



## ***Kalama City Council - Council Agenda Item Information Form***

**Agenda Item: 5A – Financing Options**

**Meeting Date**            March 7, 2018

**Prepared by:**            Coni McMaster, Clerk/Treasurer

**Subject:**                    Financing Options

**Summary:**                Staff presented the many financing options available to the City Council for implementation in order to fund the cost of constructing a new police/public safety facility at workshops on February 20 & 27, 2018. Options included increasing utility taxes, implementing a B&O tax, resubmitting the property tax levy, reallocating some of the current general funds from streets, library, or reserves, and establishing a public facilities district.

**Recommendation:** Based on the estimated need to cover a \$3,000,000 debt which would require between \$210,000 to \$225,000 annual debt payments, Staff is recommending the following:

Use Public Safety Sales Tax Revenue	\$ 50,000
Reduction to Street Transfer*	\$ 25,000
5% Utility Tax Increase	<u>\$ 150,000</u>
Revenue Generated	\$ 225,000

\*Reallocate the Fuel Tax being put into Street Reserve to Street Operations in lieu of the transfer reduction about \$18,000. Use Reserve Funds (135) to payoff the Street Loan to the County to reduce cost in lieu of transfer reduction about \$7000.

**Additional Recommendation – Transportation Benefit District**

To ensure that we will have funding for street improvements in the future for both matching funds and for local side street maintenance increase the Vehicle Tab fee under the Transportation Benefit District from \$20 to \$40 per vehicle.

Included in the Current Year's Budget    NO    - Will need to amend 2018 Budget

► **Draft/Suggested Motions:** I move the City Council direct staff as follows:

**1. Prepare the necessary ordinances and documents for implementing the following new revenue sources (*choose from the list below*) and establish a fund for the deposit of these funds for the sole purpose of funding capital facilities maintenance, improvements, and construction for general fund purposes.**

*Options: (staff recommendations are underlined)*

? % increase to the Utility taxes on Water, Sewer & Garbage

*Establish a City B&O tax*

*Property Tax Levy*

*Creating a Public Facilities District*

**2. Staff prepare the necessary ordinances and documents for implementing an additional \$20 vehicle tab fee for funding of the Transportation Benefit District which will continue to be used solely for street improvements.**

**3. Staff prepare a budget amendment reallocating fuel tax funds to be fully deposited for street operations, reducing the general fund transfers to streets in the amount of \$25,000 reallocating that to the new General Fund Capital Facility Reserve Fund, and authorize the payoff of the Street Fund loan from Reserves Fund 135.**