

# AGENDA ITEM SUMMARY

City Council



---

## STAFF

David Lenz, Director, Financial Planning & Analysis  
Travis Storin, Chief Financial Officer  
Derek Bergsten, Fire Chief, Poudre Fire Authority

---

## SUBJECT

**Resolution 2024-119 Approving the Second Amended and Restated Intergovernmental Agreement Establishing the Poudre Fire Authority.**

---

## EXECUTIVE SUMMARY

The purpose of this item is to seek approval of an amended and restated Intergovernmental Agreement (“IGA”) establishing the Poudre Fire Authority (the “Authority”) between the City of Fort Collins (the “City”) and the Poudre Valley Fire Protection District (the “District”). This includes the Funding Formula and Revenue Allocation Formula, and Support Services provided by the City to the Authority and by the Authority to the City.

---

## STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

---

## BACKGROUND / DISCUSSION

The City and the District established the Authority with an IGA in 1981. This agreement was adjusted in 1983 and 1987 to include a revenue allocation formula (“RAF”). This agreement was further amended and restated in 2014 to include an update to the RAF and Support Services provided to PFA by the City.

During 2023, City and Authority staff began discussions to update the IGA, completing an analysis of the support services (and associated costs) provided by each party and the evaluation of the RAF in 2024. These preliminary findings have previously been shared with the Council Finance Committee in March and July; City Council/District Board in a joint Work Session in April; and ongoing Authority and District Board meetings. The intent of the IGA update is to simplify and clarify obligations of the City and Authority, provide more direct oversight and responsibilities to City and Authority staff, memorialize and adjust for changes to the operating and legislative environments, and provide a timeline and framework for future reconciliations and reviews.

A summary of the key changes to the IGA are highlighted below:

General Terms and Conditions:

- General cleanup including legislative driven changes since 2014.

- Added agreement review period of eight years.
- Added the role of IGA Administrators (one each for the City and the Authority) with defined responsibilities.
- Supersedes the current, separate Legal Services IGA and incorporates such services into this agreement.
- Adjusted the Authority Chief's expenditure and disposal limits.

Exhibit B - Support Services Provided:

- Updated support services provided by the City to the Authority and added Support Services provided by the Authority to the City.
- Provided cost of these support services – the difference between the two is the net cost of services provided.
- Administrators are enabled to adjust the support services provided (and cost of those services) as business conditions and needs evolve.
- Cost of Support Services will be set as part of the annual appropriation each year.
- Included a provision to adjust the cost of these services annually based on a CPI Index.

Exhibit A – Revenue Allocation Formula:

- Simplified City contribution of Sales and Use tax amounts to 13.235% of undedicated and/or non-legally restricted funds.
- City Property Tax contribution remains at 67.5% of operating mill levy.
- City Contribution is reduced by the net cost of services provided under Exhibit B.
- Sales, Use and Property Tax budgets will be set as part of the annual appropriation each year.
- Monthly contributions from the City to the authority will be based on actual revenue collections.
- An annual reconciliation of Budget to Actuals will occur at the end of each year. Revenue bands are established to provide a risk sharing cap and floor:
  - Sales Tax: Upper band 3%; Lower band -2%
  - Use Tax: Upper band 6%; Lower band -2%
  - Property Tax: Upper band 2%; Lower band -2%
- Annexations of District property into the City shall be reviewed annually with adjustments to the Sales, Use or Property Tax contributions to insure no loss of Revenue to the Authority.

The Second Amended and Restated IGA, including the RAF (Exhibit A) and Support Services provided (Exhibit B), are included as attachments.

The District Board will consider the proposed Second Amended and Restated IGA at their September 24 meeting.

**CITY FINANCIAL IMPACTS**

---

The changes to the IGA have been modeled to be revenue neutral versus the existing agreement. However, as the City's contributions to the Authority will be based on actual revenue as opposed to budgeted revenue (subject to the revenue bands described above), the City's contributions to the Authority may be more or less than they would be under the existing agreement.

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

---

At its July 2024 meeting, City staff presented an overview of the amended and restated agreement terms and Council Finance Committee raised no objections and expressed general support.

## **PUBLIC OUTREACH**

---

None.

## **ATTACHMENTS**

---

1. Resolution for Consideration
2. Exhibit A to Resolution
3. Second Amended and Restated Intergovernmental Agreement Establishing the Poudre Fire Authority (redline version)
4. Presentation