



## AGENDA ITEM SUMMARY

City Council

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### STAFF

Amanda King, Communications/Public Involvement Director  
James McDonald, Cultural Services and Facility Director  
Chris Martinez, IES Financial Planning and Analysis Manager  
Ted Hewitt, Legal

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### SUBJECT

**First Reading of Ordinance No. 037, 2023, Appropriating Prior Year Reserves in the General Fund for Cultural Development and Programming Activities, Tourism Programming, and Convention and Visitor Program Services.**

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### EXECUTIVE SUMMARY

The purpose of this item is to appropriate \$598,668 of which \$261,527 is proposed for Cultural Development and Programming Activities (Fort Fund), \$169,624 is proposed for Tourism Programming (Fort Fund), and \$167,517 is proposed for Convention and Visitors Bureau from a combination of 2022 Lodging Tax collections 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 final actual collections. For 2022, total Lodging Tax revenues collected came in \$239,310 above projected collections.

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### STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

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### BACKGROUND / DISCUSSION

Section 25-244 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 2022 tax year, as determined March 2023, was \$239,310 more than the Lodging Tax revenue anticipated and appropriated for expenditure in 2023. Accordingly, upward adjustments to the 2023 appropriations under Section 25-244 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 2022 be re-appropriated in 2023 for the same purposes as originally appropriated. These appropriation adjustments are described below.

## **CITY FINANCIAL IMPACTS**

| <b>2023 LODGING TAX CLARIFICATION</b>   |                                     |  |  |                   |
|---|-------------------------------------|--|--|-------------------|
|   |                                     |  |  |                   |
|   |                                     |  |  |                   |
| <b>Section 25-44 of the City Code:</b>  | <b>75%</b>                          |  | <b>25%</b>   |                   |
|   | <b>Promote Convention</b>           |  | <b>Promote Cultural Development</b>                      |                   |
|   | <b>&amp; Visitor Activities</b>     |  | <b>&amp; Programming</b>                                 |                   |
|   | <b>503200</b>                       | <b>503202</b>                            | <b>503201</b>  |                   |
| <b>Lodging Tax</b>  | Convention & Visitors Bureau<br>70% | Fort Fund<br>(Tourism Programming)<br>5% | Fort Fund<br>(Cultural Development & Programming)<br>25% | <b>Total</b>      |
| Unanticipated Lodging Tax   | \$ 167,517                          | \$ 11,966                                | \$ 59,827  | <b>\$ 239,310</b> |
| Unspent Appropriations  | \$ -                                | \$ 157,658                               | \$ 201,700   | <b>\$ 359,358</b> |
| <b>Total of Unanticipated Lodging Tax and Unspent Appropriations Available for 2023</b> | <b>\$ 167,517</b>                   | <b>\$ 169,624</b>                        | <b>\$ 261,527</b>  | <b>\$ 598,668</b> |

## **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

N/A

## **PUBLIC OUTREACH**

N/A

## **ATTACHMENTS**

1. Ordinance for Consideration