

**SUBJECT**

Second Reading of Ordinance No. 043, 2012, Appropriating Prior Year Reserves and Unanticipated Revenue in the General Fund for Cultural Development and Programming Activities and the Fort Collins Convention and Visitors Bureau.

**EXECUTIVE SUMMARY**

This Ordinance, unanimously adopted on First Reading on May 15, 2012, appropriates \$43,319 for 2012 Cultural Development and Programming activities (Fort Fund) and \$145,407 for the Fort Collins Convention and Visitors Bureau (FCCVB) from unanticipated revenues and unspent appropriations in the General Fund Lodging Tax Reserves. Approximately \$908,908 in Lodging Tax revenue was collected in 2011 that was distributed to the FCCVB (70%), Cultural Development and Programming – Fort Fund (25%), and Tourism Programming - Fort Fund (5%). After 2011 expenditures and miscellaneous revenue, there is unanticipated revenue and unspent appropriations of \$43,319 for Cultural Development and Programming -Fort Fund and \$145,407 for FCCVB available for activities in 2012.

**BACKGROUND / DISCUSSION**

Council requested additional information on the breakdown of the requested appropriations:

Lodging Tax	75%		25%	Total
	Promote Convention & Visitor Activities		Promote Cultural Development & Programming	
	Convention & Visitors Bureau 70%	Fort Fund (Tourism Programming) 5%	Fort Fund (Cultural development & programming) 25%	
Unanticipated Lodging Tax	83,236	0	29,727	112,963
Unanticipated Revenue	0	0	5,800	5,800
Unspent Appropriations	62,171	0	7,793	69,964
<b>Total</b>	<b>145,407</b>	<b>0*</b>	<b>43,320</b>	<b>188,727</b>

\*Due to a miscalculation by Finance of available reserves reported at the end of 2010 which resulted in an inaccurately inflated budget and overspending of \$9,713 in 2011, no additional appropriations are being requested for the 5% Tourism Programming in order to balance this error.

The unanticipated Lodging Tax is a result of Lodging Tax being estimated during the budget process. After the year's end, and the actual tax collected is known, revisions are made to the appropriations to the Fort Collins Convention and Visitors Bureau (FCCVB) and Fort Fund. In addition, unanticipated revenue was received by Fort Fund for a grant that was returned and the remainder is from unspent appropriations that are being requested to be reappropriated.

Attached is a 10 year history of Lodging Tax Revenue Allocation. In 1996, the City initiated a cap of \$250,000 plus an annual adjustment for inflation using the Denver/Boulder CPI on the contract with the FCCVB. Beginning in 2006, in response to a collaborative effort between the FCCVB and Cultural Resources Board, City Council revisited the Lodging Tax distribution formula and determined that it was appropriate to allocate the funds in a straightforward manner whereby the FCCVB received 70% of the Lodging tax collections and the remaining 30% is allocated to the Cultural Resources Board for distribution through Fort Fund. To meet the Code requirements of the 75%/25% distribution, a minimum of 5% of the Fort Fund dollars must be used for grants that support events that promote tourism.

**STAFF RECOMMENDATION**

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Staff recommends adoption of the Ordinance on Second Reading.

**ATTACHMENTS**

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1. Copy of First Reading Agenda Item Summary - May 15, 2012  
(w/o attachments)
2. 10 year History of FCCVB Funding

**DATE:** May 15, 2012  
**STAFF:** Bev Gast  
 Kelly DiMartino

**AGENDA ITEM SUMMARY**  
 FORT COLLINS CITY COUNCIL

**13**

**SUBJECT**

First Reading of Ordinance No. 043, 2012, Appropriating Prior Year Reserves and Unanticipated Revenue in the General Fund for Cultural Development and Programming Activities and the Fort Collins Convention and Visitors Bureau.

**EXECUTIVE SUMMARY**

This Ordinance appropriates \$43,319 for 2012 Cultural Development and Programming (CDP1) activities and \$145,407 for the Convention and Visitors Bureau (CVB) from unanticipated revenues and unspent appropriations in the General Fund Lodging Tax Reserves. Approximately \$908,908 in Lodging Tax revenue was collected in 2011 that was distributed to the CDP (25%), CVB (70%) and Visitor Events (CDP2)(5%). After 2011 expenditures and miscellaneous revenue, there is unanticipated revenue and unspent appropriations of \$43,319 for CDP and \$145,407 for CVB available for activities in 2012.

**BACKGROUND / DISCUSSION**

Section 25-244 of the City Code requires that 75% of the total lodging tax receipts are to be used for the promotion of convention and visitor activities and 25% for cultural development and programming activities. Actual revenue collected is appropriated based on this allocation formula and any excess revenue as well as budget savings are reserved by these activities in the General Fund balance.

**FINANCIAL / ECONOMIC IMPACTS**

	<u>CDP1</u>	Visitor Events <u>CDP2</u>	<u>CVB</u>
General Fund Reserve Balance (12/31/10)	\$ 70,347	\$ 3,787	\$ 78,480
2011 Lodging Tax Allocation	\$ 227,227	\$ 45,445	\$ 636,236
2011 Expenditures & Misc. Revenue	<u>-\$ 254,255</u>	<u>-\$ 49,232</u>	<u>-\$ 569,309</u>
General Fund Reserve Balance (12/31/11)	\$ 43,319	\$ 0	\$ 145,407

**STAFF RECOMMENDATION**

Staff recommends adoption of the Ordinance on First Reading.

**BOARD / COMMISSION RECOMMENDATION**

The City's Cultural Resources Board reviews applications for these funds and makes recommendations to the City Council. This fund support events that provide a public benefit to the Fort Collins community, and promotes the utilization of public accommodations within the City.

**Lodging Tax Revenue Allocation History: 2002-2011**

Fiscal Year	Total Lodging Tax Revenue Collected	Lodging Tax % Increase / Decrease from Previous Year	Consumer Price Index (Denver-Boulder)	Convention & Visitors Bureau (CVB) Revenue Allocation (70%)	Cultural Development & Programming (CDP1) Revenue Allocation (25%)	Visitors Events (CDP2) Revenue Allocation (5%)
2002	\$ 574,134	0.9%	2.16%	\$ 401,894	\$ 143,534	\$ 28,707
2003	\$ 581,636	1.3%	1.73%	\$ 407,145	\$ 145,409	\$ 29,082
2004	\$ 601,144	3.4%	-0.69%	\$ 414,533	\$ 150,286	\$ 36,325
2005	\$ 668,499	11.2%	1.45%	\$ 467,949	\$ 167,125	\$ 33,425
2006	\$ 841,586	25.9%	3.75%	\$ 589,110	\$ 210,397	\$ 42,079
2007	\$ 837,773	-0.5%	2.53%	\$ 586,441	\$ 209,443	\$ 41,889
2008	\$ 833,468	-0.5%	3.72%	\$ 583,428	\$ 208,367	\$ 41,673
2009	\$ 735,634	-11.7%	-0.62%	\$ 514,944	\$ 183,909	\$ 36,782
2010	\$ 807,748	9.8%	1.70%	\$ 565,424	\$ 201,937	\$ 40,387
2011	\$ 908,908	12.5%	3.83%	\$ 636,236	\$ 227,227	\$ 45,445

ORDINANCE NO. 043, 2012  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROPRIATING PRIOR YEAR RESERVES AND UNANTICIPATED  
REVENUE IN THE GENERAL FUND FOR CULTURAL DEVELOPMENT  
AND PROGRAMMING ACTIVITIES AND THE FORT COLLINS  
CONVENTION AND VISITORS BUREAU

WHEREAS, Section 25-244 of the City Code requires that lodging tax revenue is to be allocated as follows: 75% for the promotion of convention and visitor activities and 25% for cultural development and programming activities; and

WHEREAS, at the end of 2011, a total of \$908,908 in Lodging Tax revenues were collected and lapsed into the General Fund Reserves for lodging taxes; and

WHEREAS, the Lodging Tax funds were distributed in the following amounts to the following accounts:

- Cultural Development and Programming (CDP1)                   \$ 227,227
- Visitor Events (CDP2)   \$ 45,445
- Convention and Visitors Bureau (CVB)                               \$ 636,236

WHEREAS, the Cultural Development and Programming (CDP1) Account had prior year funds and unanticipated revenue in the amount of \$43,319 that were not expended in 2011; and

WHEREAS, the Convention and Visitors Bureau (CVB) Account had prior year funds and unanticipated revenue in the amount of \$145,407 that were not expended in 2011; and

WHEREAS, Article V, Section 9 of the City Charter permits the City Council to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated; and

WHEREAS, Article V, Section 9 of the City Charter permits the City Council to make supplemental appropriation by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, City staff has determined that the appropriation of the revenue as described herein will not cause the total amount appropriated in the General Fund to exceed the current estimate of actual and anticipated revenues to be received in that fund during any fiscal year; and

WHEREAS, the City wishes to appropriate all funds allocated for Cultural Development and Programming and the Fort Collins Convention and Visitors Bureau.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the total sum of FORTY THREE THOUSAND THREE HUNDRED NINETEEN DOLLARS (\$43,319) for Cultural Development and Programming activities.

Section 2. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the total sum of ONE HUNDRED FORTY FIVE THOUSAND FOUR HUNDRED SEVEN DOLLARS (\$145,407) for the Fort Collins Conventions and Visitors Bureau.

Introduced, considered favorably on first reading, and ordered published this 15th day of May, A.D. 2012, and to be presented for final passage on the 5th day of June, A.D. 2012.

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Mayor

ATTEST:

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Interim City Clerk

Passed and adopted on final reading on the 5th day of June, A.D. 2012.

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Mayor

ATTEST:

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Interim City Clerk