

AGENDA ITEM #7.

CITY COUNCIL COMMUNICATION FORM

FROM: Kim Weber, Finance Director

THROUGH: Gary Suiter, City Manager

DATE: February 27, 2018

ITEM: Ordinance: Second Supplemental Budget Appropriation of 2018 (Accommodation Tax Fund) – second reading.

FORM OF MOTION: Approve Second Supplemental Budget Appropriation of 2018.

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

The purpose of this supplemental budget appropriation is to carry forward the appropriation of the excess accommodation tax funds that Council approved on the fourth supplemental appropriation of 2017 which was introduced, read and ordered published by the City Council of the City of Steamboat Springs, at its regular meeting held on the 5th day of December 2017 and finally read, passed and approved on the 19th day of December 2017. (Ordinance 2630)

City Council established the Accommodations Tax Reserve Steering Committee as a citizens committee to identify options and make a recommendation to city council regarding use of Accommodation Tax Reserve funds. The Committee met 13 times, identified desired project criteria, developed and carried out a request for proposals process, solicited and reviewed 14 different projects, and made a recommendation to council on September 19, 2017 for spending all of the \$1,186,000 in Accommodations Tax Reserve funds.

At the September 19, 2017 City Council meeting, City Council President Magill moved and Council Member Meyer seconded to take the Committee recommendation modified to fund \$900,000 to the sports facility and \$286,000 to Old Town Hot Springs. Council Member Meyer offered a friendly amendment: subject to review of the proforma. Motion carried 4/3. Council Members Petis, Sloop and Crossan opposed.

At the October 24, 2017 City Council meeting, a follow up on the multi-use facility expansion at the ice arena was presented. Brent Pearson, Kerry Shea and Ed Becker were present. Pearson provided a PowerPoint presentation reviewing the following: multi-use facility addition to the Howelsen Ice Arena action item; project scope; objectives; multi sheet incremental revenue assumptions; labor analysis; incremental expense assumptions; net contribution and surplus; economic impact; and around the state.

Discussion took place relative, but not limited to: summer usage; fundraising ability; planning approvals; Howelsen Rodeo parking area; revenue and expenses for the plan A model; partnership agreement; and the potential of building in 2018. Council approved the financial presentation and project.

Background Information: The 2A Accommodations Tax ballot language restricts use of the first \$660,000 in Accommodation Tax dollars between 2014 and 2023 with the direction that any tax revenues in excess of the \$660,000 each year may be spent at the discretion of city council on projects authorized by the 1986 public accommodations tax ballot question. These "excess" dollars are a part of the "Accommodation Tax Reserve" which is anticipated to be \$1,186,000 by the end of 2017. City Council seated the Accommodations Tax Reserve Committee in January 2017, and then approved the committee's proposed RFP process and criteria in May 2017. Committee members are: Larry Mashaw (chair), Scott Marr, Frank Alfone, Kady Watson, Nancy Kramer, Joella West (vice chair), Helen Beall, and Kathi Meyer as city council liaison.

Since the fourth supplemental budget appropriation of 2017 was passed on December 19, 2017, and since first reading of this supplemental, there has been \$4,185 in expenses associated with design work, \$3,832 in expense payment to AGNC for administrative costs for Enterprise Zone Contributions and a \$375,000 contribution was received on December 29, 2017 from the Craig-Scheckmans. Separate from the fourth supplemental yet concurrent efforts from fundraising have yielded some private contributions as well. The associated expenses and revenue will be presented to Council at a later time for budget appropriation once the fundraising group reaches the various milestone amounts.

II. ALTERNATIVES:

Option 1. Approve supplemental budget appropriation as presented.

Pros:

- Enable staff to continue with contracted projects
- Enable staff to continue with projects that have been formerly budgeted

Cons:

- Utilization of \$1,177,983 in Accommodations Tax fund reserves

Option 2. Not approve supplemental

Pros:

- Reduces supplemental budget appropriation

Cons:

- Legal obligation for the City where a contract has been executed will be violated
- Community expectations of projects that were approved and budgeted for may not get completed if budget is not re-appropriated

III. STAFF RECOMMENDATION:

Option 1.

IV. FISCAL IMPACTS:

Revenues:

2017 Private Contribution actuals	\$ 375,000
2018 Private Contribution	<u>625,000</u>
Private Contributions subtotal	1,000,000
Accommodations tax fund reserves (2017 4 th supplemental)	1,186,000
Total Revenue	<u><u>\$ 2,186,000</u></u>

Expenditures:

Old Town Hot Springs capital funding	286,000
2017 Actual expenditures (design)	4,185
2017 Actual expenditures (AGNC admin fee)	3,832
Multi-Purpose Facility addition	95,815
Multi-Purpose Facility addition – Grant Phase	<u>1,796,168</u>
Total Expenditures	<u><u>\$2,186,000</u></u>

V. LEGAL ISSUES:

Supplemental Appropriations allowed per section 9.10 of the Home Rule

Charter.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

None Noted.

VII. APPLICABLE GOALS & POLICIES:

Carrying out a broad call for projects and utilizing a citizen committee to review and recommend use of the Accommodation Tax Reserve contributes to Council's goal to "Improve Community Trust."

CITY OF STEAMBOAT SPRINGS, COLORADO

ORDINANCE NO. _____

**SECOND SUPPLEMENTAL BUDGET APPROPRIATION
ORDINANCE OF 2018 – ACCOMMODATION TAX FUND.**

WHEREAS, there are expenditures related to the construction of a Multi Purpose Facility Expansion to Howelsen Ice Arena appropriated and budgeted in 2017, and

WHEREAS, there are expenditures related to a contribution to fund capital improvements at Old Town Hot Springs appropriated and budgeted in 2017, and

WHEREAS, the budgeted unused funds need to be carried over and re-appropriated in 2018, and

WHEREAS, the City Council finds that the appropriation of excess accommodation tax funds for the purpose of funding the multi-purpose facility addition at the ice arena and the capital improvements at the Old Town Hot Springs will promote tourism and enhance the vitality of Steamboat Springs as a premiere destination resort, and enhance the community identity, environmental desirability and economic health of Steamboat Springs and therefore serves the purposes of the accommodations tax per the terms of the November 4, 1986 ballot language, and

WHEREAS, the City Council believes that such appropriation is important to the economic health and welfare of the community.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STEAMBOAT SPRINGS, COLORADO:

The Steamboat Springs Revised Municipal Code shall be amended as follows:

Section 1. Supplemental Appropriation. That pursuant to Section 9.10 (a) of the City of Steamboat Springs Home Rule Charter, the City Council hereby appropriates the following sums of money or that portion necessary for the purposes herein named:

Accommodation Tax Fund	
Old Town Hot Springs Capital Contribution	\$ 286,000
Multi-Purpose Facility Expansion	<u>\$1,891,983</u>
Total Expenditures to be appropriated	<u>\$2,177,983</u>

Section 2. All ordinances heretofore passed and adopted by the City Council of the City of Steamboat Springs, Colorado, are hereby repealed to the extent that said ordinances, or parts thereof, are in conflict herewith.

Section 3. If any section, subsection, clause, phrase or provision of this Ordinance, or the application thereof, to any person or circumstance, shall to any extent, be held by a court of competent jurisdiction to be invalid, void or unconstitutional, the remaining sections, subsections, clauses, phrases and provisions of this Ordinance, or the application thereof to any person or circumstance, shall remain in full force and shall in no way be affected, impaired or invalidated.

Section 4. The City Council hereby finds, determines and declares that this Ordinance is necessary for the immediate preservation of the public peace, health and safety.

Section 5. This Ordinance shall take effect immediately upon the expiration of five (5) days from and after its publication following final passage, as provided in Section 7.6(h) of the Steamboat Springs Home Rule Charter.

INTRODUCED, READ AND ORDERED PUBLISHED, as provided by law, by the City Council of the City of Steamboat Springs, at its regular meeting held on the 23rd day of January 2018.

**Jason Lacy, President
Steamboat Springs City Council**

ATTEST:

**Julie Franklin, CMC
City Clerk**

FINALLY READ, PASSED AND APPROVED this 27th day of February 2018.

**Jason Lacy, President
Steamboat Springs City Council**

ATTEST:

**Julie Franklin, CMC
City Clerk**