

City of Avondale

Revenue options
February 5, 2018

Background

- City Charter provides for ability to establish a sales tax , with approval by the majority of the qualified electors.
- 2001 – voters approved .5% sales tax increase to fund water, wastewater and street projects.
- 2003 – voters approved .5% sales tax increase to fund public safety needs.

Background

- 2006 – voters approved adding transportation projects to the approved list of the 2001 initiative.
- 2006 - voters did not approve removing the two-tier tax rate.
- 2007 – voters approved a \$70M bond election.

Secondary property tax

- Considerations for issuing additional General Obligation Bonds
 - Legal Debt Limit
 - Voter Authorization
 - Property Tax Rate

Legal Debt Limit

	20% Limitation	6% Limitation	Total
Full Cash Value Net	463,069,349	463,069,349	
Debt Limit	92,613,870	27,784,161	120,398,031
Net Debt Outstanding	24,315,000	435,000	24,750,000
Legal Debt Margin	\$68,298,870	\$27,349,161	\$95,648,031

Voter Authorization

Year	Purpose	Amount Authorized	Remaining Authorization	Type
1992	Loan WIFA	10,000,000	3,875,000	R
1995	Water	10,000,000	3,570,000	R
1998	Water & Sewer	15,000,000	7,000,000	R
1998	Street	10,300,000	3,250,000	GO
2007	Water & Sewer	5,000,000	5,000,000	GO
2007	Streets	20,000,000	6,000,000	GO
2007	Parks	15,000,000	0	GO
2007	Public Safety	13,000,000	10,000,000	GO
2007	General Gov	17,000,000	17,000,000	GO
	Total	115,300,000	55,695,000	

Tax rate

Year	Secondary Rate	Combined rate
2018	.8499	1.60
2017	.9252	1.69
2016	.9744	1.75
2015	.9734	1.75
2014	1.0176	1.80
2013	.6559	1.33
2012	.7500	1.33
2011	.6521	1.11

Restaurant and Bar tax

- Five valley communities have an additional R&B tax ranging from .3% to 1.5%
- First 2% of additional R&B tax is unrestricted
- City does not currently have an additional R&B tax
- A 1% increase in the R&B tax would generate an additional \$1.66M annually

Removal of two-tax rate

- Single retail item in excess of \$5,000 is taxed at 1.5% instead of 2.5%
- Originally established to gain a competitive advantage when developing the Auto Mall
- Removal of the exemption would generate an additional \$6.2M annually.
- Half of the additional revenue would be dedicated to water, sewer, street and transit
- Half dedicated to public safety

General sales tax increase

- Determination if general tax increase would be subject to two-tier rate
- A 0.1% increase would generate \$1.6M annually (with the two-tier rate) and \$2.1M (without the two-tier rate)

Other Considerations

- Unrestricted or dedicated tax revenue
- Sunset clause or in perpetuity
- Time line for November 2018 election requires ballot language by May 2018
- Other election considerations

Recommendation

- This report is for information and Council Direction