

Legislation Text

File #: Ordinance 14-2018, **Version:** 2

Agenda Date: 04/17/2018

Subject:

An ordinance on second reading establishing a Capital Projects Reserve Account should the voters of the City of Littleton approve inclusion into South Metro Fire Rescue for fire and emergency medical services.

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| Presented By: Tiffany Hooten, Finance Director |
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REQUESTED COUNCIL ACTION:

Does city council support establishing a Capital Projects Reserve Account should City of Littleton voters approve inclusion into South Metro Fire Rescue (SMFR) for fire and emergency medical services?

BACKGROUND:

The city funds its contribution to the Littleton Fire Rescue partnership through several sources of revenue including sales tax, emergency medical services transport fees, property taxes and other fire-related revenues. The city's total fire expense in 2018 is approximately \$7.1 million. The city does not have a dedicated revenue source to fund fire services. Unlike the city, special districts in Colorado are funded primarily by mill levies assessed on real and personal property within the district. SMFR imposes a mill levy of 9.25 mills. Future increases in mill levies are subject to voter approval due to the Colorado Taxpayer's Bill of Rights (TABOR).

At its workshop on February 3, the council discussed inclusion with SMFR. The council reached consensus on the following:

1. Should a majority of the voters approve inclusion into SMFR and once the SMFR mill levy becomes effective, the city will reduce its mill levy by 4.662; thereby retaining 2 mills.
2. Should a majority of the voters approve inclusion into SMFR and once the SMFR mill levy becomes effective, the city will redirect a portion of revenues budgeted for fire and emergency medical services to fund improvements to city streets and transportation.

PRIOR ACTIONS OR DISCUSSIONS:

A draft of this ordinance was presented to council during its study session on March 13.

STAFF ANALYSIS:

The city attorney has prepared an ordinance for council. This ordinance is intended to be submitted with the proposed Pre-Inclusion Agreement between the City of Littleton and SMFR. The concept of the ordinance is to establish a formal policy of the city council that would be enacted into legislation. This enactment will provide that the consensus reached in the study session upon council approval and voter approval will be implemented.

The ordinance is uncommon from a city legislative enactment in that it is a conditional enactment. The ordinance only goes into effect if a specified condition occurs. In this case, the specified condition is that a

majority of the voters in the November 2018 election approve inclusion of the City of Littleton into SMFR.

FISCAL IMPACTS:

If voters approve the inclusion, the ordinance creates a Capital Projects Reserve Account and provides:

1. Deposit of an amount equivalent to the savings from the reduction in fire costs and the reduction in property tax revenues into the Capital Projects Reserve Account and restricts its use for qualified capital expenditures. In 2020 and beyond, this funding will be from retail sales tax revenues.
2. Directs the city manager to prepare the 2020 budget providing for a reduction in the city's mill levy from 6.662 mills to 2 mills.

The proposal is designed to meet the city council's third goal in the discussion of fire and emergency medical services to move to a more financially stable operation and capital structure. The use of the sales tax revenues for qualified capital projects such as improvements to streets and transportation is critical in moving the capital plan towards a sustainable position. The proposal also provides assurance that the commitments are kept.

STAFF RECOMMENDATION:

Staff recommends approval of the ordinance on first reading establishing a Capital Projects Reserve Account.

PROPOSED MOTION:

I move to approve the ordinance on second reading establishing a Capital Projects Reserve Account should the voters of the City of Littleton approve inclusion into South Metro Fire Rescue in the November 2018 election.