

CITY RECORDER USE ONLY:

AGENDA ITEM #: F. 8.  
MEETING DATE: 06.26.2023  
FINAL ACTION: RESO 2023-27

**CITY COUNCIL STAFF REPORT**

**TO:** *City Council*

**FROM:** *Jesse VanderZanden, City Manager*

**MEETING DATE:** *June 26, 2023*

**PROJECT TEAM:** *Paul Downey, Assistant City Manager/Finance Director*

**SUBJECT TITLE:** *Capital Improvements Program Excise Tax Renewal for FY 2023-24*

**ACTION REQUESTED:**

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ordinance	Order	X	Resolution		Motion	Informational

*X all that apply*

**ISSUE STATEMENT:** The ordinance that created the Capital Improvements Program (CIP) Excise Tax requires the tax to be re-authorized by resolution each fiscal year.

**BACKGROUND:** The CIP excise tax was initiated in 1990. The City Code restricts the use of the revenue generated by the CIP excise tax to the General Government and Public Safety programs within the Capital Improvements Program. The Code requires the tax be reviewed on an annual basis by the Budget Committee and be approved each year by the City Council. If the tax is not reauthorized, the City cannot collect the revenue. Any increase in the CIP Excise Tax cannot exceed five percent in one year and increases added together cannot exceed twenty percent over a five-year period. The tax is not covered by the annual fee adjustment for general fees.

The City last increased the tax rate on July 1, 2014. Staff is not proposing any fee increase for the coming fiscal year. The City expects to collect about \$386,000 in revenue from the CIP excise tax in FY 2023-24.

Most of the excise tax is used to fund public safety capital needs particularly police and fire vehicle replacements. As in prior years, 90% of the revenue will be used for the Fire and Police Departments, while the other 10% will be used in General Government Programs. \$353,660 will be transferred to other funds for the purchase of police vehicles and fire apparatus. Other proposed expenditures in the CIP Excise Tax Fund in FY 2023-24 include: 1) purchase of two body-worn cameras; 2) infrared drone for the Police Department; and 3 tables and chairs for the Community Auditorium.

The CIP Excise Tax is accounted for in a separate fund to ensure that the tax proceeds are spent as required by the resolution.

**FISCAL IMPACT:** If the CIP Excise Tax is not renewed, the City will need to find an alternative source of revenue for police vehicle and fire apparatus replacement. Also, some of the other projects that would be funded with this revenue will not occur unless alternative revenue is found for those projects.

**STAFF RECOMMENDATION:** Staff recommends the City Council approve the attached resolution adopting the renewal of the CIP Excise Tax for FY 2023-24.

**ATTACHMENT(s):** Resolution Adopting the Capital Improvements Program Excise Tax and Repealing Resolution 2022-38