

# **CITY OF FLAGSTAFF**

## **STAFF SUMMARY REPORT**



**To:** The Honorable Mayor and City Council

**From:** Barbara Goodrich, 913-3201  
Interim Management Services Director

**Date:** July 6, 2009

**Meeting Date:** July 28, 2009

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**TITLE: CONSIDERATION OF ORDINANCE NO. 2009-23 LEVY OF PROPERTY TAX; AND DECLARING AN EMERGENCY**

### **RECOMMENDED ACTION:**

**Read Ordinance No. 2009-23 for the first time by title only.**

**Read Ordinance No. 2009-23 for the second time by title only.**

**Adopt Ordinance No. 2009-23**

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### **ACTION SUMMARY:**

Arizona Revised Statutes require that an Ordinance to adopt property tax levies be passed after the adoption of the final budget. The final budget was passed on June 16, 2009.

The Ordinance specifies the primary rate of \$0.6547 per \$100 of assessed valuation and the secondary rate of \$0.8366 per \$100 of assessed valuation.

### **DISCUSSION:**

#### **Background/History:**

Both the State Constitution and State law specify a property tax levy limitation system. This system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary property tax levy. The primary levy may be imposed for all purposes, while the secondary levy in cities and towns may only be used to retire the principal and interest or redemption charges on bonded indebtedness.

The adoption of the property tax levy is the final step in the entire budget approval process.

#### **Key Considerations:**

The key dates for budget and property tax levy adoption have been determined and have been followed throughout this process. The County adopts the property tax levy as proposed by the City on or about August 1, 2009.

The purpose of the emergency clause in this Ordinance is to allow for both readings and adoption to occur on the same date, which is necessary to comply with timing requirements of State Law and the Coconino County Assessor's Office. Six members of the Council must vote in favor of the Ordinance to adopt it with an emergency Clause. The City Charter does provide an alternative method if the Council prefers. Article VII, Section 6 of the City Charter allows an Ordinance to be read for the final time at the same meeting at which it is introduced "upon unanimous consent of those Councilmembers present."

**Community Benefits and Considerations:**

Primary property taxes support a number of city services including public safety, parks and recreation, other public works services, and general administrative and management functions within the city.

**Community Involvement:**

A public hearing was held on June 16, 2009 for both the final budget adoption and the property tax levy and no comments on the property tax levy were received.

**Financial Implications:**

Based on historical data, the combined property tax levy has decreased by 10.3% over the last five years as shown below:

| Property Tax Rates | FY2006          | FY2007          | FY2008          | FY2009          | FY2010          |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Primary            | \$0.7861        | \$0.7563        | \$0.7153        | \$0.6803        | \$0.6547        |
| Secondary          | 0.8766          | 0.8366          | 0.8366          | 0.8366          | 0.8366          |
| <b>Total</b>       | <b>\$1.6627</b> | <b>\$1.5929</b> | <b>\$1.5519</b> | <b>\$1.5169</b> | <b>\$1.4913</b> |

Primary property taxes account for 10.0% of the General Fund revenues budgeted for Fiscal Year 2009 – 2010. These dollars are used to support the general operations of the City.

Secondary property taxes currently support General Obligation bonds, Airport bonds and Water and Sewer bonds.

**Options and Alternatives:**

1. Adopt the property tax rate's at the proposed amounts
2. Assess the property tax rate at something less than that shown above.

**Attachments/Exhibits:**

Ordinance No. 2009-23.

  
 \_\_\_\_\_  
 Division Head

| INITIALS | RESPONSIBILITY   | DATE  | INITIALS | RESPONSIBILITY | DATE  |
|----------|------------------|-------|----------|----------------|-------|
| _____    | BIDS/PURCHASES   | _____ | _____    | FINANCE/BUDGET | _____ |
| _____    | GRANTS/CONTRACTS | _____ | _____    | IGAS           | _____ |
| _____    | LEGAL            | _____ | _____    | _____          | _____ |

DATE OF COUNCIL APPROVAL: \_\_\_\_\_

**ORDINANCE NO. 2009-23**

**AN ORDINANCE LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF FLAGSTAFF, ARIZONA, SUBJECT TO TAXATION A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES, ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2010, AND DECLARING AN EMERGENCY.**

WHEREAS, by the provisions of State law, the ordinance levying taxes for fiscal year 2009-2010 is required to be finally adopted not later than the third Monday in August; and

WHEREAS, the County of Coconino is the assessing and collecting authority for the City of Flagstaff;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:**

SECTION 1. There is hereby levied on each one hundred dollars (\$100.00) of the assessed value of all property, both real and personal within the corporate limits of the City of Flagstaff, except such property as may be by law exempt from taxation, a primary property tax rate of 0.6547 for the fiscal year ending on the 30th day of June, 2010. If this tax rate exceeds the maximum levy allowed by law, the Board of Supervisors of the County of Coconino is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

SECTION 2. In addition to the rate set in Section 1 hereof, there is hereby levied on each one hundred dollars (\$100.00) of the assessed value of all property, both real and personal within the corporate limits of the City of Flagstaff, except such property as may be by law exempt from taxation, a secondary property tax rate of 0.8366 for the fiscal year ending June 30, 2010.

SECTION 3. Failure by the county officials of Coconino County, Arizona, to properly return the delinquent list, any irregularity in assessments or omissions in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer or officers to timely perform any of the duties assigned to him or to them shall not invalidate any proceedings or any deed or sale pursuant thereto, the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Flagstaff upon such property for

the delinquent taxes unpaid thereon; overcharge as to part of the taxes or of costs shall not invalidate any proceedings for the collection of taxes or the foreclosure of the lien thereon or a sale of the property under such foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 5. That the Clerk is hereby directed to transmit a certified copy of this ordinance to the County Assessor and the Board of Supervisors of the County of Coconino, Arizona.

SECTION 6. Emergency Clause and Effective Date. The immediate operation of the provisions of this Ordinance is necessary for the preservation of the public peace, health and safety of the City. Therefore, an emergency is hereby declared to exist, and this Ordinance is enacted as an emergency measure and will be in full force and effect from and after its passage and adoption by the Council of the City, as required by law, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona. The tax levies imposed by this Ordinance shall take effect July 28, 2009.


PASSED AND ADOPTED by the City Council and approved by the Mayor of the City of Flagstaff this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

  
\_\_\_\_\_  
CITY ATTORNEY