



MINUTES OF WORK SESSION OF THE COMMON COUNCIL OF YOUNGTOWN, AZ
THURSDAY, January 7, 2010, TOWN CLUBHOUSE, 12033 CLUBHOUSE SQUARE

1. **Call to Order** Meeting called to order by Mayor Michael LeVault at 6:13 p.m...
2. **Roll Call** Council present: Mayor Michael LeVault, Vice Mayor Jacob Duran, Councilmembers Margaret Chittenden, Dorena Mello, Susan MacKay, and Judy Johnson.
Staff present: Town Manager Lloyce Robinson, Town Attorneys Susan Goodwin, Anja Wendell, and Michelle Swann, Interim Chief of Police Dennis Young, Finance Officer Jackie Hoffman, Public Works Manager Mark Hannah, Town Marshal Dan Connelly, Code Enforcement Officer Lora Isaacs, Town Clerk Letty Goldberg, Administrative Assistant Cecilia Casillas, and Deputy Town Clerk Diane Cordova.
3. **Business**
 - A. **Discussion Re: Rate and dollar amount for initial primary property tax to be included in Resolution referring a tax measure to the voters (ROBINSON)**
Town Clerk Goldberg
 - In the past three years, this council has worked with staff in providing services to our residents while working with progressively lower budgets. Forecasting of revenues with conservative spending has allowed the town to bank year end monies in our government investment accounts. Those funds have been low and our efforts have been to increase those monies to hold for future emergencies, not for day to day operating expenses. Other decisions from previous councils have impacted where the town is financially today.
 - In 1995 the Town sold its water facility which was an enterprise that would have allowed the town to obtain bonds. A few years ago over a million dollars was spent on a Public Works facility, including a land purchase.
 - In your packet is a nine-year analysis of our Town's investment accounts. Important to note is that these accounts have grown over the last three years.
 - FY 09/10 Sales Tax chart in the informational packet is the current fiscal year sales tax, showing the actual versus what was budgeted. We were very conservative in our estimates of what our revenues would be. Revenues received have held to the percents we had forecast. We've made every effort to make those numbers as real as possible to be confident that when we present figures we are giving information that is reliable.
 - Next item in the packet is the personnel services analysis/projections for 5 years and a 5-year capital improvement plan summary. Department Heads were asked to look at what capital improvements, such as computer upgrades, police vehicles and other capital items, would need replacement/upgrade over the next five years. This chart summarizes the dollar amounts of what those improvements will cost. We need to maintain government and we need to make sure our employees have what they need to do their jobs and provide the services that residents need.
 - Personnel Services chart gives historical figures and then gives projections for the next 5 years with an annual 6% increase. We know that we will have increases in medical benefits, state retirement matching funds, along with other increases expected in utilities and fuel.
 - We are looking toward the future. The State Legislature is looking at solving its budget crisis and it has an effect on the Town budget. We know that our Urban Revenue Sharing is going to be reduced this year, approximately \$200,000. We also know that our HURF funds will be cut \$60,600. The Legislature is also taking a serious look at vehicle sales tax, which could mean loss of another \$200,000. That is a possibility of \$460,600.00 not coming to the Town for Fiscal Year 2010-2011.
 - We have been researching the Primary Property tax. Youngtown Primary Net Assessed Valuation for 2010 is \$34,848,380.00 according to information from the Assessor's Office. This includes commercial, residential and vacant properties in Youngtown. Using this number we calculated what the yields would be at different rates based per \$100 assessed valuation. If voters approve property tax, each year statute only allows a 2% increase each

year to the levy. The chart shows \$.50/\$100; \$1.00/\$100; \$1.50/\$100 and what growth could be levied.

- Staff is proposing that Council ask the voters of Youngtown to approve an initiative for a primary property tax to give the Town a revenue source with local control. The amount we are recommending is \$ 522,726.00 at the rate of \$1.50/\$100 net assessed valuation.

Finance Officer Jackie Hoffman

- The LGIP General Fund is the fund that we are concerned mostly about. In the last four years, we've increased the balance by a little over \$765,000.
- HURF funds do not increase; these funds are distributed to the Town to be used to maintain the roadways. The Alley Paving Project has expended some of those monies.
- Developer Impact Fees have been reduced over the last several years. There are two major reasons for that: 1) we've purchase new police vehicles this fiscal years and two years ago. 2) Our investment funds under management of the State Treasurer experienced a loss. Many other municipalities that had funds invested suffered a loss due to this failure of the Lehman Brothers.
- Our Library LGIP account has grown. We do not use those monies to fund The Library. Our General Government fund operates the Library.
- We purchased the land for the maintenance building in 2004.
- The State Sales Tax Revenues are slightly off because we are given an estimate of what we will receive. The July revenues are actually June 2009 of last the last fiscal year. We roll that into July of this fiscal year until the end of the fiscal year in June to complete the twelve month fiscal year and then back out what we had put in for July.
- Fiscal year 2011 Projected Chart Column B shows projected personnel services for each Department. Column C is the projected needs for capital improvement. Column D is the current budget. Column E is the operating budget for the current year. Column F is the operating budget for FY11. Column G is the projected shortfall For FY 2011. Here we are looking at only two items of the budget. We still need to pay for utilities, fuel, office supplies, and Town audits. We are looking at close to \$1 million projected shortfall for next year.
- Revenue for Vehicle License Tax is unknown at this time and there will be a cut from urban revenue sharing.
- I took an average of the last 5 years. Cost of Medical Health Insurance is a big unknown every year for budget purpose. It has been factored in. This is just not salaries, this is also retirements and all personnel services.
- Major portion is the fire flow, \$600,000 for the next three years. The town matches \$100,000 each year. When looking at capital improvements keep in mind that Public Works every year includes the CDBG projects. The first three years will be the fire flow. Then we will be looking at street light improvements and park improvements. We have to look at slurry seal for street maintenance.

Vice Mayor Duran

- In the year 2012 – 2013 why is there such an increase on the library?

Finance Officer Hoffman

- For the Library the major portion that is being proposed is Maricopa County Library migrating their computer system into ours. We are looking at what will be needed in future years. We have to have an idea of where we are going and what it will cost. These are IT improvement cost and capital improvements.
- We do not know if \$522,726.00 will be enough. If the economy gets worse and people stop buying at our local businesses, this will reduce our sales tax; there are many factors. This is our best estimate of what will help us in the future. If this is approved by the voters, the money will not be seen until November of this year.
- Within reason the town cannot run alone with a property tax. The property tax will help during these economic times. Property taxes in the future Town can invest. Property taxes can be lowered in the future. We need to look at the level of services to see what we need, want, and what is required. Property taxes give local control. The State cannot sweep property tax monies. This Council is for public safety and future Councils may not be. Property tax money goes into the general fund to operate all departments.

Councilmember Johnson

- You've made mention that Youngtown sold its water department.
- What year was the one million dollar maintenance building built?

- Do we know the revenue for Vehicle Tax and Urban Revenue Sharing?
- For this coming year, Public Works is \$750,200 for Capital Expenditures, is that the Fire Flow? Does that include the CDBG funds? How much comes out of our General Fund?
- Slurry seal will be done in two to three years?
- The park improvements will be done in the later part of the five-year improvement plan? Is Maricopa Lake included in this five-year park improvement plan?
- \$.50/\$100 will not get us anywhere. The \$1.50/\$100 is a realistic number to keep services.
- We need to take action soon. Recovery would not be until 2014 and we still have a two year lag. We will have to make some hard decisions if this property tax does not pass. Where do we cut? We have to have services in this town. If we want services, we have to pay for them.
- Renters would have their rent raised. Costs will trickle down.
- Our focus is the Police Department.

Public Works Manager Hannah

- Construction and completion of the Public Works facility straddled several years, 2005-2007.
- We will be looking at doing slurry seal in about three years.
- We do recognize the lake as an issue and don't know right now if there will be any money to target this issue within this five-year plan.

Mayor LeVault

- This Council will balance the Town's Budget. The people must know if we want a certain level of service, then we must have a certain level of revenue. If the revenue is short of matching the level of services that are desired, then there are only two ways to approach it and fix it; you either cut the level of services or increase revenue.
- When we talk about government, there's only one source of revenue and that is taxes. I dislike the increase of taxes. We need the input of our citizens and there is no other clearer and transparent way than to place it on the ballot.
- We are looking at the history of the Town. We are a product of all our predecessors, Mayors and Councils, and this Town is what it is today because of the decisions that have been made in the past.
- We are looking at actual performance versus budgeted. Our revenue streams have gone down in the last two years. The State of Arizona is back to receiving mid-2004 levels of revenue. Our revenue stream has gone down 15% last year and this year 25% about \$200,000.
- In Arizona, the economy will not be turning around until 2014.
- Projected State deficit is \$1.4 billion and next year \$3 billion deficit.
- Revenue from the State is not a reliable stream of revenue. As they give, they can take. We need controlled revenue. A primary tax provides a locally controlled revenue stream.
- So 6% is really our best estimate regarding what we can expect in terms of an increase for personnel services.
- Project costs for the Library are for IT improvements.
- The \$522,726 is the amount the Town will receive the first year if the voters approve the primary property tax. This will not be on the ballot until May and we will still have to make budget cuts, even if this passes. We do not want to wait until this becomes a full blown crisis.

Councilmember Mello

- The city sales tax versus the state sale tax, we are right on target with the city tax but over-budgeted with the state, why are we slightly off?
- We need to look towards the future. The \$1.50/\$100 that we are proposing is close to what already pay in school tax. I believe in it and it's our obligation to pay. We're talking about sustaining our infrastructure in our town and having real control.
- Police Department is one third of the Budget.

Ken Strobeck, Director of Arizona League of Cities and Towns

- At this point, there is no firm legislative proposal to take Urban Revenue Sharing. Urban Revenue Sharing is based on a percent of income tax collected two years previous. It is down 24.6% from last year, which is about 155 million dollars and that amount is 13% lower than the previous year.

- Concerning our recovery, when the State starts to recover, and income tax collections start to increase, we will still have a two year lag time for distribution.
- State sales taxes are distributed month to month. Cities and Towns receive 25% of a portion of the state sales tax on a limited base.
- Governor's budget will include Urban Revenue Sharing for cities and towns.

Town Attorney Susan Goodwin

- The levy is a dollar amount. The 2% annual allowable increase is based on the previous year's dollar amount plus new construction and those figures come from the County Assessor's Office. Each year the Council may decide not to increase to the maximum which gives control.

Councilmember Chittenden

- Property values are decreasing and we cannot then go back and tell voters that the levy amount was not enough. We all want to keep our Police Department as well as our services. I agree with the \$1.50/\$100, however will we be okay financially with the \$522,726?

Town Manager Robinson

- The hand outs given are actual analysis. We have plans to be frugal. We are looking at every process. We have done this with our budget process these last three years.

Councilmember MacKay

- Whatever value we decide to place on the ballot, we have to make sure that it will be enough. We cannot go back to the voters and state that it was not enough.

Marshal Connelly

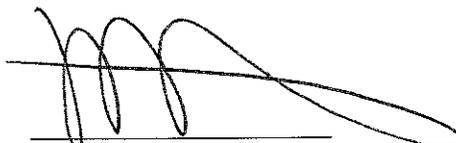
- I appreciate the courage of this Council to stand up and say we need to make a change. Residents, property owners of this Town, have had a free ride of government services for over 50 years. This property tax question is a vote of confidence that the residents of this Town want to maintain the services. The demographics of this Town have changed. It's up to the residents to determine this Town's future. If this does not pass then services will be reduced.

Adjournment

Motion to adjourn – Councilmember MacKay

Second – Vice Mayor Duran

Meeting adjourned at 7:30 p.m.



Michael LeVault, Mayor

Attest:



Diane Cordova, Deputy Town Clerk



PRIMARY PROPERTY TAX

INFORMATION

January 7, 2010

**YOUNGTOWN
PRIMARY PROPERTY TAX YIELDS
2010**

Primary Net Assessed Valuation		34,848,380.00
per \$100		Yield
0.1000		34,848.00
0.2000		69,697.00
0.3000		104,545.00
0.4000		139,394.00
0.5000		174,242.00
0.6000		209,090.00
0.7000		243,939.00
0.8000		278,787.00
0.9000		313,636.00
1.0000		348,484.00
1.2500		435,602.00
1.5000		522,726.00
1.7500		609,847.00
2.0000		696,968.00
2.2500		784,089.00
2.3000		801,513.00
2.3500		818,937.00
2.4000		836,362.00
2.4500		853,786.00
2.5000		871,210.00
2.7500		958,331.00
3.0000		1,045,452.00

Revised December 16, 2009

12/16/2009

Tax Levy w/2% Annual Increase

Revised December 16, 2009

	.50/100	1.00/100	1.50/00
Year 1	174,242	348,484	522,726
	3,485	6,970	10,455
Year 2	177,727	355,454	533,181
	3,555	7,109	10,664
Year 3	181,201	362,563	543,844
	3,626	7,251	10,877
Year 4	184,907	369,814	554,721
	3,698	7,396	11,094
Year 5	188,605	377,210	565,815

12/16/2009

Youngtown
Primary Property Tax
2009-2010 Estimates

Youngtown Primary Net Assessed Valuation \$34,848,380.00

\$0.50 per \$100 assessed valuation = \$174,242.00

\$1.00 per \$100 assessed valuation = \$348,484.00

\$1.50 per \$100 assessed valuation = \$522,726.00

(Calculations based on 2009 Primary Assessed Values)

	.50/100	1.00/100	1.50/100
RESIDENTIAL			
11647 W. Cinnabar	82.51	165.00	247.52
11574 W. Brown	87.35	174.7	262.05
11639 W. Oglesby	97.6	195.2	292.80
11208 W. Florida	23.83	47.66	71.49*
11412 W. Kansas	63.85	127.70	191.55
11462 W. Illinois	36.75	73.50	110.25
11133 W. Jersey	51.96	103.92	155.88
11124 W. Nebraska	48.85	97.70	146.55
11406 W. Montana	36.00	72.00	108.00
*Exemptions			
COMMERCIAL			
12040 N. 111th Avenue	368.74	737.48	1,106.22
11212 W. Michigan Avenue	46.15	92.29	138.44
11202 W. Michigan Avenue	110.59	221.18	331.77
11202 W. Michigan Avenue	375.74	751.48	1,127.22
13245 N. 113th Avenue	101.95	203.89	101.95
11212 W. Michigan Avenue	281.57	563.13	844.70
11309 NW Grand Avenue	1,587.34	3,174.68	4,762.00
11604 Olive Avenue	1,635.50	3,271.00	4,906.50
11132 W. California Avenue	44.85	89.69	134.54
11116 W. California Avenue	480.79	961.58	1,442.37
11124 W. California Avenue	45.26	90.52	135.78

To calculate the tax amount from your Tax Bill from the County Treasurer, take the Assessed Value Amount under Primary (Limited) Assessed Values and divide that number by 100 and multiply it by the currency amount to equal the tax yield from your property.

Example:

$$\$16,501 \div 100 = 165.01 \times 1.50 = \$247.52$$