



Legislation Text

File #: 17-309, Version: 1

ORDINANCE NO. O17-31

AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF GLENDALE, SUBJECT TO TAXATION, A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2018; AND DECLARING AN EMERGENCY.

Staff Contact: Vicki Rios, Director, Budget and Finance

Purpose and Policy Guidance

This is a request for City Council to waive reading beyond the title and adopt an ordinance setting the primary property tax rate at \$0.4632 per \$100 of assessed valuation for FY2017-2018 (FY17-18) and the secondary property tax rate at \$1.6140 per \$100 of assessed valuation for FY17-18. The total property tax rate will decrease from \$2.1490 to \$2.0772 per \$100 of assessed valuation.

Background

Arizona state law requires Council to set the property tax levy by the third Monday in August. Arizona's property tax system consists of two tiers - Primary and Secondary. The primary property tax levy has state mandated maximum limits; however, it can be used by a city for any purpose. The primary property tax revenue is included in the General Fund's operating budget. The secondary property tax levy is not limited; however, it can be used only to retire the principal, interest, and related fees on voter authorized bonds used to finance the city's capital improvement plan.

Prior to FY2015-2016 (FY15-16), the primary property tax levy was based on the limited cash value of each property and the secondary property tax levy was based upon the full cash value of the property. Due to the passage of Proposition 117, FY15-16 was the first fiscal year in which the both the primary and the secondary property tax levy are based on the limited property value of Glendale properties.

Analysis

The recommended primary property tax rate for FY17-18 is \$0.4632 per \$100 of assessed valuation. This is a decrease from \$0.4792 per \$100 of assessed valuation for FY16-17. At this rate, the primary levy will generate approximately \$5,684,486 which will be used to support services paid for by the city's General Fund.

The recommended secondary property tax rate is \$1.6140 per \$100 of assessed valuation which is a decrease from the \$1.6698 rate for FY16-17. This proposed secondary property tax rate would increase the total levy from \$19,587,858 million to \$19,807,342. The \$219,484 increase in the levy amount is due to the value of new construction added to the property tax rolls during the previous year. Funds generated from the secondary property tax levy will be used to pay the principal and interest on the city's general obligation bonds. If approved, the total property tax rate will decrease from \$2.1490 to \$2.0772 per \$100 of assessed valuation and the total levy, primary and secondary, will total approximately \$25,491,828.

Previous Related Council Action

On June 13, 2017 City Council adopted a resolution formally approving the FY17-18 Final Budget and Property Tax Levy. Council also gave notice of the date for the June 27th Property Tax Adoption.

City Council adopted a resolution formally approving the tentative operating, capital, debt service, and contingency appropriation budget at the May 23, 2017 voting meeting. At that time, Council also gave notice of the date for the June 13, 2017 Public Hearing on:

- The FY17-18 Final Budget,
- The FY17-18 Property Tax Levy, and
- The June 27, 2017 date the adoption of the FY17-18 Property Tax Levy.

On May 2, 2017, the final FY17-18 Budget Workshop included follow up presentations on the city's FY 2018-2027 Capital Improvement Plan and Department Operating budgets.

On April 28, 2017, the second of two all-day budget workshops included presentation on several city department operating budgets for the FY17-18 Budget.

On April 24, 2017, the first of two all-day budget workshops included presentation on several city department operating budgets for the FY17-18 Budget.

On April 4, 2017, the FY17-18 Budget Workshop included follow-up presentations on the City's Draft FY2018-2027 Capital Improvement Plan.

On March 21, 2017, the FY17-18 Budget Workshop included presentation of the Draft FY2018-2027 Capital Improvement Plan.

On March 7, 2017, the FY17-18 Budget Overview including; revenues and other future discussion items were presented to the City Council at the second in a series of budget workshops.

February 7, 2017, the FY17-18 Budget Overview including; calendar, process, legal requirements, major budget components and future discussion items was presented to the City Council at the first in a series of budget workshops.

On December 20, 2016, the General Fund and Major Operating Funds Five-Year Financial Forecast was

presented at Council Workshop and initiated the FY17-18 budget process.

Community Benefit/Public Involvement

The community benefit of the City's budget process, policy direction, and budgetary decisions demonstrates sound financial decisions are made through a transparent and public process where ultimate budgetary decisions align with the strategic direction of the City and provide the public with information on services provided and Council priorities.

Budget and Financial Impacts

If approved, the total property tax rate will decrease from \$2.1490 to \$2.0772 per \$100 of assessed valuation and the total levy, primary and secondary, will total approximately \$25,491,828.