

AGENDA ITEM # _____

DATE: July 6, 2015

COAC NUMBER: 15-5606

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

**SUBJECT: ADOPT ORD 15-1323
SETTING THE PROPERTY TAX
LEVIES FOR FY16.**

STAFF PRESENTER: Lauri
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Manager
COMPANY
CONTACT:

RECOMMENDATION:

ADOPT ORDINANCE NO. 15-1323 LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF GOODYEAR, SUBJECT TO PRIMARY AND SECONDARY TAXATION A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF VALUATION SUFFICIENT TO RAISE THE AMOUNTS ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET FOR THE PURPOSE OF PAYING FOR VARIOUS EXPENSES; TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUES; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING PRINCIPAL AND INTEREST UPON BONDED INDEBTEDNESS; ALL FOR FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2016.

PURPOSE:

Adoption of the fiscal year 2015-16 (FY16) property tax levies.

BACKGROUND AND COMMUNITY BENEFIT:

Arizona state law requires that cities adopt their property tax levy on or before the third Monday in August each year. In addition, state law requires a period of 14 days between adoption of the final budget and adoption of the tax levy. The City Council adopted the FY16 final budget on June 22, 2015.

The primary and secondary property tax levies are a part of an overall finance strategy that provides funding for the city's budget.

PREVIOUS ACTIONS AND DISCUSSION:

Property Tax Levies and Rates Discussion:

As specified by the Arizona State Constitution and state law, the City of Goodyear has a two-tiered property tax system. The first tier is a "limited" tax and is known as the primary property tax levy. The primary property tax levy may be imposed by the city to fund general government operations. The second tier is an "unlimited" tax levy, known as the secondary property tax levy, which may only be used by the city to retire the principal and interest or redemption charges on voter-approved general obligation bonds.

The primary property tax levy for FY16 of \$7,807,747 will create a primary property tax rate of \$1.1637 per \$100 of assessed valuation. As a part of the general fund revenue, the primary property tax levy supports general fund activities, including police and fire protection, operations and maintenance, and many other general governmental functions.

The secondary property tax levy of \$4,738,940 will create a secondary property tax rate of \$0.7063 per \$100 of assessed valuation and will be used to fund the principal, interest, and redemption charges on voter-approved general obligation bonds.

The total property tax levy of \$12,546,687 is estimated to create a combined property tax rate of \$1.8700 per \$100 of assessed valuation. Below is a chart with a recent history of the city's property tax levies.

Five Year History of City Property Tax Levies

	FY12 1.6000 rate	FY13 1.7750 rate	FY14 1.9000 rate	FY15 1.8700 rate	FY16 1.8700 rate
Primary levy	\$ 6,303,781	\$ 6,693,094	\$ 7,012,561	\$ 7,431,367	\$ 7,807,747
Secondary levy	\$ 4,410,854	\$ 4,018,436	\$ 4,135,351	\$ 4,527,418	\$ 4,738,940
Total levy	\$ 10,714,635	\$ 10,711,530	\$ 11,147,912	\$ 11,958,785	\$ 12,546,687

The proposed FY16 overall combined property tax rate of \$1.8700 would equate to a total city property tax payment of \$321.45 for a median assessed home valued at \$171,900. In FY09, prior to the economic recession impacting property values, the median homeowner in Goodyear paid a total of \$417.60 in city property taxes.

FY16 Budget Development Discussion and Previous Actions:

The city holds several work sessions as part of the budget development process. An initial, high level five-year revenue preview was discussed with the Council at the October 27, 2014 work session. On February 23, 2015, a presentation was made on the five-year General Fund financial forecast, which validated the status of the assumptions that the October discussion was based upon, as well as confirmed the five-year forecast. March 16, 2015, the Council reviewed tax policy and one-time general fund requests including capital improvement projects for FY16.

Current operational budgets and the programs and services that are supported were reviewed with the Council April 6 and 7, 2015 to provide the starting point for discussions on specific revenues and expenditure recommendations for next fiscal year. Additionally, the recommended FY16 operating budget asset management program was presented at the April 13, 2015 Council work session.

Work sessions focusing on specific one-year revenues for FY16, recommendations for FY16 expenditures, and for Council to provide consensus direction on any further evaluation or adjustments to the recommended operating and capital project expenditures in preparation for the draft budget review presentation were held on April 20 and 27, 2015. Compensation, benefits packages, retirement costs, and the 10-Year Capital Improvement Program were also discussed.

On May 4, 2015 a high-level overview work session was held for the Council to provide consensus direction on any further evaluation or adjustments to the draft FY16 budget prior to the adoption of the tentative budget.

The FY16 tentative budget was adopted at the May 18, 2015 regular Council meeting. The final budget was adopted and the Truth in Taxation (TNT) primary property tax increase was approved at the June 22, 2015 regular Council meeting.

Previous FY16 budget development discussions with the Council include:

October 27, 2014	Five-year revenue forecasts, FY16 budget calendar
February 23, 2015	Five-year General Fund financial forecast
March 16, 2015	Overview of tax policy, one-time general fund requests
April 6-7, 2015	FY15 department base budget reviews
April 13, 2015	Asset management program
April 20, 2015	Revenues and expenditures
April 27, 2015	Revenues and expenditures (continued)
May 4, 2015	Draft budget review
May 18, 2015	Tentative budget adoption
June 22, 2015	Final budget adoption, Truth in Taxation increase approval

FISCAL ANALYSIS:

If approved, \$7,807,747 will be generated from the primary property tax levy and \$4,738,940 will be generated from the secondary property tax levy (a total combined property tax levy of \$12,546,687).

ATTACHMENTS:

1. Ordinance