

RESOLUTION NO. 2022-38

**RESOLUTION ADOPTING THE CAPITAL IMPROVEMENTS PROGRAM
(CIP) EXCISE TAX AND REPEALING RESOLUTION NO. 2021-38**

WHEREAS, the Budget Committee has reviewed and the City Council has adopted the FY 2022-27 Capital Improvements Program (CIP); and

WHEREAS, the City has an ordinance to impose a CIP Excise Tax to fund the Public Safety and General Government programs within the Capital Improvements Program; and

WHEREAS, the City Council recognizes the relationship between quality service delivery and investments in capital equipment and facilities; and

WHEREAS, funding for capital equipment and facilities is necessary to ensure residents of Forest Grove continue to receive quality services in the future.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1: Resolution 2021-38 is repealed effective June 30, 2022.

Section 2: The City shall impose a CIP Excise Tax for the purpose of funding the Public Safety and General Government Programs within the CIP.

Section 3: The tax shall be based on the amount of required revenue distributed among residential, general service and industrial classes of utility customers. The tax will appear on each utility bill. The CIP Excise Tax shall be fixed as follows:

<u>CLASS</u>	<u>MONTHLY RATE</u>
Residential	\$3.00
Commercial – Single Phase	\$7.50
All Others	\$15.00

Section 4: The CIP Excise Tax will be effective July 1, 2022.

Section 5: This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 27th day of June, 2022.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 27th day of June, 2022.



Peter B. Truax, Mayor

CITY RECORDER USE ONLY:

AGENDA ITEM #: F. 7.
 MEETING DATE: 06/27/2022
 FINAL ACTION: RESO 2022-38

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

MEETING DATE: *June 27, 2022*

PROJECT TEAM: *Paul Downey, Assistant City Manager/Finance Director*

SUBJECT TITLE: *Capital Improvements Program Excise Tax Renewal for FY 2022-23*

ACTION REQUESTED: Ordinance Order Resolution Motion Informational

X all that apply

ISSUE STATEMENT: The ordinance that created the Capital Improvements Program (CIP) Excise Tax requires the tax to be re-authorized by resolution each fiscal year.

BACKGROUND: The CIP excise tax was initiated in 1990. The City Code restricts the revenue generated by the tax to the General Government and Public Safety programs within the Capital Improvements Program. The Code also requires the tax be reviewed on an annual basis by the Budget Committee and to be approved each year by the City Council. If the tax is not reauthorized, the City cannot collect the revenue. Any increase in the CIP Excise Tax cannot exceed five percent in one year and increases added together cannot exceed twenty percent over a five-year period. The tax is not covered by the annual fee adjustment for general fees.

The CIP Excise tax is currently \$3/month for residential meters, \$7.50/month for commercial meters, and \$15/month for industrial meters. The City last increased the tax on July 1, 2014. Staff is proposing to keep the tax the same for the coming fiscal year for all users. The City expects to collect about \$376,000 in revenue from the CIP excise tax in FY 2022-23.

Most of the tax is used to fund public safety capital needs particularly police and fire vehicle replacements. As in prior years, 90% of the revenue will be used for the Fire and Police Departments, while the other 10% will be used in General Government Programs. \$331,630 will be transferred to other funds for the purchase of police vehicles and fire apparatus. Other proposed expenditures in FY 2021-22 include: 1) purchase of two Toughbooks for reserve mobile data terminals for police vehicles; 2) tables and chairs for the Community Auditorium; 3) lifeguard chairs; and 4) furniture for the Development Services Annex/City Hall project.

There was discussion at the Budget Committee about potentially lowering this fee temporarily to assist residents in this inflationary period. Staff reviewed the potential to do this. Based on the current increase in prices, including an anticipated \$12,000 increase in the cost of patrol SUVs in

the coming year, staff is not recommending the fee be lowered. Staff will need to review the City fleet replacement needs as the current fee will not fund future vehicle and apparatus replacements at current prices.

The CIP Excise Tax is accounted for in a separate fund to ensure that the tax proceeds are spent as required by the resolution.

FISCAL IMPACT: If the CIP Excise Tax is not renewed, the City will need to find an alternative source of revenue for police vehicle and fire apparatus replacement. Also, some of the other projects that would be funded with this revenue will not occur unless alternative revenue is found for those projects.

STAFF RECOMMENDATION: Staff recommends the City Council approve the attached resolution adopting the renewal of the CIP Excise Tax for FY 2022-23 at the existing rate.

ATTACHMENT(s): Resolution Adopting the Capital Improvements Program Excise Tax and Repealing Resolution No. 2021-38

Date: June 27, 2022

Agenda Item: F. 7.

Subject: PUBLIC HEARING:
RESOLUTION NO. 2022-38 ADOPTING CAPITAL IMPROVEMENTS PROGRAM
EXCISE TAX AND REPEALING RESOLUTION NO. 2021-38

CITY COUNCIL MEETING

Request to Testify at Public Hearing

Public Hearings: Hearings are held on each matter required by state law or City policy. Sign in before the meeting on the Public Hearing form posted in the foyer. The presiding officer will review the hearing instructions prior to testimony. The presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Council, please use the witness table (center front of the room), provide your full name and please limit your remarks to three (3) minutes unless the presiding officer grants an extension. Written or oral testimony is heard prior to any Council action. All testimony is electronically recorded. Written testimony may be submitted by 3:00 p.m. the day of the meeting to: CityCouncilors@forestgrove-or.gov.

Please sign-in below to testify:

PROPONENTS: (Please print legibly)

First & Last Name:	Address:	City, State & Zip Code:
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OPPONENTS: (Please print legibly)

First & Last Name:	Address:	City, State & Zip Code:
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OTHERS: (Please print legibly)

First & Last Name:	Address:	City, State & Zip Code:
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