

AGENDA ITEM SUMMARY

April 21, 2020

City Council

STAFF

Chris Martinez, Financial & Policy Analyst
Amanda King, Communications/Public Involvement Director
Jim McDonald, Cultural Services Director
Ryan Malarky, Legal

SUBJECT

Second Reading of Ordinance No. 055, 2020, 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 item is coming to Council at this time as a Second Reading Ordinance. It relates to funding activities that must move forward in a timely way. Specifically, per the City's contract with Visit Fort Collins for convention and visitor services the payment must be made by the City in May. For Fort Fund, the appropriation fulfills the 2020 grant disbursement requirements. The review is in progress and being reviewed by the Cultural resources Board in April.

This Ordinance, unanimously adopted on First Reading on April 7, 2020, appropriates \$753,709, of which \$441,944 is proposed for 2020 Cultural Development and Programming Activities (Fort Fund), \$48,198 is proposed for 2020 Tourism Programming (Fort Fund), and \$263,567 is proposed for 2020 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 2019 was \$376,406 above projected collections.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, April 7, 2020 (w/o attachments) (PDF)
2. Ordinance No. 055, 2020 (PDF)

AGENDA ITEM SUMMARY

April 7, 2020

City Council

STAFF

Chris Martinez, Financial & Policy Analyst
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Ryan Malarky, Legal

SUBJECT

First Reading of Ordinance No. 055, 2020, 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 \$753,709, of which \$441,944 is proposed for 2020 Cultural Development and Programming Activities (Fort Fund), \$48,198 is proposed for 2020 Tourism Programming (Fort Fund), and \$263,567 is proposed for 2020 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 2019 was \$376,406 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 2019 tax year, as determined March 2020, was \$376,403 more than the Lodging tax revenue anticipated and appropriated for expenditure in 2019. Accordingly, upward adjustments to the 2020 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 2019 be re-appropriated in 2020 for the same purposes as originally appropriated. These appropriation adjustments are described below.

CITY FINANCIAL IMPACTS

2020 LODGING TAX CLARIFICATION				
Section 25-44 of the City Code:	75%		25%	
	Promote Convention & Visitor Activities		Promote Cultural Development & Programming	
	503200	503202	503201	
Lodging Tax	Convention & Visitors Bureau 70%	Fort Fund (Tourism Programming) 5%	Fort Fund (Cultural Development & Programming) 25%	
				Total
Unanticipated Lodging Tax	263,484	18,820	94,102	376,406
Unspent Appropriations	83	29,378	347,842	377,303
Total of Unanticipated Lodging Tax and Unspent Appropriations Available for 2020	\$ 263,567	\$ 48,198	\$ 441,944	\$ 753,709

ORDINANCE NO. 055, 2020
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, Section 25-244 of the Code of the City of Fort Collins 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, Lodging Tax revenue was estimated at \$1,570,000 for 2019 and appropriated; and

WHEREAS, at the end of 2019, a total of \$1,946,406 in Lodging Tax revenues had been collected and the unspent portions lapsed into the General Fund Reserves for Lodging Tax programs and activities; and

WHEREAS, unanticipated Lodging Tax revenue in the amount of \$376,406 held in the General Fund Reserves is to be appropriated for each of the Lodging Tax programs and activities as follows; and

- Cultural Development and Programming \$94,102
- Tourism Programming \$18,820
- Fort Collins Convention and Visitors Bureau \$263,484; and

WHEREAS, unexpended 2019 appropriations of Lodging Tax revenue in the amount of \$377,303 have lapsed and were returned to the General Fund, and are to be appropriated for Lodging Tax programs and activities based on the use specified when they were first appropriated, as follows; and

- Cultural Development and Programming \$347,842
- Tourism Programming \$29,378
- Fort Collins Convention and Visitors Bureau \$83; and

WHEREAS, the total additional 2020 appropriations are \$753,709 to make the full payment to the Fort Collins Convention and Visitors Bureau and Fort Fund Cultural Development and Programming and Tourism Programming; and

WHEREAS, Article V, Section 9, of the City Charter 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, 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, the City Manager has recommended the appropriation described herein and determined that this appropriation is available and previously unappropriated from the General Fund and 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, this appropriation benefits public health, safety and welfare of the citizens of Fort Collins and serves the public purpose of promoting visitor activity as well as cultural development and programming activities; and

WHEREAS, the City wishes to appropriate funds allocated for Cultural Development and Programming, Tourism 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 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 FOUR HUNDRED FORTY-ONE THOUSAND NINE HUNDRED FORTY-FOUR DOLLARS (\$441,944) 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 FORTY-EIGHT THOUSAND ONE HUNDRED NINETY-EIGHT DOLLARS (\$48,198) for Tourism Programming activities.

Section 4. That there is hereby appropriated for expenditure from prior year reserves in the General Fund the total sum of TWO HUNDRED SIXTY-THREE THOUSAND FIVE HUNDRED SIXTY-SEVEN DOLLARS (\$263,567) for the Fort Collins Convention and Visitors Bureau.

Introduced, considered favorably on first reading, and ordered published this 7th day of April, A.D. 2020, and to be presented for final passage on the 21st day of April, A.D. 2020.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 21st day of April, A.D. 2020.

Mayor

ATTEST:

City Clerk