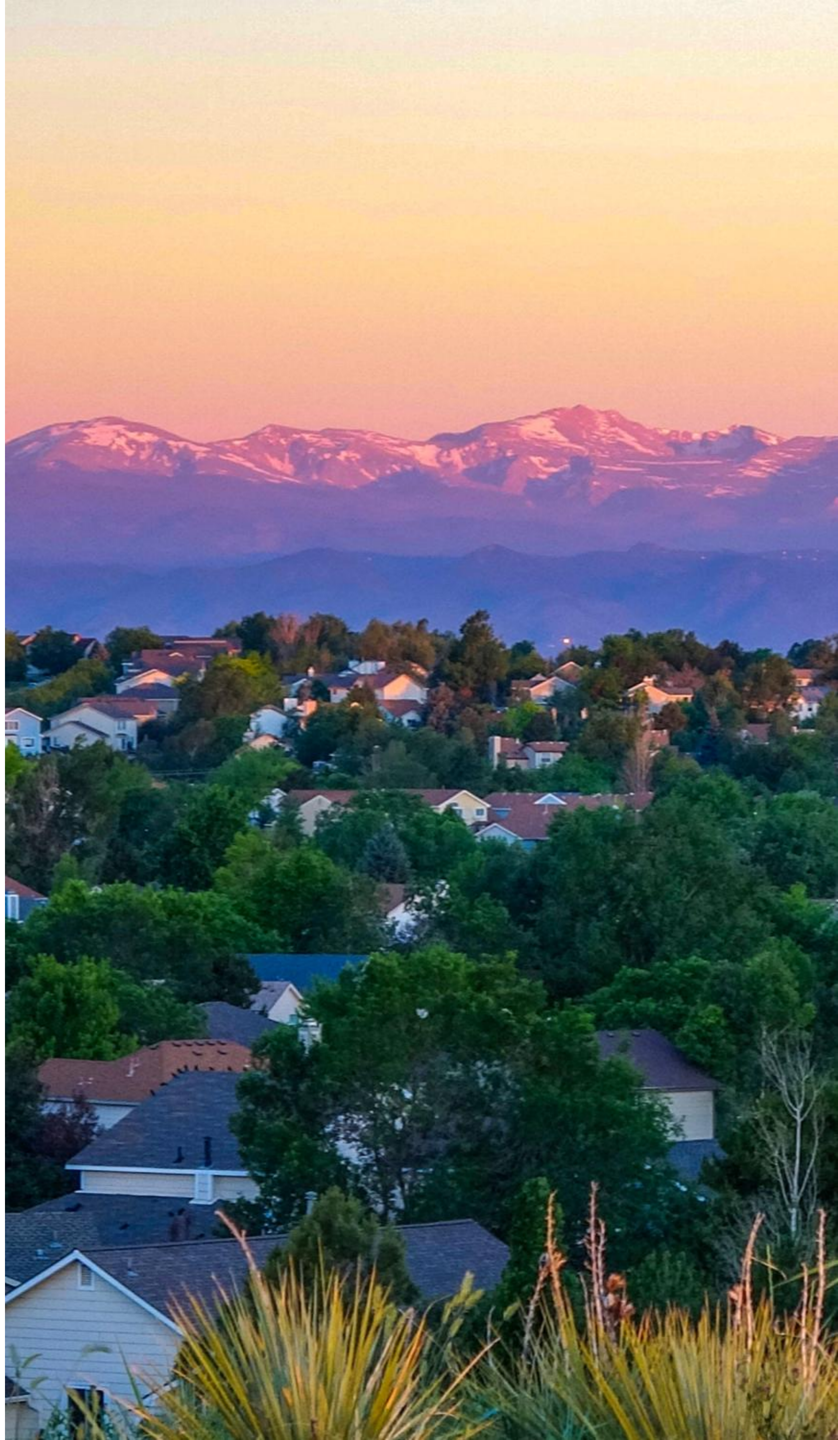
Jeff Cadiz, Finance Director

Fiscal Sustainability Background & Election Coordination Consideration

July 21, 2026

Agenda

- Discuss major funds Relationship
  - General Fund
  - Street Fund
  - Capital Improvement Fund
- Background of fiscal sustainability analysis
- Magellan Strategies Survey – June 2026



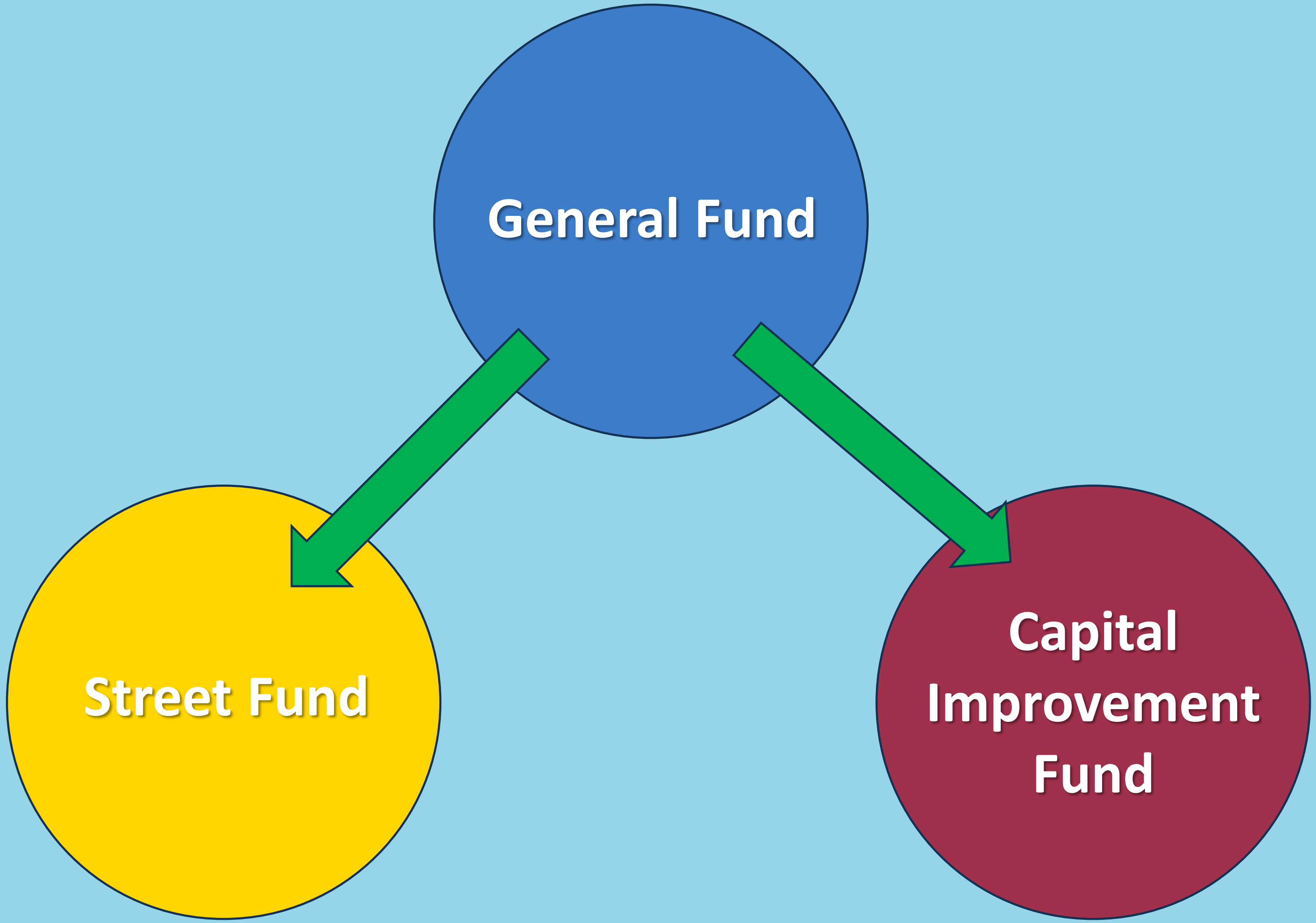
General Fund

Street Fund

Capital Improvement Fund

Open Space Fund

Conservation Trust Fund


General Fund
Street Fund
Capital Improvement Fund

General Fund

Operating

Street Fund

Operating & Capital Projects

Capital Improvement Fund

Capital Projects

2026 Budget: ~78% of GF, SF and CIF budget goes to Public Safety and Public Works/Street-related expenditures

2019 ACSO Contract Services Expansion

- 2018 staffing analysis: only 6–9 patrol deputies on duty per shift, out of 72 total
- Centennial staffing levels: 1.16 officers per 1,000 residents, vs. 1.60 in Arvada
- Calls for service up 17% (2013–2017); proactive traffic enforcement down 34%
- Council approved 21 new FTE positions in 2019 (patrol, investigations, community services, communications)
- Behavioral Health Response Program (co-responders)
- Contract cost rose from $24.8M to approximately $29.2M
- State mandates added unanticipated ongoing costs

Creation of the Street Fund

2019 - City evaluated whether the budget fund structure clearly showed the full cost of maintaining the City's transportation network.

- Street operating costs were in the General Fund while capital costs were in the Capital Improvement Fund — making it hard to show the true total cost of the street network.
- Council established the Street Fund via Ordinance 2019-O-29, effective with the 2020 budget.
- Consolidated existing street, sidewalk, bridge, signal, streetlight, and curb/gutter revenues and costs into one fund.

This change did not create new financial obligations — just made existing obligations more transparent.

Fiscal Sustainability Before the Pandemic

February 22, 2020: City Council Strategic Planning — weeks before COVID-19 reached Colorado

- Revenue growth was not keeping pace with rising service costs.
- Revenue structure would likely need to change within 10 years.
- Sales tax exemptions narrowed the City's base vs. other jurisdictions.
- Council and Staff discussed a path toward increased revenue or debt, alongside the importance of public trust and education.
- TABOR's voter-approval requirement was recognized as a key factor for future conversations.

COVID-19 and the City's Long-Range Financial Model

Pandemic introduced major uncertainty in business activity, sales tax receipts, and the broader economy.

- 2020: City engaged a third-party consultant to build a comprehensive long-range financial model.
- The model evaluates historical trends, revenue/expenditure assumptions, capital needs, and fund balances over a multi-year horizon.
- Designed as an early-warning and decision-making tool — not a reason to wait until an imbalance forces action.
- Initial modeling: City remained financially healthy, but expenditures were projected to grow faster than revenues.

Budget Committee: June 2021 Report

Budget Committee review of major City responsibilities: Transportation & Mobility; Public Safety & Health; and Fiscal Sustainability

- Transportation & Mobility
  - Represents ~35% of the City's budget (General, Street, Capital Improvement, and Open Space Funds)
  - Reviewed Transportation Master Plan – the long-term outlook for the City.
- Public Safety & Health
  - Law enforcement is the single largest General Fund expense — 53% of the 2021 General Fund budget.
  - Some cost growth tied to unfunded legislative mandates (e.g., SB 20-217)
- Fiscal Sustainability
  - City revenues during COVID-19 and trends showing recovery
  - Reviewed long-range financial projections

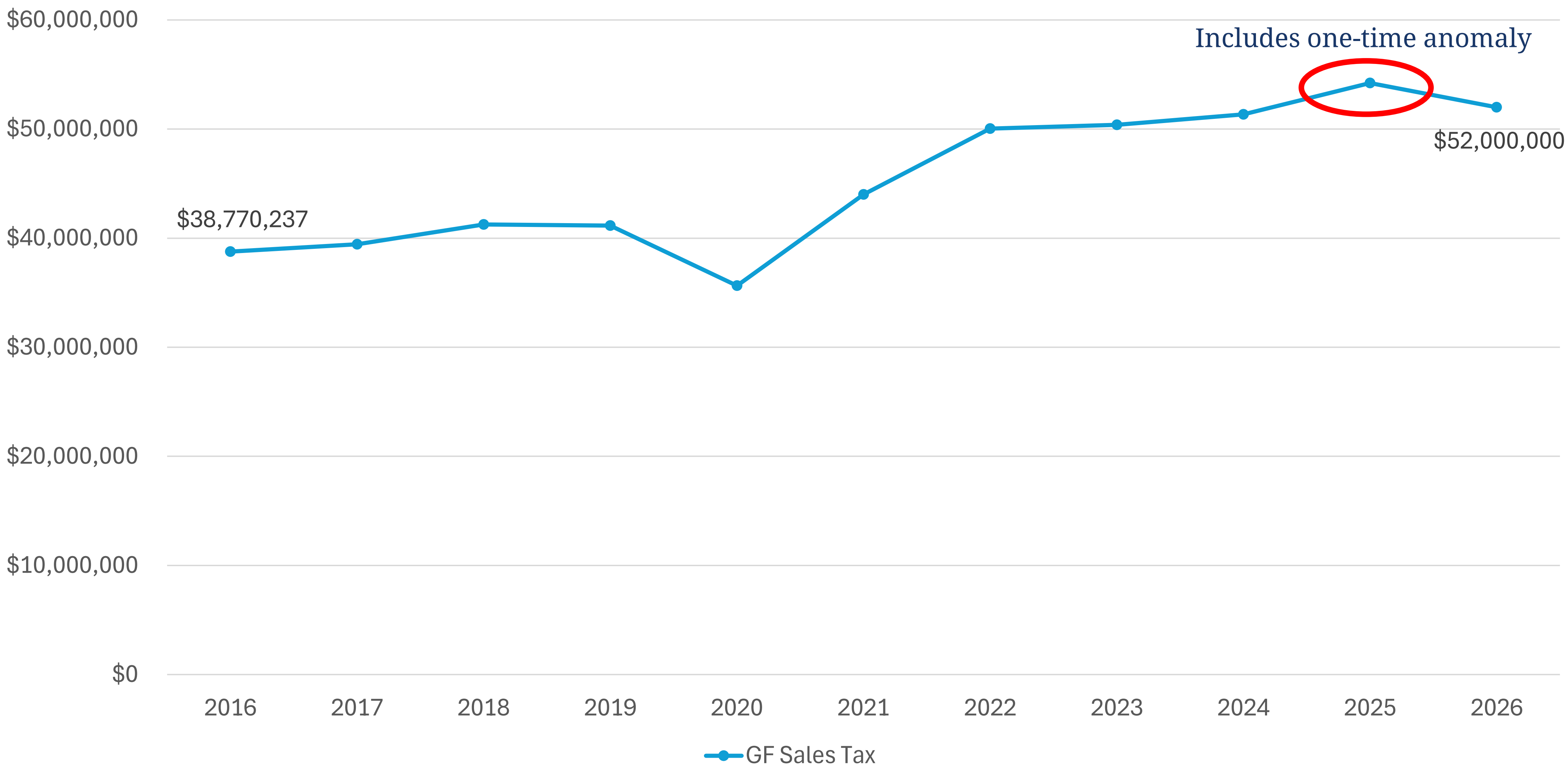
"The City will likely encounter structural challenges to Fiscal Sustainability…"
— Budget Committee letter to City Council, June 2021

Sales Tax: Wayfair Decision & Economic Nexus

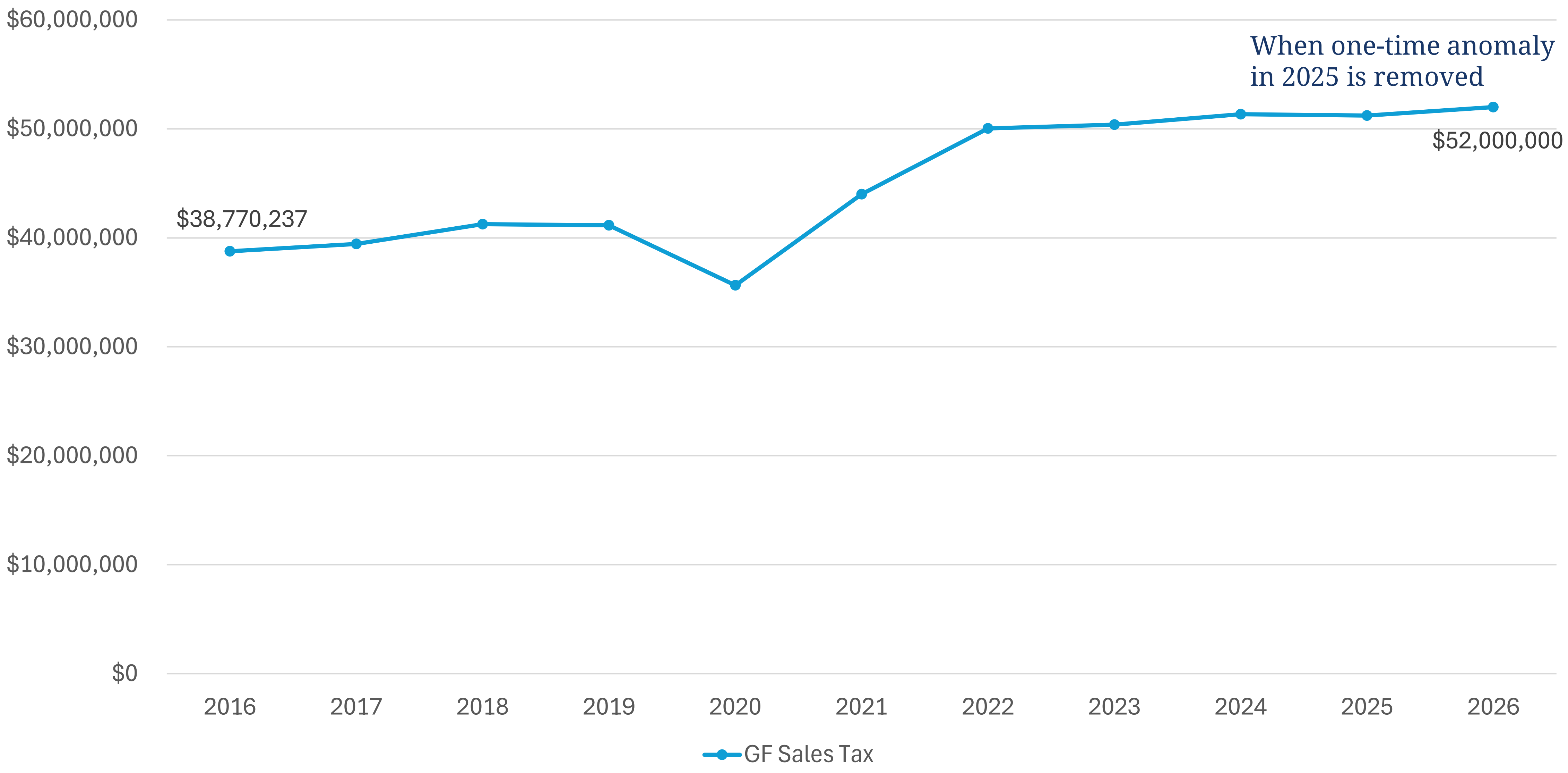
- 1992 Quill v. North Dakota: retailers only had to collect sales tax with physical presence in the jurisdiction.
- 2018 South Dakota v. Wayfair: Supreme Court allowed states to require tax collection based on sales volume — no physical presence needed.
- 43 of 45 sales-tax states, including Colorado, adopted economic nexus standards.
- Spring of 2021: Centennial adopted Ordinance 2021-O-02 and joined the State's Sales & Use Tax System (SUTS).

This change made meaningful impact on sales tax revenues for Centennial — but sales tax growth has flattened while service costs continue rising.

Sales Tax 2016- 2026



Sales Tax 2016- 2026



External Funding & Grants

- City pursued DRCOG, CDOT, and other grants to support Transportation Master Plan projects.
- ~$33 million in federal/state grant funding — unique post-pandemic period of expanded infrastructure funding availability.
- Funded key City infrastructure: Havana/Easter Intersection, Arapahoe Road Sidepaths, Colorado Blvd. multimodal improvements, and intersection upgrades.

Grants are one-time, project-specific resources — not a recurring revenue source.

This level of grant funding is not expected to continue at the same scale.

Post-Pandemic Cost Increases

- Inflation, labor, and supply-chain pressure raised costs across nearly every City service — especially law enforcement and Public Works
- These are cost increases for existing services, not new programs
- Aging Infrastructure: 25 – 40 years old

FOUR INTERSECTION SIGNALS

$350,000 (2019) | $900,000 (2026) + 157%

REPAVE ONE LANE MILE

$143,693 (2020) | $206,922 (2026) + 44%

92 Traffic Signal Intersections

1,150 lane miles

SNOW-PLOW TRUCK

$575,000 (2019) | $800,000 (2026) + 39%

SCHOOL RESOURCE OFFICER

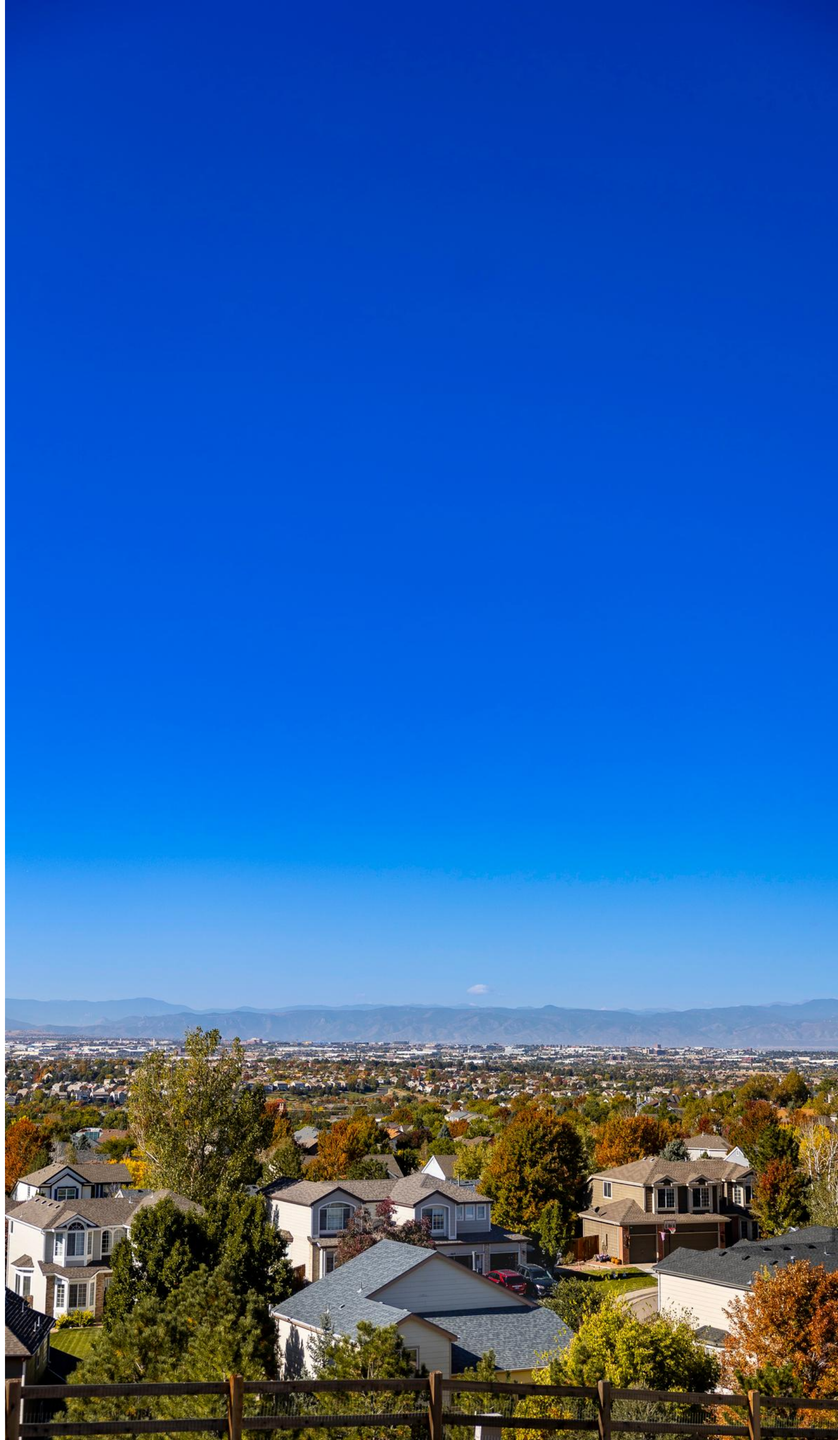
$134,833 (2019) | $168,640 (2026) + 25%

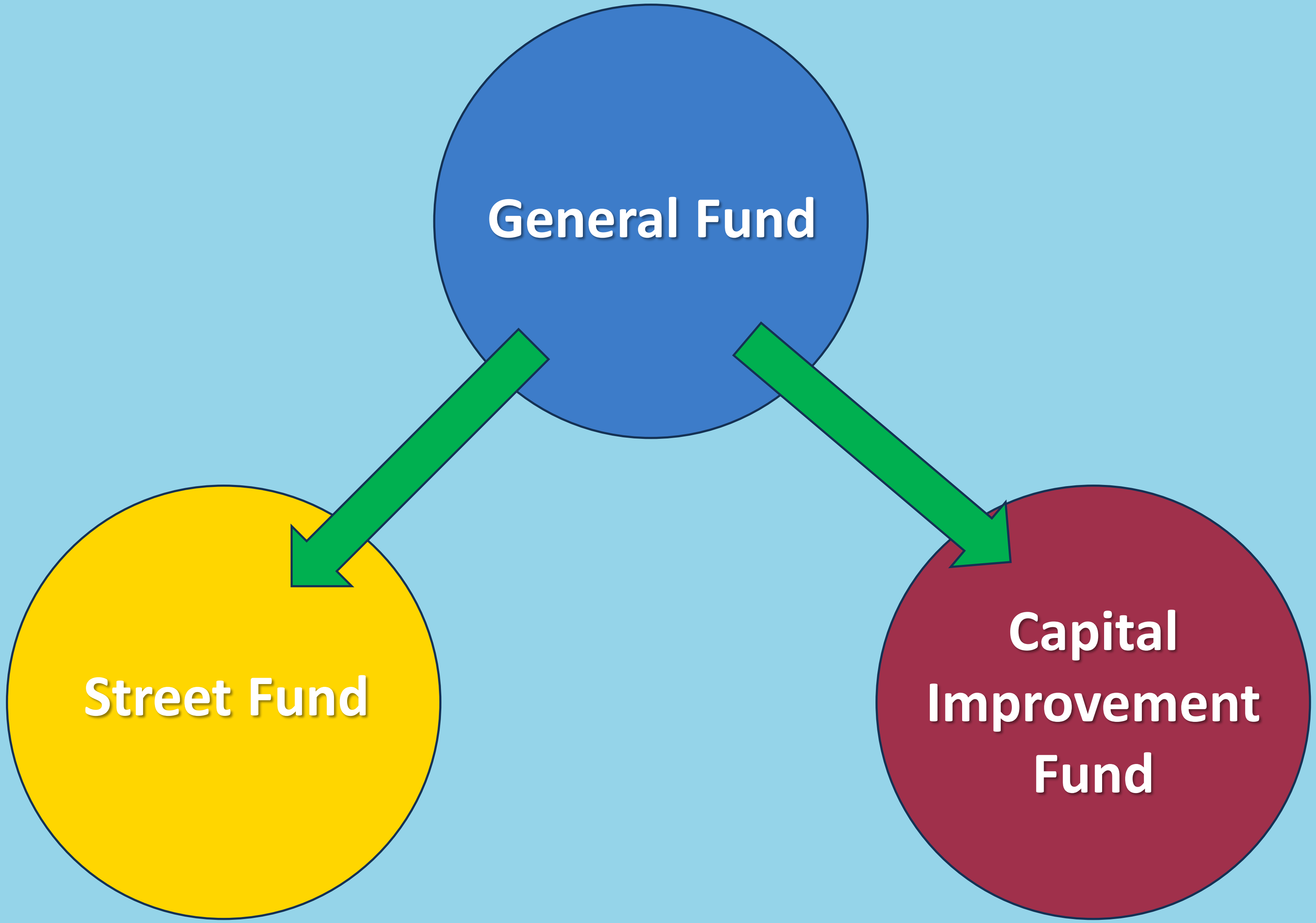
Council Strategic Actions Taken to Control Costs

- Purchased streetlights from Xcel — control maintenance, conversion to LED, reduce long-term costs.
- Building Services — better service, cost predictability, staffing alignment.
- Pursued available COVID-era grant and stimulus funding.
- Secured contract concessions from Jacobs during the pandemic.
- Restructured the Public Works contract with Jacobs for operational efficiencies.
- Annual service level and cost conversations with the Sheriff's Office
- Strengthen Capital/Fund management with Investment Committee

No-Debt Financial Model

- Since incorporation, Centennial has funded capital projects with cash, not debt.
- No bond payments, no interest costs, no debt-limit constraints, no market-timing risk.
- Requires discipline
  - Plan capital projects years in advance.
  - Maintain healthy fund balances.
  - Save intentionally for large infrastructure needs.
  - Be patient and strategic about timing projects.
- As the General Fund margin narrows, the City's capacity to save for future projects decreases.
- Using fund balance to bridge the gap only postpones the underlying structural challenge.




General Fund
Street Fund
Capital Improvement Fund

General Fund

Street Fund

Capital Improvement Fund

Operating

Sales & Property taxes:

- 77% of GF revenues
- $67.1M

Operating & Capital Projects

- Sales Taxes: $2.8M
- Motor Vehicle Use Tax: $6.9M
- Highway Users Tax Fund: $4.2M
- Road & Bridge Shareback: $575k

$14.5M

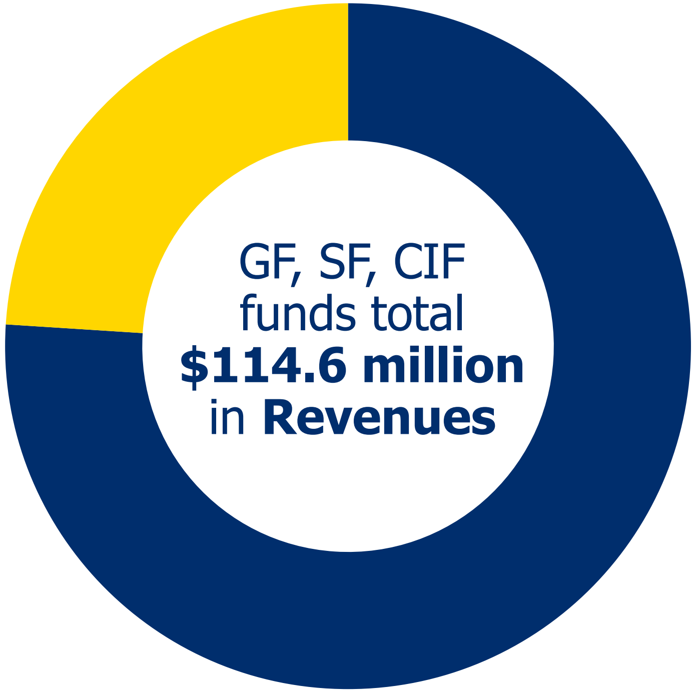
Capital Projects

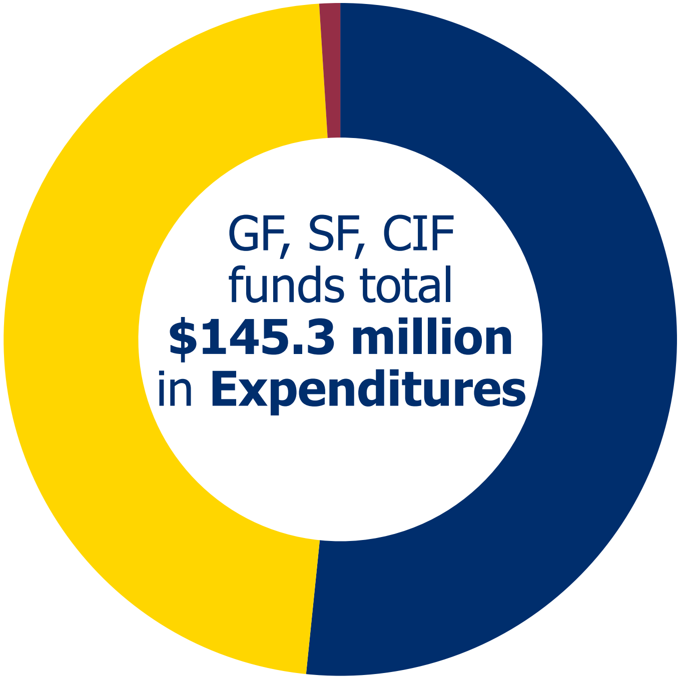
General Fund Support of Street & Capital Improvement Funds

Year	GF Transfer to Street Fund	GF Transfer to Capital Improvement Fund
2022	$12.0M	$0
2023	$25.0M	$0
2024	$32.5M	$5.0M
2025	$30.0M	$5.0M
2026*	$15.0M	$3.0M

**2026 Transfers are budgeted numbers.*

General, Street & Capital Improvement Budget 2026





General Fund - $87.1M (76%)

Street Fund – $27.5M (24%)

Capital Improvement Fund - $0 (0%)

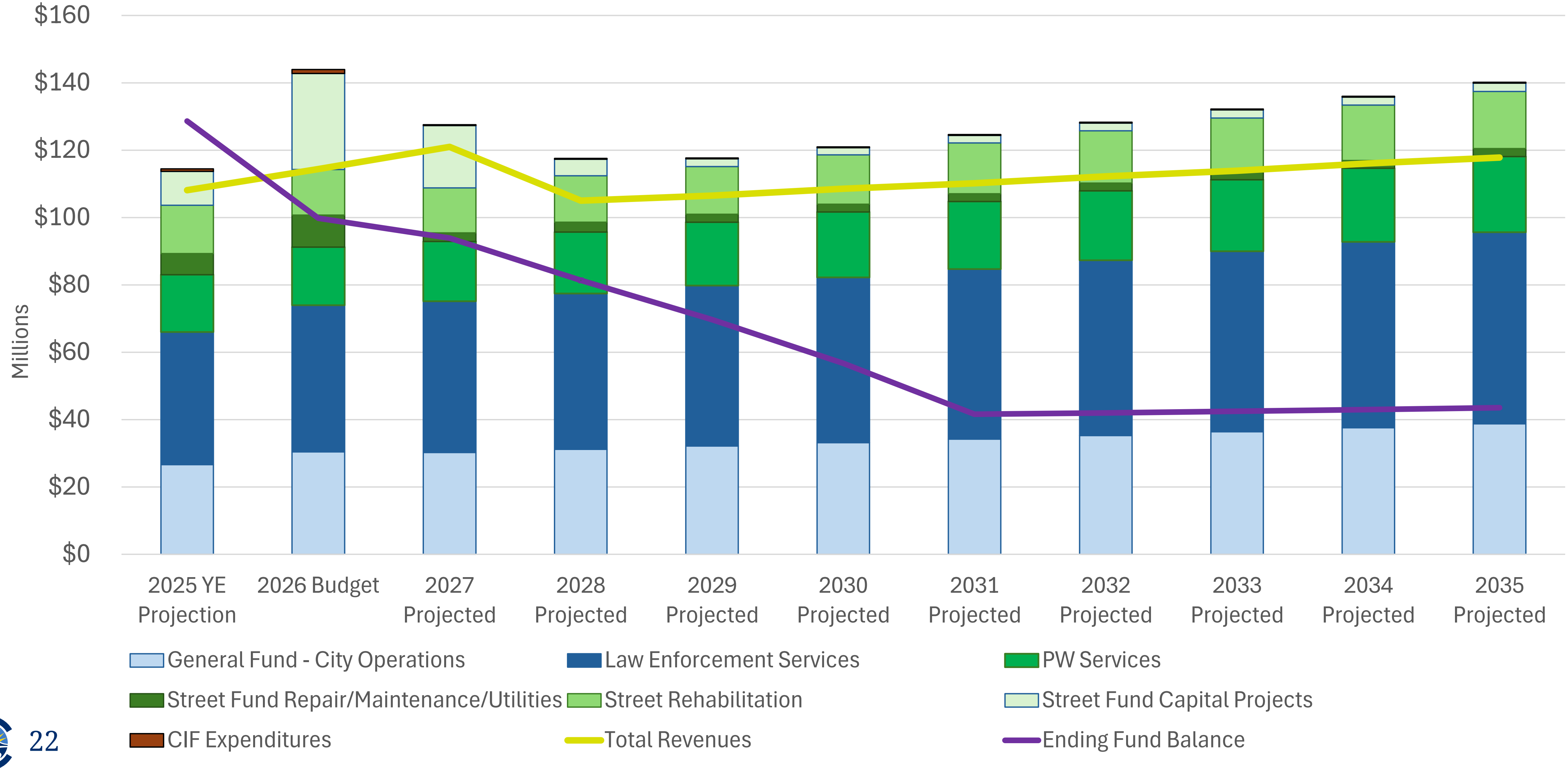
General Fund - $74.0M (51%)

Street Fund – $67.9M (47%)

Capital Improvement Fund - $1.4M (1%)

~78% of GF, SF and CIF budget –
Public Safety and Public Works/Street related expenditures

General, Street and Capital Improvement Funds: Revenues, Expenditures, and Fund Balance, FY2025-FY2035



Sales Tax Comparison

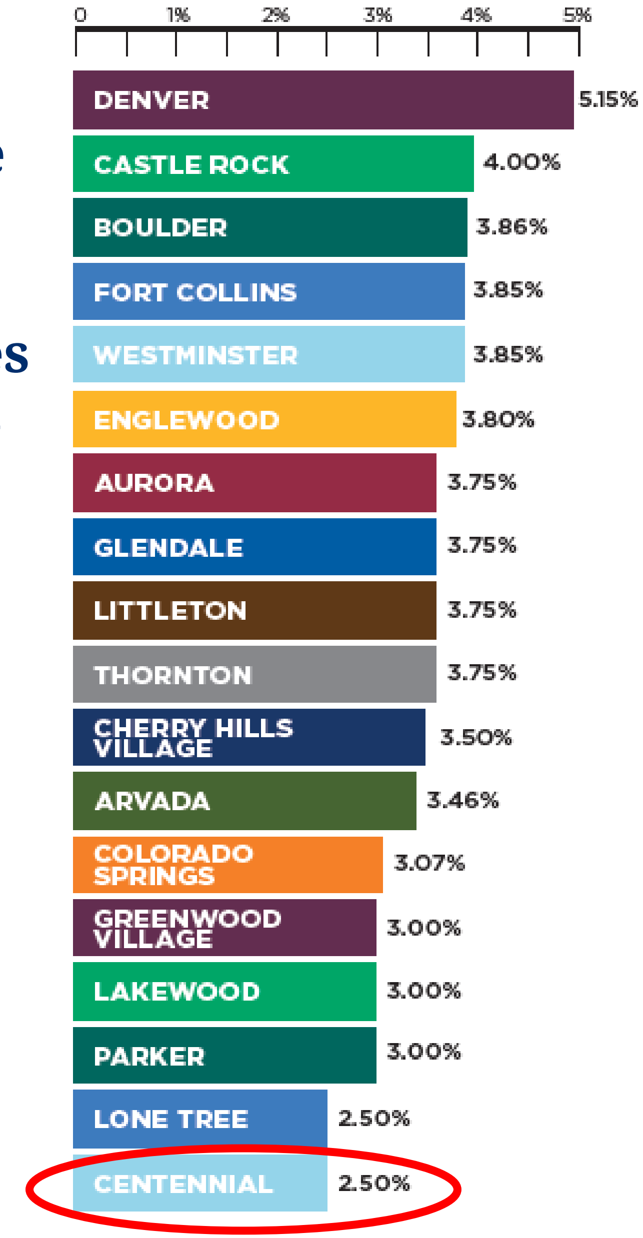
Sales Tax Rate

Among 38 comparable jurisdictions:

Centennial's 2.5% sales tax rate is the lowest

Average sales tax rate across comparable jurisdictions:

3.63%



Sales Tax Base – what is taxable?

Centennial's taxable base is narrower than peer communities.

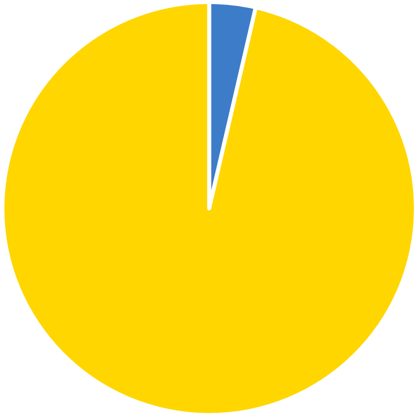
- 84% of compared jurisdictions tax residential utilities
- 84% tax all software purchases — Centennial taxes only tangible software
- 59% tax groceries
- 49% tax cable TV
- 41% tax admissions/entertainment

All of these are exempt from tax in Centennial – limiting the amount of revenue collected.

Property Tax

Actual Value: $676,100

Assessed Value: $42,256

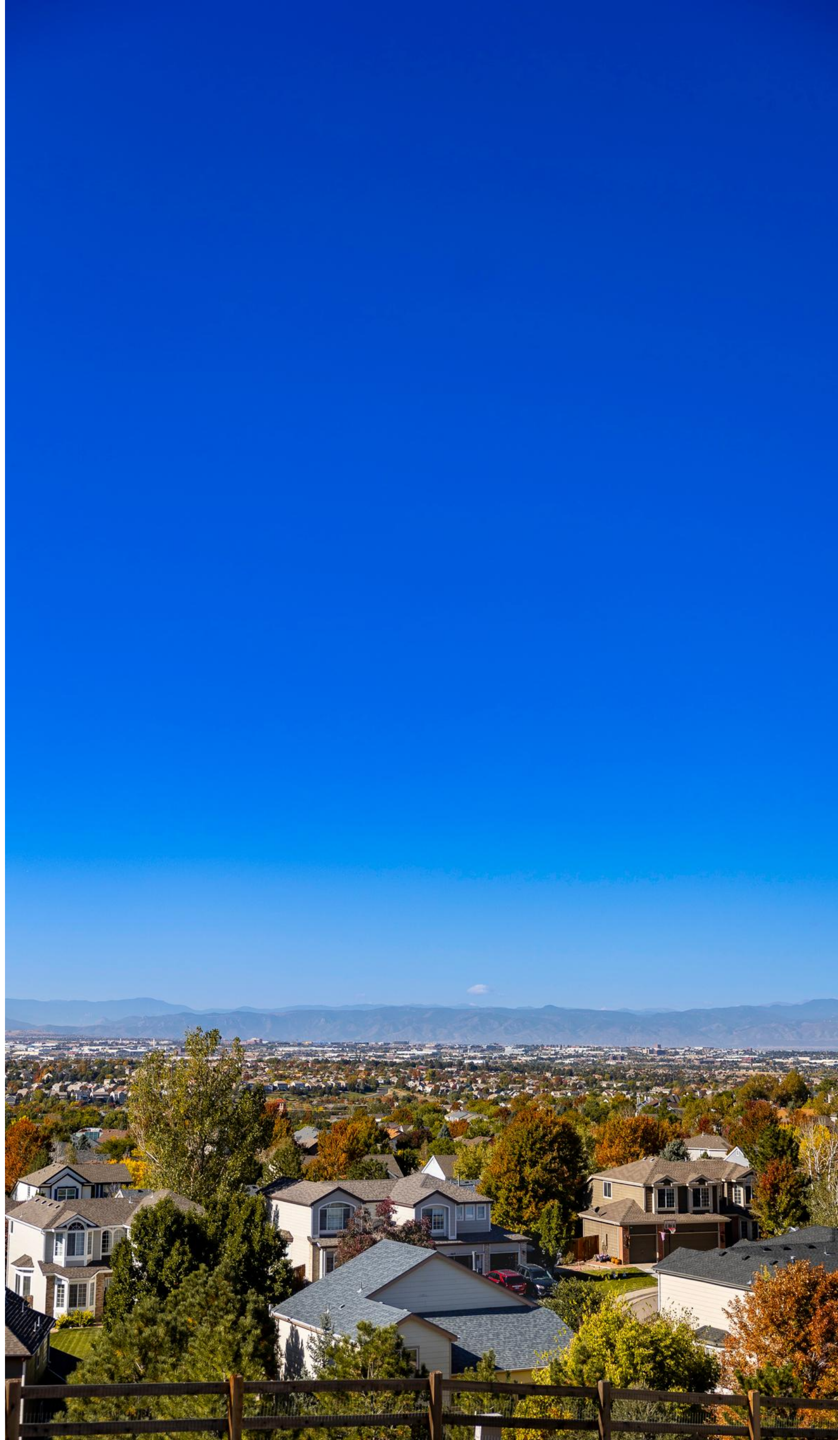


Total Property Tax Bill: $5,212

City Property Tax: ~4% - or $214

Most property tax paid goes to schools, Arapahoe County, South Metro Fire, and other overlapping special districts

2027 reassessment cycle may bring declines in commercial property values (especially office) amid elevated metro area vacancy rates



Financial Sustainability Requires Policy Decisions

Policy Options for Addressing the Funding Gap

- Public safety and transportation together represent ~78% of spending — the gap cannot be closed through administrative reductions alone
- Since 2021, Council has discussed the options available to address the projected structural gap, including reductions to law enforcement, street maintenance, and capital projects
- Resident surveys have consistently identified public safety and street maintenance among the community's highest priorities
- Council has maintained current levels in these service areas

Policy Options for Addressing the Funding Gap

To close the gap without additional recurring revenue, the City would eventually need some combination of:

- Reducing law enforcement services
- Reducing Public Works maintenance, snow removal, street rehabilitation, or other transportation services
- Deferring or eliminating capital projects
- Drawing down reserves to pay recurring expenses
- Beginning to pay for capital projects using debt

Policy Considerations

- Some residents may prefer that the City limit service levels to available revenue rather than pursue additional revenues.
- Others may question whether current projections overstate how soon the funding gap will materialize.
- Council has weighed service level reduction options against resident feedback and survey data on Public Safety and Street service levels.
  - Council will hear the most recent survey data tonight from Magellan Strategies
- The long-range financial model was developed with a third-party consultant and is updated annually at then-current service levels.
- The core trend — **expenditures growing faster than revenues** — has held consistent across multiple economic cycles, budget years, and regularly updated assumptions.

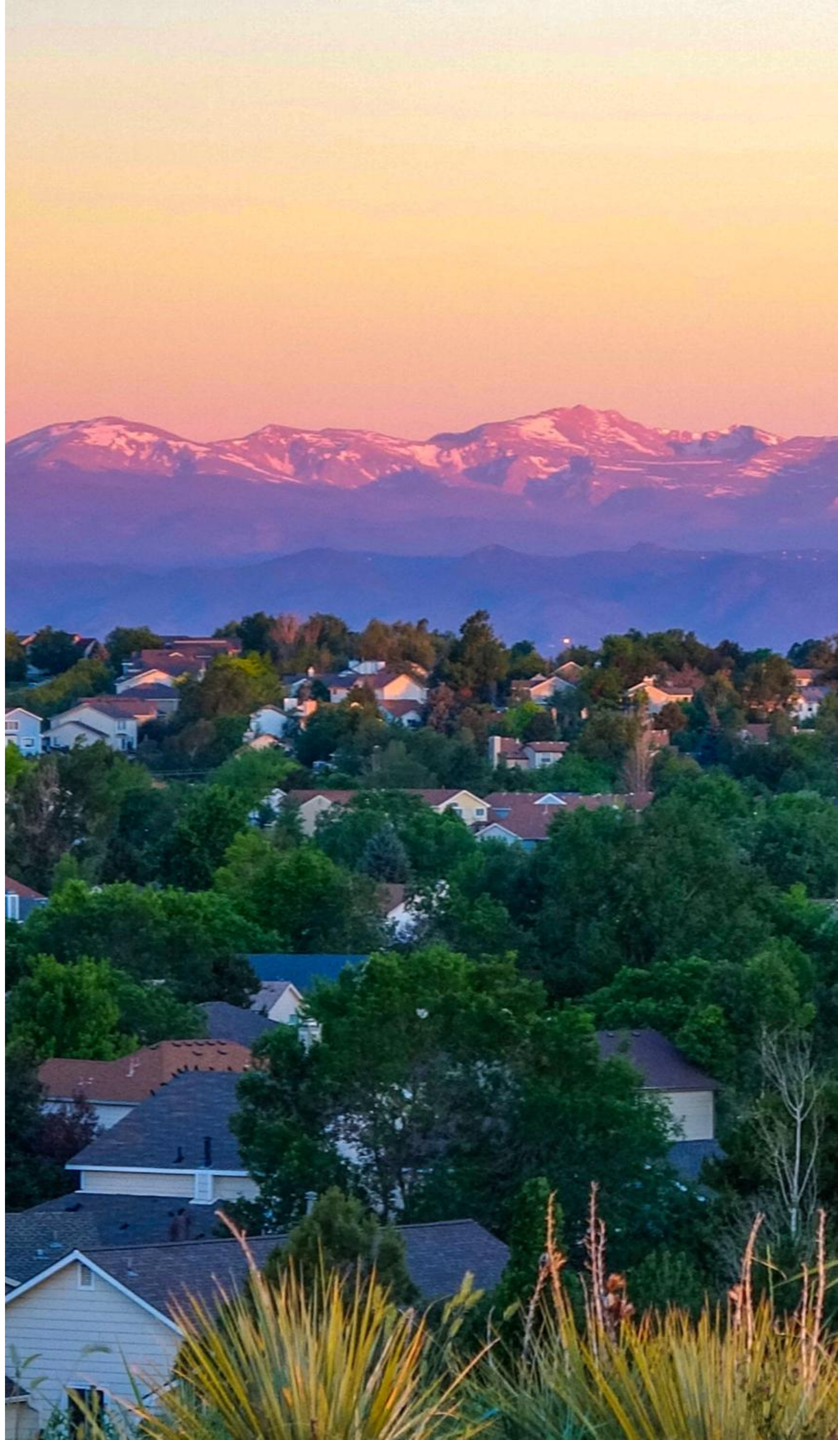
Sales Tax Ballot Question: Testing Purposes

Draft Ballot Question (Tested June 2026)

- Centennial Budget Committee assisted in drafting language
- Structured as a voter-approved revenue change under TABOR (Colorado Constitution - Article X, Section 20)
- Tested a 1.00% sales tax rate increase (2.50% → 3.50%) estimated to generate ~$23 million annually
- Directed to Street/Transportation-related purposes:
  traffic safety improvements, street maintenance, pothole repair, roadway reconstruction, bridge/sidewalk/pedestrian access
- Revenue and spending reported in the City's annual independent audit and reviewed by the Audit Committee and Council

Option: Sales Tax Increase

- Sales tax is the City's primary revenue source.
- Centennial's 2.5% rate is the lowest of comparable Colorado municipalities.
- City's narrower-than-average tax base means the current rate generates comparatively less revenue than the same rate would in most peer cities.
- Budget Committee feedback: Tie any new revenue to a **high-priority and clearly communicated public purpose** – consistent with how the City approached the same discussion in 2003.



Addressing Sales Tax Regressivity

Sales tax can be viewed as regressive — lower-income households spend a larger proportion of income on taxable purchases.

Mitigating factors:

- Centennial's sales tax base exempts groceries, prescription medications, and rent/housing costs.
- Tax applies primarily to discretionary purchases, not the largest essential expenses.
- Visitors, commuters, and other non-residents also pay Centennial sales tax and share in the cost of services they use.
- Sales tax revenue funds public services relied on by every resident – and often those used most heavily by those with fewer alternatives.

Revenue Estimate & Street Fund Impact

- A 1% increase (2.5% → 3.5%) in the sales tax rate is estimated to generate ~$23 million annually.
- Street Fund's annual operating gap is currently ~$20–21 million. Operating Need: $36M against $14-$15M in dedicated revenue.
- New revenue of this magnitude would let the Street Fund operate largely on its own dedicated revenues.
- Based on current projections, expected to eliminate the need for General Fund transfers to support Street Fund operations.
- General Fund transfers would still be needed for capital improvement projects - both replacement and any potential new.

25 Years CENTENNIAL

Questions?

Magellan Strategies Survey

CENTENNIAL COLORADO

City of Centennial Ballot Measure Survey

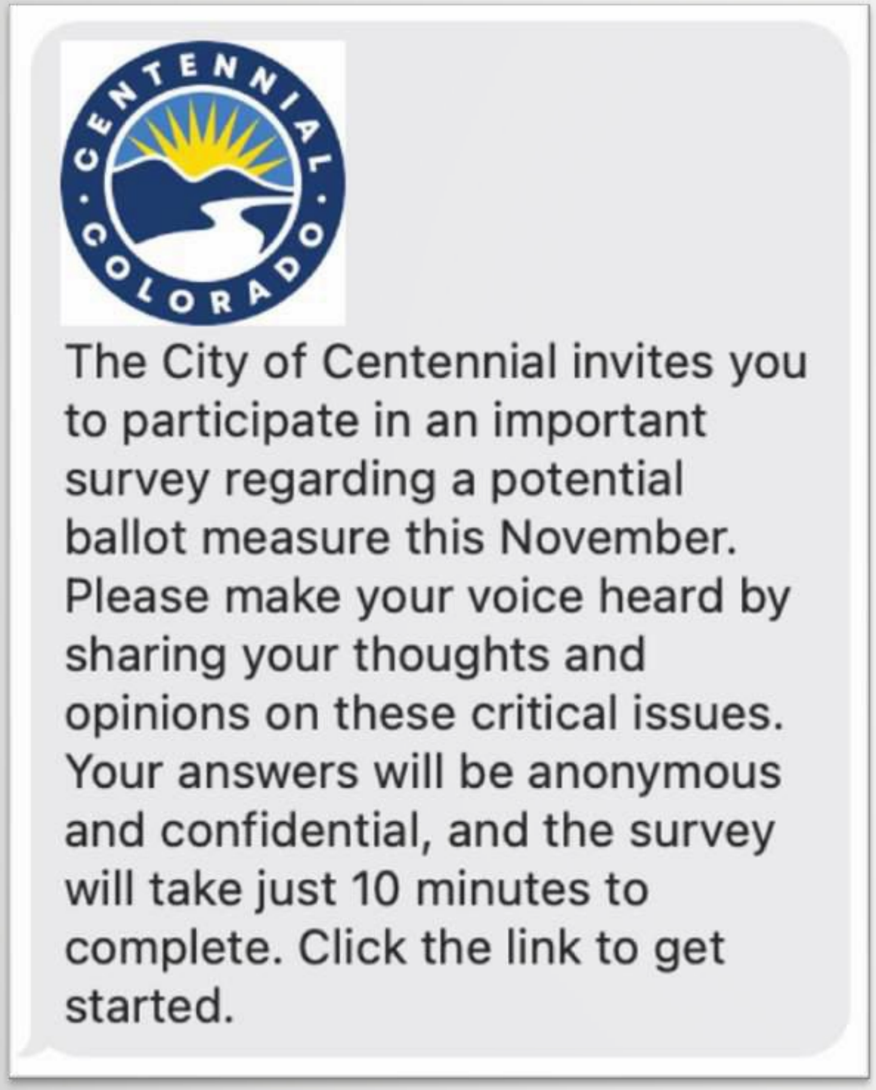
June 2026

Magellan Strategies
Your Trusted Survey Research Partner

What validates the statistical accuracy of this poll?

- A random sample of Centennial registered voters, allowing for opinions from those who may not be otherwise civically active or engaged.
- Results are weighted to mirror your community — respondents match the city's actual makeup by age, gender, party registration, and geography.
- A low margin of error —with over 1000 completed interviews, results reflect the views of the full community within a few percentage points.
- Allows for confidence to make data-driven decisions on behalf of all residents.

Methodology



Magellan Strategies is pleased to present the topline results of a survey of 1,145 registered voters in the City of Centennial. The interviews were conducted from June 18th – 24th, 2026.

The survey has a margin of error of +/-2.88% at the 95 percent confidence interval.

The survey data were weighted to be representative of the City of Centennial's voter turnout demographics for a mid-term election.

City of Centennial Voter Registration and Turnout Demographics

City of Centennial
Magellan Strategies Voter Registration and Past Election Turnout Report

Ward	Registration		2024		2023		2022		2021		2020	
District 1	21,316	24.4%	17,233	25.1%	10,112	26.5%	14,451	25.6%	9,423	26.3%	18,119	25.3%
District 2	21,395	24.5%	17,300	25.2%	9,941	26.0%	14,337	25.4%	9,224	25.7%	17,549	24.5%
District 3	23,203	26.5%	18,104	26.3%	9,900	25.9%	14,810	26.2%	9,448	26.4%	18,801	26.3%
District 4	21,565	24.7%	16,069	23.4%	8,219	21.5%	12,922	22.9%	7,758	21.6%	17,111	23.9%
Total	87,479	100.0%	68,706	100.0%	38,172	100.0%	56,520	100.0%	35,853	100.0%	71,580	100.0%

Sex	Registration		2024		2023		2022		2021		2020	
Female	44,849	51.3%	36,041	52.5%	20,092	52.6%	29,615	52.4%	18,782	52.4%	37,359	52.2%
Male	42,631	48.7%	32,666	47.5%	18,081	47.4%	26,905	47.6%	17,072	47.6%	34,222	47.8%
Total	87,479	100.0%	68,706	100.0%	38,172	100.0%	56,520	100.0%	35,853	100.0%	71,580	100.0%

Age	Registration		2024		2023		2022		2021		2020	
18-34	23,536	26.9%	14,875	21.7%	4,524	11.9%	9,388	16.6%	4,072	11.4%	16,353	22.8%
35-44	15,861	18.1%	12,172	17.7%	5,516	14.5%	9,471	16.8%	5,068	14.1%	12,505	17.5%
45-54	14,086	16.1%	11,637	16.9%	6,287	16.5%	10,034	17.8%	5,925	16.5%	12,422	17.4%
55-64	12,708	14.5%	10,910	15.9%	7,172	18.8%	10,457	18.5%	7,324	20.4%	12,937	18.1%
65+	21,288	24.3%	19,112	27.8%	14,673	38.4%	17,170	30.4%	13,464	37.6%	17,363	24.3%
Total	87,479	100.0%	68,706	100.0%	38,172	100.0%	56,520	100.0%	35,853	100.0%	71,580	100.0%

Party	Registration		2024		2023		2022		2021		2020	
Unaffiliated	42,232	48.3%	31,328	45.6%	15,398	40.3%	23,160	41.0%	13,131	36.6%	28,284	39.5%
Democrat	22,275	25.5%	18,586	27.1%	11,190	29.3%	16,471	29.1%	10,877	30.3%	20,473	28.6%
Republican	21,399	24.5%	17,705	25.8%	11,231	29.4%	16,294	28.8%	11,556	32.2%	21,927	30.6%
Libertarian	760	0.9%	542	0.8%	239	0.6%	427	0.8%	221	0.6%	656	0.9%
Other	813	0.9%	545	0.8%	114	0.3%	168	0.3%	68	0.2%	240	0.3%
Total	87,479	100.0%	68,706	100.0%	38,172	100.0%	56,520	100.0%	35,853	100.0%	71,580	100.0%

Key Findings

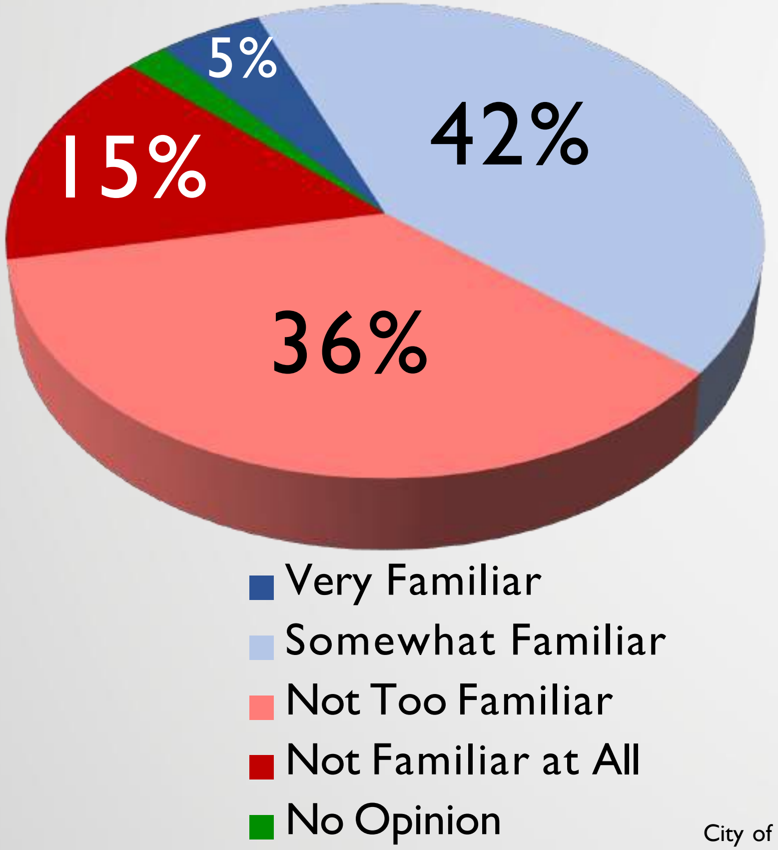
The measure shows support on the uninformed and gets stronger with information: Tested cold, the 1.0% sales tax increase shows 51% would vote yes and approve to 42% saying no and reject. After voters hear more information (low current tax rate, the $35M-needed-vs-$15M-available funding gap, no debt history, grocery/utility exemptions), support climbs to 59% yes, approve to 33% no, reject. That's a strong signal the case for the ballot measure resonates once explained.

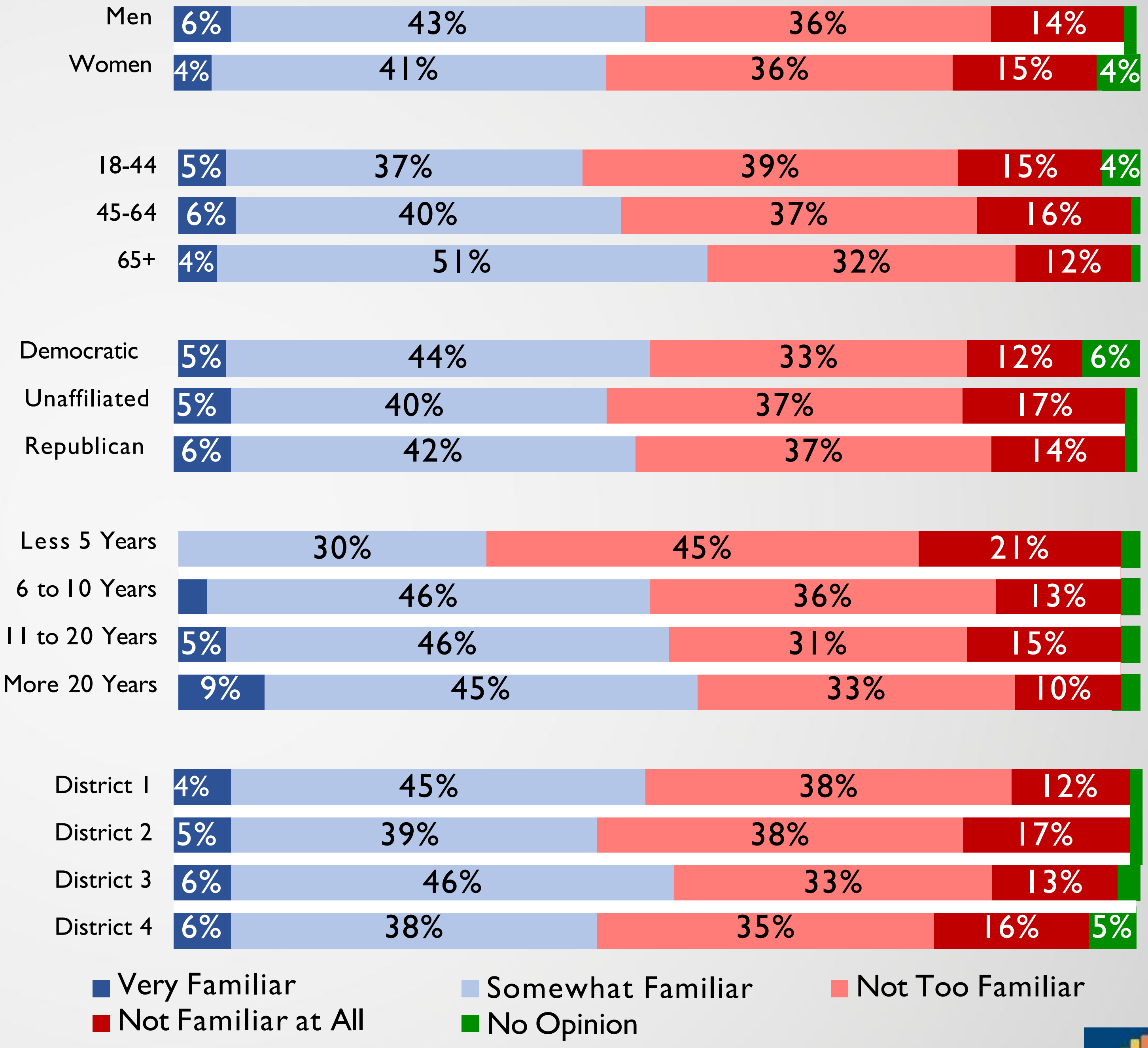
Residents already feel the city is falling short on infrastructure, which sets up the need: Only 9% rate Centennial's roads as "excellent," with 53% saying "good" and 38% landing in fair or poor. Despite that, 64% approve of the city's overall job performance and 67% approve specifically of its public works/contractor arrangement —so this isn't an anti-government sentiment, it's a targeted funding gap perception.

Building awareness presents a clear opportunity to grow support: Among the 39% of residents who've already encountered information about the infrastructure budget shortfall, sentiment leans favorably: 50% say it makes them more likely to support a measure, compared to 39% less likely. Combined with the strong informed-versus-uninformed ballot test improvement (51% to 59% approval), this suggests that a proactive communication effort ahead of November has real potential to convert undecided and persuadable voters into supporters.

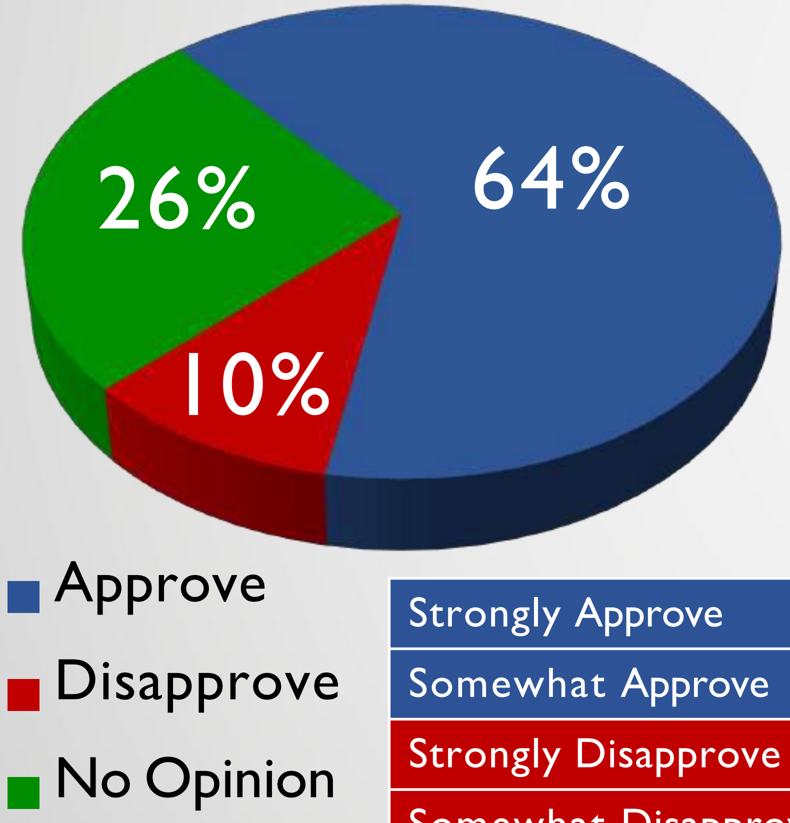
How familiar are you with the public services, projects, and programs provided by the City of Centennial?

Very & Somewhat	47%

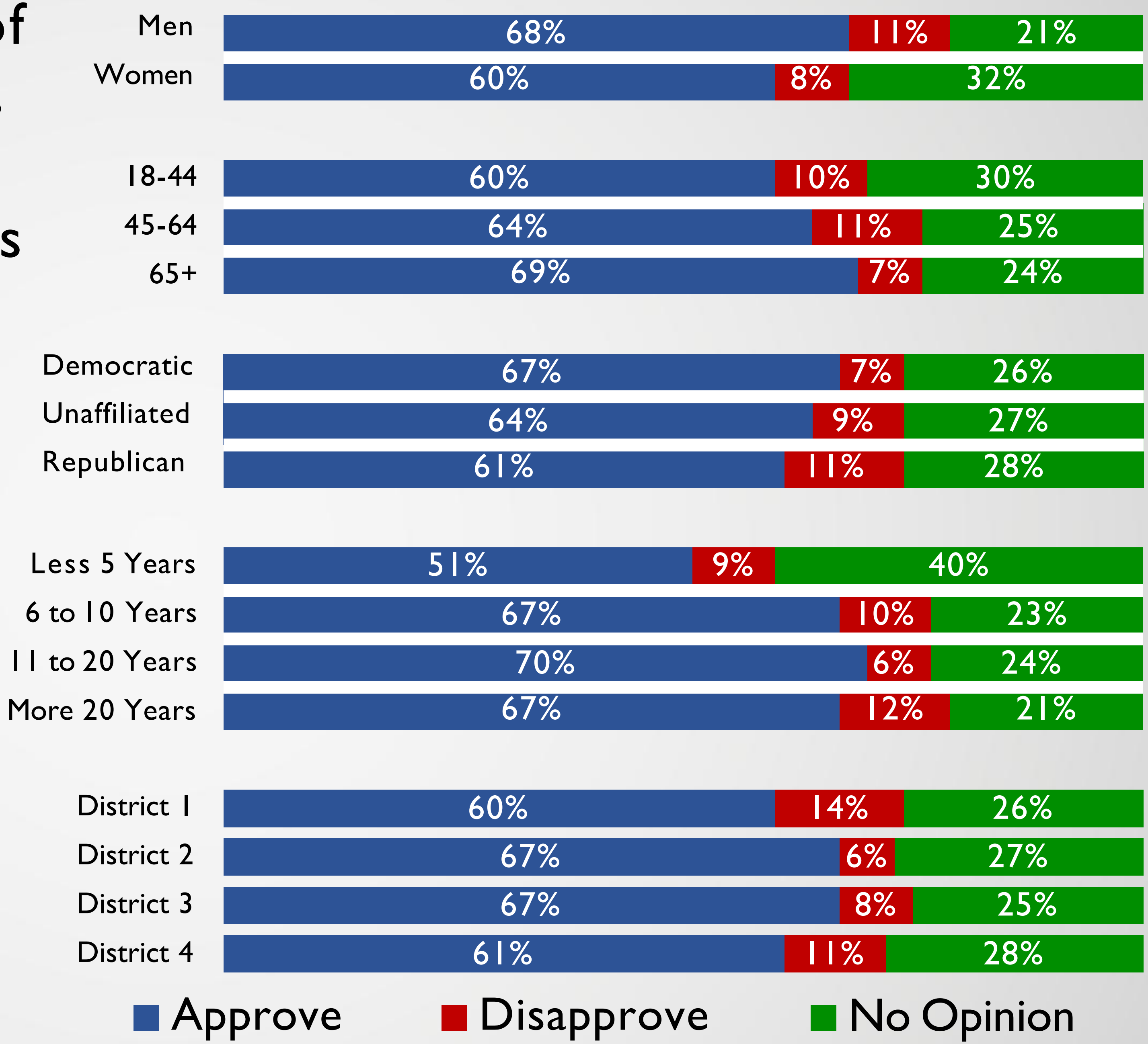




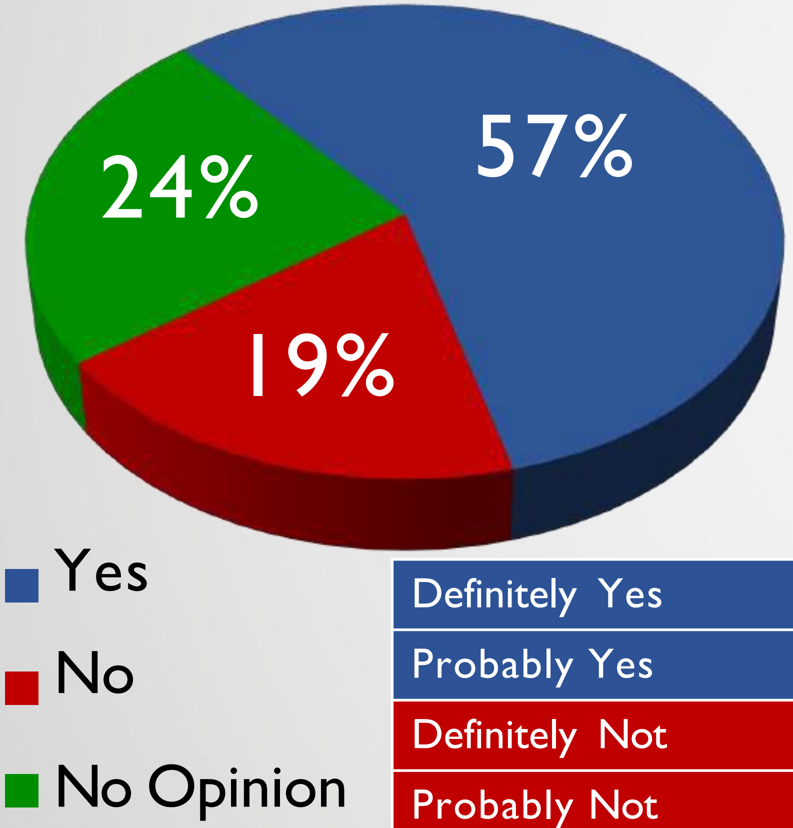
Do you approve or disapprove of the job the City of Centennial is doing to provide public services, projects, and programs for city residents?



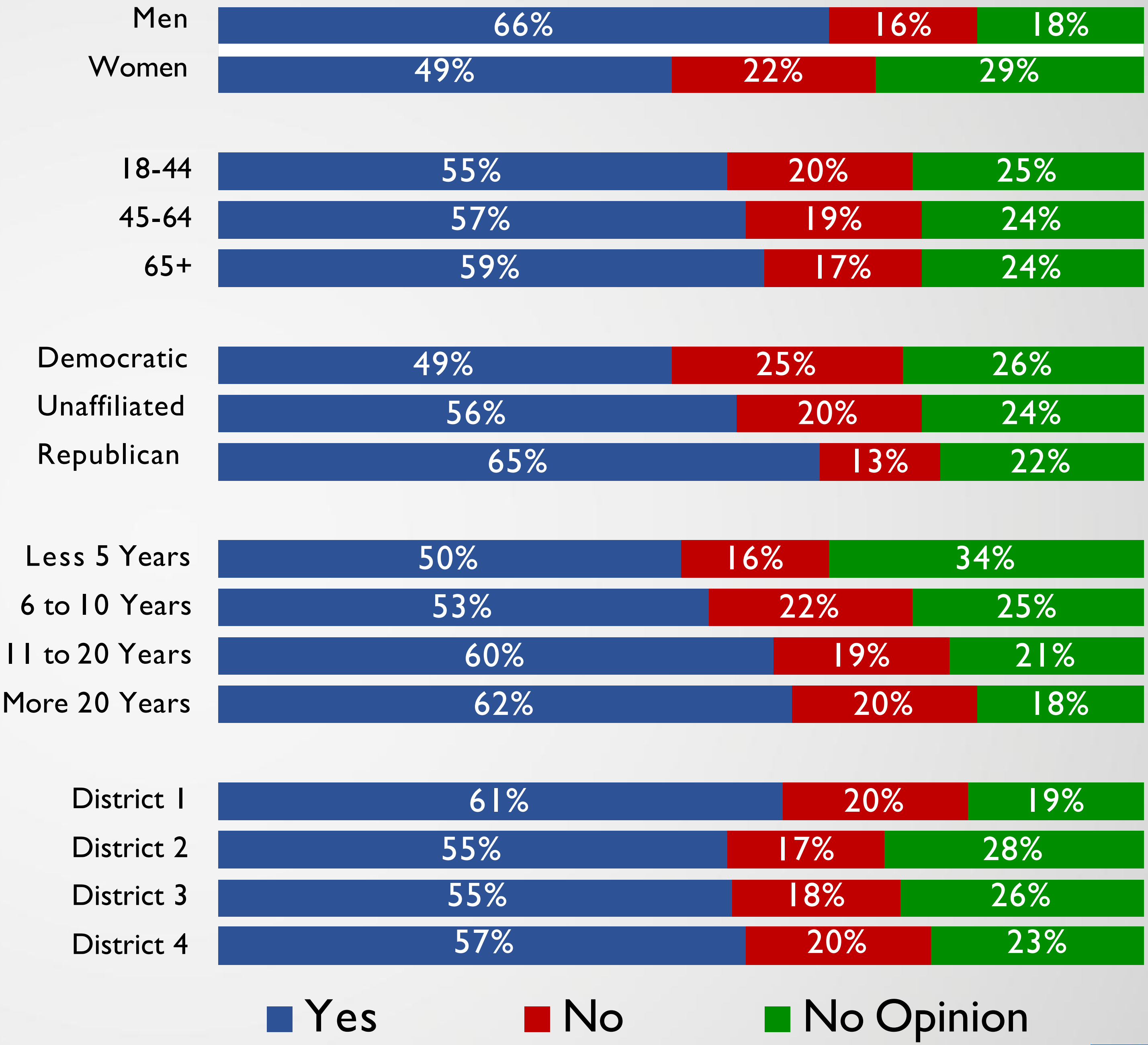
Strongly Approve	14%
Somewhat Approve	50%
Strongly Disapprove	2%
Somewhat Disapprove	8%



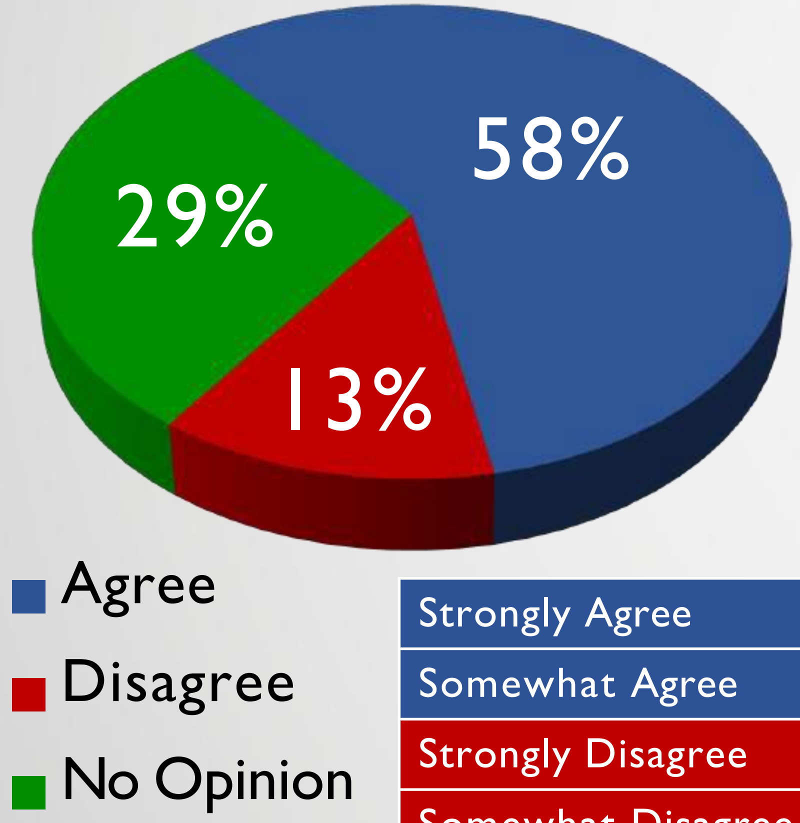
Do you think the City of Centennial has the financial resources needed to provide an acceptable level of services, projects, and programs to city residents?



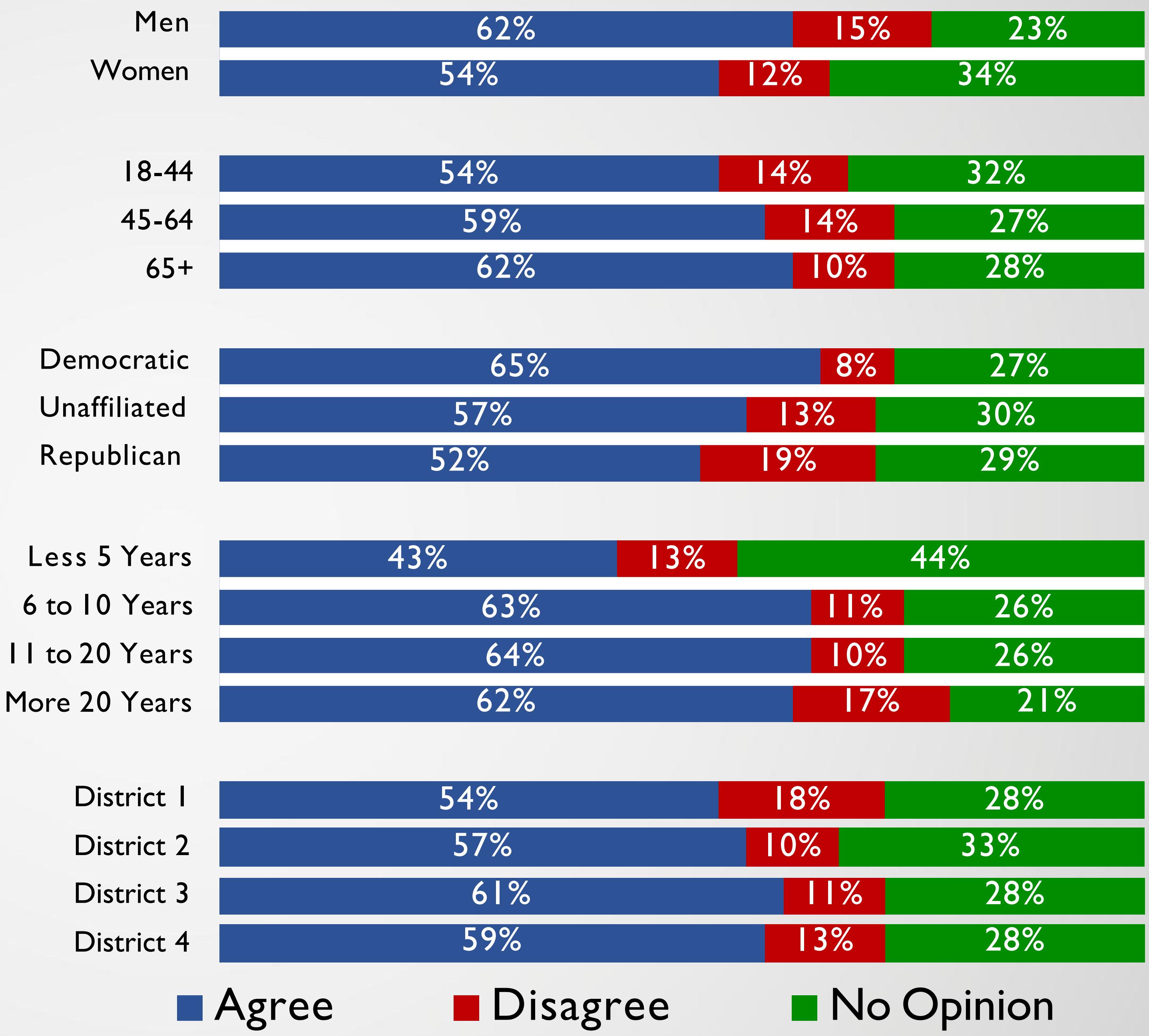
Definitely Yes	16%
Probably Yes	41%
Definitely Not	2%
Probably Not	17%



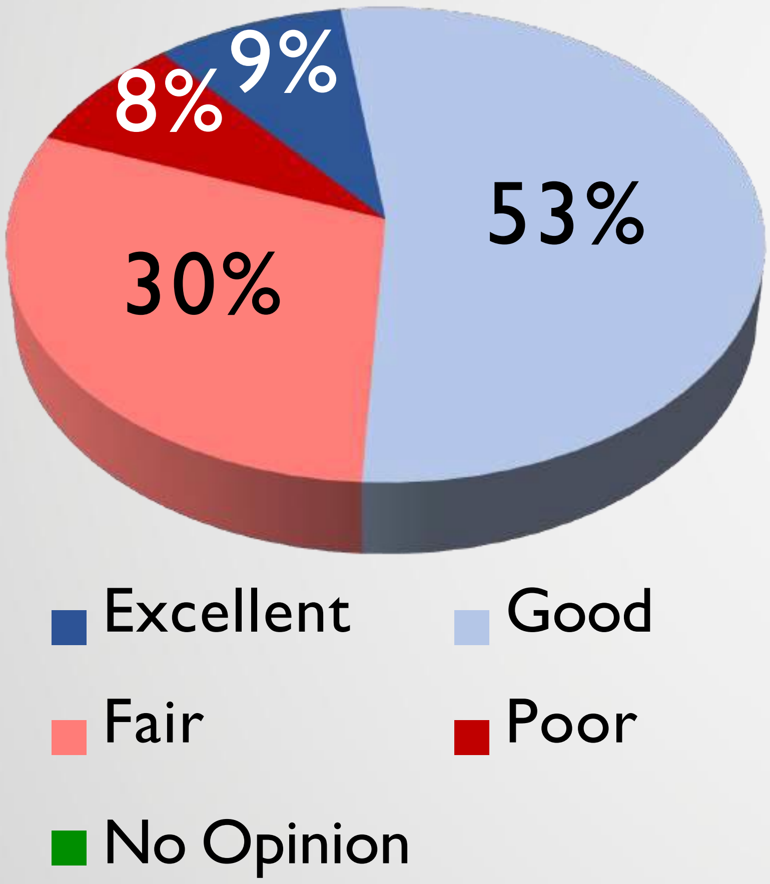
Do you agree or disagree with the following statement? *"The City of Centennial is fiscally responsible and spends taxpayer money wisely."*

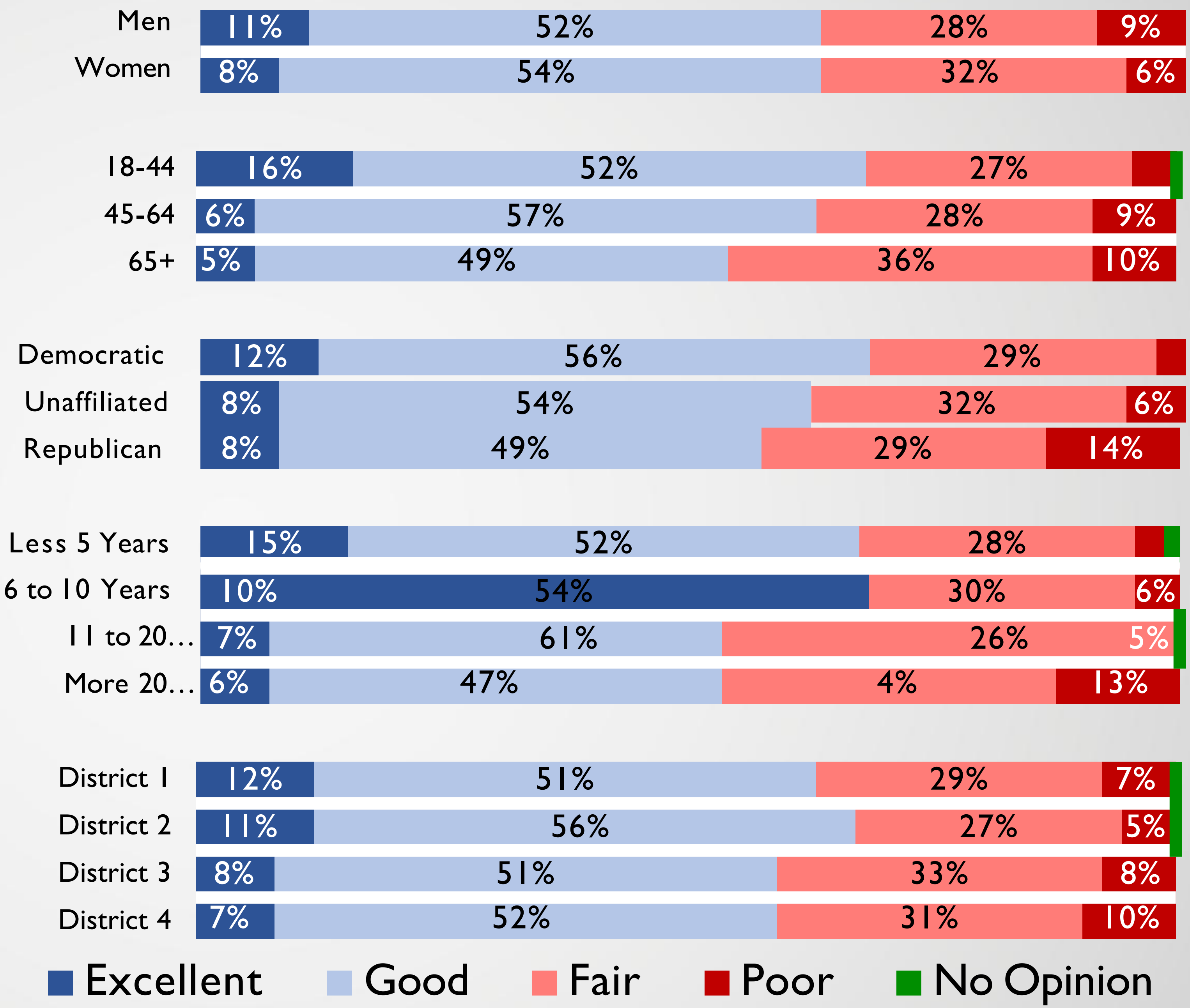


Strongly Agree	16%
Somewhat Agree	42%
Strongly Disagree	4%
Somewhat Disagree	9%

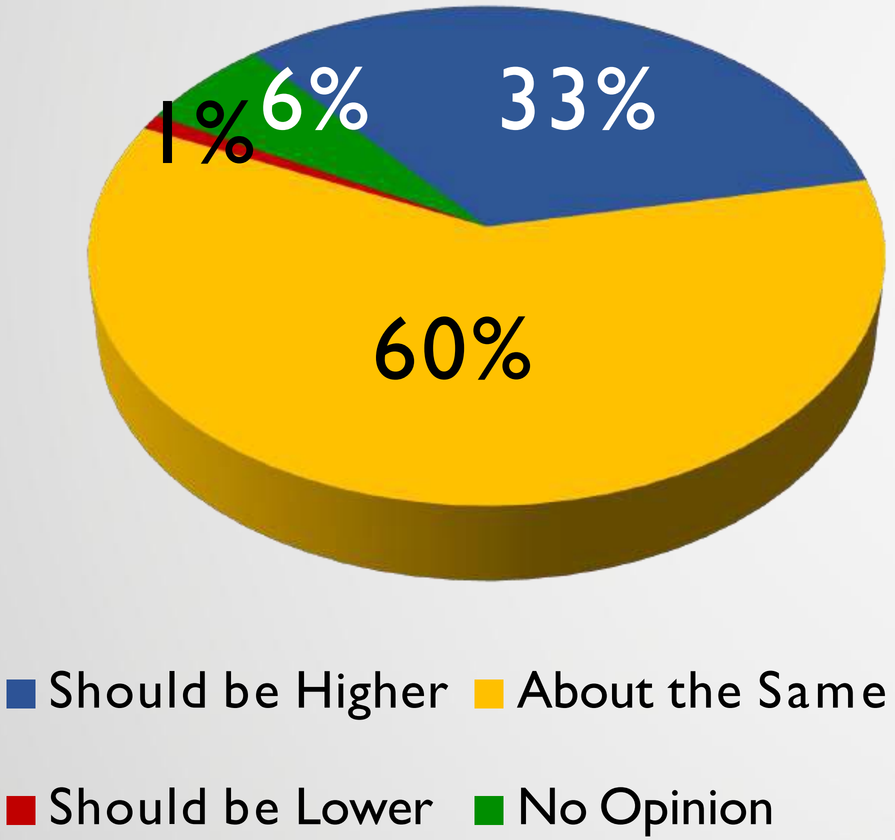


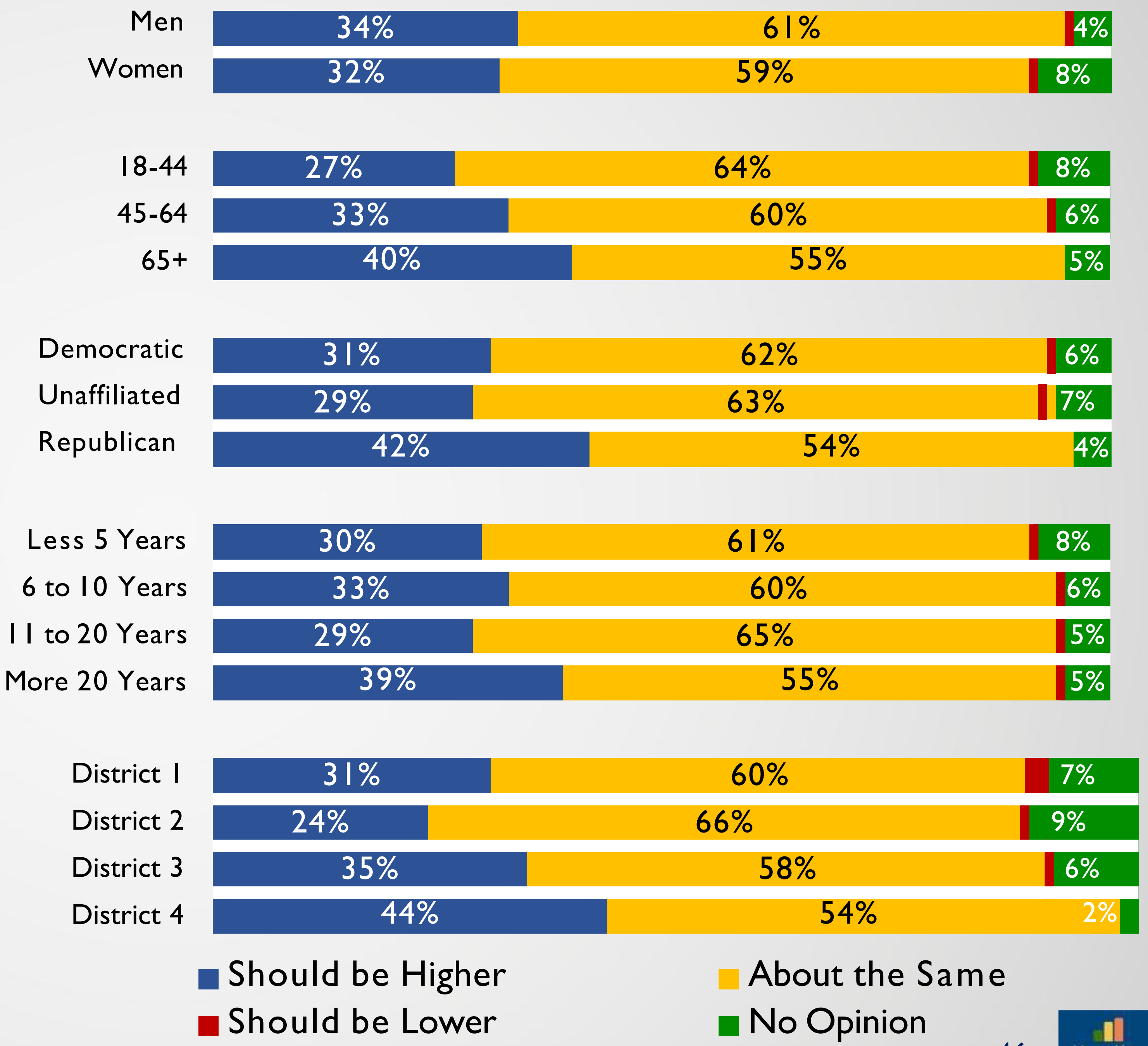
How would you rate the condition of the major streets and roads in the City of Centennial?



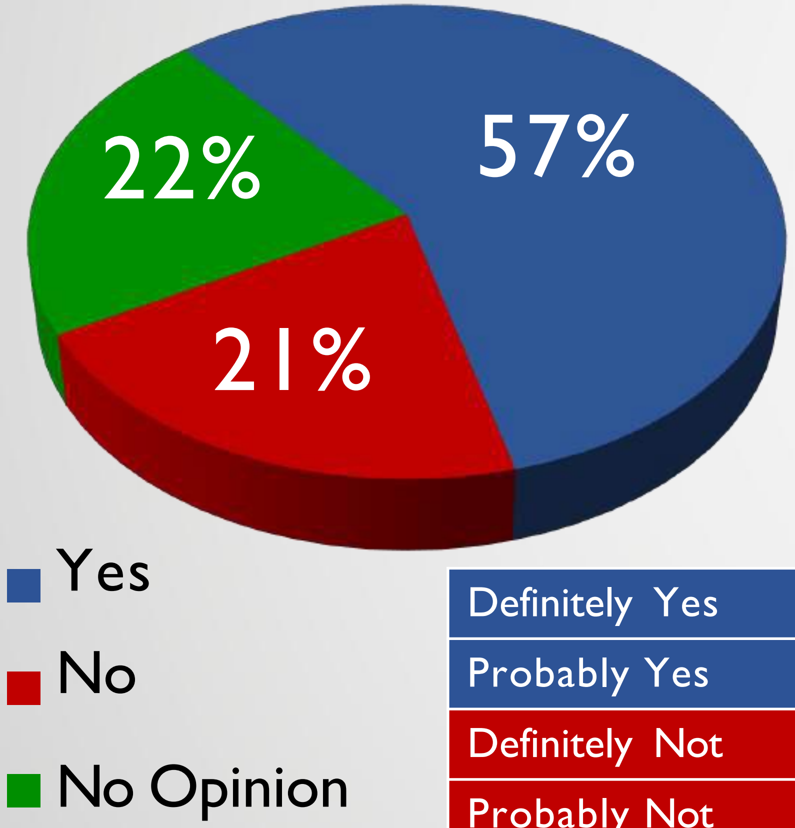


The City of Centennial's current policy is to maintain roads at a satisfactory level using the national Pavement Condition Index. Knowing this, do you think the policy standards should be higher, about the same, or should be lower?

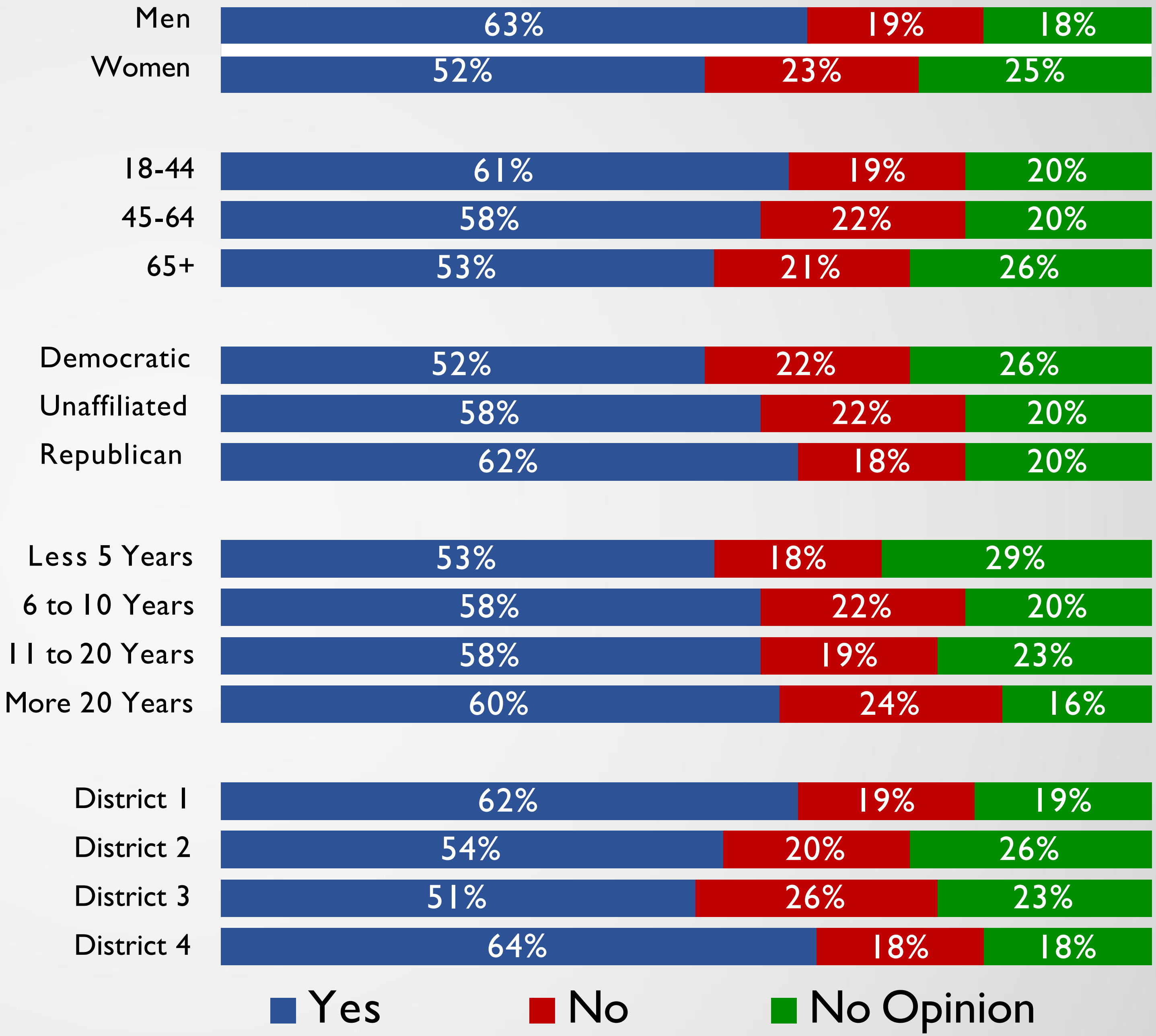




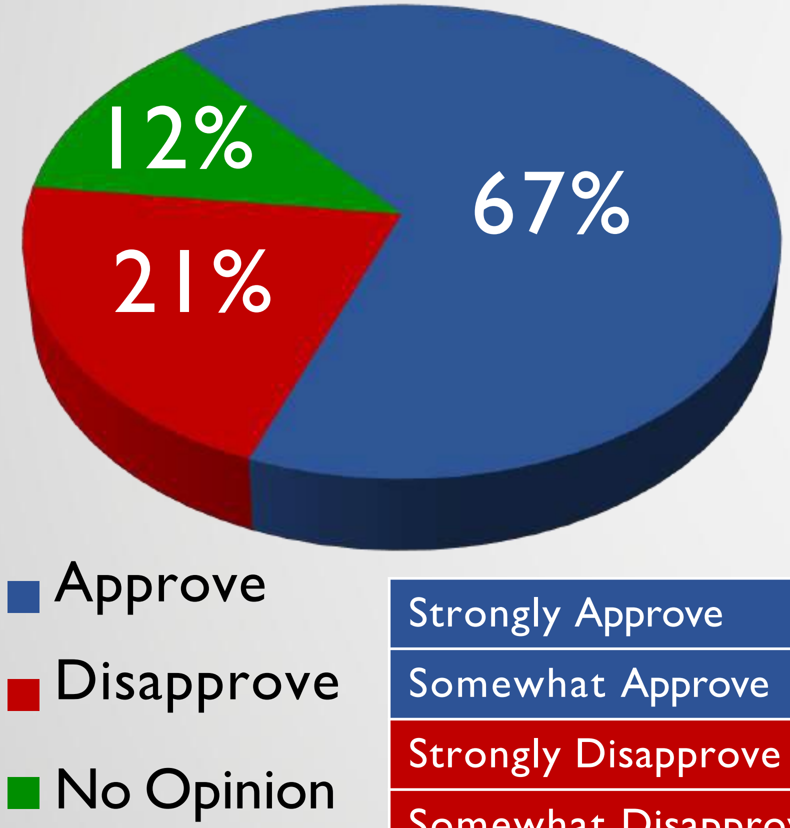
Do you think the City of Centennial has the financial resources needed to adequately maintain, repair, and improve the city's streets and roads?



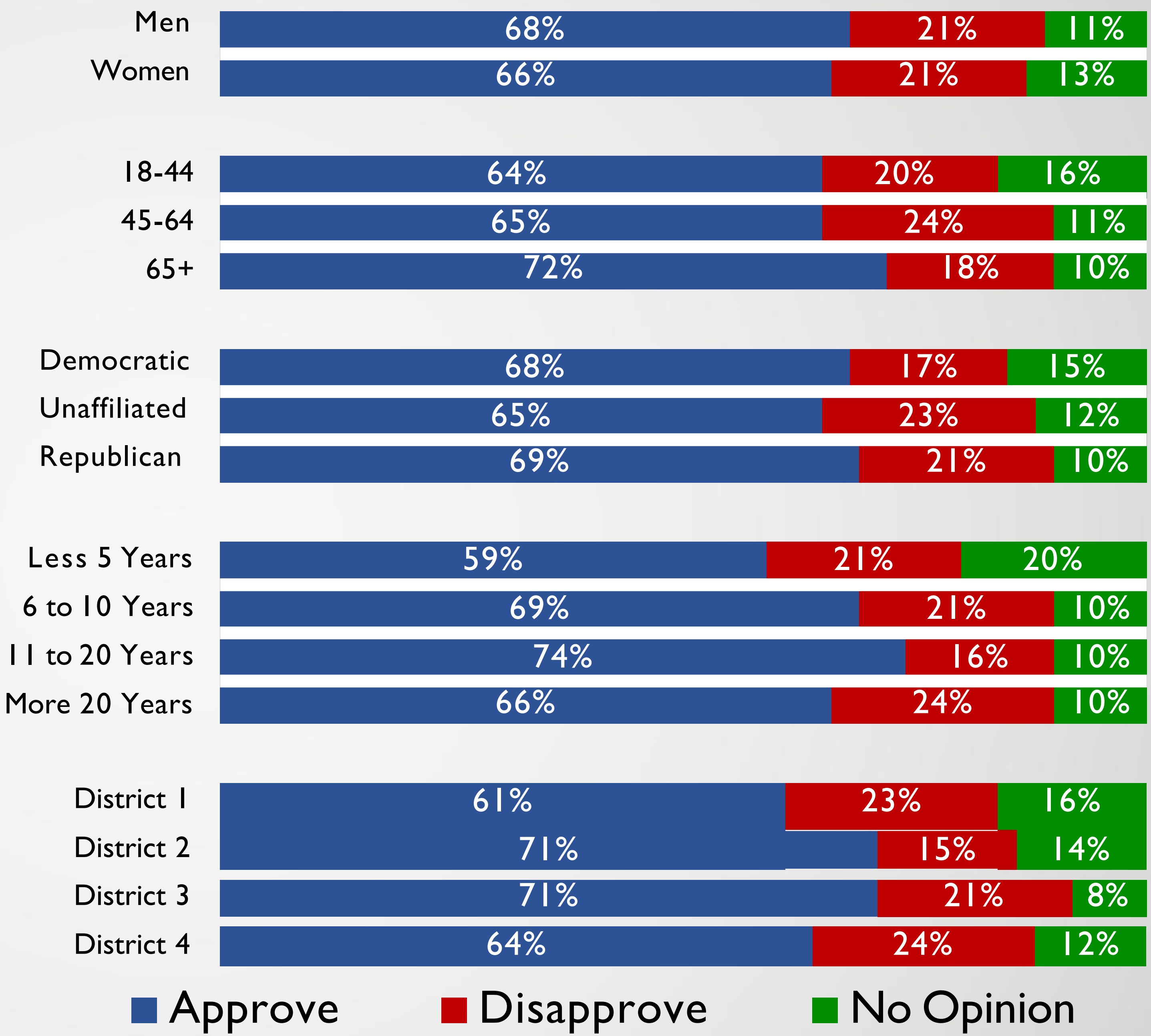
Definitely Yes	15%
Probably Yes	42%
Definitely Not	2%
Probably Not	19%



The City of Centennial has a contractual partnership with a private company to deliver public works services, such as street maintenance, design and construction, and snow and ice control. Knowing this, do you approve or disapprove of the job the city is doing to address the community's public works needs and services?

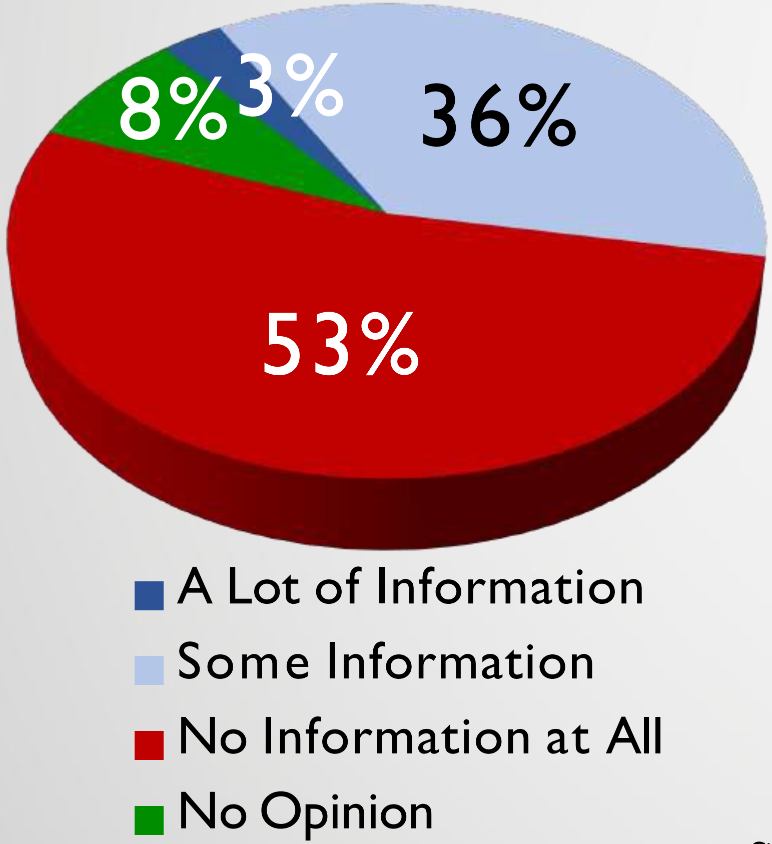


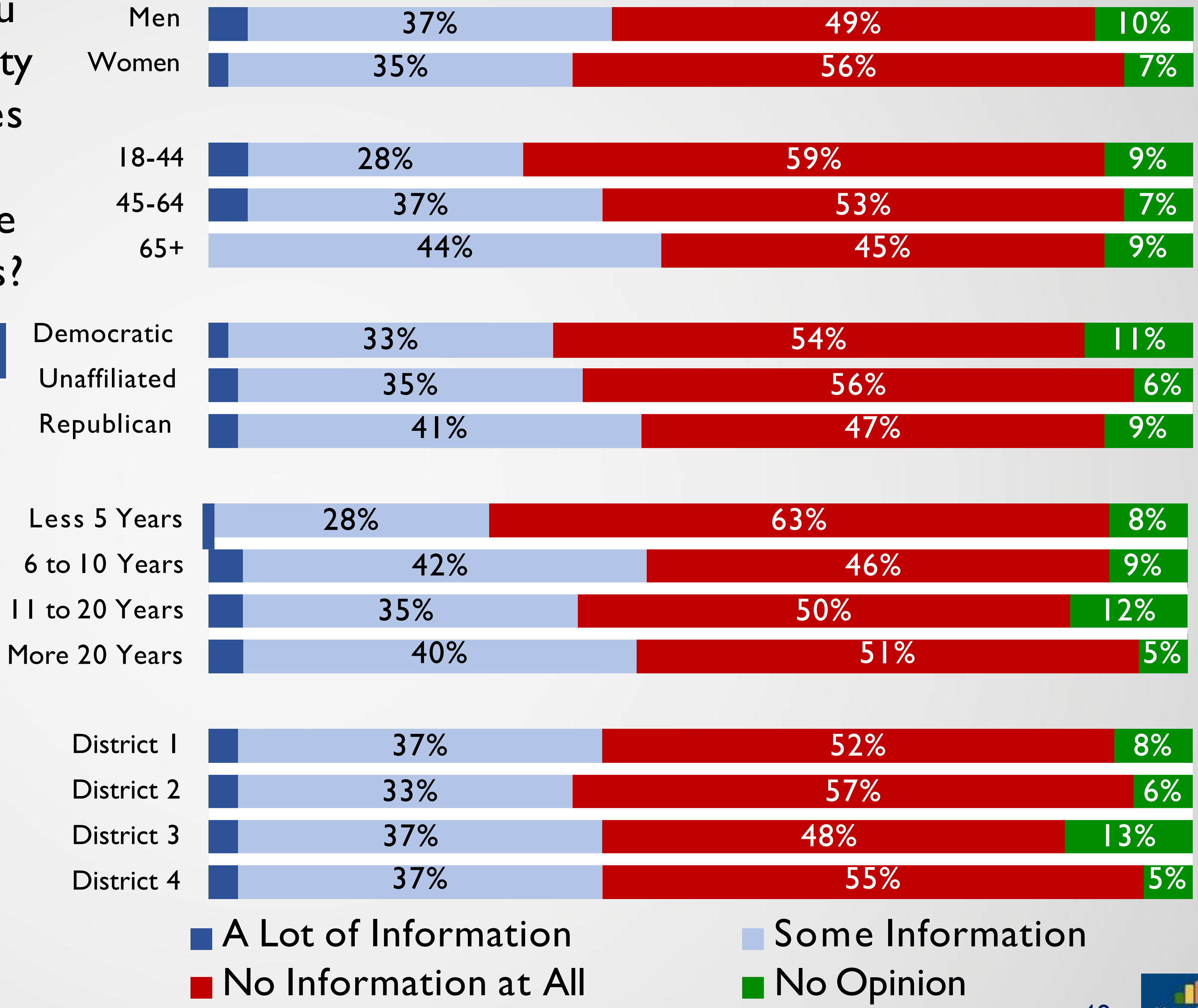
Strongly Approve	15%
Somewhat Approve	52%
Strongly Disapprove	5%
Somewhat Disapprove	16%



How much information have you seen, read, or heard about the City of Centennial's budget difficulties and funding shortage for transportation and infrastructure services, projects, and programs?

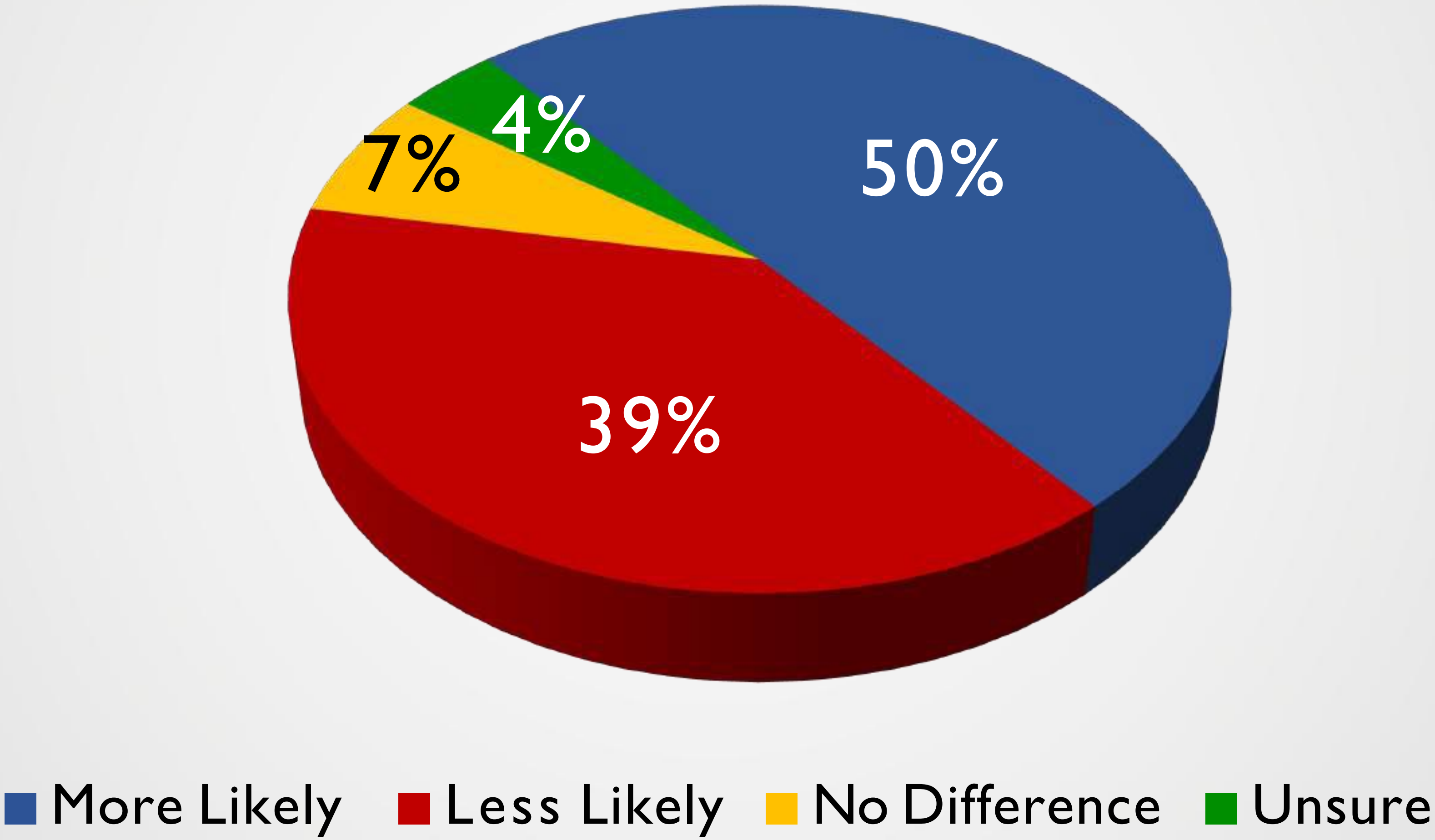
A Lot and Some Information	39%



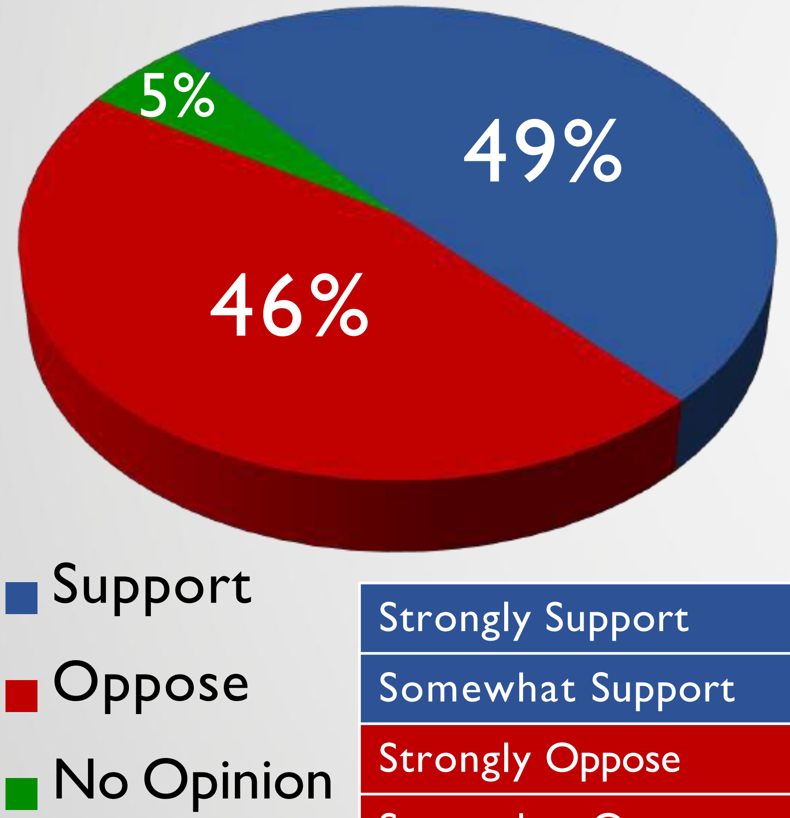


From the information you have seen, read, or heard, would you be more or less likely to support a potential ballot measure question to increase funding for the City of Centennial?

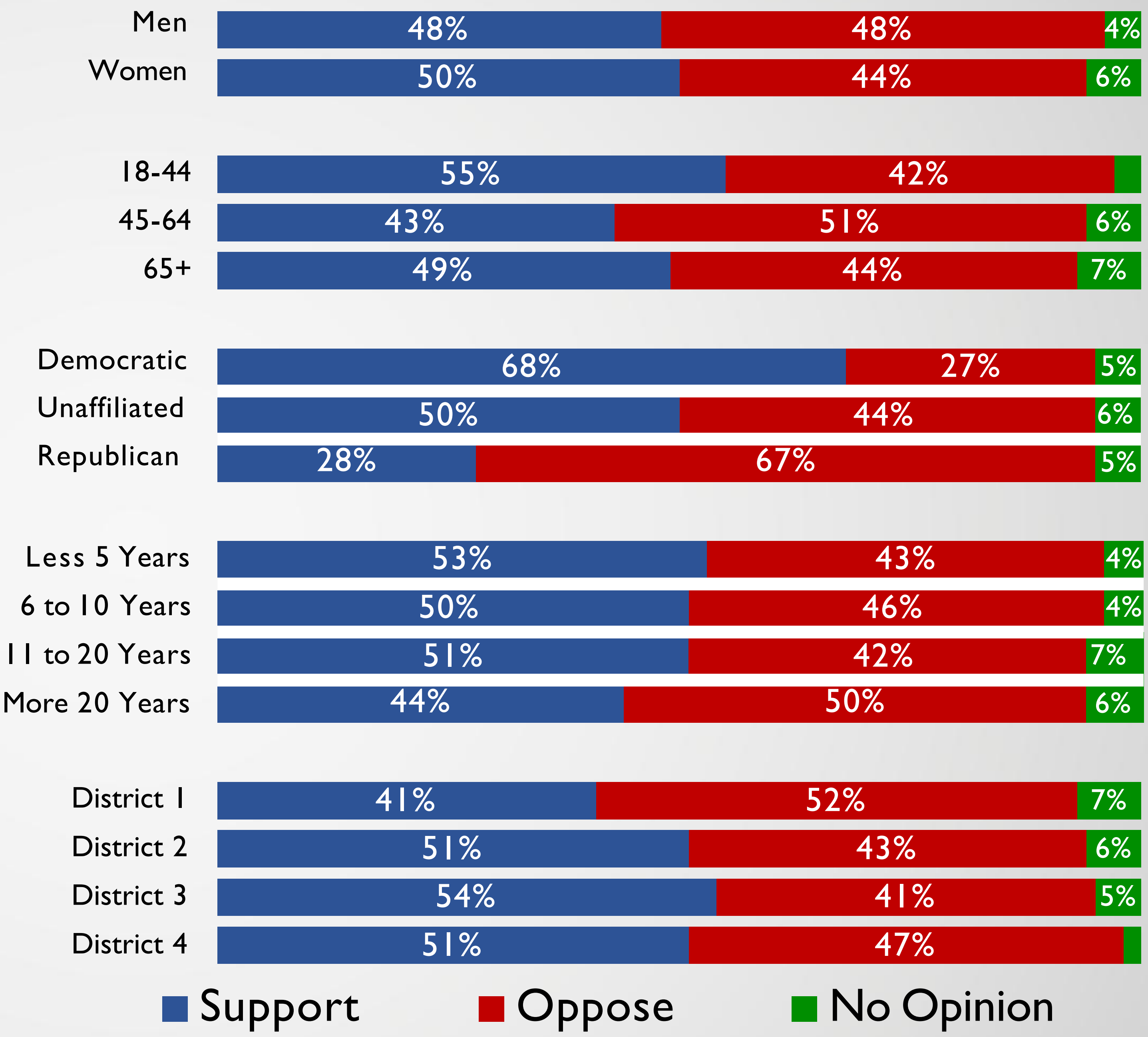
[Among respondents who have seen, read, or heard at least some information.]



In general, would you support or oppose a modest tax increase to help fund the streets, roads, and transportation services in the City of Centennial?



Strongly Support	13%
Somewhat Support	36%
Strongly Oppose	26%
Somewhat Oppose	20%



City of Centennial Uninformed Sales Tax Ballot Measure

Before we continue, it is important to understand that the City of Centennial has not decided whether to put a ballot measure before voters this November to generate additional revenue. Participating in this survey and sharing your honest opinions will help make that decision. Let's continue the survey now…

The City of Centennial is considering the following ballot measure this November. After reading it, please indicate if you would vote yes and approve it or if you would vote no and reject it. The ballot measure reads as follows:

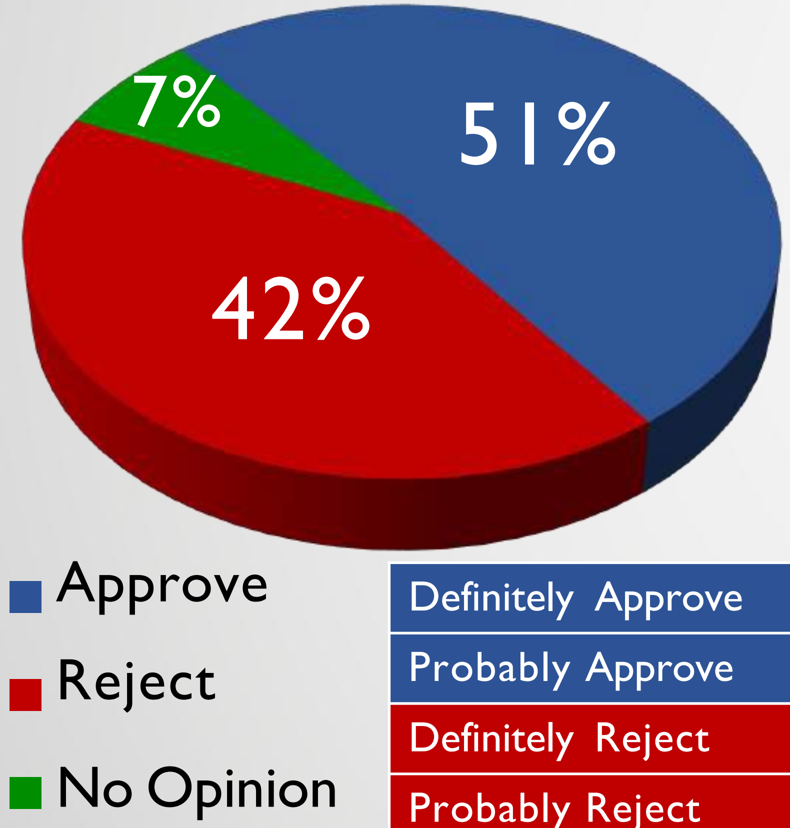
SHALL THE CITY OF CENTENNIAL TAXES BE INCREASED $23 MILLION ANNUALLY, AND BY WHATEVER ADDITIONAL AMOUNT IS RAISED ANNUALLY THEREAFTER, BY THE IMPOSITION OF AN ADDITIONAL 1.00% (1 CENT ON $1) ON SALES AND PURCHASES OF TANGIBLE PERSONAL PROPERTY AND CERTAIN SERVICES (NOT APPLYING TO SALES OF FOOD FOR HOME CONSUMPTION, GASOLINE, PRESCRIPTION DRUGS, AND CERTAIN OTHER ITEMS IN THE CENTENNIAL MUNICIPAL CODE), RESULTING IN A TOTAL SALES AND USE TAX RATE OF 3.50%, AND SHALL SUCH SALES AND USE TAX COMMENCE JANUARY 1, 2027 TO BE USED TO MAINTAIN VITAL CITY SERVICES FOR LOCAL RESIDENTS INCLUDING:

- TRAFFIC SAFETY IMPROVEMENTS AND STREET MAINTENANCE, INCLUDING POTHOLE REPAIRS AND PAVEMENT PRESERVATION;
- REPAIRING AND RECONSTRUCTING ROADWAYS AND AGING INFRASTRUCTURE IN NEIGHBORHOODS AND CITY STREETS;
- BRIDGE, SIDEWALK, AND PEDESTRIAN ACCESS REPAIRS AND IMPROVEMENTS;
- OTHER TRANSPORTATION PROJECTS THAT SUPPORT SAFE AND ACCESSIBLE TRAVEL THROUGHOUT THE CITY.

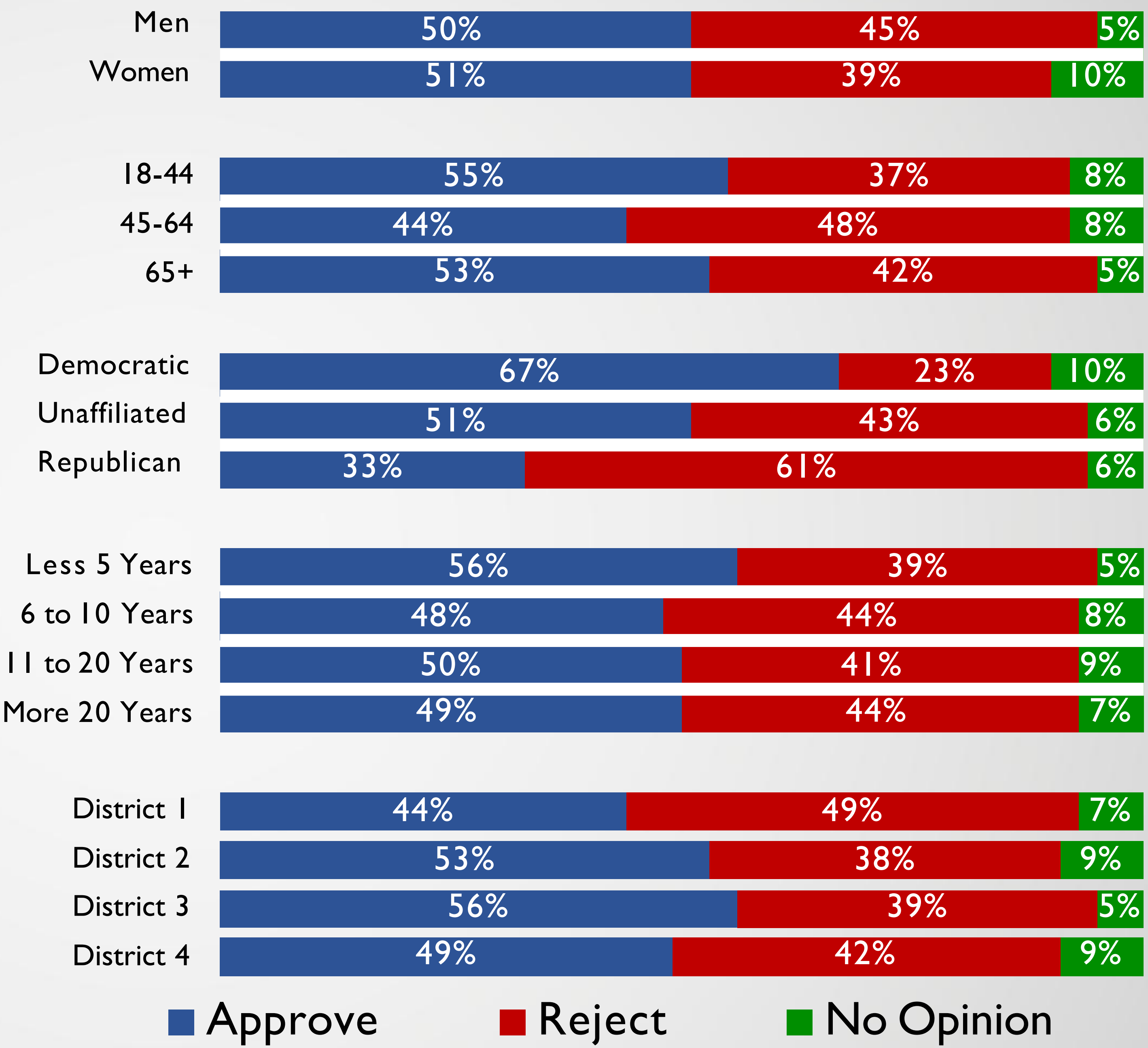
WITH ALL SUCH REVENUES AND RELATED SPENDING REPORTED IN THE CITY'S ANNUAL INDEPENDENT AUDIT PUBLISHED ON THE CITY'S WEBSITE AND REVIEWED BY THE CENTENNIAL AUDIT COMMITTEE AND COUNCIL, AND SHALL THE REVENUES GENERATED BY SUCH SALES AND USE TAX INCREASE AND ANY EARNINGS FROM THE INVESTMENT OF SUCH REVENUES BE COLLECTED AND SPENT BY THE CITY AS A VOTER-APPROVED REVENUE CHANGE PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

City of Centennial Uninformed Sales Tax Ballot Measure

If an election were held today, would you vote yes and approve a 1.0% sales tax increase to fund streets, roads, and infrastructure in Centennial, or would you vote no and reject it?



Definitely Approve	17%
Probably Approve	34%
Definitely Reject	24%
Probably Reject	18%



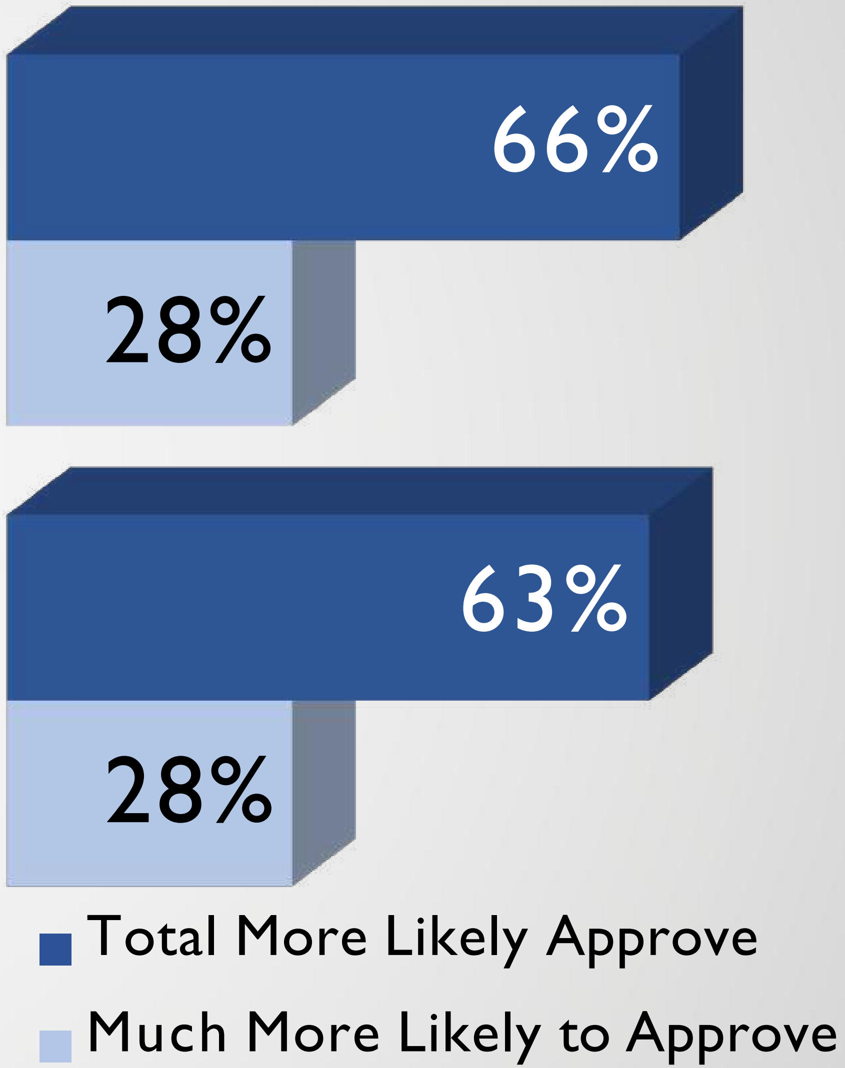
City of Centennial Information Questions

Below is some information on why the City of Centennial is considering a ballot measure to increase sales tax to fund streets, roads, and infrastructure. After reading the information, please indicate if you are more likely to vote yes and approve the sales tax or if you are more likely to vote no and reject it. Let's get started:

City of Centennial Information Questions

Centennial needs about $35 million annually just to maintain its transportation infrastructure; however, the City's Street Fund only has $15 million in dedicated funding each year – not nearly enough to keep up with demand.

The City's sales tax rate (2.5%) is among the lowest in the metro area and has not been increased in more than 20 years.

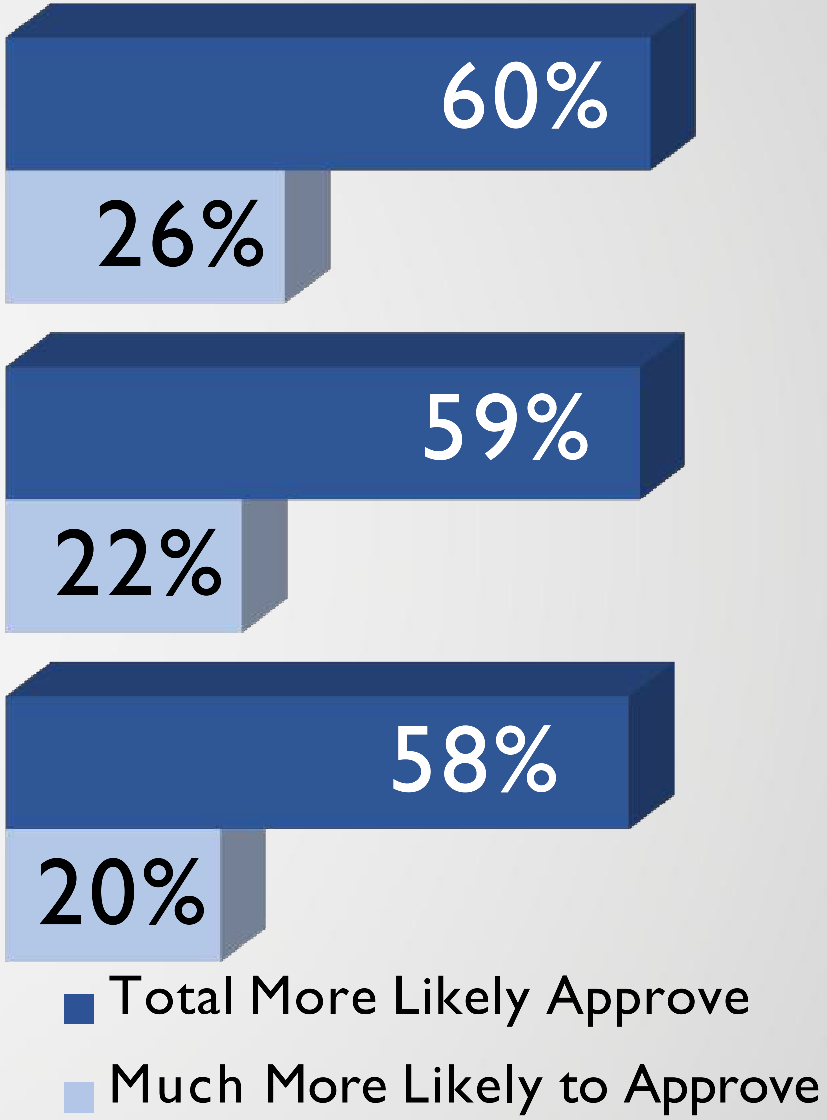


City of Centennial Information Questions

The City of Centennial does not tax groceries, residential gas or electric utilities, or entertainment services (like tickets to movies and shows).

This year marks the City of Centennial's 25th anniversary. In that time, the City has never taken on debt or issued any bonds.

The City of Centennial inherited its infrastructure when it became a municipality 25 years ago. Aging infrastructure, like streetlights, roads, and bridges, will continue to be an issue as costs continue to rise. If future revenues do not cover the costs, maintenance on these could be delayed.



City of Centennial Informed Sales Tax Ballot Measure

Thank you for reading more information about why the City of Centennial is considering a ballot measure to increase the sales tax to fund streets, roads, and infrastructure. As a reminder, the potential ballot language is below. After reading the language again, please indicate if you would vote yes and approve it or if you would vote no and reject it.

SHALL THE CITY OF CENTENNIAL TAXES BE INCREASED $23 MILLION ANNUALLY, AND BY WHATEVER ADDITIONAL AMOUNT IS RAISED ANNUALLY THEREAFTER, BY THE IMPOSITION OF AN ADDITIONAL 1.00% (1 CENT ON $1) ON SALES AND PURCHASES OF TANGIBLE PERSONAL PROPERTY AND CERTAIN SERVICES (NOT APPLYING TO SALES OF FOOD FOR HOME CONSUMPTION, GASOLINE, PRESCRIPTION DRUGS, AND CERTAIN OTHER ITEMS IN THE CENTENNIAL MUNICIPAL CODE), RESULTING IN A TOTAL SALES AND USE TAX RATE OF 3.50%, AND SHALL SUCH SALES AND USE TAX COMMENCE JANUARY 1, 2027 TO BE USED TO MAINTAIN VITAL CITY SERVICES FOR LOCAL RESIDENTS INCLUDING:

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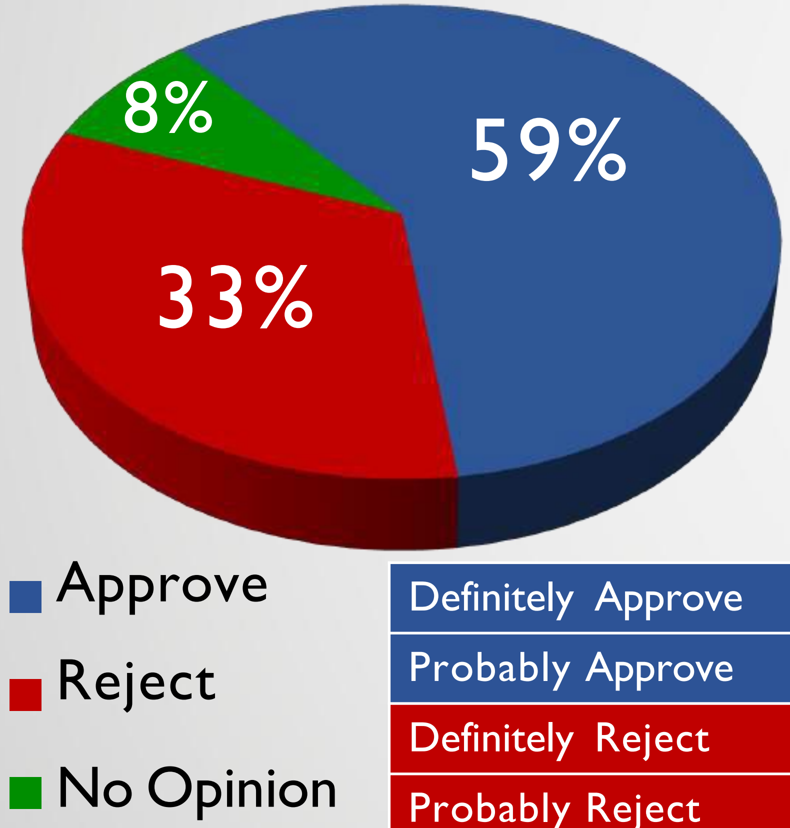
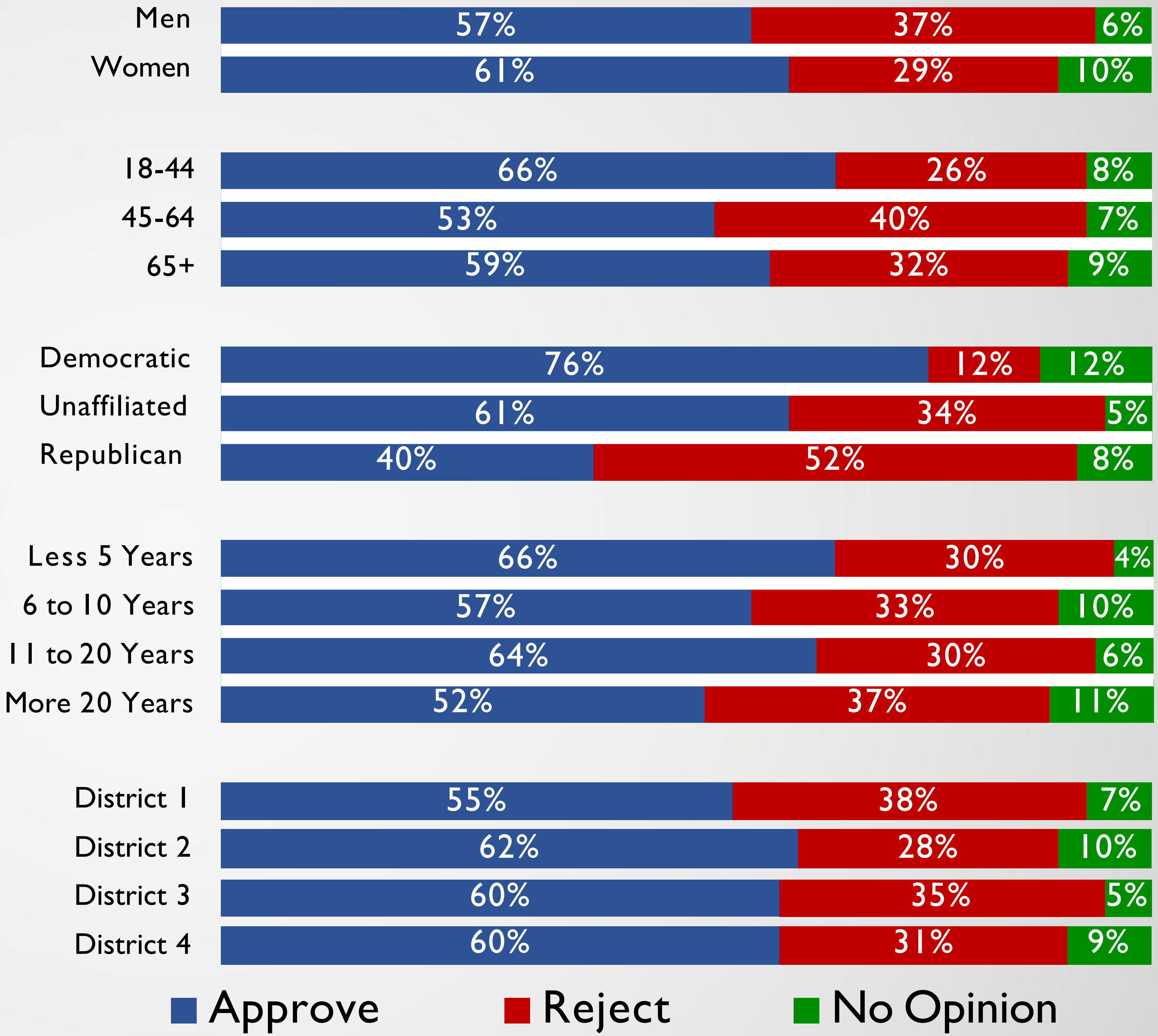
WITH ALL SUCH REVENUES AND RELATED SPENDING REPORTED IN THE CITY'S ANNUAL INDEPENDENT AUDIT PUBLISHED ON THE CITY'S WEBSITE AND REVIEWED BY THE CENTENNIAL AUDIT COMMITTEE AND COUNCIL, AND SHALL THE REVENUES GENERATED BY SUCH SALES AND USE TAX INCREASE AND ANY EARNINGS FROM THE INVESTMENT OF SUCH REVENUES BE COLLECTED AND SPENT BY THE CITY AS A VOTER APPROVED REVENUE CHANGE PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

City of Centennial Informed Sales Tax Ballot Measure

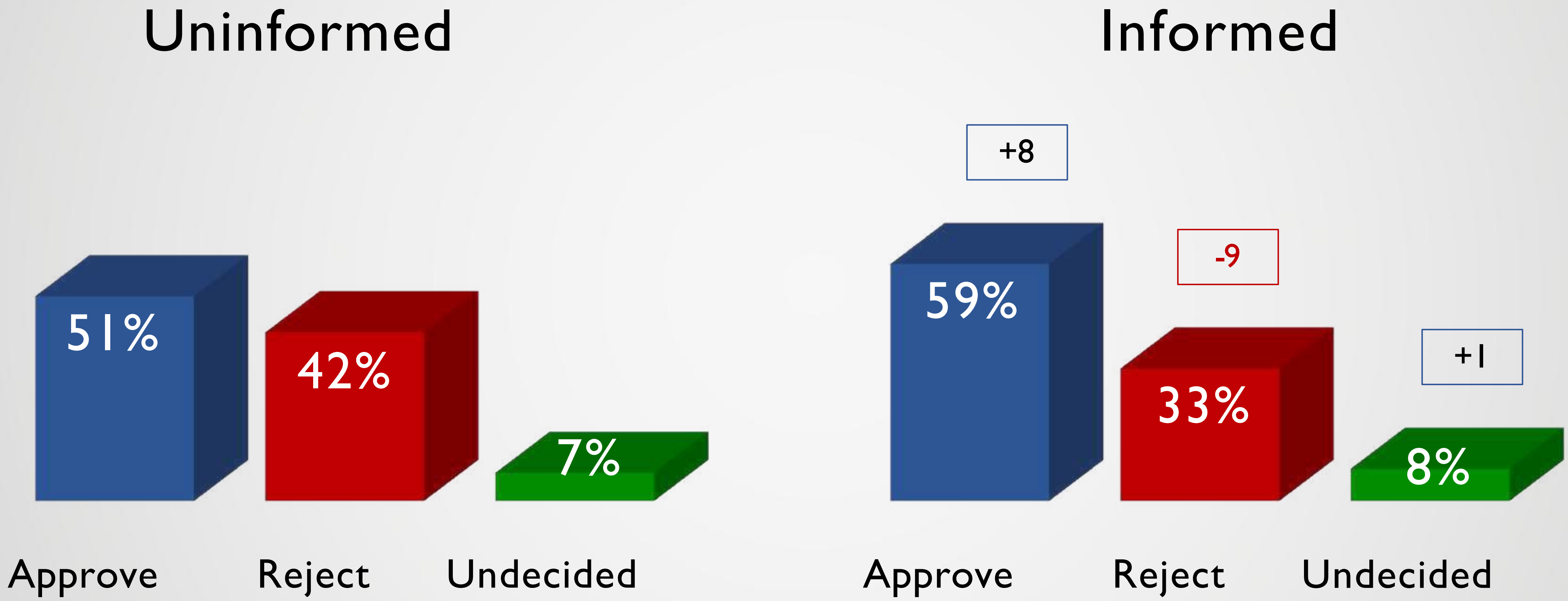
If an election were held today, would you vote yes and approve a 1.0% sales tax increase to fund streets, roads, and infrastructure in Centennial, or would you vote no and reject it?



Definitely Approve	24%
Probably Approve	35%
Definitely Reject	18%
Probably Reject	15%



City of Centennial 2026 Ballot Measure Comparison



City of Centennial 2026 Ballot Measure Survey, June 2026, 1,145n, +/-2.88% MoE

Please describe why you would vote *yes and approve* a sales tax increase to generate additional revenue for the City of Centennial.

Infrastructure Urgency and Visible Road Deterioration: The single most common reason respondents cited for supporting the measure was the visible, day-to-day condition of Centennial's roads, streets, and bridges. Many described the state of local roads as embarrassing, noting potholes, rough pavement, crumbling curbs, and icy uncleared surfaces. The sense that deferred maintenance had reached a tipping point —and that further delay would only compound costs —ran throughout this segment.

Low Tax Rate and Fiscal Responsibility: A significant share of respondents expressed comfort with the increase specifically because Centennial's current sales tax rate is among the lowest in the metro area and along the Front Range. Many pointed to the city's 25-year record of operating without debt as evidence of sound fiscal stewardship and cited that track record as the primary reason they trusted the city to use new revenue appropriately. The exemption of groceries and gasoline from the tax was also widely appreciated as a measure that reduces the burden on lower-income residents.

Infrastructure as an Investment in Property Values and Quality of Life: Many respondents framed their support not as an obligation but as a personal investment —in their neighborhood, their property values, and Centennial's reputation as a desirable place to live and do business. References to US News rankings, comparisons to neighboring communities like Parker and Highlands Ranch, and concerns about remaining competitive all reflected a view that well- maintained infrastructure is foundational to what makes Centennial worth living in.

Preference for Sales Tax Over Debt or Property Tax: Several respondents explicitly noted that a sales tax increase was their preferred mechanism for raising revenue —preferable both to issuing bonds and to raising property taxes, which many felt were already too high. The argument that a sales tax spreads the cost across all users of city infrastructure, including non-residents who shop and work in Centennial, appeared across districts and party affiliations as a point of fairness.

Please describe why you would vote *<u>no and reject</u>* a sales tax increase to generate additional revenue for the City of Centennial.

Distrust in Government Fiscal Management: The single most common reason respondents cited for opposing the measure was a belief that the city does not spend existing revenue wisely. Many called for cuts and reallocation before any new taxes are considered, and several pointed to specific spending decisions —the Colorado Boulevard Lane reduction, the Revere Street underpass, median improvements, and private contractor arrangements —as evidence the city's priorities are misaligned. Definitively opposed respondents expressed this in absolute terms; those leaning no were more conditional, saying they might reconsider with demonstrated fiscal accountability.

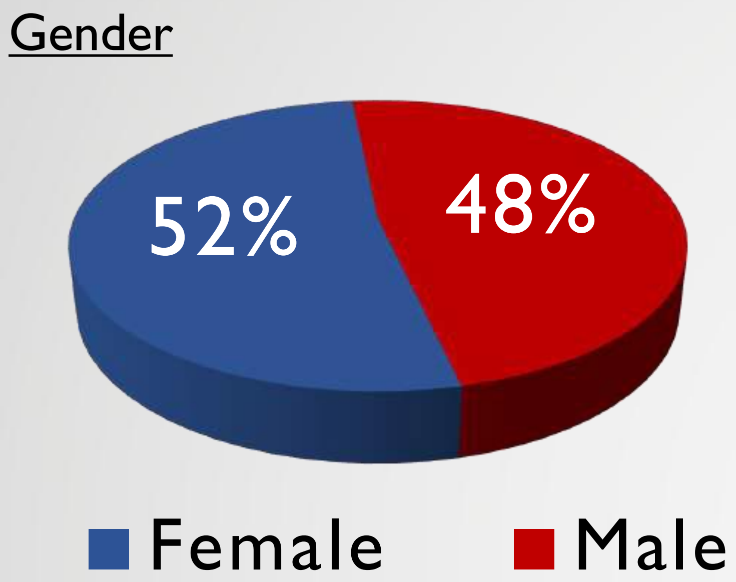
Cost of Living and Personal Financial Hardship: A significant share of respondents said this is simply the wrong time to ask. Rising property taxes, insurance, groceries, and general inflation have stretched household budgets to the limit, and many described the Centennial measure as one increase too many layered on top of federal, state, and county taxes already in place. Seniors on fixed incomes were especially represented in this theme.

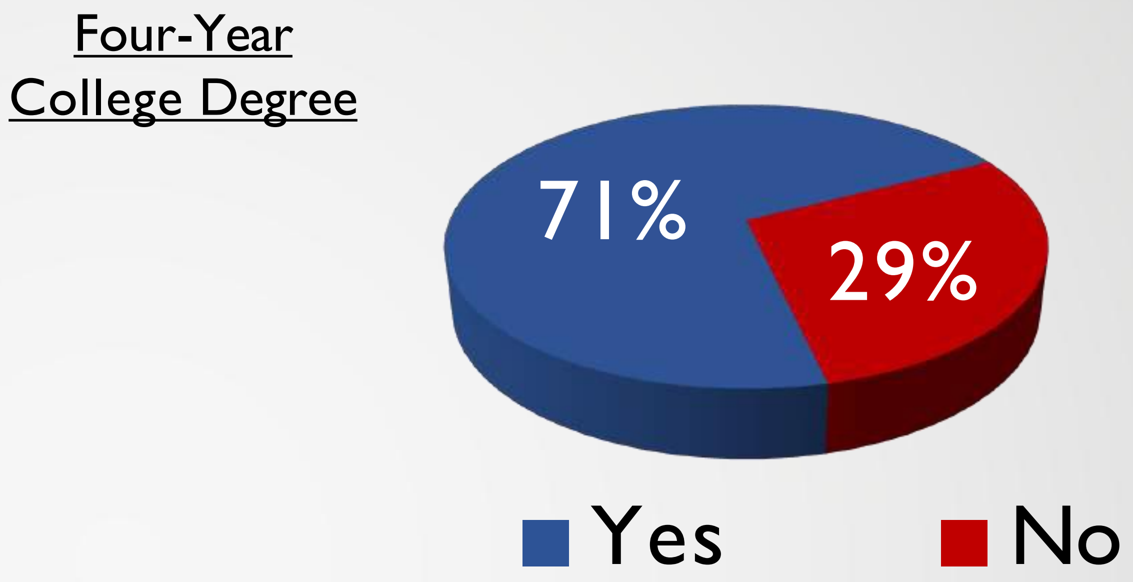
Property Tax Increases as a Preexisting Burden: Many respondents pushed back on the city's characterization of Centennial's tax burden as low, pointing to dramatic property tax increases in recent years as evidence the overall burden is already high. Several said they would be more open to a sales tax increase if property taxes were simultaneously reduced.

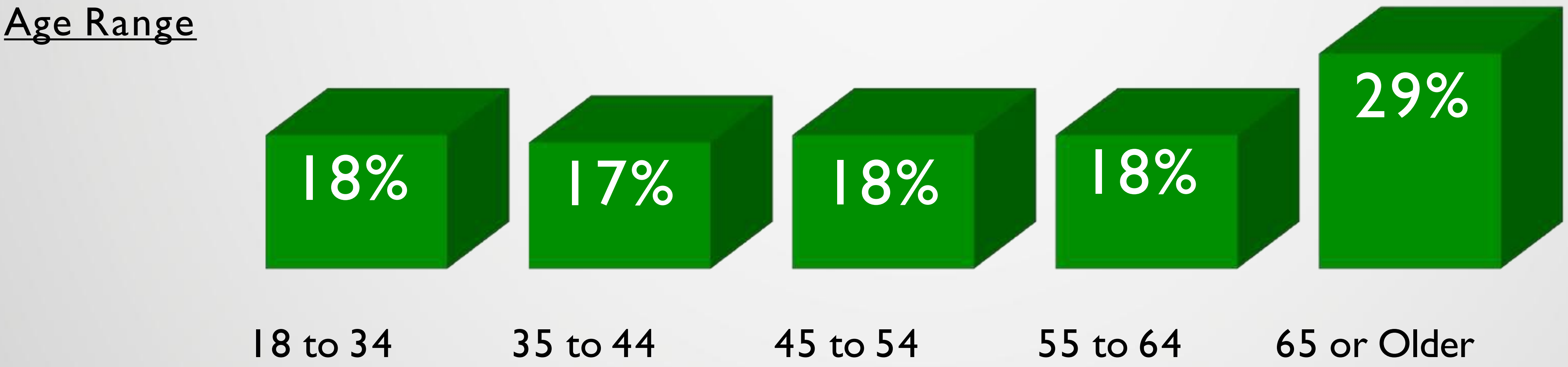
Preference for Reallocation Over New Revenue: Many respondents argued the funding gap should be closed by cutting lower-priority spending rather than raising taxes, with multimodal projects, open space, contracted services, and city staffing levels most frequently cited as areas where savings could be found.

Survey Demographics

Survey Demographics

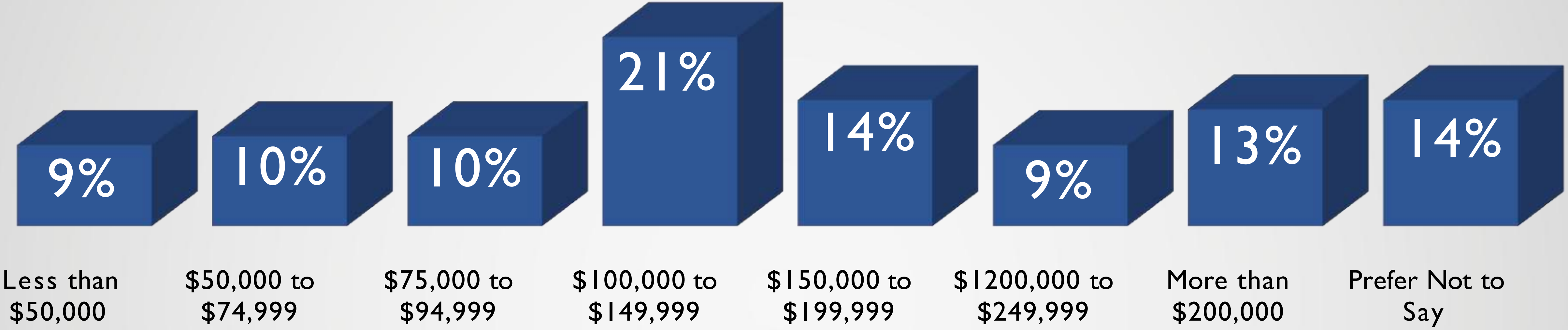




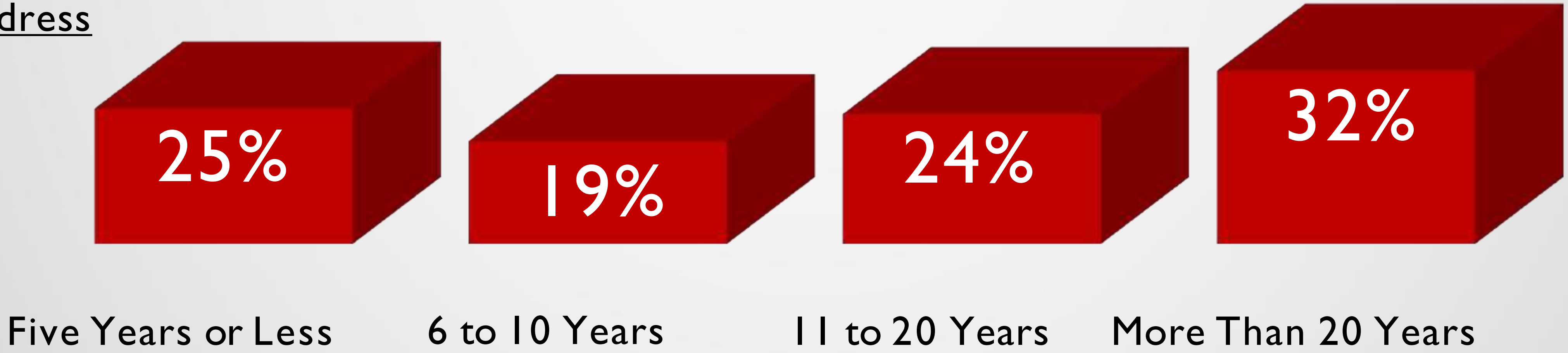


Survey Demographics

Income

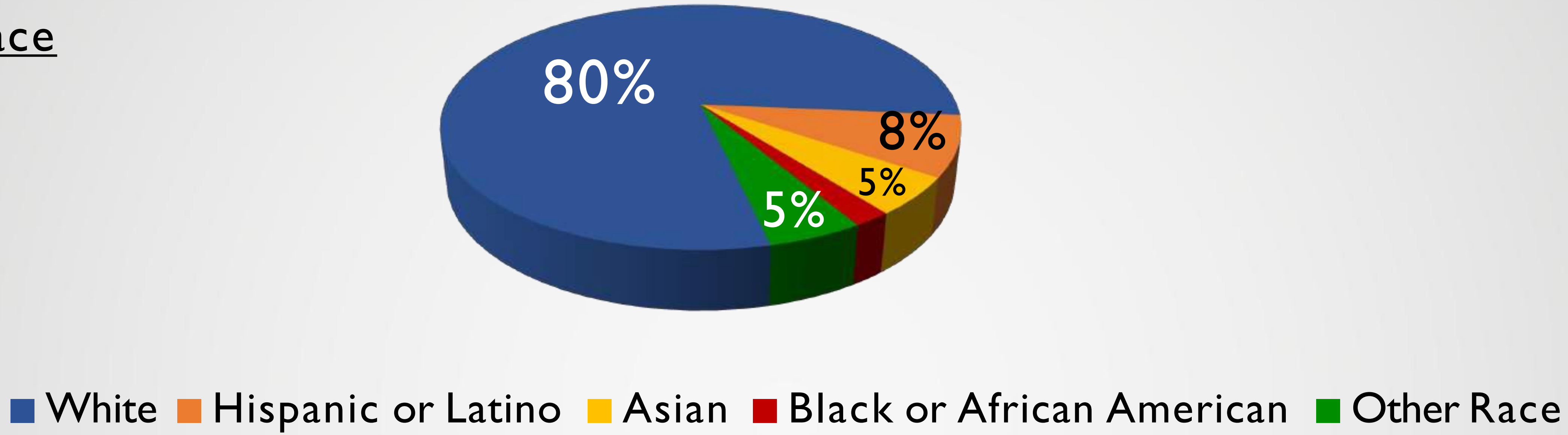


Lived at Current Address

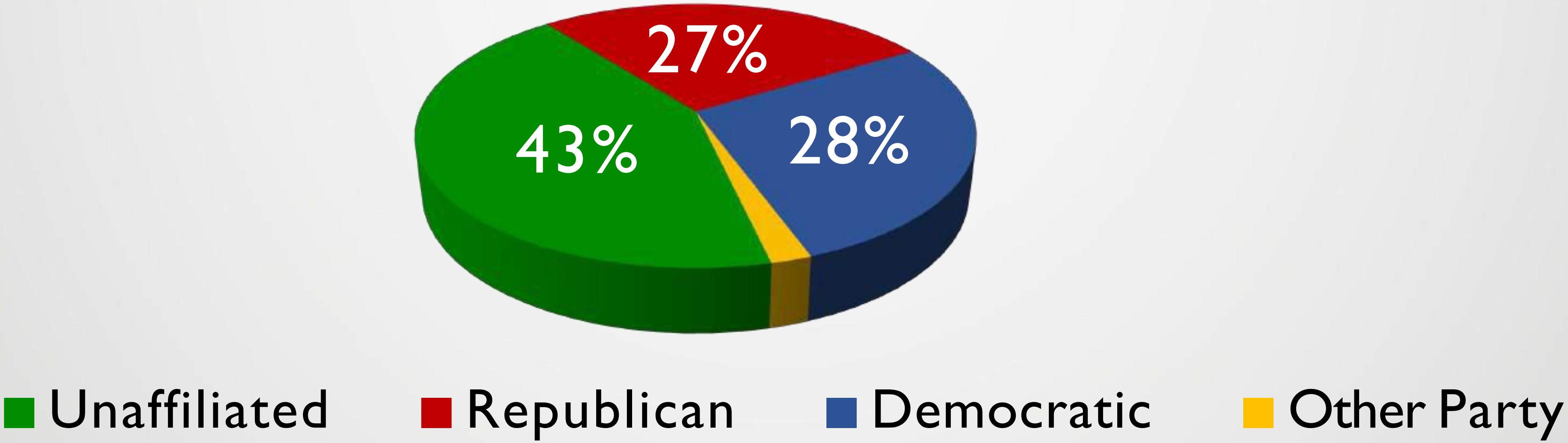


Survey Demographics

Race



Party



Magellan Strategies
4800 Aspen Creek Drive
Broomfield, CO 80023
MagellanStrategies.com
(303) 861-8585

David Flaherty | Ryan Winger
Courtney Sievers | Logan Miller

Next Steps

Council Direction Requested

Staff is seeking direction on whether to notify the Arapahoe County Clerk and Recorder of the City's intent to participate in the November 3, 2026 coordinated election.

If Council directs Staff to proceed:

- Notification preserves the future option to place a revenue question before voters

but

- Does not commit the City to doing so

and

- **Council retains the ability to finalize ballot language; or decline to refer a question**

If Council does not direct Staff to proceed:

- No notification will be filed
- The option to place a question on the November 2026 ballot will no longer be available

25 Years

CENTENNIAL