

CITY COUNCIL REPORT



Meeting Date: 06/17/2014
 Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
 Objective: *Adopt Budgets*

ACTION

ADOPT ORDINANCE NO. 4154 assessing the City of Scottsdale FY 2014/15 primary and secondary property tax levies

BACKGROUND

A public hearing was held by City Council prior to the final adoption of the FY 2014/15 budget on June 3, 2014 to solicit public input on the City's property tax levy.

Prior to the public hearing, the City Council made the following policy decisions to set the primary tax rate at \$0.5580 per \$100 of assessed valuation:

1. Do not increase the levy by the statutory maximum of 2%, and
2. Include reimbursement for tort claims paid in calendar year 2013 of \$2,076,849

City Council also made the decision to set the secondary tax rate at \$0.6869 per \$100 assessed valuation.

The public hearing concluded with a roll call vote by City Council to approve a motion to levy the proposed property tax and to assess the levy at the June 17, 2014 City Council meeting. State law requires a period of at least fourteen (14) days between the public hearing on the tax levy and adoption of the tax levy.

ANALYSIS & ASSESSMENT

As approved by City Council on June 3, the proposed FY 2014/15 primary property tax rate of 55.80 cents per \$100 of assessed valuation represents a 2.38 cent increase from the FY 2013/14 adopted rate of 53.42 cents per \$100 of assessed valuation. The FY 2014/15 secondary rate of 68.69 cents per \$100 valuation is 7.35 cents less than the FY 2013/14 adopted rate of 76.04 cents per \$100

valuation. Therefore, Scottsdale citizens' tax bills will reflect a combined property tax rate of \$1.2449 per \$100 of assessed valuation in FY 2014/15, which is 4.97 cents less than the combined FY 2013/14 rate of \$1.2946. These amounts are summarized in the schedule below:

	FY 13/14	FY 14/15	Change
Primary Tax Rate	\$0.5342	\$0.5580	\$ 0.0238
Secondary Tax Rate	\$0.7604	\$0.6869	\$(0.0735)
Combined Tax Rate	\$1.2946	\$1.2449	\$(0.0497)

The following schedule compares the property tax levy for FY 2013/14 and 2014/15:

	FY 13/14	FY 14/15	Change
Primary Taxes	\$25.7 M.	\$27.8 M.	\$ 2.1 M.
Secondary Taxes	\$36.7 M.	\$35.6 M.	\$(1.1) M.
Total Taxes	\$62.4 M.	\$63.4 M.	\$ 1.0 M.

Due to the decrease in the combined tax rate, an individual homeowner in Scottsdale should see a decrease in the City's portion of the property tax bill versus the prior year. The Maricopa County Assessor's Office, not the City of Scottsdale, determines real property assessed values used to calculate property tax bills.

RESOURCE IMPACTS

Adoption of Ordinance No. 4154 by City Council assesses the City's property tax levy and rate needed to support the Adopted FY 2014/15 Budget.

The FY 2014/15 primary property tax levy of approximately \$27.8 million supports General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and many other general governmental functions and the tort recovery will support the Risk Fund.

The secondary tax levy of approximately \$35.6 million, by law, is limited solely to supporting the debt service payments of voter-approved general obligation bonds issued to construct capital infrastructure such as police and fire facilities, parks, libraries, recreational facilities, streets, and drainage improvements. The secondary property tax levy is budgeted within the City's Debt Service Fund.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopting the proposed property tax levy and tax rate will allow the City to continue supporting the current service levels for citizens and to pay debt service on voter approved bonds.

Maricopa County is the property tax assessing and collecting authority for the City of Scottsdale. Per State law, the County Finance Office must receive a certified copy of the City's tax levy ordinance by the second Monday in August.

Staff recommends adopting the ordinance to allow the City to continue supporting the current service levels for citizens and pay debt service on outstanding voter approved bonds. Adoption of Ordinance No. 4154 setting the FY 2014/15 property tax levy and rate will allow compliance with the City Charter and State legal requirements.

RESPONSIBLE DEPARTMENT(S)

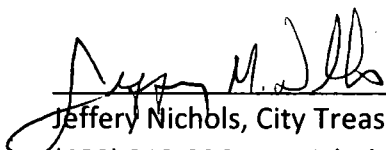
City Treasurer's Office

STAFF CONTACTS (S)

Lee Guillory, Finance Director, (480) 312-7084
lguillory@ScottsdaleAZ.gov

Jeffery Nichols, City Treasurer, (480) 312-2364
JeNichols@ScottsdaleAZ.gov

APPROVED BY



Jeffery Nichols, City Treasurer
(480) 312-2364, JeNichols@ScottsdaleAZ.gov

5/29/14

Date

ATTACHMENTS

Ordinance No. 4154

ORDINANCE NO. 4154

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE SUBJECT TO TAXATION, A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED 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 THE 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, 2015.

WHEREAS, by the provisions of the City Charter and State statute, an ordinance is required to set the property tax levy for the fiscal year beginning July 1, 2014, and ending June 30, 2015; and

WHEREAS, the County of Maricopa is the assessing and collecting authority for the City of Scottsdale, and the Clerk is hereby directed to transmit a certified copy of this ordinance to the County Assessor; and

WHEREAS, the required public hearing was held on June 3, 2014, and the City Council made the following policy decisions relating to the primary property taxes:

- a. Declined increasing the levy by the two percent (2%) maximum legal amount; and
- b. Increased the levy amount to account for two million seventy-six thousand eight hundred and forty-nine dollars (\$2,076,849) for tort claim payments for calendar year 2013; now, therefore,

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

SECTION 1. There is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending June 30, 2015, and allowable tort liability claims. The total primary levy is twenty-seven million eight hundred twenty-one thousand one hundred ninety-seven dollars (\$27,821,197), resulting in a tax rate of \$0.5580 per one hundred and no/100 dollars (\$100.00) of assessed value. Said figure is subject to change only if a court decision were to reduce the net assessed valuation in a significant manner.

SECTION 2. In addition to the rate set in Section 1 hereinbefore, there is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a secondary property tax rate of \$0.6869 per one hundred and no/100 dollars (\$100.00) of assessed value, which is a rate sufficient to raise the sum of thirty-five million five hundred sixty-seven thousand six hundred ninety-one dollars (\$35,567,691) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2015.

SECTION 3. Failure by the county officials of Maricopa County, Arizona, to properly return the delinquent list, any irregularity in assessments or omission in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer(s) to timely perform any of the assigned duties shall not invalidate any proceedings or any deed or sale pursuant thereto; the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Scottsdale upon such property for the delinquent taxes unpaid thereon, and no overcharge as to part of the taxes or of costs shall invalidate any proceedings for the collection of taxes or the foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this ____ day of _____, 2014.

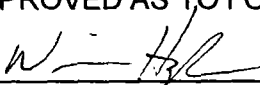
CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Carolyn Jagger, City Clerk

W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: William Hylan
Assistant City Attorney

FY 2014/15 Property Tax Rates and Levies



City Council, June 17, 2014

Background

	FY 13/14	FY 14/15
Primary Levy	\$25.654M	\$27.821M
Secondary Levy	<u>\$36.712M</u>	<u>\$35.568M</u>
Total Levy	\$62.366M	\$63.389M
<u>Rate per \$100 of AV:</u>		
Primary Tax Rate	\$.5342	\$.5580
Secondary Tax Rate	<u>\$.7604</u>	<u>\$.6869</u>
Combined Tax Rate	\$1.2946	\$1.2449

Action

Adopt Ordinance No. 4154 assessing the FY14/15 primary and secondary property tax levies

Item 40

FY 2014/15 Property Tax Rates and Levies



City Council, June 17, 2014

Background

	FY 13/14	FY 14/15
Primary Levy	\$25.654M	\$27.821M
Secondary Levy	<u>\$36.712M</u>	<u>\$35.568M</u>
Total Levy	\$62.366M	\$63.389M
<u>Rate per \$100 of AV:</u>		
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Combined Tax Rate	\$1.2946	\$1.2449

Action

Adopt Ordinance No. 4154 assessing the FY14/15 primary and secondary property tax levies

Stevens, Katie

From: nicetang@cox.net
Sent: Tuesday, June 17, 2014 10:57 AM
To: Jagger, Carolyn; Stevens, Katie
Subject: Agenda Item Comment for 06/17/14 - Item 40

Meeting Date: 06/17/14
Item Number: 40

Contact Information (if blank, user did not provide):

Name: Michael Mayer
Address: 11157 E Greenway Road
C/S/Z: Scottsdale, Az 85255
Phone:

Comment for 06/17/14 Item 40:

June17, 2014 Item 40. Fiscal Year 2014/2015 Property Tax Levies

Based on what is happening at Westworld, the proposed tax increase to pay for tort cases....is insufficient to cover future costs.

Last month I warned about Westworld fireworks events. Today, new under contract is an alcohol event called Beer Palooza. Strange at it may seem, I agree with Mayor Lane who wants "quality events"....even with limited alcohol.

Beer Palooza is UNLIMITED and a call to get drunk. This is not a quality event.

Beer Palooza is advertised as"An all-out crazy party; partying at one place with a ton of people like there's no tomorrow."

Do you remember Cody Clark? His body was crushed by a Scottsdale drunk driver. He has a multimillion \$ civil suit against Scottsdale. By condoning an unlawful Beer Palooza on taxpayer owned land, the city is showing willful intent to profit from overserving alcohol and drunk driving.

This what we can expect in the future from Fred Unger and Etzel!

A.R.S. 4-244. states it is unlawful to sell liquor over quote....

"any set period of time for a fixed price, to deliver more than forty ounces of beer"

Beer Palooza will serve 100 oz of beer...over 8 bottles of beer per person.

And A.R.S. 4-311 clearly states The City will have liability if it quote...

"continue serving intoxicated persons"

Do you deny that people won't drink their \$50 admission worth of beer? Do you deny that after more than a 6 pack a person is not drunk? At Beer Palooza dozens if not hundreds of DUI's will be released onto our McDowell Mountain Ranch residential streets.

Either limit or Stop alcohol events at Westworld or increase the tax levy.

I asked the Tourism Commission this morning to contact the city council recommending the Beer Palooza contract be cancelled immediately.

As before, Westworld senior city directors acted irresponsibly. Now that you are aware of Beer Palooza, act with some responsibility and cancel the contract.

I do not want to see this meeting record used in court by another Cody Clark.