



# **City of Grand Island**

**Tuesday, March 02, 2004**

**Study Session**

## **Item -1**

**Discussion Concerning 1/2 Cent Sales Tax Ballot Language**

**Staff Contact: Gary Greer**

# **Council Retreat Memo**

**From:** Gary Greer, City Administrator  
**Meeting:** March 2nd, 2004  
**Subject:** ½ Cent Sales Tax Proposal  
**Item #'s:** 1  
**Presenter(s):** City Administrator Gary D. Greer

## **Background**

On August 27, 2002 the City Council voted to put a measure on the 2004 ballot to consider a ½ Cent Sales Tax for the purpose of expanding parks and recreational opportunities, providing for infrastructure, and property tax relief. It was determined that many important capital projects can not be funded without additional revenue and that the voters should be given the chance to approve paying for projects such as a new fire station, library expansion, law enforcement facility with expanded sales tax. A great deal of discussion has taken place on the possible ballot measure.

In November of 2003, a survey was conducted to receive input from citizens concerning projects which have been suggested as needed capital projects. Six hundred and thirteen respondents prioritized projects in the following order:

1. Construction of 3<sup>rd</sup> and Broadwell Underpass
2. Replacement of Pine Street Fire Station
3. Police/Sheriff Public Safety Center Replacement
4. Expansion of the Edith Abbott Library
5. Fire Training Facility
6. Grand Generation Center Renovation
7. Expand Island Oasis/ Replace Lincoln Park Pool
8. Reduction of Train Noise
9. Hike/Bike Trail Expansion
10. Ammunition Plant Recreation Development
11. Northwest Park Pool

In order to continue the education process, study sessions were conducted to go more in depth with the projects. The following projects were studied:

1. January 20<sup>th</sup> Fire Station, Fire Training Facility, Train Noise
2. February 3<sup>rd</sup> 3<sup>rd</sup> & Broadwell Underpass, Aquatics, CAAP Development

Additionally, a fire Sprinkler system was approved for funding for the Grand Generation Center on February 10<sup>th</sup>.

On February 17<sup>th</sup>, the financial implications of the projects were explored and the idea of using some of the of possible sales tax proceeds for property tax relief was discussed.

During the annual retreat on February 21<sup>st</sup> the Council discussed the plan presented by City Administration and asked that the final ballot language be reviewed at the March 2<sup>nd</sup> Study Session before it is placed on a Regular Council Meeting for approval.

On March 9<sup>th</sup> the final ballot language will be approved to be sent to the Election Commissioner.

## **Discussion**

The process we have been through has been enlightening, educational and thought provoking concerning the ½ Cent Sales Tax ballot measure. The Council has listened to the public, closely reviewed alternatives and brought greater understanding to the issue at hand. The public has had ample time and opportunity to review the proposed projects and to comment on their viability. It is prudent to move forward with the final stages of the process at this time.

## **Recommendation**

In order to assist in the process City Administration has developed a recommended project plan and ballot language. The proposed plan and ballot language was discussed and evaluated by the City Council during the Retreat on February 21<sup>st</sup>. The draft plan that was presented during the Retreat has been changed due to new information obtained at the gathering and an error that was brought to light concerning the amortization schedule. Following is the proposed plan for the proceeds that is recommended by administration in the event the ½ Cent Sales Tax is passed May 11<sup>th</sup>.

### **How should the money be invested?**

It appears that Grand Island residents are very concerned about the expansion of the property tax levy. Therefore, property tax relief seems to be a very wise investment of sales tax dollars. Sales tax is derived from a wider group of taxpayers and has been used effectively to provide property tax relief in the past in Grand Island and other Nebraska Communities.

It is recommended that ½ of the proposed sales tax proceeds be used to provide property tax relief and reduce the City's tax rate. It is estimated that the ½ cent sales tax would generate approximately \$4,000,000, allowing for \$2,000,000 in property tax relief.

The remainder of the sales tax proceeds are recommended to go for capital improvement projects to allow for the City to continually improve its facilities. The sales tax is recommended to not be used for operational or personnel expenditures. This would allow approximately \$2,000,000 to take care of the needs which have not been addressed and allow for future needs to be addressed in a more timely manner

### **What projects should be accomplished and how are they to be financed?**

The projects on the board have been determined to cost approximately \$47 million to bring about. This number is somewhat staggering and would stretch a ½ cent sales tax beyond reasonable limits. Therefore, prioritization is necessary to bring about the best return on the public's investment. City Administration recommends the following projects be prioritized for the initial use of the approximate \$2,000,000 capital improvement proceeds:

#### **Financed projects:**

1)	Fire Station # 1 Replacement	\$3,000,000
2)	Fire Training Facility (Land, Building, Burn Building, Training Tower)	\$4,000,000
3)	Police/Sheriff Law Enforcement Center	\$3,000,000
4)	Library Expansion	\$7,000,000
5)	Aquatics Projects (according to Aquatics plan)	<u>\$3,000,000</u>
<b>Total:</b>		<b>\$20,000,000</b>

The aforementioned if amortized for 20 years at 5 % would create approximate annual costs of :

**\$1,593,449.**

#### **Annual Cash Projects:**

1)	Grand Generation Center Capital Fund	\$100,000
2)	Cornhusker Army Ammunition Recreation Development	\$125,000
3)	Hike/Bike Trail development	\$125,000
4)	Infrastructure Emergency Funds	<u>\$ 56,551</u>
<b>Total:</b>		<b>\$406,551</b>

**Annual Grand Total: \$2,000,000**

It is recommended at this time to suspend the Broadwell and 3<sup>rd</sup> underpass project (\$12,600,000) and the Railroad Noise Reduction project (\$2,000,000). It is further recommended that the upcoming Railroad Corridor Study be broadened to investigate long range alternatives up to and including re-routing the rail lines around the city. It is believed that a more comprehensive look at the Railroad issue may be in the best interest of Grand Island long term.

### **The Ballot Language**

Attached is a proposed ballot for the ½ Cent Sales Tax measure for City Council review.

The City Council is asked to review the proposed plan from City Administration and discuss its various elements. After discussion it is appropriate to direct City Administration to make any final modifications that are deemed appropriate and to place the resolution with finalized ballot language on the agenda for the March 9<sup>th</sup> Council Meeting for approval.

R E S O L U T I O N   2004-\_\_

WHEREAS, the City Council of the City of Grand Island have expressed their desire to provide property tax relief and to maintain and improve public safety within the community, expand parks and recreational opportunities; and

WHEREAS, an increase in the local option sales tax is the fairest and best means to fund the foregoing programs; and

WHEREAS, the Mayor and City Council wish to place this issue before the voters of the City of Grand Island for their decision at the statewide primary election of May 11, 2004.

WHEREAS, on August 27, 2002, by Resolution 2002-270, the City Council of the City of Grand Island approved official sample ballot language for use at the May 11, 2004 statewide primary election; and

WHEREAS, it is recommended that such resolution be rescinded and the ballot language set forth below be adopted for the sales tax measure to be submitted at the statewide primary election scheduled for May 11, 2004.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

(1) Pursuant to Neb. Rev. Stat. §77-27,142.02, in lieu of a separate special election, the following ballot shall be submitted at the statewide primary election on May 11, 2004:

**(OFFICIAL SAMPLE BALLOT)**  
**OFFICIAL MUNICIPAL ELECTION BALLOT**

**CITY OF GRAND ISLAND, NEBRASKA**

Tuesday, May 11, 2004

Sales and Use Tax Proposal:

Shall the Mayor and City Council of the City of Grand Island, Nebraska, impose a sales and use tax in the amount of one-half percent (1/2%) in addition to the one percent (1%) currently in effect, upon the same transactions within the City of Grand Island on which the State of Nebraska is authorized to impose a tax and shall the City of Grand Island increase its budgeted restricted funds for fiscal year 2004-2005 by \$4.5 million over the current year's restricted funds with one-half of the proceeds collected therefrom to be used for

Approved as to Form <input type="checkbox"/> _____ February 27, 2004 <input type="checkbox"/> City Attorney
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property tax relief and one-half of the proceeds used for capital projects including, but not limited, to fire department facilities, police department facilities, library facilities, parks and recreation facilities, senior/grand generation facilities and infrastructure?

Vote for or against the foregoing proposal.

- ☐ FOR the proposal
- ☐ AGAINST the proposal

- (2) The City Clerk is directed to certify the above issue to the Election Commissioner by March 10, 2004 in the manner and form provided in Neb. Rev. Stat. §77-27,142.02.
- (3) Resolution 2002-270 approved on August 27, 2002, is hereby rescinded.

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Adopted by the City Council of the City of Grand Island, Nebraska on March 9, 2004.

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RaNae Edwards, City Clerk