus renting Niwot Hall for council meetings, etc. at \$5K for the year, inflated from 2026.
2. **Insurance (Property & Casualty, Workers Comp, and Liability)** is \$40-80K for towns our size; used midpoint of \$60K although it could be lower because of low number of employees, and no vehicles or buildings.
3. **Information Technology** is \$20-40K for towns our size; used midpoint of \$30K. Assumed \$50K in 2027 because of need to set up all the systems.
4. **Finance Contracting/Auditing** is \$20-35K for towns our size; used \$40K because of lean town staff.

Other Expenses

1. **Materials** is for primarily for infrastructure projects. Colorado Department of Local Affairs (DOLA) data is \$50K at the high end for towns our size. Doubled to \$100K because so much of the infrastructure has been neglected.
2. **Election Costs** are \$5-20K in an election year for ballot printing, mailings, counting, etc. Used \$12.5K every year but only expect alternate year elections at \$25K.
3. **Events and Beautification** at \$180K is based on what the LID spends now.
4. **Downtown Improvements** set at \$70K but could be higher if additional revenues are received for improvements such as Tax Increment Financing (TIF).

Road Repair Bonds

1. Total estimated cost to bring all roads up to PCI > 70 is \$13 to \$15M based on multiple bids and comparisons.
2. Assumes private contractors – capital project planned, engineered, bid in 2028.
3. Proposing a road bond measure on November 2026 ballot of \$15 million secured by sales and use tax revenue. Town Council can choose to issue bonds in stages.
4. Pro Forma assumes issuing full \$15M in April 2029 with 20-year repayment at today's rates + 50 bps. Actual funds to town based on Piper Sandler bond repayment scenario is \$16M.
5. Pro Forma model in 2030 devotes ~\$1.7M or 43% of town expenses to roads (maintenance and capital repairs).
6. For comparison, a PID of 12 mills for roads is ~\$2.7M in 2030, assuming same properties included.

Road Options – Comparison of Property Taxes

Change in Property Taxes from Status Quo

Home Value	Status Quo Property Tax	Incorporation (4 mills)	PID to Repair Roads (12 mills)
\$3,000,000	\$19,617	\$797	\$2,391
\$2,000,000	\$12,922	\$525	\$1,575
\$1,500,000	\$9,574	\$389	\$1,167
\$1,000,000	\$6,227	\$253	\$759
\$500,000	\$3,013	\$122	\$367

→ **Approximate average home value in Niwot**

Appendix

How Property Taxes are Calculated - Residential

1. Boulder County Assessor determines “actual value” of property every two years.
2. Actual value is reduced by 10%, capped at reduction of \$70,000. Other exemptions, such as for seniors and disabled veterans, may apply. Results in “net actual value”.
3. Net actual value is multiplied by assessment rate of 6.8% (0.068) to get “assessed value”.
4. Assessed value is multiplied by the mill levy divided by 1000 to get “tax due”.

Mill levy is the “tax rate” where 1 mill = \$1 of property tax for every \$1,000 of assessed value.

Example:

Boulder County Assessor says home’s actual value is \$1,500,000

Net actual value = \$1,500,000 - \$70,000 = \$1,430,000

Assessed value = \$1,430,000 x 0.068 = \$97,240

Assume a total mill levy of 100 mills. Tax due = \$97,240 x 100/1000 = \$9,724.

Note: For 2026 (paid in 2027), the assessment rate for school districts is 6.95% and for local governments, county government, and fire districts is 6.8%.

How Property Taxes are Calculated - Commercial

1. Boulder County Assessor determines “actual value” of property every two years.
2. No reduction in actual value for commercial properties.
3. Actual value is multiplied by assessment rate of 25% (0.25) to get “assessed value”.
4. Assessed value is multiplied by the mill levy divided by 1000 to get “tax due”.

Mill levy is the “tax rate” where 1 mill = \$1 of property tax for every \$1,000 of assessed value.

Example:

Boulder County Assessor says property’s actual value is \$1,500,000

Assessed value = $\$1,500,000 \times 0.25 = \$375,000$

Assume a total mill levy of 100 mills. Tax due = $\$375,000 \times 100/1000 = \$37,500$

Note: The assessment rate for commercial property is 27% for 2025 (payable in 2026) but will decline to 25% in 2027.

For the same \$1,500,000 actual value, a commercial property owner pays \$37,500 compared to \$9,724 for a residential property owner, or 3.9x.

Fire and EMS Services: Post-Incorporation

Current Revenue

AREA	PROPERTY TAX	SOT	AMBULANCE	TOTAL REVENUE	POPULATION	PER RESIDENT
Niwot Only	\$3.12M	\$140K	\$110K	~\$3.4M	4,300	\$760
Station 4 Area	\$5.30M	\$212K	\$200K	~\$5.7M	7,958	\$716

Town of Niwot represents about 60% of Zone 4 in both revenue and expenses

Current Cost for Station 4 vs. Revenue – staff dependent

LINE ITEM	12 FTE	15 FTE	18 FTE	21 FTE
Zone 4 Tax-Base Revenue	\$5,710,000	\$5,710,000	\$5,710,000	\$5,710,000
EXPENSES				
Labor (@\$201,719/FTE)	(\$2,420,628)	(\$3,025,785)	(\$3,630,942)	(\$4,236,099)
Support/Admin/Prevention (@\$53,175/FTE)	(\$638,100)	(\$797,625)	(\$957,150)	(\$1,116,675)
Station OpEx	(\$157,374)	(\$157,374)	(\$157,374)	(\$157,374)
Capital Replacement & Lifecycle Reserve	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Expense	(\$3,716,102)	(\$4,480,784)	(\$5,245,466)	(\$6,010,148)
Net Position	\$1,993,898	\$1,229,216	\$464,534	(\$300,148)

Based on published 2026 budget.

MVFPD has told LHVC that staffing at Station 4 is \$2.5M per year, but the details of this cost are not known.

Boulder Rural's costs are slightly lower than MVFPD (~4%). Its station has 18 FTE and covers more people, households, and calls than Station 4.

What Does this Mean?

- Assuming Station 4 operates with 15 FTE, the revenue for Zone 4 exceeds the costs to operate it by about \$1.23M (Net Position)
- This Net Position could be subject to negotiation by future town
- Where does the Net Position of MVFPD go now (2026 Budget)?
 - MVFPD General Fund expenditures = \$52.7 M
 - MVFPD Capital Fund expenditures = \$58.7M largely for addition of stations and fleet in Mead and Erie (53% of total budget)
 - Our analysis is that Zone 4 is contributing \$1-2M toward the expansion of the MVFPD
- By comparison, Boulder Rural Fire Protection, a much smaller district, budgets \$0.56M for capital expenses, or 7% of total budget