

## City Council Regular Meeting

**DEPARTMENT:** City Manager's Office  
**FROM:** Bryan Langley, City Manager  
**MEETING:** August 15, 2022

### SUBJECT:

Receive a report, hold a discussion, and give staff direction regarding the proposed budget and receive any additional direction from City Council regarding the fiscal year 2022-2023 annual budget. *(Staff Presenter: Bryan Langley, City Manager)*

### SUMMARY:

On August 4, 2022, the City Council discussed the City Manager's proposed budget for FY 2022-23. During the discussion, the Council requested that staff evaluate possibilities for lowering the tax rate further. Specifically, the Council requested that staff explore the possibility of lowering the tax rate to the maintenance and operation "no new revenue rate" (M&O NNRR). To facilitate this discussion, staff has compiled the below information to show the annual and cumulative impact on revenue if an additional tax rate reduction is proposed.

	<b>Tax Rate</b>	<b>FY 23 Tax Levy (in millions)</b>	<b>FY23-27 Tax Levy (in millions)</b>	<b>FY 23-32 Tax Levy (in millions)</b>
Proposed GF Tax Rate	\$0.4649	\$24.314	\$136.256	\$312.479
Proposed Debt Rate	\$0.1923	\$8.525	\$47.106	\$107.227
<b>Total</b>	<b>\$0.6572</b>	<b>\$32.839</b>	<b>\$183.362</b>	<b>\$419.706</b>
1 Cent Reduction M&O	\$0.4549	\$23.871	\$133.811	\$306.867
Proposed Debt Rate	\$0.1923	\$8.525	\$47.106	\$107.227
<b>Total</b>	<b>\$0.6472</b>	<b>\$32.396</b>	<b>\$180.917</b>	<b>\$414.094</b>
<b>Difference to Proposed Budget</b>	<b>\$0.0100</b>	<b>\$0.443</b>	<b>\$2.445</b>	<b>\$5.612</b>
1.73 Cents Reduction	\$0.6399	\$32.073	\$179.132	\$409.998
<b>Difference to Proposed budget</b>	<b>\$0.0173</b>	<b>\$0.766</b>	<b>\$4.230</b>	<b>\$9.708</b>

As shown, a 1 cent (\$0.01 per \$100) tax rate reduction will reduce revenue by \$443,000 in FY 2023, \$2.445 million over the next five years (FY 23-27) and \$5.612 million over the next 10 years (FY 23-32). Likewise, if the rate is reduced by 1.73 cents (\$0.0173 per \$100), revenue will be reduced by \$766,000 in FY 23, \$4.23 million over the next five years (FY23-27), and

\$9.708 million over the next 10 years (FY 23-32). These figures include the impact of compounding the rate of growth over the base year. In other words, the FY 23 values are projected to increase slightly each year as property values continue to grow.

In order to reduce property taxes further, the City Council will need to consider options on reducing costs to match the revenue losses outlined. During the August 4<sup>th</sup> presentation, the Council asked staff to consider options that would reduce costs tied to the City's proposed Capital Improvement Program. The attached presentation details the options that staff has identified, and it will be used to facilitate a discussion of the issues.

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