

# Aspen Daily News

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Aspen contemplates repurposing Wheeler Opera House transfer tax

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*Voters may be asked to divert money into a 'Community Investment Fund'*

Aspen's elected officials are considering redirecting money generated by a real estate transfer tax dedicated to the Wheeler Opera House for other purposes.

The real estate transfer tax (RETT) generated \$3.1 million for the Wheeler in 2013, according to city finance director Don Taylor. The city subsidizes the opera house's operations at about \$2.165 million annually. That leaves around \$1 million a year that could be used for other community needs, said Mayor Steve Skadron.

"It's purely exploratory but we are thinking about using part of it ... the demands seem to be increasing for health and human services," he said.

The city of Aspen's role in funding health and human services has been a source of angst in recent years. There is a Pitkin County property tax that is dedicated to funding health and human services and nonprofits in the valley but it's not enough to meet the increasing demands in the community.

City Council allocated \$390,000 in 2012 and in 2013, the city's contribution out of the general fund was cut to \$300,000. As has been discussed during the budgeting process for the last several years, the city is planning to phase out all general fund dollars in the future. The county administers grants to dozens of organizations through the Healthy Community Fund, which comes from a property tax voters renewed in 2011. The tax, which voters raised when it was renewed, now brings in roughly \$1.9 million a year.

City officials in the past have reasoned that the current funding mechanism is flawed because it double taxes residents who live in the city and pay both city sales and county property taxes. And, the current system is unreliable because of volatility in the city's general fund.

Creating a financial plan for Wheeler RETT revenues, determining the available funding level for a "Community Investment Fund," and deciding on a methodology for a community discussion and decision about repurposing and extending the tax was listed as one of Aspen City Council's top-10 goals when it held its retreat earlier this summer. The council will discuss this goal and others at tonight's work session.

The RETT was passed by voters in 1979 and is a 1.5 percent tax on all real estate transactions. The revenue generated that's dedicated to the Wheeler comes from .5 percent of the tax and the other 1 percent is for the local affordable housing program.

The tax sunsets on Dec. 31, 2019 and will require a public vote to renew it. Repurposing a portion of the Wheeler RETT would require voter approval as well, which is why city officials are considering taking it to the voters before the sunset date.

“The thinking is to get a vote in advance of 2019 so that if it fails or is challenged, we’ve got time,” said assistant city attorney Barry Crook.

The Wheeler fund balance is currently \$26.8 million, according to Taylor. That money would remain in the account and be used solely as an endowment for the city-owned facility, Crook said.

It is used for various purposes, the most recent of which is a multi-year, multi-phase renovation that is budgeted to cost a total of \$8.4 million, according to Gram Slaton, the Wheeler’s executive director.

The third and final phase will occur in the fall of 2015, with the gutting of the second floor, which includes realigning the bar, redoing the box office area, increasing the size of the lobby by 100 or 150 square feet and making the back stage areas more purposeful. A coat check also might be added, Slaton said. Other elements of the project include back-of-the-house items like plumbing and the HVAC systems.

The third-floor balcony renovation was completed last year and cost \$2.7 million. The first floor and basement renovation was completed in 2011 and cost the same amount, Slaton said. The last phase is budgeted for \$3 million, although the project may come in under budget.

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