

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 25

DATE: November 4, 2003

STAFF: Doug Smith

SUBJECT

Resolution 2003-123 Adopting a Revenue Allocation Formula to Define the City of Fort Collins' Contribution to the Poudre Fire Authority Budget for the Year 2004 for Operations and Maintenance.

RECOMMENDATION

Staff recommends adoption of the Resolution.

FINANCIAL IMPACT

Adoption of the Resolution will establish a Revenue Allocation Formula (RAF), thereby defining the City's contribution to the Poudre Fire Authority in 2004 for operations and maintenance. The City's General Fund will provide a contribution to the PFA of \$11,303,078 in 2004 to meet its operation and maintenance needs. In addition, the City will continue its current policy of funding the PFA by dedicating one mill of the City's total mill levy. These funds, estimated at \$1,322,219 in 2004, are available for operations, maintenance, and capital needs of the PFA.

EXECUTIVE SUMMARY

In December 1981, the Council entered into an agreement with the Poudre Valley Fire Protection District, creating the Poudre Fire Authority.

According to the Intergovernmental Agreement between the City of Fort Collins and the Poudre Valley Fire Protection District, the City will contribute funding for maintenance and operating costs to the Authority based on a "Revenue Allocation Formula" ("RAF"). The RAF is to be set annually 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. Article X, Section 20 of the State Constitution ("TABOR") limits the rate of growth to a combination of the Denver-Boulder-Greeley Consumer Price Index and additions to the local property tax base primarily due to construction and annexation. Although voters passed a ballot measure in November, 1997 allowing the City to retain excess revenues over the growth limits imposed by TABOR, the RAF is still reviewed annually and proportionately reduced, if necessary, if City revenues exceed the estimated annual percentage increase in revenues that the City would be permitted to retain under TABOR.

As in past years, the City initially calculated the RAF at a sum equal to .303 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. That amount was reduced because the City's estimated revenues are expected to exceed the estimated annual percentage increase in revenues for 2004 that the City would normally be permitted to retain under TABOR. Based on these calculations, the City's 2004 contribution to the Poudre Fire Authority for operations and maintenance is \$11,303,078.

In addition to the contribution to the PFA according to the RAF, the 2004-2005 Budget provides one mill of the City's property tax mill levy to fund the Poudre Fire Authority's capital needs. This mill levy was approved by the Council in 1991 as a means for producing the additional funding necessary for the anticipated capital improvements, including land acquisition, construction of additional stations, and acquisition of major fire fighting 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 \$1,322,219 for PFA capital.

RESOLUTION 2003-123
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING A REVENUE ALLOCATION FORMULA TO DEFINE THE
CITY OF FORT COLLINS' CONTRIBUTION TO THE POUFRE FIRE
AUTHORITY BUDGET FOR THE YEAR 2003 FOR OPERATIONS AND MAINTENANCE

WHEREAS, the City of Fort Collins (the "City") entered into an Intergovernmental Agreement dated December 22, 1981, with the Poudre Valley Fire Protection District (the "District"), creating the Poudre Fire Authority (the "Authority") as an entity; 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 to accomplish the provision of these public safety services; and

WHEREAS, as a part of the Intergovernmental Agreement, the City has agreed to contribute funding for maintenance and operation costs to the Authority based on a "Revenue Allocation Formula" which is to be 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 for operations; and

WHEREAS, with the adoption of Article X, Section 20 of the Colorado Constitution (on November 2, 1992), the Council determined that the City's contribution to the Authority, as determined by the Revenue Allocation Formula, should be proportionately reduced, if necessary, if City revenues exceed the estimated annual percentage increase in revenues that the City would be permitted to retain under Article X, Section 20; and

WHEREAS, the City's contribution to the Authority for 2004 operating and maintenance cost has been so calculated and adjusted.

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

That the following revenue allocation formula be, and hereby is, adopted to determine the City's contribution to the Poudre Fire Authority for the year 2004:

REVENUE ALLOCATION FORMULA

The City will contribute to the Poudre Fire Authority a sum equal to .303 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) and a sum equal to 67.09 percent of the operating mill levy of the City's property taxes to provide for maintenance and operation costs of the Poudre Fire Authority; provided, however, that such contribution shall be proportionately reduced, if necessary, if City revenues exceed the estimated annual percentage increase in revenues that the City

would be permitted to retain under Article X, Section 20 of the Colorado Constitution.

Passed and adopted at a regular meeting of the City Council held this 4th day of November, A.D. 2003.

Mayor

ATTEST:

City Clerk