

AGENDA ITEM SUMMARY

March 7, 2017

City Council

STAFF

Wendy Bricher, Financial Coordinator
Amanda King, Communications/Public Involvement Director
Loren Scheu, Financial Coordinator

SUBJECT

Second Reading of Ordinance No. 027, 2017, Appropriating Prior Year Reserves and Unanticipated Revenue in the General Fund for Cultural Development and Programming Activities, Tourism Programming, and Convention and Visitor Program Services.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on February 21, 2017, appropriates \$355,985, from a combination of unanticipated revenue (Lodging Tax) and prior year reserves (unspent appropriations) in the General Fund Lodging Tax Reserves. \$221,578 will be used for 2017 Cultural Development and Programming Activities (Fort Fund); \$14,560 will be used for 2017 Tourism Programming (Fort Fund); and \$119,847 will be used for 2017 Convention and Visitors Program activities. Lodging taxes are annually collected by the City of Fort Collins for Cultural Development and Tourism programming activities. Anticipated revenue is projected through each Budgeting for Outcomes (BFO) cycle and then adjusted annually as needed based on actual collections. Lodging tax revenue collected in 2016 was \$355,985 above projected collections.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, February 21, 2017 (w/o attachments) (PDF)
2. Ordinance No. 027, 2017 (PDF)

AGENDA ITEM SUMMARY

February 21, 2017

City Council

STAFF

Wendy Bricher, Financial Coordinator
Amanda King, Communications/Public Involvement Director
Loren Scheu, Financial Coordinator

SUBJECT

First Reading of Ordinance No. 027, 2017, Appropriating Prior Year Reserves and Unanticipated Revenue in the General Fund for Cultural Development and Programming Activities, Tourism Programming, and Convention and Visitor Program Services.

EXECUTIVE SUMMARY

The purpose of this item is to appropriate \$355,985, of which \$221,578 is proposed for 2017 Cultural Development and Programming Activities (Fort Fund), \$14,560 is proposed for 2017 Tourism Programming (Fort Fund), and \$119,847 is proposed for 2017 Convention and Visitors Program activities, from a combination of Unanticipated Revenue (Lodging Tax) and Prior Year Reserves (unspent appropriations) in the General Fund Lodging Tax Reserves.

Lodging taxes are annually collected by the City of Fort Collins for Cultural Development and Tourism programming activities. Anticipated revenue is projected through each Budgeting for Outcomes (BFO) cycle and then adjusted annually as needed based on actual collections. Lodging tax revenue collected in 2016 was \$355,985 above projected collections.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Section 25-44 of the City Code requires that 75% of the total lodging tax receipts be used for the promotion of convention and visitor activities in the City and 25% of receipts be used for cultural development and programming activities in the City. Actual revenue collected is appropriated based on this allocation formula and any excess revenue and budget savings are reserved for these activities in the General Fund.

Pursuant to a contract with the Fort Collins Convention and Visitors Bureau (FCCVB), the City has paid a portion of lodging tax receipts to the FCCVB since 2011 for delivery of convention and visitors programming services in furtherance of the City Code requirement. The amount due for convention and visitors programming is appropriated based on prior year receipts and paid annually to FCCVB after the close of the prior tax year.

When actual lodging tax receipts exceed the anticipated amount appropriated for cultural development and programming activities, the City also appropriates additional funds and adjusts the amount allocated for those activities in the year following the year in which the tax is collected. Appropriated lodging tax revenues remaining unspent at the end of the tax year lapse into the General Fund, and may be appropriated the following year for the same purposes as they were originally appropriated.

The actual tax revenue collected during the 2016 tax year, as determined in January 2017, was \$171,209 more than the Lodging tax revenue anticipated and appropriated for expenditure in 2017. Accordingly, upward adjustments to the 2017 appropriations under Section 25-44 of the City Code are required. In addition, Budget staff has recommended unspent appropriations for convention and visitor activities and cultural development and programming activities that lapsed into the General Fund in 2016 be re-appropriated in 2017 for the same purposes as originally appropriated. These appropriation adjustments are described below.

CITY FINANCIAL IMPACTS

		75%		25%	
		Promote Convention & Visitor Activities		Promote Cultural Development & Programming (CDP)	
		Convention & Visitors Bureau	Fort Fund (Tourism Programming)	Fort Fund (Cultural Development & Programming)	
		Percent			Total
Lodging Tax		70%	5%	25%	
Unanticipated Lodging Tax		119,847	8,560	42,802	171,209
Unspent Appropriations		0	6,000	178,776	184,776
Increased 2016 Appropriation for 2016 Payment		119,847	14,560	221,578	355,985

ORDINANCE NO. 027, 2017
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, TOURISM PROGRAMMING,
AND CONVENTION AND VISITOR PROGRAM SERVICES

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

WHEREAS, the 2016 Lodging Tax revenue was estimated to be \$1,166,000, and a total of \$1,453,809 in Lodging Tax revenues was actually collected; and

WHEREAS, staff has recommended that unanticipated 2016 Lodging Tax revenue in the amount of \$171,209 held in the General Fund Reserves be appropriated in 2017 for Lodging Tax programs and activities as follows:

- Cultural Development and Programming \$42,802
- Tourism Programming \$8,560
- Convention and Visitors Program Services \$119,847; and

WHEREAS, staff has further recommended that unexpended 2016 appropriations of Lodging Tax revenue in the amount of \$184,776, which have lapsed and were returned to the General Fund be appropriated for Lodging Tax programs and activities in 2017, based on the use specified when they were first appropriated, as follows:

- Cultural Development and Programming \$178,776
- Tourism Programming \$6,000; and

WHEREAS, the total additional 2017 appropriations are \$355,985 to make the full payment to the Fort Collins Convention and Visitors Bureau under the agreement between the City and the Bureau, and the Fort Fund Cultural Development and Programming account; 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 further permits the City Council to make supplemental appropriations 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 Council wishes to appropriate all Lodging Tax revenues to be allocated under the City Code for Cultural Development and Programming, Tourism Programming, including funds to be paid to the Fort Collins Convention and Visitors Bureau and unanticipated and lapsed Lodging Tax revenues from 2016.

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

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the total sum of TWO HUNDRED TWENTY ONE THOUSAND FIVE HUNDRED SEVENTY EIGHT DOLLARS (\$221,578) for Cultural Development and Programming activities.

Section 3. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the total sum of FOURTEEN THOUSAND FIVE HUNDRED SIXTY DOLLARS (\$14,560) for Tourism Programming.

Section 4. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the total sum of ONE HUNDRED NINETEEN THOUSAND EIGHT HUNDRED FORTY SEVEN DOLLARS (\$119,847) for Convention and Visitors Program Services.

Introduced, considered favorably on first reading, and ordered published this 21st day of February, A.D. 2017, and to be presented for final passage on the 7th day of March, A.D. 2017.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 7th day of March, A.D. 2017.

Mayor

ATTEST:

City Clerk