

RECOMMENDATION TO EVALUATE THE EXPANDED USE OF THE 2% DEDICATED CONSTRUCTION SALES TAX

Town Council Meeting
November 16, 2022

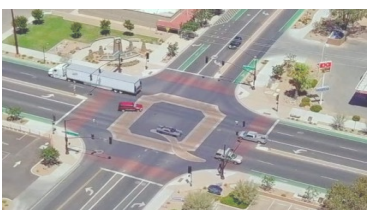
Roles

TOWN COUNCIL

Make Policy Decisions

TOWN STAFF

- Identify Policy Issues
- Develop Options
- Identify Expected Outcomes
- Make Recommendations



Things to Remember . . .



- Assumes All Other Financial Policies Remain Unchanged
- Assumes All Existing Revenues Remain in Place
- Assumes No Revenue Reductions Caused by Changes in State Law
- Changes are Possible ... It's Your Decision

Recently Approved Tax and Fee Reductions

Item	Number of Accounts	Annual Reduction
1. Water Replenishment Fee Reduction (CARGD)	~20K	\$0.6M
2. Eliminate Streetlight Improvement District Property Taxes (SLIDs)	~16K	\$0.2M
3. Freeze Primary Property Taxes	~30K	<u>\$4.7M</u>
TOTAL		\$5.5M

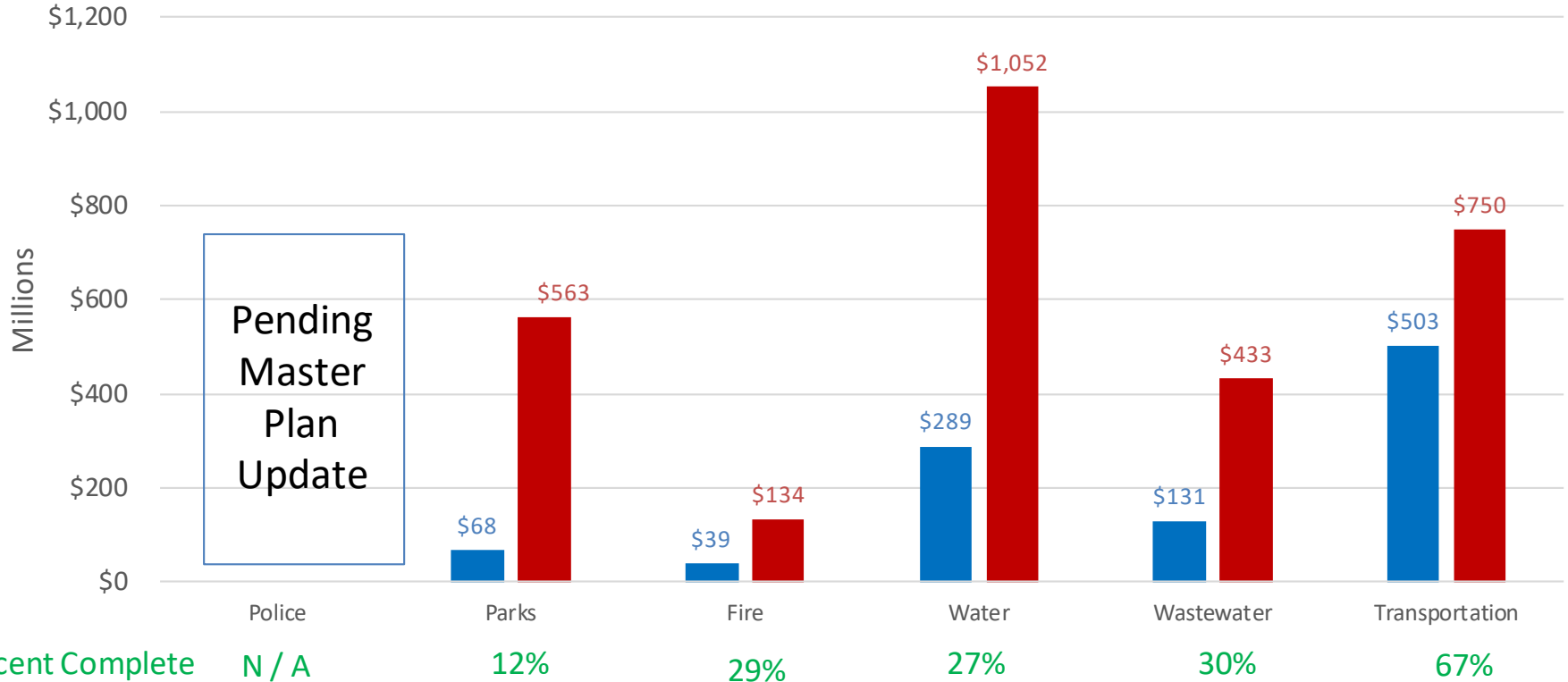


Purpose of Presentation

Follow up from September 21st Town Council Meeting

- Discuss Recommendation to Evaluate the Expanded Use of the 2% Dedicated Construction Sales Tax
 - 10-Year Infrastructure Costs: \$1B
 - Buildout Infrastructure Costs: \$3B

TOWN INFRASTRUCTURE: TODAY'S VALUATION (\$1B) VS. BUILDOUT (\$3B)



Construction Sales Tax

- Background
 - 4.25% Tax Paid on All Construction Projects
 - Used for Major Capital / Infrastructure Funding
- Revenue Estimates (*Excludes State Lands)
 - 10-Year: \$265M

Purpose	Tax Rate	10-Year Estimate*
Operating Budget	2.0%	\$125M
Public Safety	0.25%	\$15M
<i>New Roads</i>	<u>2.0%</u>	<u>\$125M</u>
TOTAL	4.25%	\$265M



Construction Sales Tax (concluded)

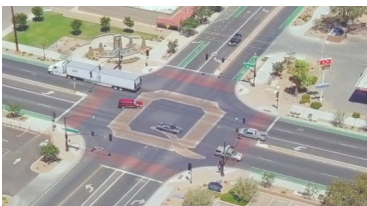
- 2% New Roads Portion (of the 4.25%)
 - Created in 2005
 - \$125M Over Next 10 Years

RECOMMENDATION

- Evaluate the Expanded Use (i.e. Public Safety and Water Supply Acquisition)
- Relates to 'AAA' Bond Rating Financial Policies
 1. Increase Operating Budget Reserve
 2. Update Pension Funding Policy
 3. Update Debt Management Policy



Calendar



Item	Council Meeting Date
Construction Sales Tax Resolution RE. Evaluation of Potential Expanded Uses	December 7
PSPRS Tier 2 PD Employee Contribution Reduction (~\$5M Town Contribution, \$3K annual contribution reduction per EE, 23 EEs, \$72K annual savings to EEs)	
ASRS Pre-Payment Program (\$25M payment from existing reserve account, estimated \$500K - \$750K annual increase interest earnings)	December 21
Status Update on 'AAA' Bond Rating Items	February 2023 Strategic Planning Session



Comments and Questions