



Legislation Text

File #: 22-256, **Version:** 2

Ordinance No. 22-32 amending Ordinance No. 21-112 (2022 Budget Appropriation Ordinance) for a Supplemental Appropriation to the General Fund in the amount of \$34,617,510 and to the Lodgers and Auto Rental Tax (LART) Fund in the amount of \$603,284, for the retention and refund of 2021 fiscal year revenue above the 2021 fiscal year revenue and spending limitations (TABOR cap); and a Supplemental Appropriation to the newly established Wildfire Mitigation Fund in the amount of \$1,000,000 which represents the 2022 expenditure budget and is funded by a \$20,000,000 transfer from the General Fund for the purposes stated in Ballot Issue 2D approved by voters in the November 2021 coordinated election; and with \$15,220,794 refunded to residents

Presenter:

Charae McDaniel, Chief Financial Officer

Summary:

By Resolution No. 121-21, City Council referred a ballot question to the qualified registered electors of the City at the November 2, 2021 coordinated election which also constitutes a special municipal election. The ballot question asked the voters whether the City may retain \$20,000,000 to be placed in a special fund, the Wildfire Mitigation Fund, to be used to increase City-wide and Pikes Peak region wildfire mitigation, prevention and evacuation planning efforts.

There are three (3) parts to this supplemental appropriation:

(1) Supplemental appropriation to the General Fund in the amount of \$34,617,510, representing the amount of revenue in excess of the TABOR cap that was placed into the General Fund Restricted Fund Balance at the end of 2021. Of this amount, \$20,000,000 will be transferred to the Wildfire Mitigation Fund and \$14,617,510 will be refunded to residents.

(2) Supplemental appropriation to the LART Fund in the amount of \$603,284, representing the amount of revenue in excess of the TABOR cap that was placed into the LART Fund Restricted Fund Balance at the end of 2021. This amount of \$603,284, along with \$14,617,510 from the General Fund, will be refunded to residents for a total refund of \$15,220,794.

(3) Supplemental revenue appropriation to the newly established Wildfire Mitigation Fund in the amount of \$20,000,000, transferred from the General Fund; and a supplemental expenditure appropriation to the Wildfire Mitigation Fund in the amount of \$1,000,000 for planned expenditures in this fund during 2022, which represents 5% of the balance of the fund, per the ballot language.

During fiscal year 2021, the revenue collected by the City exceeding the amounts otherwise allowed to be retained and spent under City Charter § 7-90 and Colorado Constitution Article X, § 20, known as the Taxpayers' Bill of Rights or "TABOR", was \$35,220,794 in total between the General Fund and the LART Fund. The ballot item stipulated that \$20 million of these funds may only be used for

placement into the Wildfire Mitigation Fund, for the purposes set forth above.

Ballot Issue 2D was approved by voters - 57.81% voted Yes.

Background:

Under Charter § 7-90 (g), the City's authorized change in fiscal year spending is limited to inflation plus City growth, and any voter approved changes. Under Colorado Constitution Article X, § 20 (7) (b), City spending is similarly limited to inflation plus local growth and any voter approved changes. The Finance Department has determined that revenue in 2021 exceeded these limitations by \$35,220,794, based on preliminary and unaudited financial statements.

Previous Council Action:

On December 14, 2021, City Council approved the original 2022 Budget per Ordinance No. 21-112.

On August 24, 2021, City Council approved Resolution No. 121-21 which referred a ballot question to the qualified registered electors of the City at the November 2, 2021 coordinated election. Part of the ballot question, Issue 2D, asked the voters whether the City may retain and spend up to \$20,000,000 of revenue collected in excess of the TABOR cap for the purposes stated in the ballot item. The voters approved the ballot measure.

Financial Implications:

At the end of 2021, the City placed \$34,617,510 of revenue in excess of the 2021 TABOR cap in the General Fund Restricted Fund Balance and placed \$603,284 of revenue in excess of the TABOR cap in the LART Fund Restricted Fund Balance. Approval of this ordinance will reduce the General Fund Restricted Fund Balance by \$34,617,510 and will reduce the LART Fund Restricted Fund Balance by \$603,284. This ordinance has no impact on the General Fund Unrestricted Fund Balance or the LART Fund Unrestricted Fund Balance. Approval of this ordinance will establish a fund balance of \$20,000,000 in the newly created Wildfire Mitigation Fund, though spending authority in 2022 will be limited to \$1,000,00, which is 5% of the balance of the fund, per the ballot language.

The source of funds for the General Fund supplemental appropriation of \$34,617,510 is General Fund Restricted Fund Balance. The source of funds for the LART supplemental appropriation of \$603,284 is the LART Fund Restricted Fund Balance. The source of funds for the Wildfire Mitigation Fund supplemental appropriation of \$20,000,000 is a transfer from the General Fund.

Beginning with the 2023 Budget, the annual spending authority for the Wildfire Mitigation Fund will be included in the annual City-wide Budget Appropriation Ordinance.

City Council Appointed Board/Commission/Committee Recommendation:

This item was discussed with City Council Budget Committee on May 10, 2022.

Stakeholder Process:

The Mayor has appointed a citizen advisory committee to provide consultation to the Colorado Springs Fire Department regarding the use of program funds for City-wide and Pikes Peak region wildfire mitigation, prevention, and evacuation planning efforts.

Alternatives:

N/A

Proposed Motion:

Move to approve An Ordinance amending Ordinance No. 21-112 (2022 Budget Appropriation Ordinance) for a Supplemental Appropriation to the General Fund in the amount of \$34,617,510 and to the Lodgers and Auto Rental Tax (LART) Fund in the amount of \$603,284, for the retention and refund of 2021 fiscal year revenue above the 2021 fiscal year revenue and spending limitations (TABOR cap); and a Supplemental Appropriation to the newly established Wildfire Mitigation Fund in the amount of \$1,000,000 which represents the 2022 expenditure budget and is funded by a \$20,000,000 transfer from the General Fund for the purposes stated in Ballot Issue 2D approved by voters in the November 2021 coordinated election; and with \$15,220,794 refunded to residents

An Ordinance amending Ordinance No. 21-112 (2022 Budget Appropriation Ordinance) for a Supplemental Appropriation to the General Fund in the amount of \$34,617,510, to the LART Fund in the amount of \$603,284, for retention and refund of 2021 fiscal year revenue above the 2021 fiscal year revenue and spending limitations (TABOR cap); and a Supplemental Appropriation to the Wildfire Mitigation Fund of \$1,000,000