

City Council Agenda Items
and
Contracts, Leases or Agreements

9/18/2012

City Council Meeting Date
Agenda Items Only

Paul A. Becker
Submitted By

Finance & Internal Services
Division

Finance & Internal Services
Department

Action Required:

City Council is requested to adopt real and personal property tax rates for 2012 for the Policemen's Pension & Relief, the Firemen's Pension & Relief Funds, and the Fayetteville Public Library. The rate to be adopted for the Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund is 0.4 mils for real property and 0.4 mils for personal property, the millage for the Fayetteville Public Library is 1.0 mil for real property and 1.0 mil for personal property. City Council is also requested to adopt real and personal property tax rates for 2012 for the City's General Fund. The rate requested for the City's General Fund is 1.3 mils for real property and 1.3 mils for personal property.

Cost of this request	\$ -	Category / Project Budget	Program Category / Project Name
Account Number	\$ -	Funds Used to Date	Program / Project Category Name
Project Number	\$ -	Remaining Balance	Fund Name

Budgeted Item

Budget Adjustment Attached

Paul A. Becker 8-30-2012 Date Previous Ordinance or Resolution # 5447
 Department Director

Kurt 8-31-12 Date Original Contract Date: _____
 City Attorney Original Contract Number: _____

Paul A. Becker 9-4-2012 Date
Finance and Internal Services Director

Received in City 08-31-12 P03:06 RCVD
Clerk's Office
USB

Don Man 9-4-12 Date
Chief of Staff

Received in Mayor's Office
ENTERED 9/4/12
PIT

Leonard Jordan 9/3/12 Date
Mayor

Comments:

Left on First Reading at the 9/18/12 CC mtg.

TO: Mayor Lioneld Jordan and Fayetteville City Council

THRU: Don Marr, Chief of Staff

FROM: Paul A. Becker, Finance Director

DATE: August 27, 2012

SUBJECT: **2012 Millage Levy**

Recommendation:

City staff recommends that City Council approve the millage levy ordinance approving the 0.4 mils for the Policemen's Pension and Relief Fund, 0.4 mils for the Firemen's Pension and Relief Fund, 1.0 mils for the Fayetteville Public Library, and 1.3 mils for 2013 General Fund operations. This will continue the same millage as levied last year.

Background:

Each year the City must approve an ordinance to renew the levy of ad valorem taxes on real and personal property within the City. This request will provide for such levy on property assessed during 2012.

The total assessed value of real and personal property located within the city limits of Fayetteville, as of August 3, 2012, is approximately \$1.307 billion. The assessed valuation is before the Washington County Board of Equalization has made all the changes to the County Assessors Abstract. Based on the preliminary assessments, the growth in real property assessments is approximately 1.36% as of August 3, 2012.

Discussion:

A millage levy ordinance must be approved by City Council in order for the City to continue to collect property taxes for the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. The millage levy for the Policemen's Pension and Relief Fund is 0.4 mils for real property and 0.4 mils on personal property. The millage levy for the Firemen's Pension and Relief Fund is 0.4 mils for real property and 0.4 mils on personal property as was approved by referendum.

A millage levy ordinance must be approved for the operation of the Fayetteville Public Library and that was approved by the voters on October 1, 2002. The millage levy for the Fayetteville Public Library is 1.0 mils for real property and 1.0 mils on personal property.

Finally, City staff is requesting that City Council approve a millage levy ordinance for General Fund operations in the amount of 1.3 mils for both real and personal property.

The 2013 proposed property tax revenue amount based on the 1.3 mil levy is estimated to bring in \$1,614,000 in General Fund revenue. Below is a proposed calendar of meetings during the months of September and October to discuss the millage levy.

Tuesday, September 11	Agenda Session
Tuesday, September 18	City Council Meeting
Tuesday, September 25	Agenda Session
Tuesday, October 2	City Council Meeting
Tuesday, October 9	Agenda Session
Tuesday, October 16	City Council Meeting

Budget Impact:

The 0.4 mils Police and 0.4 mils Fire is needed to fund the Pension plans for both. The 1.0 mils is used to fund the operation of the Fayetteville Public Library. The 1.3 mils will be used to fund General Fund operations.

Conclusion:

The millage levy must be at Washington County in time to be included in their consolidated levy ordinance which will be approved at the November 8, Quorum Court meeting. The deadline for receipt is set by the County. Last year that deadline was November 1. The City levy will be added to the levies by Washington County, the various school districts, improvement districts and other cities within the County when the Washington County Quorum Court adopts its millage levy for 2012.

The administration is requesting the same millage rate as was approved in 2011 as follows:

- 1.3 mils for General Fund Operations
- 1.0 mils for the Fayetteville Public Library
- 0.4 mils for the Police Pension Fund
- 0.4 mils for the Fire Pension Fund

If you have any questions concerning this agenda request please contact me at 575-8330.

**City of Fayetteville
 Property Tax Revenue per Mil
 August 3, 2012**

<u>Millage</u>	<u>Approximate Revenue</u>
0.10	\$ 124,000
0.20	\$ 248,000
0.30	\$ 373,000
0.40	\$ 497,000
0.50	\$ 621,000
0.60	\$ 745,000
0.70	\$ 869,000
0.80	\$ 994,000
0.90	\$ 1,118,000
1.00	\$ 1,242,000
1.20	\$ 1,490,000
1.30	\$ 1,614,000
2.00	\$ 2,484,000
2.10	\$ 2,608,000
2.60	\$ 3,229,000
3.10	\$ 3,850,000
3.60	\$ 4,471,000
4.10	\$ 5,092,000
4.60	\$ 5,713,000

The millage revenue reflected above is based on the Washington County Preliminary Summary Report of County Assessments for the Year 2012 dated August 3, 2012 and includes real and personal property for Utilities. The City Council can approve up to 5.0 mils for operations. The table assumes a 95% collection rate. Total real and personal property assessments for 2013 amount to approximately \$1,307 million excluding real estate and personal property for utilities.

Property Tax Impact Illustration

	<u>Appraised Value</u>	<u>Assessed Value</u>	<u>1 Mil Tax / Year</u>
Single Family Home	\$ 75,000.00	\$ 15,000.00	\$ 15.00
Single Family Home	\$ 100,000.00	\$ 20,000.00	\$ 20.00
Single Family Home	\$ 150,000.00	\$ 30,000.00	\$ 30.00

ORDINANCE NO. _____

AN ORDINANCE LEVYING A TAX ON THE REAL AND PERSONAL PROPERTY WITHIN THE CITY OF FAYETTEVILLE, ARKANSAS, FOR THE YEAR 2012 FIXING THE RATE THEREOF AT 1.3 MILLS FOR GENERAL FUND OPERATIONS, 0.4 MILLS FOR THE FIREMEN'S PENSION AND RELIEF FUND, 0.4 MILLS FOR THE POLICEMEN'S PENSION AND RELIEF FUND AND 1.0 MILL FOR THE FAYETTEVILLE PUBLIC LIBRARY; AND CERTIFYING THE SAME TO THE COUNTY CLERK OF WASHINGTON COUNTY, ARKANSAS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That a tax is hereby levied on the real and personal property within the City of Fayetteville, Arkansas, for the year 2012 to be collected in 2013 for the following purposes at the following rates:

REAL AND PERSONAL PROPERTY

<u>Purpose</u>	<u>Levy</u>
General Fund – Operations	1.3 mills
Fayetteville Public Library	1.0 mills
Policemen's Pension Fund	0.4 mills
Firemen's Pension Fund	<u>0.4 mills</u>
TOTAL	3.1 mills

Section 2: That the real and personal property tax so levied and the rates provided therefore are hereby certified to the Clerk of Washington County, Arkansas, to be placed in the tax book by the County Clerk and collected in the same manner that the county and school district taxes are collected.

Section 3: The City Clerk is hereby authorized and directed to file certified copies of this ordinance in the office of the County Recorder, County Clerk, County Assessor, and the County Tax Collector for Washington County, Arkansas.

PASSED and **APPROVED** this 18th day of September, 2012.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
SONDRA E. SMITH, City Clerk/Treasurer