

RESOLUTION 92-169  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AMENDING FINANCIAL AND MANAGEMENT POLICIES  
RELATING TO THE 1993 ANNUAL BUDGET

WHEREAS, the Financial and Management Policies Relating to the 1993 Annual Budget were adopted by City Council by Resolution 92-115 on July 7, 1992; and

WHEREAS, the citizens of the City of Fort Collins approved a citizen initiated ordinance by election on November 3, 1992, creating a 0.25 cent Sales and Use Tax (excluding grocery food) for the acquisition, construction, enhancement and maintenance of trail systems, wildlife habitat and other natural areas; and

WHEREAS, passage of this citizen initiated ordinance requires the amendment of sections of the 1993 Financial and Management Policies referring to Sales and Use Taxes and Capital; and

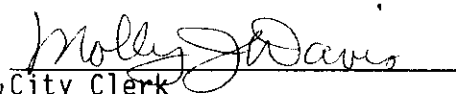
WHEREAS, the City Council wishes to amend the 1993 Financial and Management Policies for the fiscal year beginning January 1, 1993 and ending December 31, 1993.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, that sections 2.3, 3.7, 6.1, and 6.3 of the City's 1993 Financial and Management Policies are amended as set forth on Exhibit "A" attached hereto and incorporated herein by reference.

Passed and adopted at a regular meeting of the City Council held this 17th day of November, A.D. 1992.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Deputy City Clerk

### 2.3. SALES AND USE TAX DISTRIBUTION

The City's Sales and Use Tax totals ~~2.75~~ **3.00** cents, developed as follows:

1968 - General City uses	1.00
1980 - General City uses	1.00
1982 - General City uses	.25
1989 - Street Capital Maintenance	.25*
1990 - Choices 95 Capital Improvement Program	.25*
<del>1992 - Natural Areas</del>	<del>.25*</del>
	----
	<del>2.75</del> <b>3.00</b>

\*Excluding sales of grocery food.

Revenue generated by the Sales and Use Tax will be distributed, based on adopted budgets, in the following manner:

#### **TAX ON ALL SALES & USES: 2.25 cents**

- (1) **Fixed Dollar Amounts**
  - Annual Debt Service
  - Fort Collins/Loveland Airport Authority
  - Sales & Use Tax Debt Service Reserves
  - Street Oversizing
- (2) **General Fund**

Actual Sales and Use Tax revenue generated by the 2.25 cent tax in excess of the fixed dollar amounts listed above, will be transferred to the General Fund.

Actual Sales and Use Tax revenue generated by the 0.25 cent tax for Street Capital projects will be transferred to, and be retained in the Capital Projects Fund for repair and maintenance of existing streets (92% to Capital Projects and 8% to the Transportation Fund).

Actual Sales and Use Tax revenue generated by the 0.25 cent tax for the CHOICES 95 Capital Improvement Program will be transferred to, and retained in, the Capital Projects Fund for construction of projects approved during the CHOICES 95 process. With this pay-as-you-go program, no debt will be incurred to complete projects.

~~Actual Sales and Use Tax revenue generated by the 0.25 cent tax for the Natural Areas Capital Program will be transferred to, and retained in, the Capital Projects Fund for the acquisition, construction, enhancement and maintenance of trail systems, wildlife habitat, and other natural areas to benefit the citizens of the City of Fort Collins.~~

### **3.7. REBATE PROGRAMS**

The City recognizes that certain segments of its population, specifically the handicapped and senior citizens on fixed incomes, may be unable to keep pace with increasing taxes and utility costs. In an effort to partially offset the cost of Property Taxes, utility billings and Sales Taxes on these segments of its population, the City has established several rebate programs, as follows:

#### **Property Tax and Utility Charge Rebate Program**

These programs provide financial assistance to handicapped residents and senior citizens, in the form of an annual rebate on Property Tax and Utility charges, who qualify under residency and income guidelines.

#### **Sales Tax Rebate on Food Program**

The City recognized the regressiveness of the Sales Tax on food and specifically excluded the sale of grocery food when enacting a voter-approved \$0.25 cent Sales and Use extension for street maintenance on July 1, 1989 and the extension of the 0.25 cent January 1, 1990, for the CHOICES 95 Capital Improvement Program. ~~The sale of grocery food was also excluded from the voter-approved \$0.25 cent Sales and Use Tax for natural areas effective January 1, 1993.~~

In addition to these measures, the City has a Sales Tax Rebate on Food Program. This program provides for an annual rebate to members of qualifying households on the basis on residency and income guidelines.

## **GOVERNMENTAL AND PROPRIETARY FUNDS**

### **4.1. GENERAL FUND**

The General Fund is the largest and most diverse of the City's operating funds. It includes all resources not legally restricted to specific uses. The major source of revenue to the General Fund is Sales & Use Tax, which accounts for approximately 56% of the revenue. Local Property Tax and Lodging Tax are also included, as are revenues derived from fees for services and materials, licenses, permits, and fines.

#### **Service Productivity Incentive Policy**

This Policy provides incentives for General Fund managers to improve planning and delivery of services. General Fund managers need a means by which to save unspent annual appropriations that result from increases in productivity. Without an incentive policy, managers tend to spend savings on short term needs rather than long-range service improvement. This policy creates incentives to more closely examine spending decisions and to consider program related savings before requesting additional General

## CAPITAL IMPROVEMENT FUNDS

### 6.1. CITIZEN PARTICIPATION

With Resolution 87-130, Council solicited citizen involvement and participation in formulating a Capital Improvements Program known as Choices 95. By this Resolution, a citizen committee was created to make recommendations on the capital improvement needs of the community and the financing of those improvements. The recommended Capital Improvement Program was presented to Council by the Choices 95 citizen committee along with a pay-as-you-go funding recommendation. The Choices 95 citizen committee was instrumental in the determination of projects and funding mechanism to be accomplished in the 1991-1998 Capital Improvement Program.

The residents of Fort Collins on March 7, 1989, approved the extension of a 0.25 cent Sales and Use Tax rate (excluding grocery food) to finance the Choices 95 Capital Improvement Program. This extension is effective for a seven year period beginning January 1, 1990. In addition, the residents also approved the extension of 0.25 Sales and Use Tax rate (excluding grocery food) to finance much needed resurfacing of the City's streets. This extension is effective July 1, 1989 and expires January 1, 1997.

On November 3, 1992, the residents of Fort Collins approved a citizen initiated ordinance creating a 0.25 cent Sales and Use Tax rate (excluding grocery food) to finance the acquisition, construction, enhancement and maintenance of trail systems, wildlife habitat and other natural areas to benefit the citizens of the City of Fort Collins. This tax is effective for a five year period beginning January 1, 1993 and ending December 31, 1997.

### 6.2. CAPITAL IMPROVEMENT POLICY

With the exception of the Choices 95 Capital Programs, the City will continue to operate under its existing Capital Improvement Policy:

- The City will develop a multi-year plan for capital improvements and update it annually;
- The City will make all capital improvements in accordance with the adopted Capital Improvement Program and the Capital Project Management Control System;
- The City will identify estimated costs and funding sources for each capital project requested before it is submitted to City Council;
- The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Plan and City priorities and whose operating and maintenance costs have been included in the operating budget forecasts.

### 6.3. CAPITAL IMPROVEMENT PROGRAM

The City's Capital Improvement Program includes the Capital Projects Fund, the Conservation Trust Fund, and the Parkland Fund.

#### Capital Projects Fund

Projects within the Capital Projects Fund are classified as follows:

- General City Capital Projects
  - General Capital Projects
  - Choices 95 Capital Projects
  - Street Capital Maintenance
  - **Natural Areas**

#### **GENERAL CITY CAPITAL PROJECTS:**

General Capital Projects include minor street repair, concrete program, pedestrian access ramps, major building maintenance and other minor capital projects. General Capital Projects are financed by transfers from the appropriate financing fund and can be financed through bond proceeds and/or grant funds deposited directly in the Capital Projects Fund.

Choices 95 Capital Projects were recommended by the Choices 95 citizen committee and approved by the voters of Fort Collins. The proceeds of the 0.25 cent Sales and Use Tax is specifically dedicated to finance these projects.

Street Capital Maintenance consists of the Street Overlay and Sealcoat Program. This program provides for repair and maintenance of existing streets using cracksealing, patchings, sealcoats, overlays or reconstruction. Council recognized the importance of maintaining existing City streets, and the voters approved using 0.25 cent Sales and Use Tax revenue to finance the projects. (92% of the revenues are allocated for street rehabilitation and 8% for minor street maintenance).

Natural Areas includes the acquisition, construction, enhancement and maintenance of trail systems, wildlife habitat and other natural areas to benefit the citizens of the City of Fort Collins. Revenues may also be used to purchase water rights as needed or desired to maintain or enhance the natural characteristics of areas acquired. The proceeds of the 0.25 cent Sales and Use Tax is specifically dedicated to finance natural areas as defined herein.

#### **UTILITY CAPITAL PROJECTS:**

Utility Capital Projects, specifically Storm Drainage, Wastewater and Water, were in prior years also part of the Capital Projects Fund. Utility capital projects are

budgeted within the appropriate enterprise fund. Sources of funding for utility capital projects are bond proceeds and specific fees and charges.

#### **CONSERVATION TRUST FUND PROJECTS:**

The Conservation Trust Fund provides for the receipt and expenditure of revenue received from the Colorado State Lottery. The Lottery revenue finances capital projects which relate to the acquisition and development of open space and trails including associated administrative costs and charges. Consistent with Colorado statutes, the operation and maintenance of existing open space and trails may also be financed by these funds.

#### **PARKLAND FUND PROJECTS:**

The Parkland Fund provides for the development of neighborhood parks, as financed by a Parkland Fee. The Parkland Fee is collected from developers for each new dwelling unit established within the City limits. The Parkland Fund includes funds for neighborhood park capital improvements, with associated operation and maintenance costs included in the General Fund operating budget.

### **DEBT POLICIES**

#### **7.1. POLICY STATEMENT**

The City of Fort Collins recognizes the primary purpose of capital facilities is to support provision of services to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to two tests - efficiency and equity. The test of efficiency equates to the highest rate of return for a given investment of resources. The test of equity requires a determination of who should pay for the cost of capital improvements. In meeting the demand for additional capital facilities, the City will strive to balance the load between debt financing and "pay as you go" methods. The City realizes failure to meet the demands of growth may inhibit its continued economic viability, but also realizes too much debt may have detrimental effects. Through the rigorous testing of the need for additional debt financed facilities and the means by which the debt will be repaid, the City will strike an appropriate balance between service demands and the amount of debt.

The City of Fort Collins uses lease purchase financing for the provision of new and replacement equipment, vehicles and rolling stock in order to ensure the timely replacement of equipment and vehicles and to decrease the impact of the cost to the user department by spreading the costs over several years. This method may also be used to acquire real property. The type of lease that the City uses is termed a conditional sales lease, in effect a purchase rather than a rental of property. The annual installments for all leases are appropriated by the Council each year. For purposes of securing credit ratings and monitoring annual debt service as a