



TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
FROM: Paul A. Becker, Chief Financial Officer
DATE: August 31, 2018
SUBJECT: **2018 Millage Levy**

RECOMMENDATION:

City staff recommends that City Council approve the millage levy ordinance which includes 0.4 mils for the Policemen's Pension and Relief Fund, 0.4 mils for the Firemen's Pension and Relief Fund, 3.7 mils for the Fayetteville Public Library, and 2.3 mils for 2019 General Fund operations.

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 2018.

As of July 31, 2018 the total assessed value of real and personal property located within the city limits of Fayetteville is approximately \$1.599 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 4.4% as of now. This will likely decrease as the Washington County Board of Equalization has not finished making changes.

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 for personal property. The millage levy for the Firemen's Pension and Relief Fund is 0.4 mils for real property and 0.4 mils for personal property as was approved by referendum.

A millage levy ordinance must be approved for the operation of the Fayetteville Public Library. One was approved by the voters on October 1, 2002 and was for 1.0 mil for real property and 1.0 mil for personal property. On August 9, 2016 the citizens of Fayetteville voted to increase the millage for the library. The referendum approved was for an increase of 1.5 mils for operations for a total of 2.5 mils for operations. Additionally, 1.2 mils was approved by the voters for the bond debt service for the library expansion.

Total millage for 2018 will be 3.7 mils for the Fayetteville Public Library. The 1.20 mils will be removed when the bonds are retired.

Finally, City staff is requesting that City Council approve a millage levy ordinance for General Fund operations in the amount of 2.3 mils for both real and personal property.

The 2018 proposed property tax revenue amount based on the 2.3 mil levy is estimated to bring in \$3,552,000 in General Fund revenue. Below is a proposed calendar of meetings during the months of September and October which can be used 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/STAFF IMPACT:

The 0.4 mils Police and 0.4 mils Fire is needed to fund the Pension plans for both. The 2.5 mils is used to fund the operation and the 1.2 mils will be used for the bond debt service for the Fayetteville Public Library. The 2.3 mils will be used to fund General Fund operations.

Attachments:

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 15, 2018 Quorum Court meeting. The deadline for receipt of the City's levy by the County is October 31, 2018. 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 2018.

The administration is requesting the following millage amounts:

- 2.3 mils for General Fund Operations
- 2.5 mils for the Fayetteville Public Library Operations
- 1.2 mils for the Fayetteville Public Library Expansion
- 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.