



City Council
Finance Committee

January 18, 2024
Packet Addendum #1



Establishing Separate Open Space and Parks Funds – Finance Committee Update

January 18, 2024

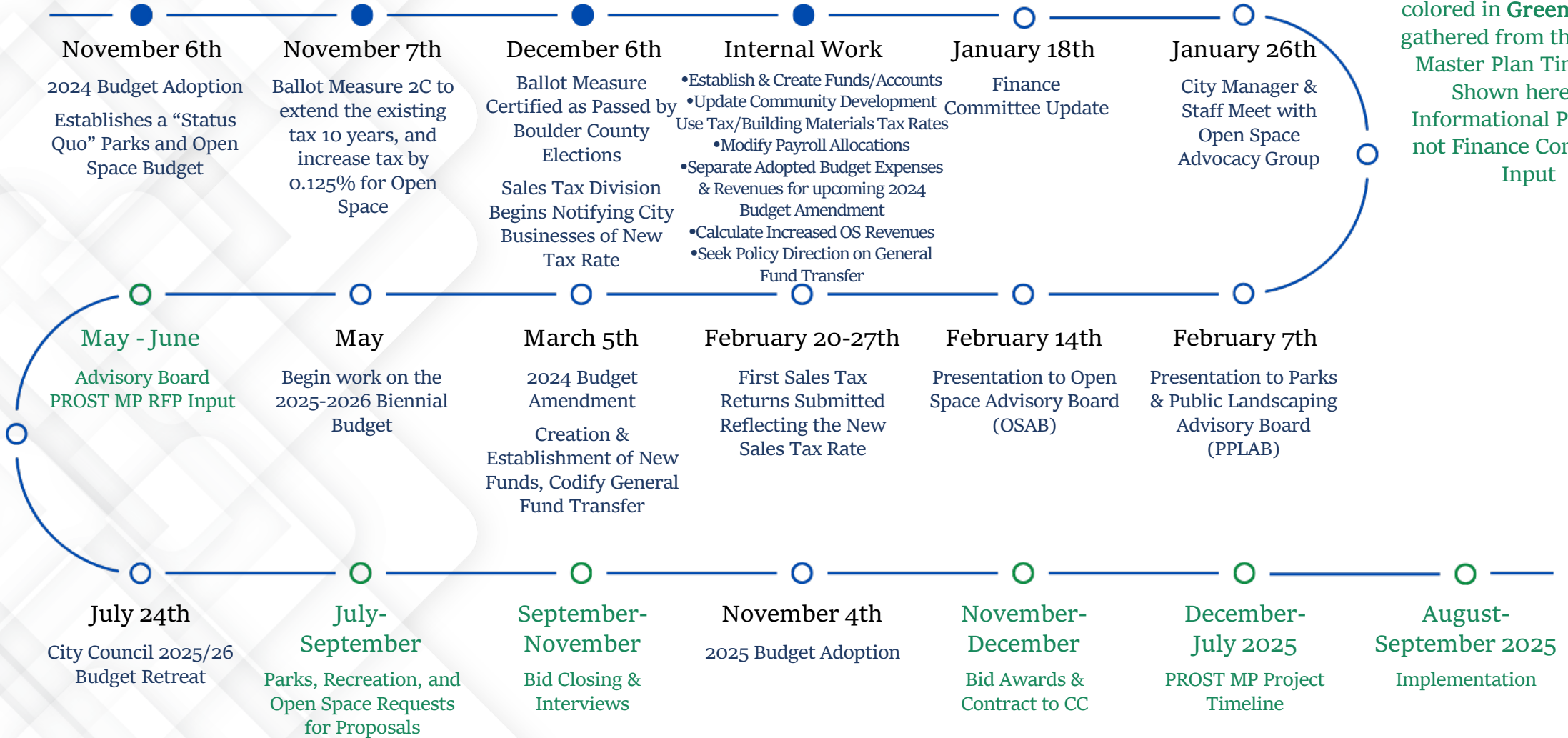


Agenda

On November 7th, 2023, City of Louisville Residents voted to extend (by 10 years, through 2033) and increase (From 3/8ths to 1/2 cent), the Open Space and Parks Sales and Use Tax, Measure 2C.

- i. A Timeline
- ii. The Current Ballot Measure Language
- iii. Review of Historical and Initial Methodologies Used
- iv. Open Space and Parks Fund Reserve Policy - Financial Policy 2.2
- v. Long Term Financial Forecasts – Three Scenarios
- vi. Our Next Steps

Timeline



*All Dates/Descriptions colored in **Green** font are gathered from the PROST Master Plan Timeline - Shown here for Informational Purposes not Finance Committee Input

Ballot Language – Current Measure

4th (and Current) Ballot Language – 3rd Extension and Increase to ½ Cent (from 3/8th) - November 7th, 2023 ballot

Measure passed – “Yes” 6,013 to “No” 2,667; 69% to 31%

Effective - January 1, 2024 – December 31, 2033 (**Current** measure)

4th Current Ballot Language -“Shall the city of Louisville taxes be increased \$ 1,500,000 in the first full fiscal year and by such amounts as may be generated annually thereafter, beginning January 1, 2024 and automatically expiring after ten years, by the imposition of an ***additional . 125 percent sales and use tax to be used solely to acquire, restore, preserve, protect, and maintain open space and mitigate wildfire risks within open space areas***; and shall the current . 375 percent sales tax approved by the voters in 2012 for open space and parks purposes be extended from its current expiration date of December 31, 2023 for an additional ten years, to be ***equally divided between separate parks and open space funds***, with the open space funds used for the purposes described above and parks funds used solely to acquire, improve, and maintain parks; and shall such all sales and use tax revenues be collected, retained, and spent as a voter - approved revenue change under article x, section 20 of the Colorado constitution or any other law?”

Historical Methodology – Shared Fund

- Historical methodology used within the shared Fund was that Sales and Use Tax revenue would fund Open Space expenditures prior to funding Parks expenditures.

“Allocation of the sales and use tax revenue is first applied to the Open Space and Trails Program. Any remainder is then applied to the Park program.”

- The General Fund transfer, which originated when Park expenses were shifted from the General Fund into the Shared Fund, would fund Parks expenditures.
- Over the past 7 years, total expenditures within the fund were split approximately 50/50 between the two Divisions. (53% Parks, 47% OS)

Initial Methodology - Expenditures

- Staff has meticulously evaluated all budgeted expenditures within the “Status Quo” 2024 Adopted Open Space and Parks Budget. (*Shared Fund 201*)
- Certain budgeted expenditures are clearly identifiable by account codes utilized, for instance Parks, Parks Admin, Open Space, O/S Education and Outreach, Trails etc.
- Other budgeted expenditures within the fund are unable to be tied to a specific Division within the Fund, in which case they were split evenly (50/50). For example, Central Fund-Wide charges like Insurance, Counsel, Administration, etc.

Initial Methodology – Revenues/Sources

- Staff also evaluated all budgeted revenues and sources within the “Status Quo” 2024 Adopted Open Space and Parks Budget. (*Shared Fund 201*)
- The Ballot Measure **defines** how the Sales and Use Tax is to be split.
 - The Original 3/8th (0.375%) is to be split **evenly** across the two new funds.
 - The Additional/Incremental 1/8th (0.125%) is to be directed entirely into the OS fund.
- The Budgeted General Fund Transfer is driven by **Council Policy**, specifically Financial Policy 2.2 and while Forecasts are initially being shown as Business As Usual (BAU) with the General Fund Transfer continuing to support Park Operations, two other scenarios are being presented for consideration.
- The 2024 Adopted Budgeted General Fund Transfer amount is \$1,017,900.

Financial Policy 2.2

2.2 Open Space & Parks Fund Reserves. The entire fund balance for the Open Space and Parks Fund is restricted by voters for acquisition, development, and operation of open space, trails, wildlife habitats, wetlands, and parks.

The minimum fund balance of the Open Space and Parks Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures include only open space and parks operations and exclude all interfund transfers and capital outlay.

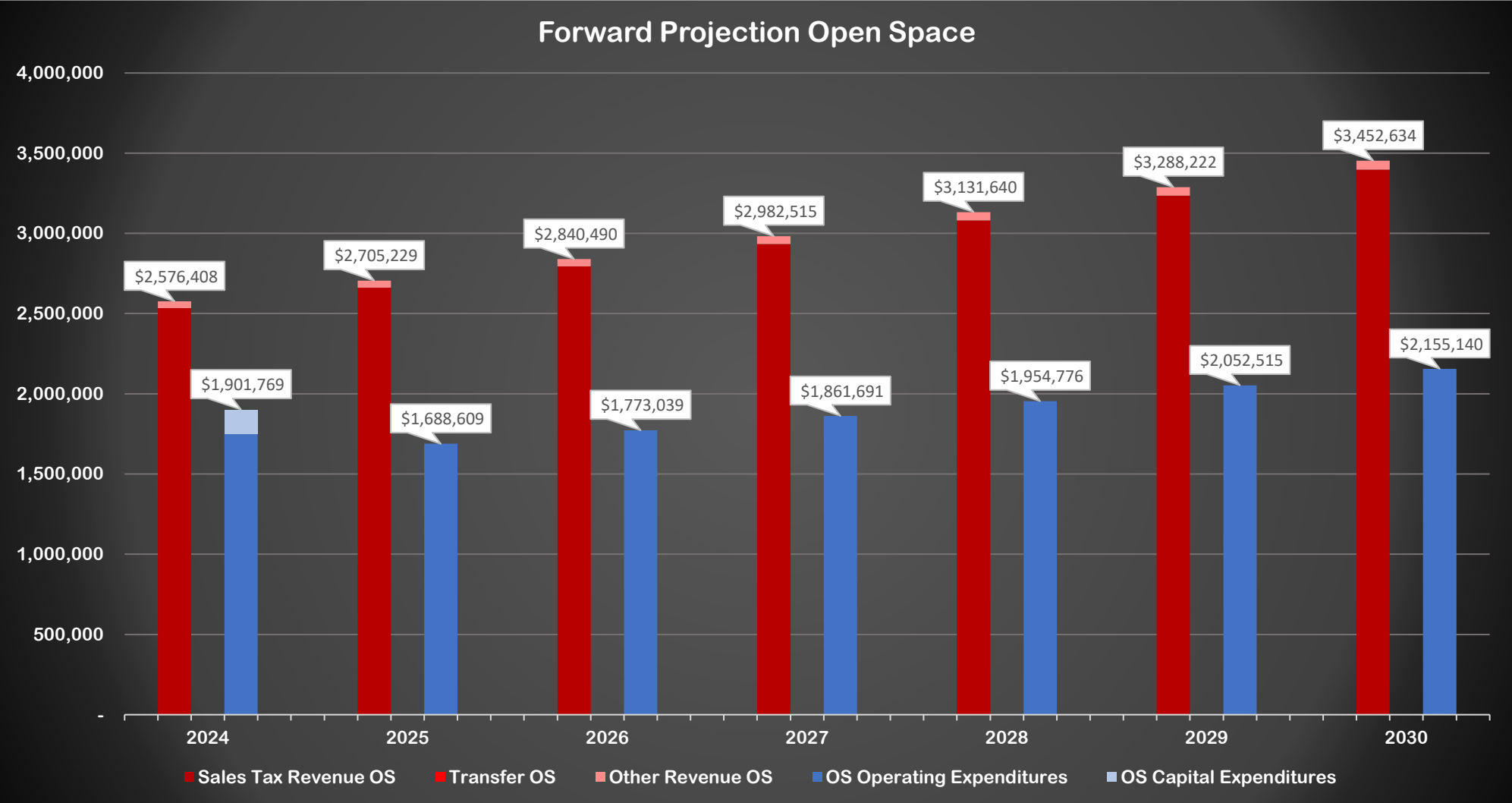
The Open Space & Parks Fund requires a recurring annual transfer from the General Fund to fund its operating deficit. This annual transfer will be calculated by taking the amount of funding provided by the General Fund for Parks in 2007 (\$626,900) and inflating that amount on an annual basis by the regional Consumer Price Index for All Urban Consumers. The 2007 funding level for Parks is the starting point for the calculation, since that was the last year that Parks was funded within the General Fund.

Transfers from the ~~General Fund or Capital Projects Fund for property~~ acquisition shall be deemed committed for that purpose.

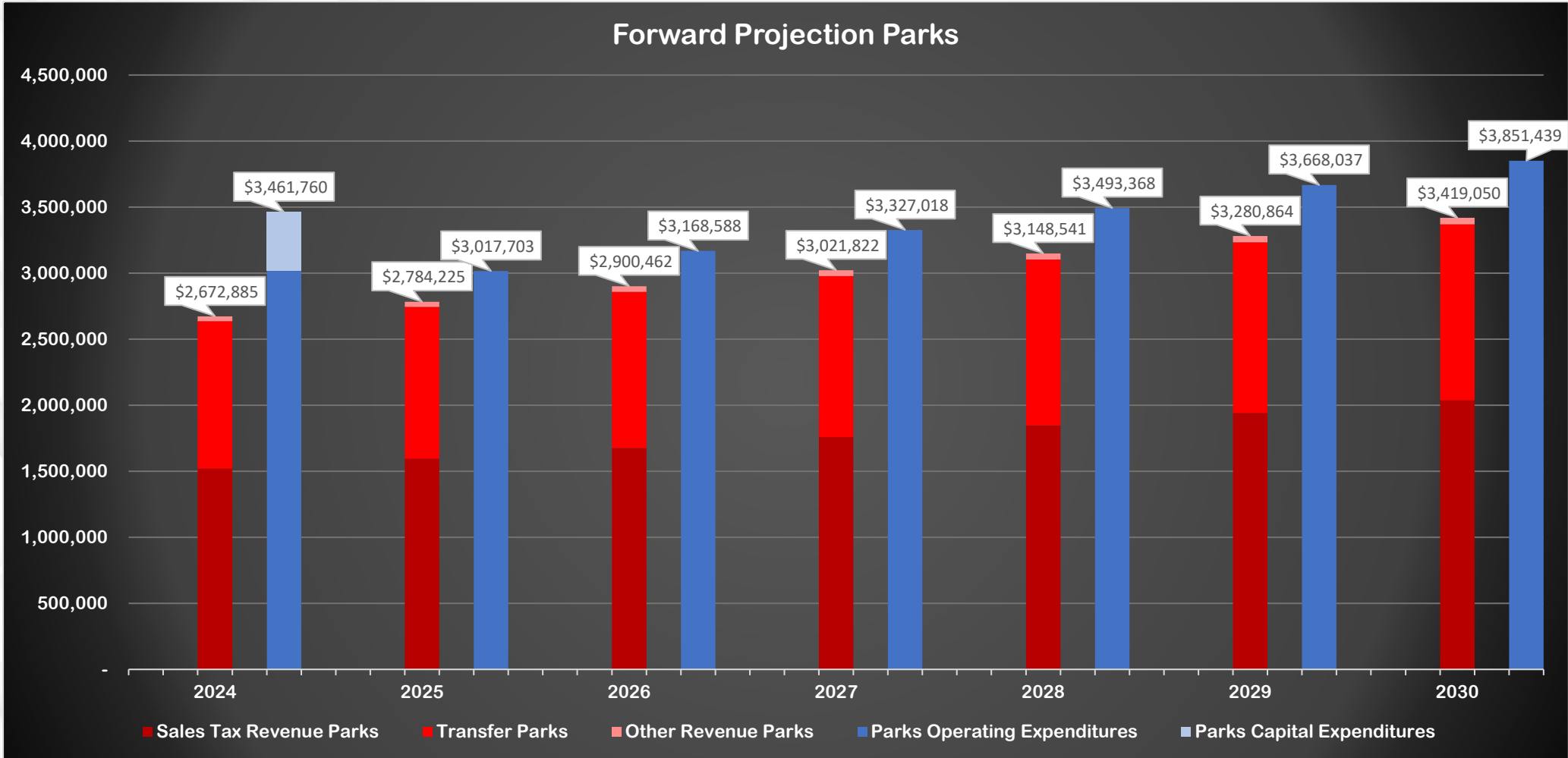
In the event reserves are used resulting in an unrestricted fund balance below the 15% minimum, a plan will be developed by the City Manager to replenish the reserves as quickly as reasonably possible and will be presented as part of a long-term financial plan. Methods of replenishing fund balance may include transfers from other funds, securing loans from other agencies to jointly purchase property, seeking approval of bonds to finance property acquisition, and/or delaying/reducing expenditures for development, construction, operation, and maintenance of open space zones, trails, wildlife habitats, wetlands, and parks.

Business As Usual Scenario (BAU):
Open Space and Parks Long Term
Forecasts – General Fund Transfer
Continues to Support Park Operations

Open Space Division - Long Term Forecast Sales and Use Tax Revenue only

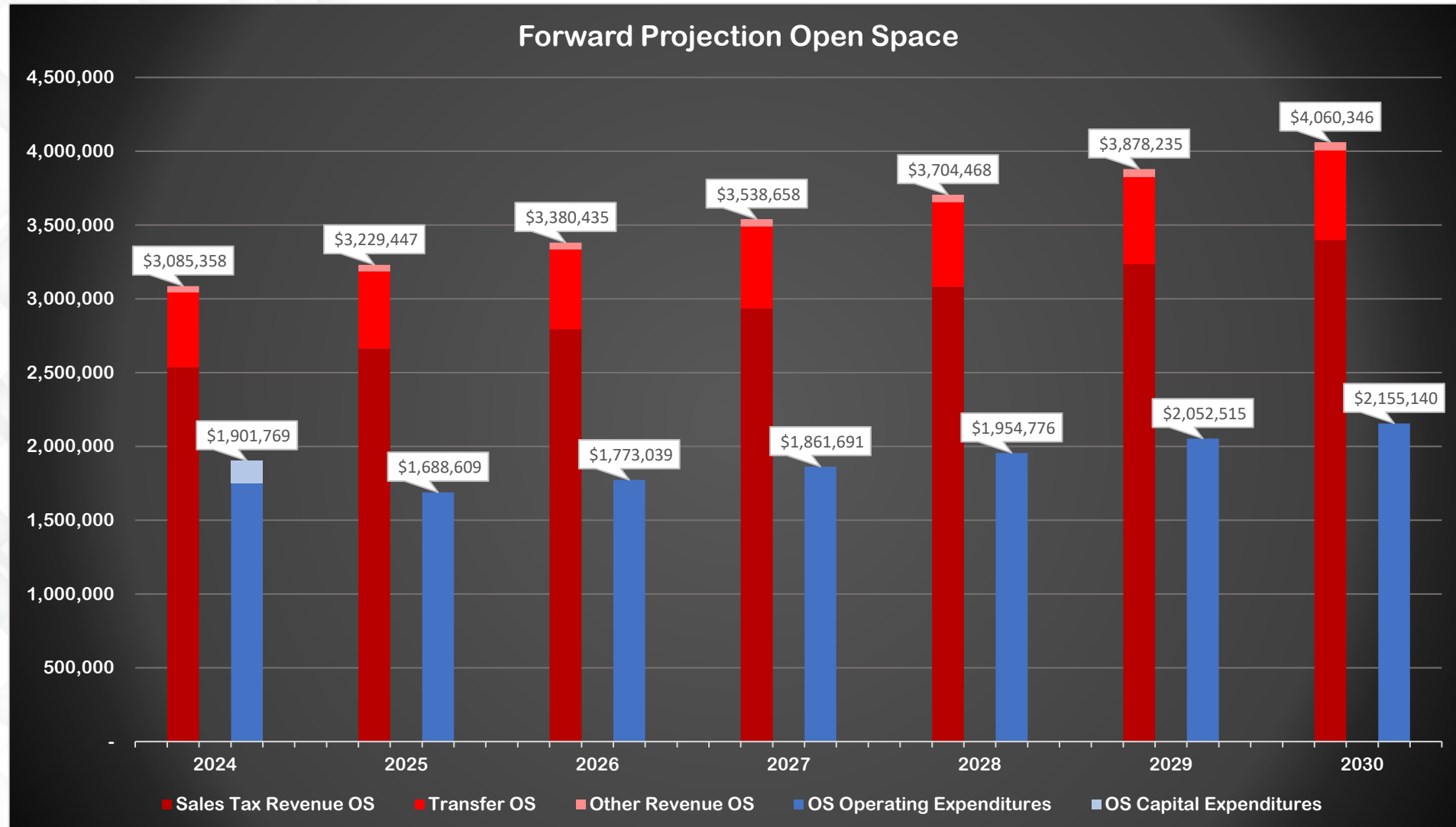


Parks Division - Long Term Forecast- General Fund Transfer to Support Parks Ops

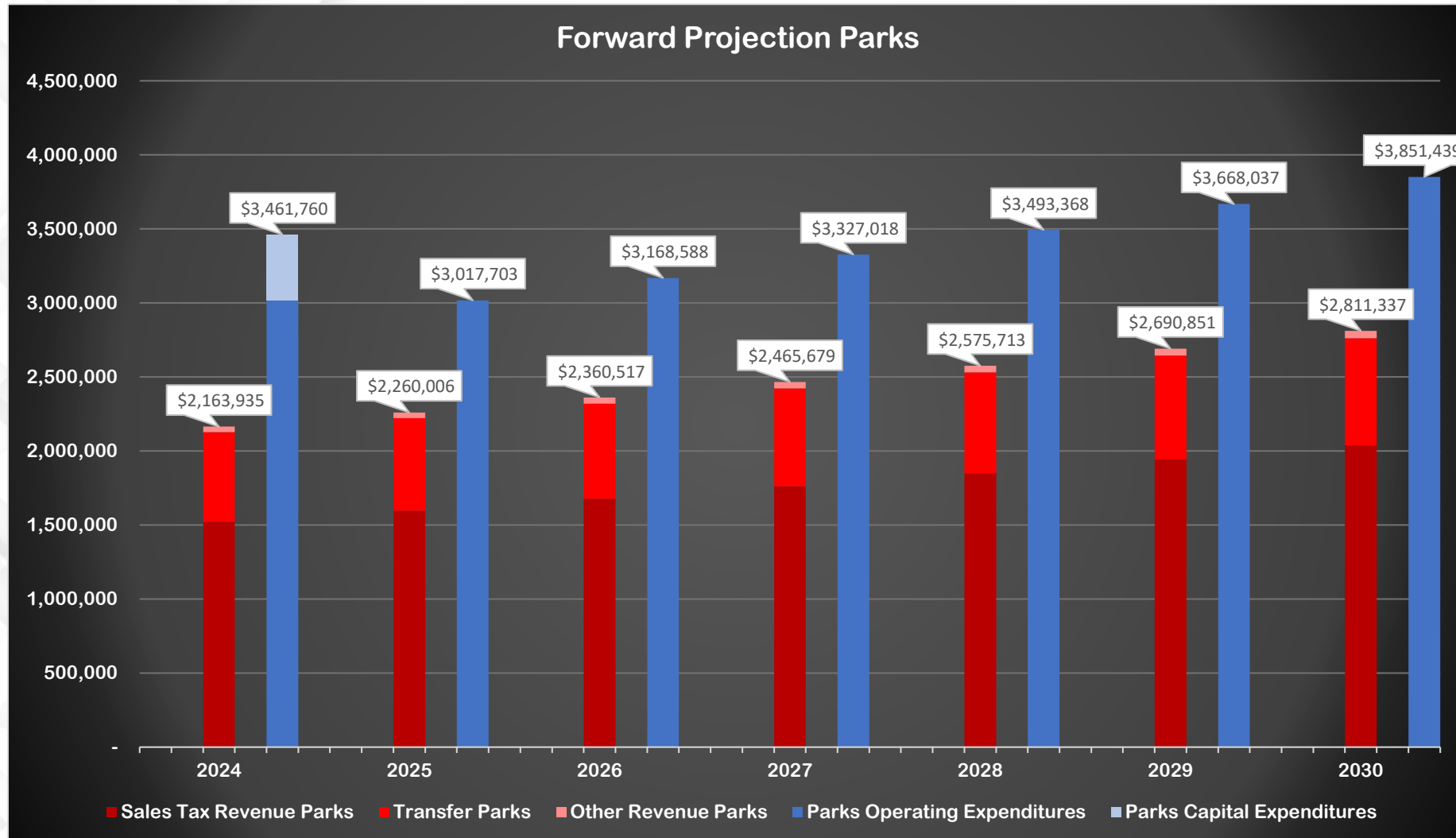


Alternative Scenario 1:
Open Space and Parks Long Term
Forecasts – General Fund Transfer
Split evenly in 2024 (and beyond)

Open Space Division – Long Term Forecast – Alt #1

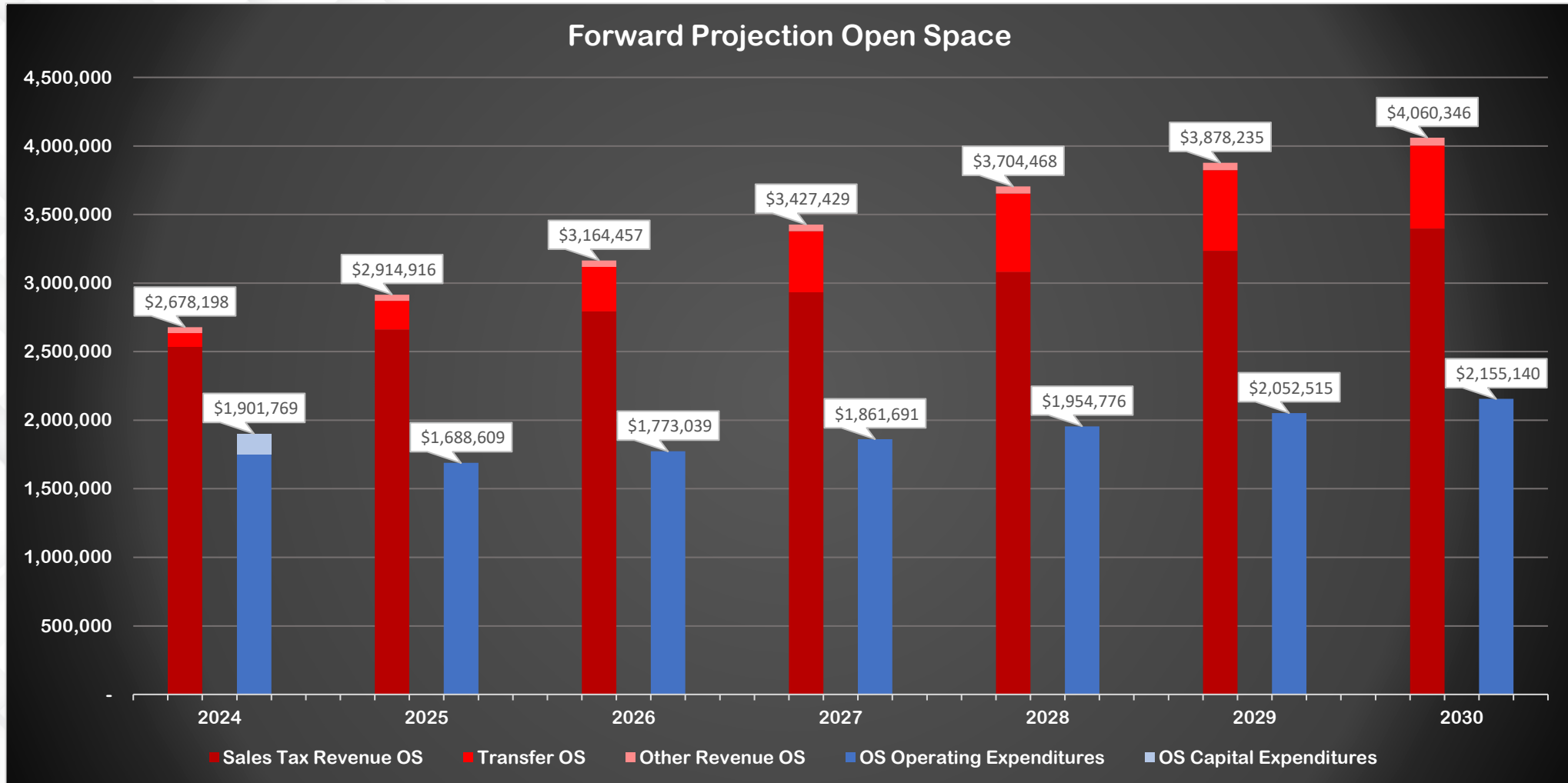


Parks Division – Long Term Forecast – Alt #1

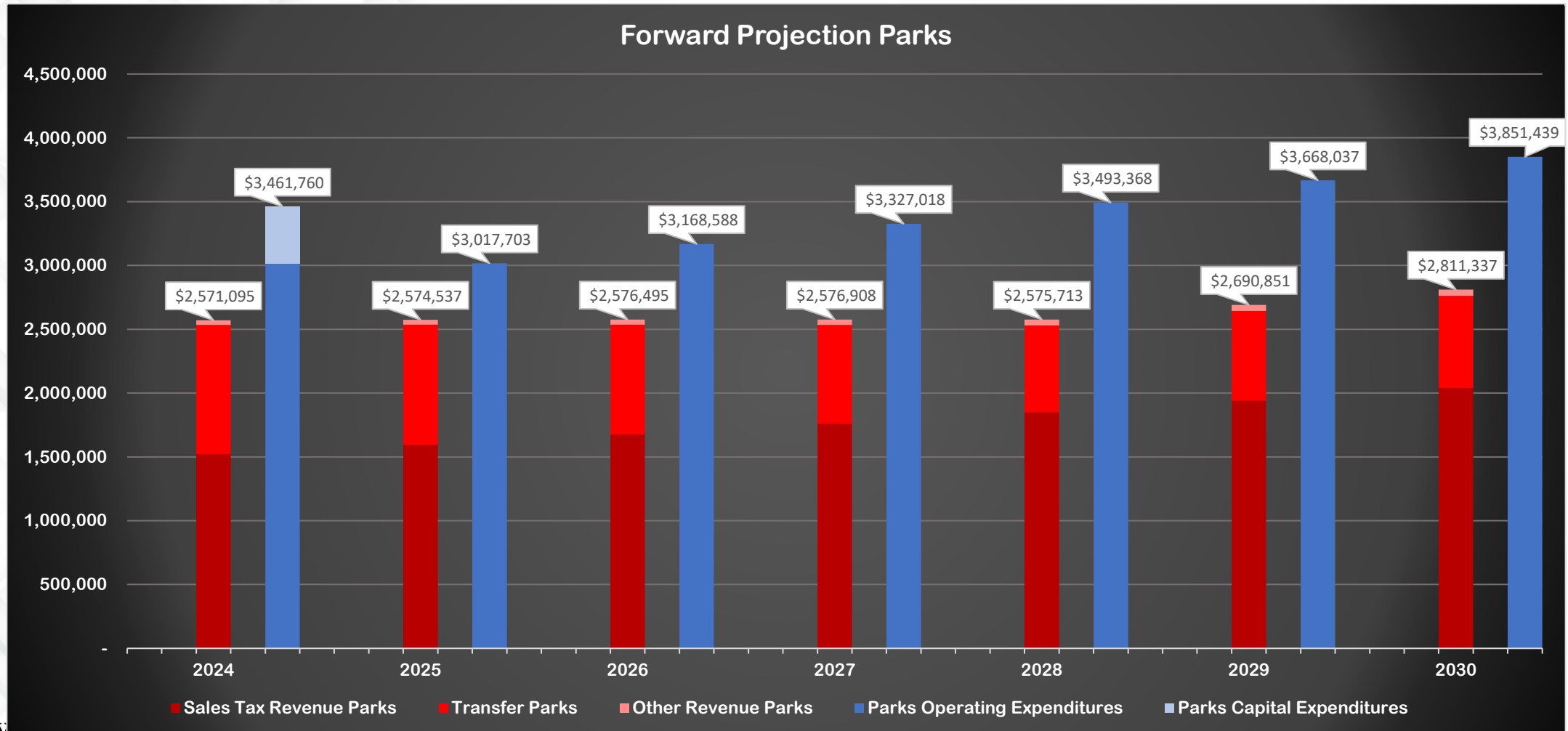


Alternative Scenario 2:
Open Space and Parks Long Term
Forecasts – General Fund Transfer
Transitioned, with a 50/50 Split achieved
in 2028 (and beyond)

Open Space Division – Long Term Forecast Alt #2



Parks Division - Long Term Forecast Alt #2



Next Steps

- January 26th – City Manager’s Office and Staff meet with Open Space Advocacy Group
- February 7th – Staff Presentation to Parks and Public Landscaping Advisory Board (PPLAB)
- February 14th – Staff Presentation to Open Space Advisory Board (OSAB)
- *February 22nd – Update to Finance Committee*
- March 6th – First 2024 Citywide Budget Amendment – Establishes Separate OS and Parks Funds, Codifies General Fund Transfer

Thank you!