

Code Ordinance

By: Administration
Introduced: June 26, 2017
Public Hearing: July 10 and 24, 2017
Amended: July 24, 2017
Adopted: July 24, 2017
Yes: Dryden, Graham, Harvey, Ledford, O’Barr
No: Burney
Absent: None
Ratified by the Voters: October 3, 2017, Regular Election
Election Certified: October 9, 2017

**City of Wasilla
Ordinance Serial No. 17-15 (AM)**

Subject To Voter Approval At The October 3, 2017, Regular City Election, An Ordinance Of The Wasilla City Council Increasing The City’s Sales Tax Rate From Two Percent To Three Percent Beginning January 1, 2018, For A Period Of Two Years, Or Until Twelve Million Dollars Is Collected, Whichever Is Earlier; The Sales Tax Rate Will Decrease To Two And One-Half Percent Thereafter; While In Effect, The Additional One Percent Revenue Will Be Dedicated To Police Department Facility Improvements Through The Construction Of A New Wasilla Police Department Facility And The Purchase Of Related Equipment.

WHEREAS, in 1992, the voters of the City of Wasilla (the “City”) approved a two percent sales tax to create the Wasilla Police Department (“WPD”); and

WHEREAS, WPD was established in 1993, and has grown from eight to 26 commissioned officers; and

WHEREAS, since 1993, Wasilla has grown significantly, seeing the City’s population grow from approximately 4,124 to over 9,000 residents, with the region’s growth increasing to over 100,000 people; and

WHEREAS, in 2004, MatCom, a division of WPD, was established to provide dispatch services for WPD, the City of Houston, and the Alaska State Troopers; and

WHEREAS, in July 2017, the City will begin to provide 911 call-taking and dispatch services for fire, emergency medical, and rescue throughout the Matanuska-Susitna Borough; and

WHEREAS, the City hired seven new dispatchers to accommodate for this growth, bringing MatCom’s total staff to 29; and

Bold & Underline, added, Strikethrough, deleted

WHEREAS, the current shared facility housing WPD and MatCom, located at 1800 E. Parks Highway, was originally constructed as a bank building in the mid-1980s, and is now at maximum capacity, forcing WPD to acquire Conex containers to house evidence, ammunition, and other surplus supplies; and

WHEREAS, access to and from WPD's current station along the Parks Highway is dangerous and impacts officer response time; and

WHEREAS, due to inadequate parking, WPD is forced to contract with a third party for impound space at a significant cost to the City; and

WHEREAS, the proposed new Wasilla Police Department facility will house WPD, allowing MatCom to remain in the existing facility, while providing WPD with adequate parking space and an impound lot; and

WHEREAS, through the adoption of the Budget Goals and Initiatives, the City Council approved the support, design, and development of a relocation plan of the existing police facility; and

WHEREAS, Ordinance Serial No. 17-11, adopted by the Wasilla City Council on May 8, 2017, authorized the Mayor to acquire Tract B, Iditarod-Wasilla Schools 2016 Subdivision, for a future police station.

NOW, THEREFORE BE IT ENACTED, by the Wasilla City Council, that:

1. The City requires a new Wasilla Police Department facility;
2. City construction of a new Wasilla Police Department facility will benefit the community and the greater Wasilla area;
3. The City recognizes that financing a new Wasilla Police Department facility will cost up to 12 million dollars;

Bold & Underline, added. ~~Strikethrough, deleted~~

4. The City's current two percent sales tax rate is insufficient to fund the construction of the City's new Wasilla Police Department facility;
5. The City finds that an increase in the sales tax rate is a more equitable method of raising additional revenue than an increase in property tax, because a sales tax increase will be borne by all residents and non-residents served by the City's Wasilla Police Department facility; and
6. The City deems it necessary to increase the sales tax rate by one percent, and to deposit the resulting additional revenue (one percent) in a dedicated account restricted to funding a new Wasilla Police Department facility.

BE IT FURTHER ENACTED, that:

Section 1. Classification. Sections 2 through 4 of this Ordinance are of a general and permanent nature and shall become part of the City Code.

Section 2. Amendment of section. WMC 5.16.030, Sales Tax – Levy of tax, is hereby amended to read as follows:

5.16.030 Levy of tax.

A. Subject to the remainder of this chapter, a tax of **three percent** ~~2%~~ of the price is levied on all sales, rentals and services made in the city **until December 31, 2019, or until \$12,000,000 (twelve million dollars) is available, whichever is earlier; and a tax of two and one-half percent of the price is levied on all sales, rentals and services made in the city thereafter.**

Bold & Underline, added. ~~Strikethrough, deleted~~

Section 3. Amendment of subsection. WMC 5.16.100.B.2, Sales Tax – Collection of sales tax – Addition and separate statement; Exceptions, is amended to read as follows:

2. The amount of sales tax to be added to the price of a sale, rental or service shall be determined in accordance with the following schedule:

Effective January 1, 2018, through December 31, 2019, or until \$12 Million is Collected		Effective after December 31, 2019, or until \$12 Million is Collected	
<u>3%</u> Price of sale, Rental or service	Tax	<u>2.5%</u> Price of sale, Rental or service	Tax
Under \$0.15 <u>0.25</u>	None	Under \$0.19 <u>0.25</u>	None
\$0.16 through \$0.49 <u>\$0.16 through \$0.49</u>	\$.01	\$0.20 through \$0.59 <u>\$0.20 through \$0.59</u>	\$.01
\$0.25 through \$0.74		\$0.25 through \$0.74	
\$0.50 through \$0.83 <u>\$0.50 through \$0.83</u>	\$.02	\$0.60 through \$0.99 <u>\$0.60 through \$0.99</u>	\$.02
\$0.75 through \$1.24		\$0.75 through \$1.24	
\$0.84 through \$1.16 <u>\$0.84 through \$1.16</u>	\$.03	\$1.00 through \$1.39 <u>\$1.00 through \$1.39</u>	\$.03
\$1.25 through \$1.74		\$1.25 through \$1.74	
\$1.17 through \$1.49 <u>\$1.17 through \$1.49</u>	\$.04	\$1.40 through \$1.79 <u>\$1.40 through \$1.79</u>	\$.04
\$1.75 through \$2.24		\$1.75 through \$2.24	
\$1.50 through \$1.83 <u>\$1.50 through \$1.83</u>	\$.05	\$1.80 through \$2.19 <u>\$1.80 through \$2.19</u>	\$.05
\$2.25 through \$2.74		\$2.25 through \$2.74	
\$1.84 through \$2.16 <u>\$1.84 through \$2.16</u>	\$.06	\$2.20 through \$2.59 <u>\$2.20 through \$2.59</u>	\$.06
\$2.75 through \$3.24		\$2.75 through \$3.24	
\$2.17 through \$2.49 <u>\$2.17 through \$2.49</u>	\$.07	\$2.60 through \$2.99 <u>\$2.60 through \$2.99</u>	\$.07
\$3.25 through \$3.74		\$3.25 through \$3.74	
\$2.50 through \$2.83 <u>\$2.50 through \$2.83</u>	\$.08	\$3.00 through \$3.39 <u>\$3.00 through \$3.39</u>	\$.08
\$3.75 through \$4.24		\$3.75 through \$4.24	
\$2.84 through \$3.16 <u>\$2.84 through \$3.16</u>	\$.09	\$3.40 through \$3.79 <u>\$3.40 through \$3.79</u>	\$.09

Bold & Underline, added. Strikethrough, deleted

\$4.25 through \$4.74	
<u>\$3.17 through \$3.49</u>	\$.10
\$4.75 through \$5.24	
Over <u>\$3.50</u> \$5.25, continue on same scale up to five hundred dollars (\$500.00).	

\$4.25 through \$4.74	
<u>\$3.80 through \$4.19</u>	\$.10
\$4.75 through \$5.24	
Over <u>\$4.20</u> \$5.25, continue on same scale up to five hundred dollars (\$500.00).	

Section 4. Amendment of section. WMC 5.16.210, Property tax limit – Use of sales tax, is amended to read as follows:

5.16.210 Property tax limit – Use of sales tax.

A. Property Tax Limitation. The ~~three percent~~ **2%** city sales tax levy is conditioned on the city property tax levy being limited to a maximum of two mills. **The three percent tax will be levied until December 31, 2019, or until \$12,000,000 (twelve million dollars) is collected, whichever is earlier and will decrease to two and one-half percent of the price levied on all sales, rentals, and services made in the city thereafter.**

B. **Allocation of sales tax proceeds. Sales tax collected under WMC 5.16.030 shall be allocated as follows: Immediately following the three percent tax,** ~~Use of Sales Tax Proceeds. The 2%~~ **two and one-half percent** city sales tax levy is on the condition that sales tax first be appropriated to fund a police department and the remaining tax be appropriated through the ordinary public budget process.

Bold & Underline, added. Strikethrough, deleted

1. One third of the sales tax collected under WMC 5.16.030 shall be allocated to a dedicated account restricted to fund the construction of and equipping a new Wasilla Police Department facility.

2. Two thirds of the sales tax collected under WMC 5.16.030 shall be allocated to the general fund to be appropriated as determined by the city council.

Section 5. Ballot proposition. The City Clerk shall submit the following proposition to the qualified voters of the City at the regular election to be held on October 3, 2017. The proposition must receive an affirmative vote from a majority of the qualified voters voting on the question to be approved.

**PROPOSITION W-1
SALES TAX ADJUSTMENT
WASILLA POLICE DEPARTMENT FACILITY IMPROVEMENTS**

The City of Wasilla currently has a two percent sales tax. Approval of this ballot proposition would increase the current tax rate by one percent beginning January 1, 2018, for a period of two years, or until \$12 million dollars is collected, whichever occurs first.

The proceeds collected from the additional one percent will be dedicated to police department facility improvements by constructing and equipping a new Wasilla Police Department facility adequate to meet the needs of the City.

After \$12 million dollars is collected, the rate will be reduced to two and one-half percent. (Ordinance Serial No. 17-15 (AM)).

The remaining one-half percent increase will help support the increased operating costs associated with a larger police department facility, as well as, increased operating costs and other funding needs across the City.

Shall Proposition W-1, as described above, be adopted?

~~Bold & Underline, added. Strikethrough, deleted~~

YES [] (A yes vote will authorize the Wasilla Police Department facility improvements and temporarily adjust the sales tax rate by one percent for two years or less, followed by a sales tax reduction of one-half percent.)

NO [] (A no vote will stop the proposed Wasilla Police Department facility improvements, and the current sales tax rate will be maintained.)

Section 6. Effective date. Sections 1 through 4 of this Ordinance shall become effective on January 1, 2018, only if the proposition described in Section 5 is approved by a majority of the qualified voters voting on the proposition at the regular City election on October 3, 2017. The remaining sections of this ordinance shall become effective upon adoption of the Wasilla City Council.

ADOPTED by the Wasilla City Council on July 24, 2017.


BERT L. COTTLE, Mayor

ATTEST:


JAMIE NEWMAN, MMC, City Clerk

[SEAL]

Bold & Underline, added. ~~Strikethrough, deleted~~








CITY COUNCIL LEGISLATION STAFF REPORT

Ordinance Serial No. 17-15: Subject To Voter Approval At The October 3, 2017, Regular City Election, An Ordinance Of The Wasilla City Council Increasing The City's Sales Tax Rate From Two Percent To Three Percent Beginning January 1, 2018, For A Period Of Two Years, Or Until Twelve Million Dollars Is Collected, Whichever Is Earlier; The Sales Tax Rate Will Decrease To Two And One-Half Percent Thereafter; While In Effect, The Additional One Percent Revenue Will Be Dedicated To Public Safety Facility Improvements Through The Construction Of A New Public Safety Building (Police Station) And The Purchase Of Related Equipment.

Originator: Administration

Date: 6/20/2017

Agenda of: 6/26/2017

Route to:	Department Head	Signature	Date
X	Chief of Police		6/21/17
X	Public Works Director		6/20/17
X	Recreation Services Director		6/20/17
X	Finance Director		6.20.17
X	Deputy Administrator		6/20/17
X	City Attorney		6/20/17
X	City Clerk		6/20/17

Reviewed by Mayor Bert L. Cottle:

 6/20/2017

Fiscal Impact: yes or no

Funds Available: yes or no

Account name/number: 001-0000-313-10-00 Sales Tax

Attachments: Ordinance Serial No. 17-15 (7 pages)

Summary Statement:

Since the Fiscal Year 2013 Adopted Budget, Council goals and initiatives specifically state to "Support, design and develop a relocation plan of the existing police facility and identify funding sources for relocation, pending architectural and engineering review".

In Fiscal Year 2017, and through Ordinance Serial No. 17-11, the City acquired property located at Tract B, Iditarod-Wasilla Schools 2016 Subdivision, for a future public safety facility.

The Wasilla Police Department began operations in 1993, with an operating budget of \$207K and 8 commissioned officers. In 1999, the current public safety facility was acquired, and, with

extensive remodeling, came on-line in 2001. The Fiscal Year 2018 Adopted Budget appropriates \$8.3M, and has: 26 commissioned officers, 3 administrative staff, 1 code compliance, 2 technology staff, and 29 dispatchers and call-takers, for a total of 61 authorized positions.

This increase in staffing has caused overloaded workstations for patrol. Where there was one officer per workstation in 1993, there are a minimum of three per workstation today. The increase in staffing is due to several reasons, notably growth of the City as displayed in the chart below. Additionally, dispatch contracts for the Alaska State Troopers, Matanuska Susitna Borough and further areas such as Glennallen and Chickaloon, have also lead to increased staffing. This growth has created unsafe access to and from the current location, 1800 E Parks Highway, which limits response times in an emergency.

Growth data:

	1993	2017
Adopted Budget	\$207,109	\$8,330,236 (FY2018 Budget)
Total personnel	8 FTE's	61 FTE's
City population	4,124	8,704 (2016 census)
City square miles	11.5	13.54

To increase the sales tax rate, from the current 2% to 3% for 2-years, or when \$12M has been reached, allows the City to forward fund the Public Safety Facility. Once \$12M is received, the sales tax rate would be reduced to 2.5%, or reduced on January 1, 2020, whichever occurs first. All funds collected would be restricted for the public safety facility, and placed in a separate bank account; whereby all funds received would be deposited, and all funds appropriated for this purpose would be expended.

Additionally, the reduction from 3% to 2.5% will be accomplished, demonstrated by the City twice before, with the funding of the sports complex (with debt defeased early in 2010); and again, in 2016, when the City funded and constructed the new library.

The additional .5% allows the City to expend funds through its normal budgeting process, to fund operations of the new public safety facility, library, sports complex, roads, parks, and airport; all of which have increased operating expenditures from the beginning of each project. Public pressure for the city to expand the airport runway, upgrade gravel roads, repair paved roads, and upgrade parks, to name a few, requires the City to seek additional funding that can only occur with a modest increase in the current sales tax base rate. By achieving this modest increase, the city can successfully move on a fiscal path of continued funding without increasing property taxes for an additional 15 - 20 years.

Staff Recommendation: Introduce and set Ordinance Serial No. 17-15 for public hearing on July 10 and 24, 2017.