

# 10 Year Financial Sustainability Plan Update: Levy Lid Lift Renewal

June 13, 2022



# Introduction

- Overview of 10 Year Financial Sustainability Plan – Strategy #7
- Should the City place a Levy Lid Lift on the November 2022 General Election Ballot?
- If so, what should the first-year rate be and how should the levy be “lifted” annually?

# Background

- 10 Year Financial Sustainability Plan (10 YFSP) adopted in 2014
- 10 Year Financial Sustainability Model (10 YFSM) established
- 7 Strategies for Financial Sustainability
  - #7: Levy Lid Lift

# Background

- Levy Lid Lifts
  - Up to six years
  - Lifted by dollar amount, a percentage tied to an index (such as CIP), or a percentage determined by another method
  - Majority vote (50% plus 1)

# Background

- 2010 Levy Lid Lift
  - Rate set at \$1.48 per \$1,000 AV
  - Additional \$13.966 million
  - Lift tied to CPI-U
- 2016 Levy Lid Lift
  - Rate set at \$1.39 per \$1,000 AV
  - Additional \$14.4 million
  - Lift tied to CPI-U

# Discussion

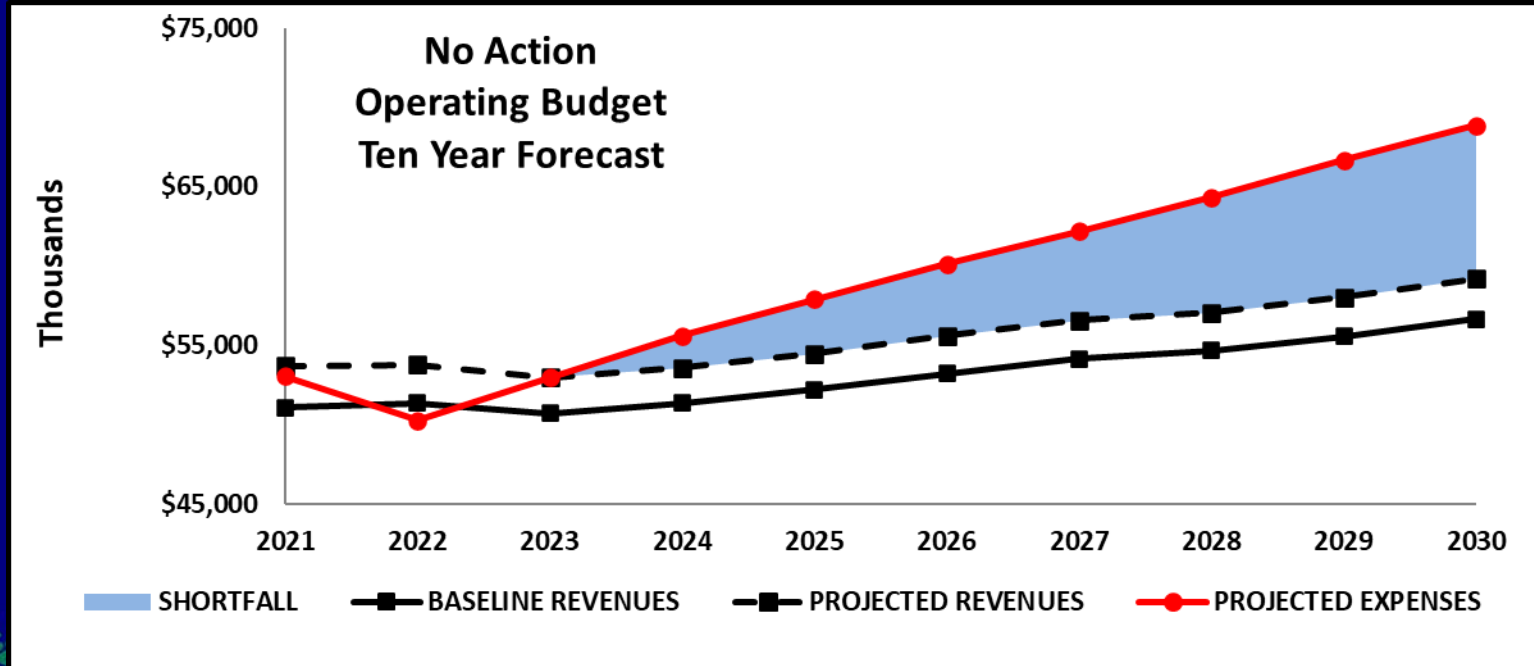
- Community Engagement: FSAC-22
  - Evaluate alternatives and consider if City should place 2016 levy lid lift on ballot
  - Met 6 times between March 10 and May 19
  - Combination of department presentations, financial presentations, committee discussion



# Discussion

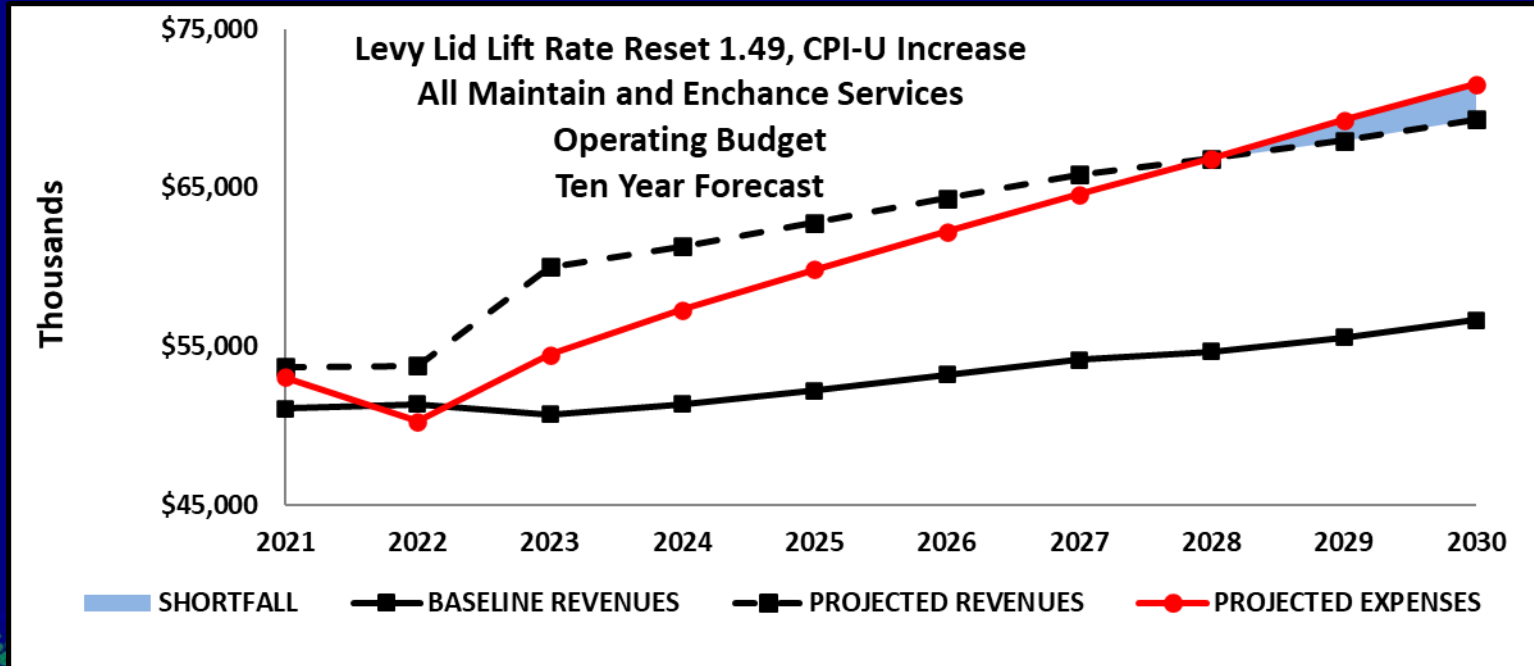
- FSAC-22 Recommendations
  - Place Levy Lid Lift measure on November 2022 ballot
  - Levy Lid Lift should maintain current level of City services
  - Difference of opinion on if City should expand services to address emerging issues
  - Did not recommend first year levy rate
  - No one supported No Action alternative

# Discussion – No Action



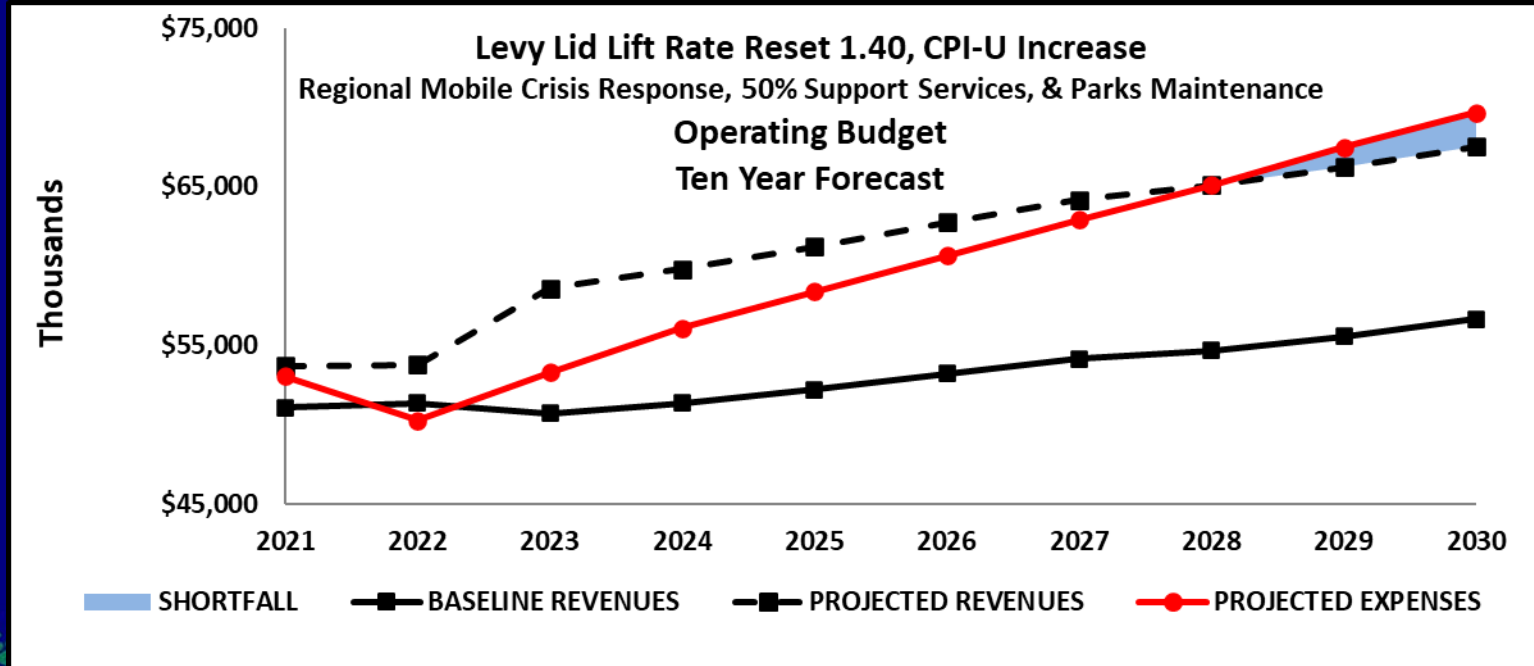


# Discussion – Option 1

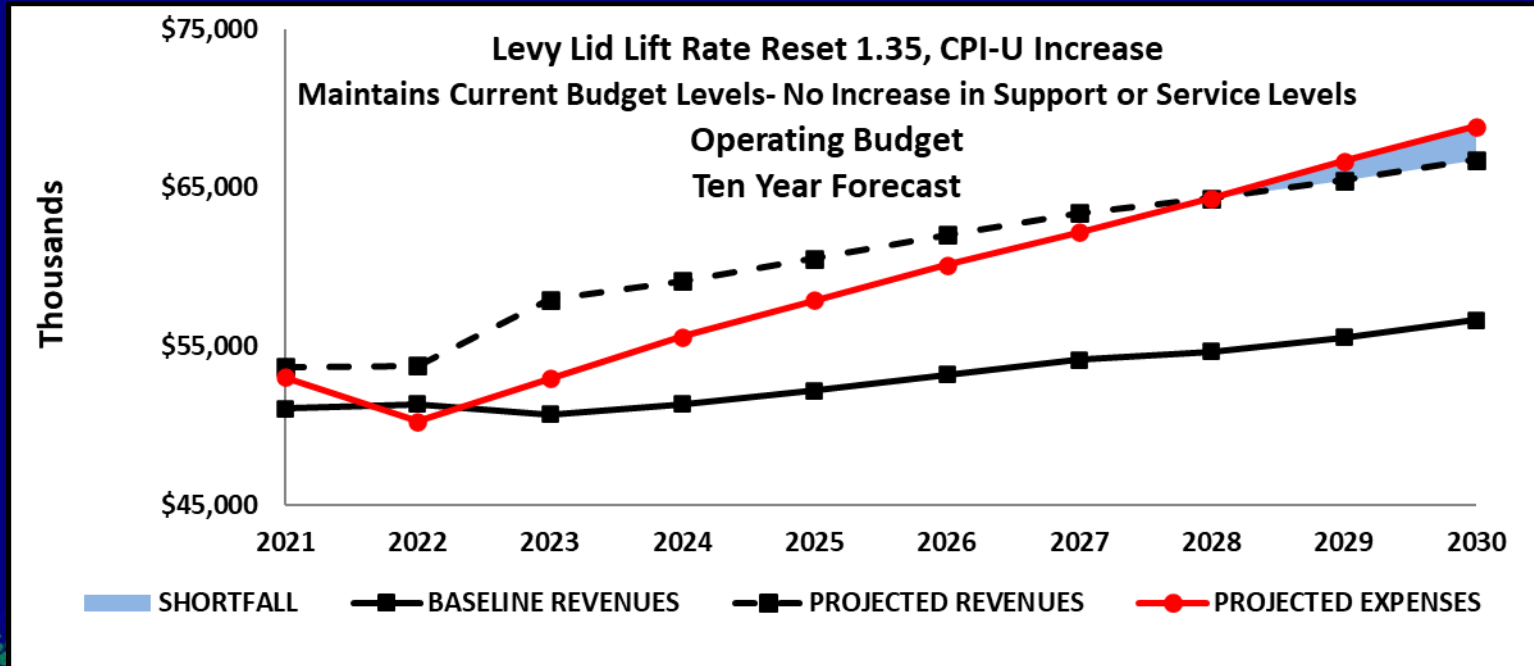


# Discussion – Option 2

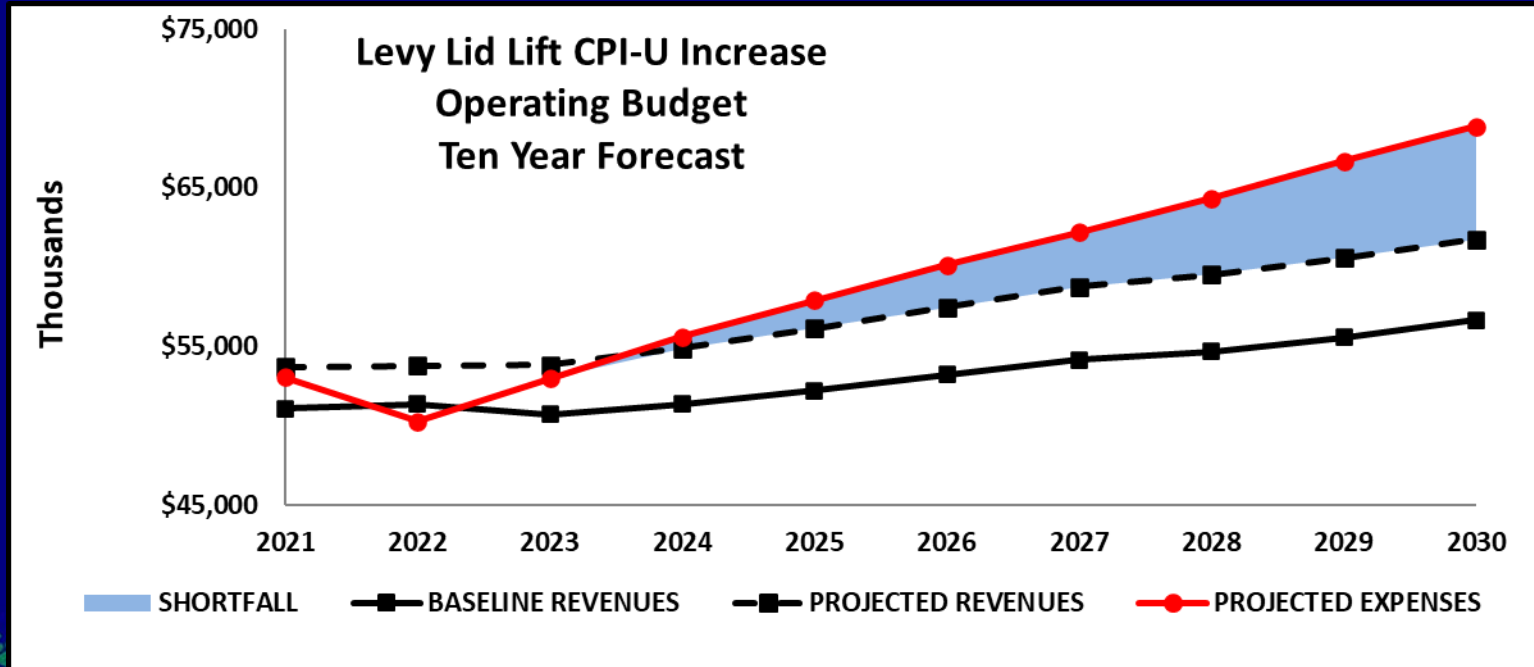
## Staff Recommendation



# Discussion – Option 3



# Discussion – Option 4



# Discussion

## *Comparison of Levy Lid Lift Options by Rate (Using Median Assessed Value Home)*

Option	Levy Rate	Increase by CPI-U (y/n)	Six-Year Annual Avg. Difference to No Action (1% Limit)	Six-Year Monthly Avg. Difference to No Action	Six-Year Contribution to Surplus/ (Deficit)
1	\$1.49	Y	\$355	\$30	\$15.856M
2	\$1.40	Y	\$293	\$24	\$15.119M
3	\$1.35	Y	\$263	\$22	\$14.209M
4	\$1.08	Y	\$72	\$6	(\$12.605M)
No Action	\$1.02	N	\$0	\$0	(\$22.937M)

# Next Steps

Date	Item	Action
June 27, 2022	Council Discussion of Potential Levy Lid Lift Replacement Resolution	Discussion
July 11, 2022	Council Action of Potential Levy Lid Lift Replacement Resolution	Action
July 25, 2022	Council appointment of three (3) members to serve on the Pro and Con Committees	Action
November 8, 2022	General Election	N/A

# Resource/Financial Impact

- There is no immediate financial impact associated with tonight's discussion.
- 10 YFSM projects potential budget gaps beginning in 2024 with a cumulative size totaling \$22.937 million
- City required to pass a balanced budget

# Recommendation

- Staff recommends that Council direct staff to prepare legislation and other materials necessary for placing a Levy Lid Lift on the November 2022 General Election ballot.
- Staff is seeking direction from Council on the services that should be included in the Levy Lid Lift, which will impact the Levy tax rate.