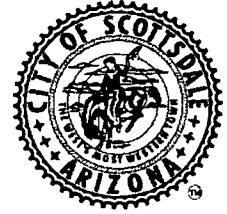


CITY COUNCIL REPORT



Meeting Date: 06/23/2015
 Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
 Objective: *Adopt Budgets*

ACTION

ADOPT ORDINANCE NO. 4207 assessing the City of Scottsdale FY 2015/16 primary and secondary property tax levies

BACKGROUND

A public hearing was held by City Council prior to the final adoption of the FY 2015/16 budget on June 2, 2015 (and continued on June 3, 2015) 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 \$0.5293 per \$100 of assessed valuation:

1. Include reimbursement for tort claims paid in calendar year 2014 of \$1,312,809

City Council also made the decision to set the secondary tax rate at \$0.6244 per \$100 assessed valuation.

The public hearing concluded with a vote by City Council to approve a motion to levy the proposed property tax and to assess the levy at the June 23, 2015 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 2 (and continued on June 3, 2015), the proposed FY 2015/16 primary property tax rate of 52.93 cents per \$100 of assessed valuation represents a 2.87 cent decrease from the FY 2014/15 adopted rate of 55.80 cents per \$100 of assessed valuation. The FY 2015/16 secondary rate of 62.44 cents per \$100 valuation is 6.25 cents less than the FY 2014/15 adopted rate of 68.69 cents per \$100 valuation.

City Council Report | Adopt Ordinance No. 4207 assessing FY2015/16 property tax levy and rate

Therefore, Scottsdale citizens' tax bills will reflect a combined property tax rate of \$1.1537 per \$100 of assessed valuation in FY 2015/16, which is 9.12 cents less than the combined FY 2014/15 rate of \$1.2449. These amounts are summarized in the schedule below:

	FY 14/15	FY 15/16	Change
Primary Tax Rate	\$0.5580	\$0.5293	\$(0.0287)
Secondary Tax Rate	\$0.6869	\$0.6244	\$(0.0625)
Combined Tax Rate	\$1.2449	\$1.1537	\$(0.0912)

The following schedule compares the property tax levy for FY 2014/15 and 2015/16:

	FY 14/15	FY 15/16	Change
Primary Taxes	\$27.8 M.	\$27.3 M.	\$(0.5) M.
Secondary Taxes	\$35.6 M.	\$32.2 M.	\$(3.4) M.
Total Taxes	\$63.4 M.	\$59.5 M.	\$(3.9) M.

Due to the decrease in the combined tax levy, 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. 4207 by City Council assesses the City's property tax levy and rate needed to support the Adopted FY 2015/16 Budget.

The FY 2015/16 primary property tax levy of approximately \$26.0 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 of \$1.3 million will support the Risk Fund.

The secondary tax levy of approximately \$32.2 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. 4207 setting the FY 2015/16 property tax levy and rate will allow compliance with the City Charter and State legal requirements.

RESPONSIBLE DEPARTMENT(S)

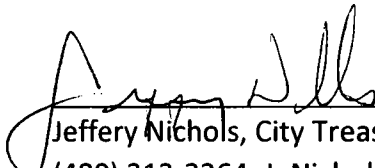
City Treasurer's Office

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

5/27/15

Date

ATTACHMENTS

Ordinance No. 4207

ORDINANCE NO. 4207

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, 2016.

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, 2015, and ending June 30, 2016; 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 2, 2015, 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 one million three hundred twelve thousand eight hundred and nine dollars (\$1,312,809) for tort claim payments for calendar year 2014; 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, 2016, and allowable tort liability claims. The total primary levy is twenty-seven million three hundred twenty-two thousand six hundred seventy-nine dollars (\$27,322,679), resulting in a tax rate of \$0.5293 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 \$0.6244 per one hundred and no/100 dollars (\$100.00) of assessed value, which is a rate sufficient to raise the sum of thirty-two million two hundred twenty-seven thousand seven hundred sixty-five dollars (\$32,227,765) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2016.

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 _____, 2015.

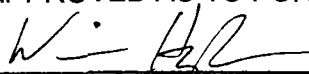
CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

W.J. "Jim" Lane, Mayor

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: William Hylen
Senior Assistant City Attorney

FY 2015/16 Property Tax Rates and Levies



City Council, June 23, 2015

Background

	FY 14/15	FY 15/15
Primary Levy	\$27.821M	\$27.323M
Secondary Levy	<u>\$35.568M</u>	<u>\$32.228M</u>
Total Levy	\$63.389M	\$59.551M
<u>Rate per \$100 of AV:</u>		
Primary Tax Rate	\$.5580	\$.5293
Secondary Tax Rate	<u>\$.6869</u>	<u>\$.6244</u>
Combined Tax Rate	\$1.2449	\$1.1537

Action

Adopt Ordinance No. 4207 assessing the FY15/15 primary and secondary property tax levies

Item 1
Special Meeting

FY 2015/16 Property Tax Rates and Levies



City Council, June 23, 2015

Background

	FY 14/15	FY 15/15
Primary Levy	\$27.821M	\$27.323M
Secondary Levy	<u>\$35.568M</u>	<u>\$32.228M</u>
Total Levy	\$63.389M	\$59.551M
Rate per \$100 of AV:		
Primary Tax Rate	\$.5580	\$.5293
Secondary Tax Rate	<u>\$.6869</u>	<u>\$.6244</u>
Combined Tax Rate	\$1.2449	\$1.1537

Action

Adopt Ordinance No. 4207 assessing the FY15/15 primary and secondary property tax levies