

**TOWN OF KEYSTONE
Summit County, Colorado**

RESOLUTION 2024-13

**A RESOLUTION OF TOWN COUNCIL OF THE TOWN OF KEYSTONE, COLORADO
AUTHORIZING INTERGOVERNMENTAL AGREEMENT WITH SUMMIT COUNTY
FOR THE DISBURSEMENT OF 2% SALES TAX**

WHEREAS, in 1970, Summit County voters approved a county wide 2% sales tax on retail sales in the county Section 31-2-105(1), C.R.S., provides that the incorporation of a Colorado municipality is complete upon the filing of certified results of a municipal incorporation election, and the election and qualification of officers; and

WHEREAS, on March 28, 2023, the voters approved the incorporation of the Town of Keystone ("Keystone"), and thereafter all filings of certified results were completed; and

WHEREAS, on January 30, 2024, the initial officers of Keystone were elected, and on February 8, 2024, the officers were properly qualified and took office, and at such time the incorporation of Keystone was complete and the Town began existence as a legal entity; and

WHEREAS, upon the incorporation of Keystone, Summit County shall continue to provide County services pursuant to Section 31-2-108, C.R.S.; and

WHEREAS, pursuant to the provisions of § 18 of Article XIV of the Colorado Constitution, § 29-1-203, C.R.S., as amended, and other applicable authority, the Keystone and Summit County may cooperate or contract with one another to provide any function, service or facility lawfully authorized to each; and

WHEREAS, the intergovernmental agreement between Summit County and Keystone attached as Exhibit A provides for the distribution of the 2% county sales tax to Keystone; and

WHEREAS, it is the intent of the Town Council to agree to the terms of the intergovernmental agreement for the collection of the 2% county sales tax.

Now, Therefore, be it Resolved by the Town Council of the Town of Keystone, Colorado, that:

Section 1. The Town Council authorizes the execution of the intergovernmental agreement with Summit County ("Revenue Sharing IGA) for the distribution of the sales tax as attached in Exhibit A. The Mayor is authorized to execute the Sales Tax IGA in substantially the form attached in Exhibit A.

Section 2. Effective Date. This Resolution shall take effect upon its approval by the Town Council.

ADOPTED by a vote of 7 in favor and 0 against, this 8th day of February,
2024.

By: Kenneth D. Riley
Kenneth D. Riley, Mayor

ATTEST:

Approved as to Form:

Madeline Lick
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Jennifer Mader
Town Attorney

EXHIBIT A
INTERGOVERNMENTAL AGREEMENT WITH SUMMIT COUNTY

**INTERGOVERNMENTAL AGREEMENT
BETWEEN THE TOWN OF KEYSTONE AND SUMMIT COUNTY
REGARDING THE ADMINISTRATION OF CERTAIN TAX REVENUE**

THIS INTERGOVERNMENTAL AGREEMENT regarding the administration of certain tax revenues ("Revenue Agreement") is entered into this 8th day of February 2024, by and between the Town of Keystone, Colorado, a Colorado municipal corporation (the "Town") and the Board of County Commissioners of Summit County, Colorado, a political subdivision of the State of Colorado, (the "County"). The Town and the County are collectively referred to herein as the "Parties."

WHEREAS, pursuant to Part 1, Article 2, of Title 31, C.R.S., the Town of Keystone was incorporated, effective February 8, 2024, for the purpose of providing municipal services to its residents and property owners (hereinafter "Keystone Incorporation date"); and

WHEREAS, pursuant to Resolution 70-34 of the Board of County Commissioners, a countywide sales tax in the amount of two percent was approved by the voters of Summit County and imposed throughout the incorporated and unincorporated areas of Summit County ("Countywide Sales Tax"); and

WHEREAS, Sections 4(2) and 4(4) of Resolution 70-34 provide that the Countywide Sales Tax revenues generated within each incorporated areas of the County would be remitted to such incorporated municipality, including any newly incorporated municipality within Summit County; and

WHEREAS, the Town and the County hereby find it to be feasible, desirable and in the interest of public health, safety, and welfare that the Parties enter into this Agreement for the purpose of outlining the administration of the Countywide Sales Tax certain tax revenues during the transition of governmental services within the newly incorporated Town of Keystone; and

WHEREAS, Pursuant to Resolution 22-57 of the Board of County Commissioners, the County has also imposed a lodging tax within Summit County which will cease to be collected within Keystone on July 1, 2024 in accordance with the laws, rules and regulations of the State of Colorado Department of Revenue concerning tax revenue collections; therefore, the Parties desire to confirm the County's administration of such lodging tax revenues during the transition period; and

WHEREAS, pursuant to the provisions of § 18 of Article XIV of the Colorado Constitution, § 29-1-203, C.R.S., as amended, and other applicable authority, the Parties may cooperate or contract with one another to provide any function, service or facility lawfully authorized to each; and

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby mutually agreed as follows:

Section 1. Term. The term of this Agreement shall commence on the date of signing of this Agreement by the Parties.

Section 2. Countywide Sales Tax Revenues

2.1. Deposit of Revenues For the public purpose of facilitating the assumption of municipal services by Keystone and to expedite the administration of sales tax revenues as provided for in Resolution 70-34, the County will deposit the sum of \$200,000.00 in the bank account of Keystone on or before the 15th day of each month from the period between February 15, 2024 until August 15, 2024. This amount is intended to be the parties' good faith estimate of the average monthly sales tax revenues generated within Keystone during the months in which such deposit is made. The parties may adjust the amount of such monthly deposit for one or more months as agreed to by the Parties to accomplish the purposes of this Revenue Agreement.

2.2 Monthly Accounting

(a) The County Finance Department shall continue to receive the actual countywide sales tax revenues disbursed for each calendar month by the Colorado Department of Revenue (DOR) for subject transactions occurring within Keystone commencing on the date of incorporation through June 30, 2024. Upon receipt of such revenues and reports, the County shall calculate the actual countywide sales tax revenues generated within Keystone for each calendar month from February 2024 through June 30, 2024. However, for the month of February 2024, the monthly sales tax revenues generated from within the Keystone boundaries shall be pro-rated between the County and Keystone based on the number of days in such month that the Keystone area remained in the unincorporated area of the County. By way of example, if Keystone is incorporated on the evening of February 8, 2024, then the sales tax revenues for February shall be prorated as follows: seventy-six percent will be distributed to Keystone and twenty-four percent to the County.

(b) The County or its designee shall prepare a monthly Sales Tax Report for Keystone that includes Countywide Sales Tax revenues received from each vendor or taxable transaction within Keystone. This report shall be provided to Keystone by the end of each calendar month for which the Sales Tax revenues funds are remitted to the County as described above. The County or its designee will reconcile sales within Keystone and validate information of new vendors as they are licensed by the Town and/or DOR that appear on the monthly reports.

(c) Such disbursed sales tax revenues shall first be credited to the County as reimbursement for the monthly sums advanced to Keystone as provided in Section 2.1 above. The County shall also be credited with an one-time administrative fee of \$5,000 (five thousand dollars), which includes both interest on the advanced sums plus a fee for administration of the tax revenues, until such sums that were advanced by the County plus the administrative fee are recouped from Keystone once Keystone begins receiving actual sales tax revenues from the DOR.

(d) The amount of disbursed sales tax revenues generated within Keystone each month that is in excess of the amount deposited to Keystone pursuant to section 2.1 above shall be deposited

with Keystone in the bank account provided by Keystone to the County by the last day of each month, once such revenues as are attributable to Keystone after the date of incorporation begin to be remitted by DOR. The Parties acknowledge that the monthly Countywide Sales Tax revenues and associated reports are not provided to the County by the DOR until approximately 75 days after the end of each calendar month; as such, the County shall use its good faith efforts to promptly perform its administrative and accounting review of such DOR revenues and reports and thereafter remit the balance of funds due to Keystone as provided for herein. In the event the actual sales tax revenues for any calendar month are less than the amount deposited with Keystone by the County, for that month, the deficiency shall be carried forward to the succeeding calendar month in which adequate revenues are received for reimbursement to the County as provided in subsection (b) above.

(e) Commencing with tax receipts for the month of July 2024, the Town will begin receiving tax revenues directly from the DOR (which are anticipated to be deposited in September 2024). The Town will use such funds to reimburse the County for those sums of money deposited with Keystone in advance during July and August, as well as any other sums that may be due hereunder until the County is reimbursed in full for its advance payments to Keystone.

Section 2.3 Final Accounting. The County will provide Keystone with a final accounting report of all Countywide Sales Tax revenues and disbursements pursuant to this Agreement for calendar year 2024 on or before March 1, 2025. The parties shall review such report and identify any issues of concern promptly after the submission of such report.

Section 2.4 Ongoing Tax Administration, Correction of Errors

(a) The Parties also acknowledge that at present there is only one DOR sales tax revenue code for all businesses and taxable transactions in and around the Keystone Resort in the Snake River Basin, without regard to whether such business will be located within Keystone or remain in the unincorporated area of the County. It is anticipated that there will be a need to correct a variety of reporting errors in the Countywide Sales Tax receipt coding and reporting during the period of this agreement (as well as all other tax reporting). The Parties agree to work in good faith to correct any such errors, administrative challenges or enforcement problems in full cooperation with each other and the DOR and ultimately create a new sales tax revenue code for Keystone.

(b) To address the above referenced challenges, the County or its designee shall take reasonable actions to determine the jurisdictional location of a vendor is correct, including making updates to location data for new vendors or annexed areas within thirty (30) days after the receipt of information from Keystone or other sources. The County or its designee shall make jurisdictional location available to Keystone monthly during calendar year 2024 and thereafter on an annual basis for a period of two years to verify the accuracy of the location data. In the event the jurisdictional location of a vendor or other business, entity or person that generates taxable transactions is not correct, the County and Keystone shall determine the correct jurisdictional location and allocate the Countywide Sales Tax in the manner provided by this Agreement. Any Party claiming an incorrect receipt of Countywide Sales Tax revenues shall notify Summit County and any other affected Party in writing of the alleged error. Such notification must be given within one year of the date the claiming Party knew or should have known through the exercise of

reasonable diligence of the alleged improper receipt of the Sales Tax revenues. In the event of any dispute between the Parties regarding the administration of the Countywide Sales Tax, the Finance Departments of both the Town and the County will attempt to informally address and resolve such dispute promptly, with the assistance of the DOR. If such efforts are unsuccessful, the Parties shall engage in the dispute resolution process described in Section 5 below.

Section 3. Summit Combined Housing Authority Revenues

(a) Pursuant to Resolutions 06-02 and 2016-02 of the Summit Combined Housing Authority (“SCHA”), a multijurisdictional housing authority (“MJHA”), the SCHA currently imposes a sales tax, use tax, and a development impact fee throughout Summit County. The County currently receives all revenues derived from such taxes and fees from within the area to be incorporated as the Town of Keystone. Should Keystone become a member of the SCHA as provided by the Third Amended and Restated IGA Among Summit County and the Towns of Breckenridge, Dillon, Frisco, Montezuma, and Silverthorne (“SCHA IGA”) creating the MJHA, the County will distribute to the Town all such MJHA revenues generated in Keystone as directed by the SCHA. The County agrees to distribute the MJHA revenues to the Town in the manner provided in the SCHA IGA.

(b) Any MJHA development impact fee revenues received by the County subsequent to the incorporation of Keystone and its membership in the SCHA shall be remitted to Keystone as provided for in Section 2 above. On the date that the administration of building service functions transfer to Keystone, Keystone acknowledges Keystone will be responsible for the administration, collection, and remittance of any MJHA development impact fees in accordance with Keystone’s rules, regulations, and policies.

Section 4. Lodging Tax

(a) Pursuant to Resolution 22-57 of the Board of County Commissioners, the County has imposed a lodging tax within Summit County which will cease to be collected within Keystone on July 1, 2024, in accordance with the laws, rules and regulations of the DOR concerning tax revenue collections. The Parties desire to confirm the County’s administration of such lodging tax revenues generated from within Keystone during the transition period.

(b) The County will continue to administer and collect the lodging tax in accordance with the applicable County regulations and procedures. The County will safekeep and retain all revenues collected from the lodging tax for the properties located in Keystone for the period of time between the Keystone Incorporation date and up to and including June 30, 2024. The County will safekeep and retain such revenue until June 30, 2027. The County and Keystone agree to collaborate and develop a plan for the expenditure of such lodging revenues generated in Keystone in accordance with all applicable authority. The County will continue to be solely responsible for the collection, administration and expenditure of such revenues and will indemnify, defend and hold Keystone harmless from its collection, administrations and expenditure of such revenues.

Section 5. Dispute Resolution.

(a) The Parties shall attempt to informally resolve all disputes and claims arising from or related to this Agreement, beginning first with discussions among affected Town(s) and County staff, and if not resolved, escalating to discussions between the applicable Town Manager(s) and County Manager, and ultimately to the Town Council(s) and Board of County Commissioners. Disputes with any designee of the County shall be governed by separate agreement.

(b) Any and all disputes and claims arising from or related to this Agreement that are not resolved pursuant to Section (a), above shall thereafter be submitted to mediation. The affected Parties shall share equally the mediator's fees and costs associated with the mediation, and each Party shall pay its own fees, costs, and expenses related to the mediation. If the dispute is not resolved by mediation, any affected Party may commence a Court proceeding, with jurisdiction and venue residing exclusively in the Summit County District Court. Each Party waives its right to have such dispute decided by jury trial.

(c) In the event that the County or Town defaults in the performance of any of the duties and responsibilities under this Agreement, the non-defaulting Party shall be limited to the remedies of specific performance and mandamus. Prior to exercising such remedies, the non-defaulting Party shall give written notice to the other party of the nature of the claimed default and declare that such default must be cured within thirty (30) days from the date notice is given.

Section 6. No Assumption of Duty by County. The Parties understand and agree that this Agreement is intended solely to reflect the anticipated cooperative efforts of the Parties regarding the transition of revenue administration and disbursements to Keystone because of its incorporation. Each Party will remain responsible for its own compliance with all applicable laws and regulations.

Section 7. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties hereto relating to the work specified in Exhibit "A", and sets forth the rights, duties, and obligations of each as to the other as of the effective date hereof. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both Parties.

Section 8. General Provisions

(a) The parties acknowledge that this Agreement is entered into in a spirit of cooperation and with the common goal of providing services to their citizens. Each Party shall provide the other Party with reasonable access to all information reasonably necessary to allow the Parties to accomplish the purposes of this Agreement.

(b) Each Party and its officers, employees and agents shall remain employees of such Party and shall not, for any reason, be considered to be staff, officers, employees, agents or contractors of the other Party hereto.

Section 9. NO THIRD-PARTY BENEFICIARIES. This Agreement is also not intended and shall not be deemed to confer any benefit on any third party or otherwise be enforceable by any such third party whatsoever.

Section 10. CONTROLLING LAW. This Agreement shall be governed by and construed in accordance with the law of the State of Colorado.

Section 11. NOTICES. All notices in connection with this IGA must be in writing and signed by the party giving notice. Notice will be deemed properly delivered and received when personally delivered or upon deposit in the United States mail, first class postage prepaid. All such notices or other instruments will be addressed to the party at the address below or to such other addresses as the party may designate by written notice:

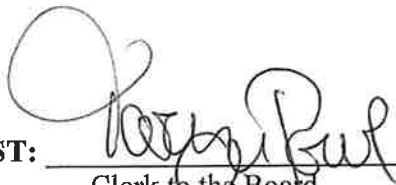
Summit County Government:
Attn: Summit County Manager
P.O. Box 68
Breckenridge, CO 80424

Town of Keystone
Attn: Keystone Town Manager
1628 Sts John Rd
Keystone, CO 8080435

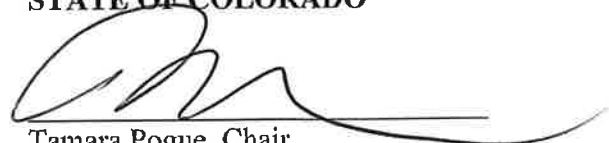
Section 12. ANNUAL APPROPRIATION. Notwithstanding any other provision to the contrary, this Agreement is dependent upon the Town and the County appropriating sufficient funds for payment of fees due under this Agreement or necessary to perform the services for such subsequent fiscal year.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written which shall hereafter be deemed to be the effective date of the Agreement. By the signature of each representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

ATTEST:


Clerk to the Board

COUNTY OF SUMMIT,
STATE OF COLORADO


Tamara Pogue, Chair
Board of County Commissioners

Date: 02/12/24

TOWN OF KEYSTONE,
STATE OF COLORADO

ATTEST: Madeline Ziehl
Town Clerk

Kenneth D Riley
Kenneth D. Riley, Mayor

Date: 2/8/2024

