

# AGENDA ITEM SUMMARY

December 3, 2013

City Council

## STAFF

---

Chris Martinez, Budget Analyst  
Mike Beckstead, Chief Financial Officer

## SUBJECT

---

Resolution 2013-098 Adopting the Annual Revenue Allocation Formula to Define the City of Fort Collins' Contribution to the Poudre Fire Authority Budget for the Year 2014 for Operations and Maintenance.

## EXECUTIVE SUMMARY

---

This Resolution establishes a Revenue Allocation Formula between the City of Fort Collins and the Poudre Fire Authority to contribute funding for operating and maintenance of the Poudre Fire Authority.

## STAFF RECOMMENDATION

---

Staff recommends adoption of the Resolution.

## BACKGROUND / DISCUSSION

---

In December 1981, the Council entered into an intergovernmental agreement ("IGA") with the Poudre Valley Fire Protection District, creating the Poudre Fire Authority ("PFA"). The IGA was amended in 1987.

According to the IGA, the City will contribute funding for maintenance and operating costs of PFA, based on a Revenue Allocation Formula ("RAF"). The RAF is to be set annually, but paid monthly, based upon a percentage of sales and use tax revenues, excluding dedicated sales and use tax revenues that must be spent on specific projects, and a portion of the operating mill levy of the City's property tax.

The City calculates the RAF at a sum equal to .185 of one cent of the 2.25 cent sales and use tax applicable to all taxable sales and uses, plus 67.09% of the property tax available for operations and maintenance. Based on these calculations, the City's 2014 contribution to the PFA, including Keep Fort Collins Great (KFCG) funds, for operations and maintenance is \$18,423,017.

In addition to the operation and maintenance contribution, the 2014 Budget authorizes one mill of the City's property tax mill levy to fund PFA's capital needs. This mill levy was approved by the Council in 1991 to provide additional funding necessary for anticipated capital improvements, including land acquisition, construction of additional stations, and acquisition of major firefighting apparatus. The revenue from this dedicated mill is to be managed according to the property tax levy and revenue limitation provisions of TABOR. It is anticipated that the one mill tax levy will generate an estimated \$1,771,802.

This Resolution does include the City's contribution of \$164,393 for the Southwest Annexation which was included in the 2014 annual appropriation approved by City Council on November 5, 2013.

The City will also make a debt payment on behalf of PFA in 2014 in the amount of \$234,354. This is related to the capital expansion fees to be used for Station 4. This debt payment is not included in the RAF calculation nor in the total indicated as the City's Contribution to PFA for 2014, but is included in the 2014 annual appropriation approved by City Council on November 5, 2013.

Together, the City's total 2014 contributions to PFA for operations and maintenance, capital needs, the Southwest Annexation and debt retirement is \$20,359,212.

**FINANCIAL / ECONOMIC IMPACT**

---

Adoption of the Resolution will establish a Revenue Allocation Formula, thereby defining the City's contribution to the Poudre Fire Authority in 2014. Additionally, one mill levy of the City's Property tax mill levy will go to fund PFA's capital needs. The total City contributions to PFA for operations, maintenance and capital needs in 2014 will be \$20,359,212.

RESOLUTION 2013-098  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
ADOPTING THE ANNUAL REVENUE ALLOCATION FORMULA TO  
DEFINE THE CITY OF FORT COLLINS' CONTRIBUTION TO THE  
POUDRE FIRE AUTHORITY BUDGET FOR THE YEAR 2014  
FOR OPERATIONS AND MAINTENANCE

WHEREAS, on December 22, 1981, the City entered into an Intergovernmental Agreement (the "IGA") with the Poudre Valley Fire Protection District creating the Poudre Fire Authority (the "Authority"), which IGA was last amended in 1987; and

WHEREAS, the Authority provides fire protection services to all properties within the City limits and the City has a continuing commitment to provide funding to the Authority for its public safety services; and

WHEREAS, the IGA provides that the City's contribution for maintenance and operation costs is based on a "revenue allocation formula" ("RAF") which is set annually, based upon a percentage of sales and use tax revenues, excluding sales and use tax revenue which must be spent on specific projects, and a portion of the operating mill levy of the City's property taxes available; and

WHEREAS, the City's RAF contribution to the Authority for 2014 operations and maintenance costs has been so calculated and adjusted.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the following formula is hereby adopted to set the City's RAF contribution to the Poudre Fire Authority for the year 2014:

REVENUE ALLOCATION FORMULA

The City will contribute to the Poudre Fire Authority a sum equal to .185 of one cent of the City's 2.25 cent sales and use tax rate applicable to sales and use tax revenues (excluding sales tax revenue which must be spent on specific projects) to provide for maintenance and operation costs and a sum equal to 67.09 percent of the operating mill levy of the City's property taxes to provide for capital improvement costs of the Poudre Fire Authority.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 3rd day of December A.D. 2013

\_\_\_\_\_  
Mayor

ATTEST:

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