

**AGENDA ITEM SUMMARY**

**DATE:** 02-27-2012    **DEPARTMENT:** Admin/Comm Dev    **DEPT. HEAD SIGNATURE:** HD

**SUBJECT:**

Request by Urban Renewal Agency for allocation of Local Option Tax from excess funds in FY 2011

**AUTHORITY:**  ID Code \_\_\_\_\_     IAR \_\_\_\_\_     City Ordinance/Code 5.32.050  
(IF APPLICABLE)

5.32.050 Purposes of taxes. The non-property tax revenue derived from and collected under this ordinance shall be used for the following purposes:

- (A) Emergency services (rapid response, life saving, traffic enforcement, training, staffing, equipment, vehicles, etc.).
- (B) Maintenance, improvement and acquisition of parks.
- (C) Road repair, transportation enhancements and snow removal.
- (D) City promotion, visitor information, special events and economic development.
- (E) Town improvements (library modernization, sidewalks, town square, etc.).
- (F) Public transit and related improvements.
- (G) Direct cost to administer and enforce this ordinance.

**BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:**

Hailey's 2011 Financial Statements show a fund balance excess during the year of \$60,000. Of this amount \$24,000 was in excess Local Option Tax above the \$300,000 amount budgeted and allocated to specific purposes.

The Hailey Urban Renewal Agency is anxious to put its plan together this year, but without a Community Development Director experienced in Urban Renewal Plan Development, the project is stalled.

In the absence of an immediate (end of March) hire of an experienced Community Development Director, the Hailey URA Board is requesting funding from the City of Hailey for a consultant who can put the plan together on behalf of the URA.

The City Administrator and URA Board Member Don Keirn have been talking with Harlan Mann, an experienced consultant in URA Plan Development. Mann is currently consulting with the City of Jerome and bills \$65/hour.

**FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS** Caselle # \_\_\_\_\_  
Budget Line Item # \_\_\_\_\_ YTD Line Item Balance \$ \_\_\_\_\_  
Estimated Hours Spent to Date: \_\_\_\_\_ Estimated Completion Date: \_\_\_\_\_  
Staff Contact: \_\_\_\_\_ Phone # \_\_\_\_\_

**ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS:** (IF APPLICABLE)

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> City Administrator | <input type="checkbox"/> Library             | <input type="checkbox"/> Benefits Committee |
| <input type="checkbox"/> City Attorney      | <input type="checkbox"/> Mayor               | <input type="checkbox"/> Streets            |
| <input type="checkbox"/> City Clerk         | <input type="checkbox"/> Planning            | <input type="checkbox"/> Treasurer          |
| <input type="checkbox"/> Building           | <input type="checkbox"/> Police              | _____                                       |
| <input type="checkbox"/> Engineer           | <input type="checkbox"/> Public Works, Parks | _____                                       |
| <input type="checkbox"/> Fire Dept.         | <input type="checkbox"/> P & Z Commission    | _____                                       |

**RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:**

Discuss and identify whether the council is willing to appropriate fund balance from last year's LOT excess to the URA, and whether or not staff should pursue negotiating a contract with a consultant.

**ADMINISTRATIVE COMMENTS/APPROVAL:**

City Administrator \_\_\_\_\_

Dept. Head Attend Meeting (circle one) Yes No

**ACTION OF THE CITY COUNCIL:**

Date \_\_\_\_\_

City Clerk \_\_\_\_\_

**FOLLOW-UP:**

\*Ord./Res./Agrmt./Order Originals: Record

\*Additional/Exceptional Originals to: \_\_\_\_\_

Copies (all info.):

Copies (AIS only)

Instrument # \_\_\_\_\_

AGENDA ITEM SUMMARY

DATE: 02/27/2012      DEPARTMENT: Admin/Legislative      DEPT. HEAD SIGNATURE: HD

SUBJECT: Discussion of instituting capital fund levy,

AUTHORITY:  ID Code      Sections Below       City Ordinance/Code      3.04.040  
(IF APPLICABLE)

50-236. Capital improvement fund levy -- Limitations. Cities are hereby empowered to establish a "Capital Improvements Fund", by ordinance, and levy a special tax not to exceed in the aggregate four-hundredths per cent (.04%) of market value for assessment purposes in any one (1) year. Said fund shall never exceed in the aggregate four-tenths per cent (.4%) of the market value for assessment purposes of the city. Such funds shall not be subject to the provisions of section 50-1014, Idaho Code. Said ordinance shall identify the specific purpose for which the capital improvements fund shall be used.

50-1014. Transfer of funds. The city council of the cities may transfer an unexpended balance in one fund to the credit of another fund.

50-235. Tax levy for general and special purposes. The city council of each city is hereby empowered to levy taxes for general revenue purposes not to exceed nine tenths percent (.9%) of the market value for assessment purposes on all taxable property within the limits of the city in any one (1) year, and such levies for special purposes as are or may hereafter be provided, on all property within the limits of the city, taxable according to the laws of the state of Idaho, the valuation of such properties to be ascertained from the assessment rolls of the proper county.

63-802. Limitation on budget requests -- Limitation on tax charges -- Exceptions. (1) Except as provided in subsection (3) of this section, no taxing district shall certify a budget request for an amount of property tax revenues to finance an annual budget that exceeds the greater of paragraphs (a) through (i) of this subsection inclusive:

(a) The dollar amount of property taxes certified for its annual budget for any one (1) of the three (3) tax years preceding the current tax year, whichever is greater, for the past tax year, which amount may be increased by a growth factor of not to exceed three percent (3%) plus the amount of revenue calculated as described in this subsection. Multiply the levy of the previous year, not including any levy described in subsection (4) of this section, or any school district levy reduction resulting from a distribution of state funds pursuant to section 63-3638(11), Idaho Code, by the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code; and by the value of annexation during the previous calendar year, as certified by the state tax commission for market values of operating property of public utilities and by the county assessor;

(b) The dollar amount of property taxes certified for its annual budget during the last year in which a levy was made;

(c) The dollar amount of the actual budget request, if the taxing district is newly created except as may be provided in subsection (1)(h) of this section;

(d) In the case of school districts, the restriction imposed in section 33-802, Idaho Code;

(e) In the case of a nonschool district for which less than the maximum allowable increase in the dollar amount of property taxes is certified for annual budget purposes in any one (1) year, such a district may, in any following year, recover the foregone increase by certifying, in addition to any increase otherwise allowed, an amount not to exceed one hundred percent (100%) of the increase originally foregone. Said additional amount shall be included in future calculations for increases as allowed;

(f) In the case of cities, if the immediately preceding year's levy subject to the limitation provided by this section, is less than 0.004, the city may increase its budget by an amount not to exceed the difference between 0.004 and actual prior year's levy multiplied by the prior year's market value for assessment purposes. The additional amount must be approved by sixty percent (60%) of the voters voting on the question at an election called for that purpose and held on the date in May or November provided by law, and may be included in the annual budget of the city for purposes of this section;

(g) A taxing district may submit to the electors within the district the question of whether the budget from property tax revenues may be increased beyond the amount authorized in this section, but not beyond the levy authorized by statute. The additional amount must be approved by sixty-six and two-thirds percent (66 2/3%) or more of the voters voting on the question at an election called for that purpose and held on the May or November dates provided by section 34-106, Idaho Code. If approved by the required minimum sixty-six and two-thirds percent (66 2/3%) of the voters voting at the election, the new budget amount shall be the base budget for the purposes of this section;

(h) When a nonschool district consolidates with another nonschool district or dissolves and a new district performing similar governmental functions as the dissolved district forms with the same boundaries within three (3) years, the maximum amount of a budget of the district from property tax revenues shall not be greater than the sum of the amounts that would have been authorized by this section for the district itself or for the districts that were consolidated or dissolved and incorporated into a new district;

(i) In the instance or case of cooperative service agencies, the restrictions imposed in sections 33-315 through 33-318, Idaho Code.

(2) In the case of fire districts, during the year immediately following the election of a public utility or public utilities to consent to be provided fire protection pursuant to section 31-1425, Idaho Code, the maximum amount of property tax revenues permitted in subsection (1) of this section may be increased by an amount equal to the current year's taxable value of the consenting public utility or public utilities multiplied by that portion of the prior year's levy subject to the limitation provided by subsection (1) of this section.

(3) No board of county commissioners shall set a levy, nor shall the state tax commission approve a levy for annual budget purposes which exceeds the limitation imposed in subsection (1) of this section, unless authority to exceed such limitation has been approved by a majority of the taxing district's electors voting on the question at an election called for that purpose and held pursuant to section 34-106, Idaho Code, provided however, that such voter approval shall be for a period of not to exceed two (2) years.

(4) The amount of property tax revenues to finance an annual budget does not include revenues from nonproperty tax sources, and does not include revenue from levies that are voter approved for bonds, override levies or supplemental levies, plant facilities reserve fund levies, school emergency fund levies or for levies applicable to newly annexed property or for levies applicable to new construction as evidenced by the value of property subject to the occupancy tax pursuant to section 63-317, Idaho Code, for the preceding tax year.

**BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:**

The City has utilized its capital fund in conjunction with grant opportunities to pursue robust infrastructure improvements. To date, the capital fund has been funded solely through annexation fees, development impact fees, and other in lieu fees collected from development. As development remains at a standstill, and the reserves within the capital fund are being applied to valuable projects, the city council will hold a conversation about whether Hailey should seek new methods by which capital improvements can be accomplished.

The 2012 Citizens Survey recently completed shows a high level of satisfaction with the grant program. Most grants require city matching funds. The Survey also rates specific voter approval for identified projects/equipment as a preferred funding method, as well as short term overrides for specific purposes.

Discussion of a capital fund levy, which is tied by law to a specific capital plan and identified projects, will be begun by the council.

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Comments: A capital levy could be set at any dollar amount under the maximum \$40 per \$100,000 property valuation. The \$40 would bring approximately \$400,000 into the city each year for specific capital projects.

**ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)**

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<input type="checkbox"/> City Attorney	<input type="checkbox"/> Mayor	<input type="checkbox"/> Streets
<input type="checkbox"/> City Clerk	<input type="checkbox"/> Planning	<input type="checkbox"/> Treasurer
<input type="checkbox"/> Building	<input type="checkbox"/> Police	_____
<input type="checkbox"/> Engineer	<input type="checkbox"/> Public Works, Parks	_____
<input type="checkbox"/> Fire Dept.	<input type="checkbox"/> P & Z Commission	_____

**RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:**

This preliminary council discussion is a precursor to seeking public hearing or further discussion of this in strategic planning sessions. The future agendas are structured anticipating a public hearing on March 5 with follow up council discussion in the March 12 strategic planning goals prioritization workshop.

Council should discuss; then accept, reject, or amend that approach.

**ACTION OF THE CITY COUNCIL:**

Date \_\_\_\_\_

City Clerk \_\_\_\_\_

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