



MEMORANDUM

Work Session Date: April 4, 2016 at 6:00 p.m.
City Council Chambers
448 East 1st Street, Room 190
City of Salida, Colorado

To: Mayor and City Council

From: Dara MacDonald, City Administrator

Re: Work Session Items

Discussion Items

1. CIRSA Training – Sam Light
2. Snow Cone Bicycle Operation – Christian Samora
3. Sales Tax Disposition

March 9, 2016

To whom it may concern,

I am writing this letter to seek the approval to operate a small business within the downtown area of Salida. The business will sell shave ice cones, simple ingredients of ice and syrup, within recyclable paper containers. The health department categorizes the operation as a push cart, but the vehicle is actually a bicycle. I am requesting approval to operate on the bike path, boat ramp, and sidewalks, primarily around the parks. I will push the bicycle where city ordinance does not allow it to be ridden. I am requesting your permission before I proceed with any financial obligations. I have spoken with the health department and they have encouraged me to move forward. There is not a current business within the downtown area selling snow cones, and I feel I will be providing a new service to the citizens, and visitors of Salida, along with providing added sales revenue to the city and state.

Thank you very much.

Jon Roberts

A handwritten signature in black ink, appearing to read 'Jon Roberts', written over a faint, illegible stamp or background.

331 west Second Street

Salida CO, 81201

719-221-0422

Questions For Discussion:

What is the optimum percentage of revenue to spend on capital assets?

- Preserve and maintain existing assets
 - Need to finish review of asset list
- Acquire new assets

What is the optimum fund structure for transparency and accountability?

- Special Revenue Funds
- Capital Project Funds
- Debt Service Funds

1984 – 1% Sales Tax	1990 – Replace 1% with 2% Sales Tax
Special Election May 15, 1984 Effective January 1, 1985	Special Election April 3, 1990 Effective July 1, 1990
<p>1. At least 70% to Public Works for “Street Related Public Works” 1/1/85 - 12/31/90 to be spent in year collected or within next two years</p>	<p>1. At least 35% to Public Works for “Street Related Public Works” 7/1/90 - 12/31/90 to be spent in year collected or within next two years</p> <p>2. 12.5% To “Capital Expenditures Fund”</p> <p>3. 1% to “Economic Development Fund”</p> <p>4. Up to 10% to “Contingency Fund” (25% of General Fund)</p> <p>5. All other revenue to General Fund</p>
<p>A. Street Related Materials & Equipment, B. Hiring of Labor, C. Administration of PW Dept., D. Contracts for repairing, creating, improving streets.</p>	<p>A. Street Related Materials & Equipment, B. Hiring of Labor, C. Administration of PW Dept., D. Contracts for repairing, creating, improving streets.</p>

1990 – Replace 1% with 2% Sales Tax	2005 – Repeal and replace 2% sales tax
Special Election April 3, 1990 Effective July 1, 1990	Regular Election November 1, 2005 Effective date not specified
<ol style="list-style-type: none"> 1. At least 35% to Public Works for “Street Related Public Works” 7/1/90 - 12/31/90 to be spent in year collected or within next two years 2. 12.5% To “Capital Expenditures Fund” 3. 1% to “Economic Development Fund” 4. Up to 10% to “Contingency Fund” (25% of General Fund) 5. All other revenue to General Fund 	<ol style="list-style-type: none"> 1. 35% to Capital Improvement Fund for “streets and other capital improvements” OR debt service on obligations to provide capital improvements 2. 9% to “Capital Expenditures Fund” for Machinery & Equipment >\$500, > 1 year 3. 1% to “Economic Development Fund” 4. Up to 8% to “Contingency Fund” (15% of General Fund) 5. All other to General Fund for Operating Expenditures
<ol style="list-style-type: none"> A. Street Related Materials & Equipment, B. Hiring of Labor, C. Administration of PW Dept., D. Contracts for repairing, creating, improving streets. 	

2005 – Repeal and replace 2% sales tax	2008 – Increase sales tax to 3%
<p>Regular Election November 1, 2005 Effective date not specified</p>	<p>Regular Election November 4, 2008 (2A) Effective January 1, 2009</p>
<ol style="list-style-type: none"> 1. 35% to Capital Improvement Fund for “streets and other capital improvements” OR debt service on obligations to provide capital improvements 2. 9% to “Capital Expenditures Fund” for Machinery & Equipment >\$500, > 1 year 3. 1% to “Economic Development Fund” 4. Up to 8% to “Contingency Fund” (15% of General Fund) 5. All other to General Fund for Operating Expenditures 	<ol style="list-style-type: none"> 1. Proceeds of the 1% increase in sales tax “SHALL BE USED SOLELY FOR CONSTRUCTION, OPERATION, MAINTENANCE, AND REPAIR OF ROADS AND OTHER PUBLIC INFRASTRUCTURE OF THE CITY”

2008 – Increase sales tax to 3%	2015 – “Carlisle-Farney” initiative
<p>Regular Election November 4, 2008 (2A) Effective January 1, 2009</p>	<p>Special Election March , 2015 Retroactive to January 1, 2015</p>
<p>1. Proceeds of the 1% increase in sales tax “SHALL BE USED SOLELY FOR CONSTRUCTION, OPERATION, MAINTENANCE, AND REPAIR OF ROADS AND OTHER PUBLIC INFRASTRUCTURE OF THE CITY”</p>	<p>1. At least 75% of 2A funds shall be used solely to:</p> <ul style="list-style-type: none"> a. Replace, repair or improve streets and water or sewer lines underlying or running along those streets; b. Replace, repair, improve or newly install or construct sidewalks, street curbs, gutters, or storm drainage systems underlying or running along those streets. <p>2. Remainder for maintenance, routine repair, and upkeep...</p>
<p>A. Each year Finance Director decided how much to spend for operating and allocated remainder to capital. B. Operating expenses had priority</p>	<p>A. Expenditures in 1. above “shall be capital expenditures.”</p>

ORDINANCE NO. _____
(Series of 2016)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO, AMENDING SECTIONS 4-2-30, AND 4-3-50 OF THE SALIDA MUNICIPAL CODE REGARDING THE ESTABLISHMENT OF A SPECIAL FUND FOR STREETS AND STREET RELATED INFRASTRUCTURE, RE-ESTABLISHING THE SALES TAX CAPITAL IMPROVEMENT FUND, DELETING THE CAPITAL EXPENDITURES FUND, AND THE DISPOSITION OF THE PROCEEDS OF THE THREE PERCENT (3%) SALES TAX IMPOSED BY ORDINANCES NO, 1 SERIES OF 1990 (2%), AND NO. 34, SERIES OF 2008 (ADDITIONAL 1%).

WHEREAS, Ordinance No. 1, Series of 1990 imposing a two percent (2%) sales tax was approved by the voters of Salida at a special election in April of 1990; and

WHEREAS, Ordinance No. 6, Series of 2005, amending Section 4-3-50 of the Salida Municipal Code regarding the disposition of the revenues from the two percent (2%) sales tax was approved by the voters in a general election in November of 2005; and

WHEREAS, Ordinance No. 34, Series of 2008 imposing an additional one percent (1.0%) sales tax and repealing the city property tax was approved by the voters of Salida in a general election in November of 2008; and

WHEREAS, Ordinance No. 28, Series of 2014 amending section 4-3-50(b) of the Salida Municipal Code regarding the disposition of the proceeds of the one percent (1%) increase in sales tax imposed by ordinance No. 34, Series of 2008 was approved by the voters of Salida in a special election in March of 2015; and

WHEREAS, there has been community sentiment expressed that the proceeds of the one percent (1.0%) tax imposed by Ordinance No. 2008-34 should be spent solely on improving streets and sidewalks, improving and repairing existing water and sewer lines, and installing, improving or repairing curbs and gutters incident to existing streets or existing sidewalks, and maintaining the same items; and

WHEREAS, the residents of the city wish to reaffirm and continue the imposition of the three percent (3%) sales tax approved by prior ballots; and

WHEREAS, there has been community sentiment expressed that there has been confusion and misinformation about the accounting for the distribution of revenues mandated by Ordinance No. 2005-6, Ordinance No. 2008-34 and Ordinance No. 2014-28; and

WHEREAS, the City of Salida desires to conform to accepted "Best Practices" in regard to financial accounting and reporting, and will not limit financial reports to the minimum requirements necessary to conform with generally accepted accounting principles (GAAP); and

WHEREAS, the provisions of C.R.S. §§ 31-15-708(1)(a), 31-15-709(1)(a) and / or other applicable law allow the City of Salida to construct and maintain water and sewer lines notwithstanding the existence of the City's Water and Sewer Enterprise Fund; and

WHEREAS, the City of Salida wants no violation of the Taxpayer's Bill of Rights embodied at section 20, article X of the Colorado state constitution with respect to the City's Water and Sewer Enterprise Fund;

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

- Section 1. The aforementioned recitals are hereby fully incorporated herein.
- Section 2. Section 4-2-30 of the Salida Municipal Code shall be repealed and replaced as stated below.
- Section 3. Section 4-3-50 of the Salida Municipal Code shall be repealed and replaced as stated below.
- Section 4. Upon adoption of the ordinance codified herein by the City Council, said ordinance shall be submitted to an election by the registered electors of the City for their approval or rejection.

4-2-30. Special funds.

(a) The City Administrator shall maintain, in the accounting records of the City, separate accounts for any and all special funds of the City, including, but not limited to, the Conservation Trust Fund, the Water and Wastewater Enterprise Fund, the SteamPlant Event Center Fund, the Streets and Street Related Infrastructure Fund (hereinafter called the "Streets Fund", and the sales and use tax Capital Improvement Fund (hereinafter called the "Capital Improvement Fund").

(b) As used in this section and as also defined in CRS 29-1-102(10), "Fund" means a fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities or balances, and changes therein are recorded and segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations.

(c) The principal and interest earned by the amounts in each such fund shall be credited separately in each such fund, and the monies in each fund shall be used only for the purposes allowed by law and as may be stipulated by this Salida Municipal Code.

4-3-50. Disposition of revenue.

(a) At least one third (33.33%) of proceeds received from the three-percent sales tax imposed by the City shall be deposited in the Streets Fund established by section 4-2-30 above, and used solely for construction, operation, maintenance, and repair of city streets and street related infrastructure, or to pay debt service on bonds or other obligations of the City issued to provide for such streets and street related infrastructure. For purposes of this section "Street" is defined in section 1-2-10 of this Salida Municipal Code, except that said definition of street for this section shall not be interpreted to include recreational trails. "Street related infrastructure" includes, gutters, storm drainage systems and water or sewer lines underlying or running along streets. "Construction, operation, maintenance, and repair" may apply to capital projects or operating projects. If used for operating projects, expenditures shall be applied only to costs that are traceable directly to the authorized work (e.g. in-house or contracted labor and materials for street maintenance or repair). It shall not be used to cover Public Works departmental overhead, allocated costs or work not done on streets and street related infrastructure.

(b) At least xxx percent (xx%) of proceeds received from the three-percent sales tax imposed by the City shall be allocated to the Capital Improvement Fund established by section 4-2-30 above, to be used to provide capital improvements other than streets, or to pay debt service on bonds or other obligations of the City issued to provide for such capital improvements. "Capital improvements" is defined as expenditures on items or improvements over \$5,000 and with a useful life of longer than 3 years including by way of example machinery, equipment, facilities and public improvements. For purposes of this section allowable expenditures from the Capital Improvement Fund include: Paying the costs of acquiring or constructing any capital improvement; Acquiring land or equipment; The costs of issuing bonds; The costs of capitalized interest and reserves; and the costs of operating and maintaining the capital improvements to be provided.

(c) *Two thirds of one percent (0.67%)* shall be allocated to an Economic Development Fund to be used as approved by the City Council for economic development within the City.

(d) *Up to five percent (5%)* shall be allocated to a Contingency Fund in any calendar year when such fund is less than fifteen percent (15%) of the City's General Fund Operating Budget, it being the intent to maintain a Contingency Fund which, in any year, is equal to fifteen percent (15%) of the General Fund Operating Budget. The Contingency Fund can be utilized by the City Council to cover unbudgeted, unforeseen reductions in revenue collections or unusual expenditures outside the scope of normal operations.

(e) Any proceeds from the sales tax for restricted spending or special fund which are received and not spent within the same fiscal year shall be retained in the fund to which deposited or allocated and spent only for the purposes defined for that fund in future years.

(f) Upon the initiation of any work by the City budgeted under paragraph (a) or (b) above, at a frequency determined by the size and complexity of the project, the City Administrator shall report, in writing, to the City Council, a clear statement of the work scheduled, the budgeted value of the work scheduled, the work accomplished, and the actual cost of the work accomplished. The report will include work and costs for the reporting period and from the start of project to date. The City Administrator shall make reports periodically, but no less than quarterly, to the City Council identifying all special fund project status. These reports shall be made readily available to the public for review through the City's website and at City Hall.

(g) All other revenue collected from the City sales tax shall be allocated to the General Fund for operating expenditures or to be used for the purchase of machinery and equipment that is greater than five hundred dollars (\$500.00) but less than five thousand dollars (\$5,000) with a useful life in excess of one (1) year but less than three (3) years (formerly known as "capital expenditures").

NOTE: PERCENTAGES FOR (b), (c) AND (d) ABOVE NEED TO BE DETERMINED, AS WELL AS DEFINITION OF "ECONOMIC DEVELOPMENT" AND "CONTINGENCY".