

LODGERS' TAX POLICY

Background

In the April 2021 election, the voters of Durango approved an increase in the Lodgers' Tax from 2% to 5.25% with specific allocations of tax collections and codified in Ordinance O-2021-3 as follows:

2% Administrative Fee with the remaining 98% distributed as indicated below:

- 55% to Sustainable Tourism Marketing, including advertising and attracting conferences, conventions, and meetings
- 20% to Transportation and Transit Services
- 14% to Arts and Cultural Events, Programs and Facilities, and
- 11% to be determined by City Council

Distribution of Proceeds

The intent of this policy is to provide direction on the distribution of funds in compliance with the ballot and ordinance.

Sustainable Tourism Marketing

Any of the 55% of lodgers' tax dollars collected in excess of contracts for marketing & the welcome center would be held for next year budget.

The agencies awarded a marketing contract would have use of the dollars above.

Allocation of marketing:

Split marketing dollars between Sustainable Marketing and Local Event Marketing as follows:

- 75% to Sustainable Marketing – may have multiple recipients
 - Focus on year-round Regenerative Marketing
 - Adding to our community and making it even better
 - Contract for Welcome Center management
- 25% to Local Events Marketing
 - Focus on off-season events that are created/produced by local groups
 - Focus on youth events
 - Possible support for arts & culture events marketing

Transportation and Transit Services

20% for transportation and transit services, equipment, and facilities to be transferred monthly from revenue collected to the Transportation Services Fund.

City Multimodal staff to define actual projects with the Multimodal Advisory Board in line with recommendations below and conform applicable procedures and regulations.

- Transit
 - Traffic impacts
 - Reinstatement of transit routes

- Transportation
 - City wide design of transportation (ADA, pedestrian, and bike connectivity), ideally with various options and through strong community involvement such as detailed survey.
 - Address the missing 5% (refers to missing connectivity links in transportation system)
 - Connectivity outside of city limits including pedestrian and bike connectivity such as Edgemont, Twin Buttes etc. (part of MM Transportation Plan Update)
 - Mobility for FLC students (broader than just access to campus since a large % of FLC students are now living off campus due to high enrollment)
- Equipment and facilities
 - Potential additional equipment for clearing sidewalks and bike paths from gravel and snow during winter
- Out-of-the-box idea
 - Review and improve compatibility of MM projects with PR and CDOT
 - State and Federal grant and funding review and follow up
 - Hire consultant or facilitator to look at all issues including downtown bump outs.
- Already in place programs and comments
 - Small projects list (already exists with 30T budget)
 - Bike racks on buses for more than 2 bikes
 - Electric buses (already in planning for 2030)
 - Existing budget shortfall is funded through 2023

Arts and Cultural Events, Programs and Facilities

Arts & Culture definition from the City’s 2017 Comprehensive Plan for “Creative Economy”. An inclusive definition is employed, one that embraces human diversity and ways of life and the different ways people form community, learn, and express themselves. Included are the arts and cultures of Durango celebrated and supported through formal and informal nonprofit and for-profit organizations and individuals. They involve the creative arts, cultural traditions or practices, historical recognition, and scientific exploration and activities related to producing, presenting, learning/teaching, and preserving these forms. They include dance, music, theater, literature, visual arts, film and media arts as well as other forms of creative and cultural expression. Business enterprises in the creative sector also include advertising, architecture, crafts, design, games, fashion, publishing, research and development, software, toys, radio and TV. Additionally, and especially important to the culture of Durango, are activities in which people interact with, experience, celebrate, and steward the natural environment as well as practices and traditions related to production, preparation, and collective enjoyment of food. It is understood that individuals and groups of different ethnic, national, or cultural backgrounds make, experience, and share creative and traditional cultural forms, and explore the sciences differently. The City endeavors to recognize, accommodate, and support them through appropriate and equitable policy choices.

City Council to accept proposals/recommendations from the Creative Economy Commission for spending of the any of the 14% allocation of the lodger’s tax for arts and cultural events, programs, and facilities.

COMPONENTS FOR CEC TO ADDRESS/REMEMBER WHEN BRINGING RECCOMENDATIONS FOR APPROVAL TO COUNCIL:

1. *Respond to challenges and opportunities with recommendations* (e.g. municipal matching funds required for grants, ability to partner with an external entity to address DEI goals, partner with developer to fund artists housing and work spaces, etc.)
2. Funding for substantive projects, capital projects, seed money for feasibility studies, etc. we can utilize allocation to leverage additional funds for these projects to align with definition of Arts and Culture in Durango and the Cultural Plan such as:
 - a. Goal #2 Expand Art Displayed in Public Spaces and Business Locations
 - b. Goal #3 Create and Enhance Performance Venues, Creative Work/Live and Rehearsal Spaces
 - c. Goal #7 Advance Civic and Community Dialogue on Creative Matters
3. Funding for local entities that fall into the Arts and Culture definition, enhance Durango's quality of life, and services needs that our community values.
4. Consider robust, external peer review (volunteer basis) to evaluate and rank proposals and recommendations as needed to avoid potential or perceived conflicts of interests.
5. Financial support for grant writing, either staff member or consultant (within the City or Creative District) is essential. For cross-departmental grants such as "Space to Create" affordable housing grant, City funded as-needed contractor.
6. Cannot make long-term budget commitments that restrict future Councils to past council decisions.
7. Projects can be presented throughout the year for Council to consider allocating funding.

City Council Determination

Lodgers' Tax collections in this allocation to be used for any of the above purposes or other purposes related to the impacts of tourism as Council may determine.

Appropriations and Fund Balance

In order to preserve fund balance, expenditures in the Lodgers' Tax Fund shall not exceed the sum of fund balance plus 90% of budgeted revenues in the current year budget in the fund whereby fund balance will maintain a 10% reserve.