



City Council Work Session
City Hall - Canyon Trails Conference Room 1 & 2
1900 N. Civic Square
Goodyear, AZ 85395
Monday, September 11, 2023
5:00 PM

Mayor
Joe Pizzillo

Vice Mayor
Laura Kaino

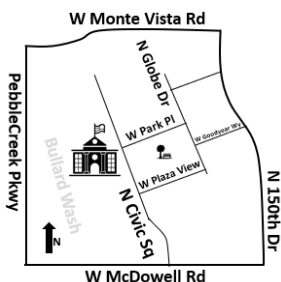
Councilmember
Sheri Lauritano

Councilmember
Wally Campbell

Councilmember
Bill Stipp

Councilmember
Brannon Hampton

Councilmember
Vicki Gillis

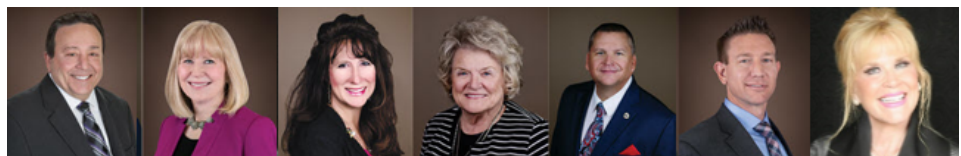


PROCEDURES

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Goodyear City Council and to the general public that the Council of the city of Goodyear will hold a meeting open to the public. Public body members of the city of Goodyear will attend either in person or by telephone conference call and/or video communication. The Goodyear City Council may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3), which will not be open to the public, to discuss certain matters. Meetings are conducted in accordance with the City Council Meetings Council Rules of Procedure adopted by Resolution No. 2018-1879.

THE CITY OF GOODYEAR ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, special assistance can be provided for sight and/or hearing-impaired persons at this meeting. Reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (623) 882-7830 or Arizona Relay (TDD) 7-1-1 to request an accommodation to participate in this public meeting.

Si necesita asistencia o traducción en español, favor de llamar al menos 48 horas antes de la reunión al (623) 882-7830.



City Clerk's Office: 1900 N. Civic Square, Goodyear, AZ 85395 (623) 882-7830
www.goodyearaz.gov/cityclerk
City Council Meeting Live Broadcast: <https://www.facebook.com/goodyearazgov/videos>

CALL TO ORDER**ROLL CALL****AGENDA ITEMS FOR DISCUSSION**

ALL ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN NOR WILL BE TAKEN.

1. "What-If" Budget Contingency Planning - General Fund Revenues**Summary**

Recent legislative action eliminating the City's ability to charge sales tax on residential rental will remove approximately \$5.0 million of re-occurring revenue from the City's general fund. Additional legislative action in the future further eliminating other sources of City general fund revenues is a distinct possibility. This work session will overview our general fund revenue sources and present options for council discussion on how to address this and future legislative changes which may reduce local revenues and impact the services we provide. (Doug Sandstrom, Finance Director)

ADJOURNMENT**POSTING VERIFICATION**

This agenda was posted on 9/06/2023 at 5:25 p.m. by PP.

ITEM #: 1.
DATE: 09/11/2023
AI #:1627



CITY COUNCIL ACTION REPORT

SUBJECT: "What-If" Budget Contingency Planning - General Fund Revenues

STAFF PRESENTER(S): Doug Sandstrom, Finance Director

Summary

Recent legislative action eliminating the City's ability to charge sales tax on residential rental will remove approximately \$5.0 million of re-occurring revenue from the City's general fund. Additional legislative action in the future further eliminating other sources of City general fund revenues is a distinct possibility. This work session will overview our general fund revenue sources and present options for council discussion on how to address this and future legislative changes which may reduce local revenues and impact the services we provide. (Doug Sandstrom, Finance Director)

FISCAL IMPACT

There is no direct fiscal impact associated with this item, however council discussion will have an impact on future actions related to revenue and expenditures.

BACKGROUND AND PREVIOUS ACTIONS

Annually council discusses items which will impact future budget development. Legislative updates on the implications of various state actions have been presented to council.

Attachments

Presentation
Sales Tax Comparisons



“What-If” Budget Contingency Planning General Fund Revenues

09/11/2023

FY2025 General Fund Revenue Planning



AGENDA

- Setting the stage
- General Fund Revenue Review
- Sales Tax Discussion/Options

FY2025 General Fund Revenue Planning



SETTING THE STAGE

- Recent Legislative Activity to reduce City Revenue
 - SB1131: Elimination of Residential Rental
 - HB2822: Personal Property Tax, depreciation
 - SB1603: Elimination of Food Tax (vetoed)
 - HB2003: Corporate Flat Tax (died)
 - Prime Contracting/Construction
 - Flat Income Tax (state shared revenue)
- Direct impact on the City's General Fund
 - Our strong financial position = Time to adapt

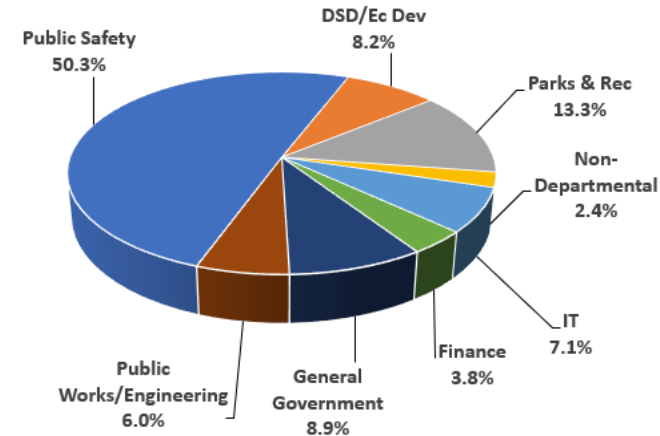
FY2025 General Fund Revenue Planning



SETTING THE STAGE

- The General Fund is main operating fund of the City

- Externally imposed reductions in local revenue impact the services we provide
- Expenditures: Reduce, Slow, Avoid
- Revenues: Increase other revenues



FY2025 General Fund Revenue Planning



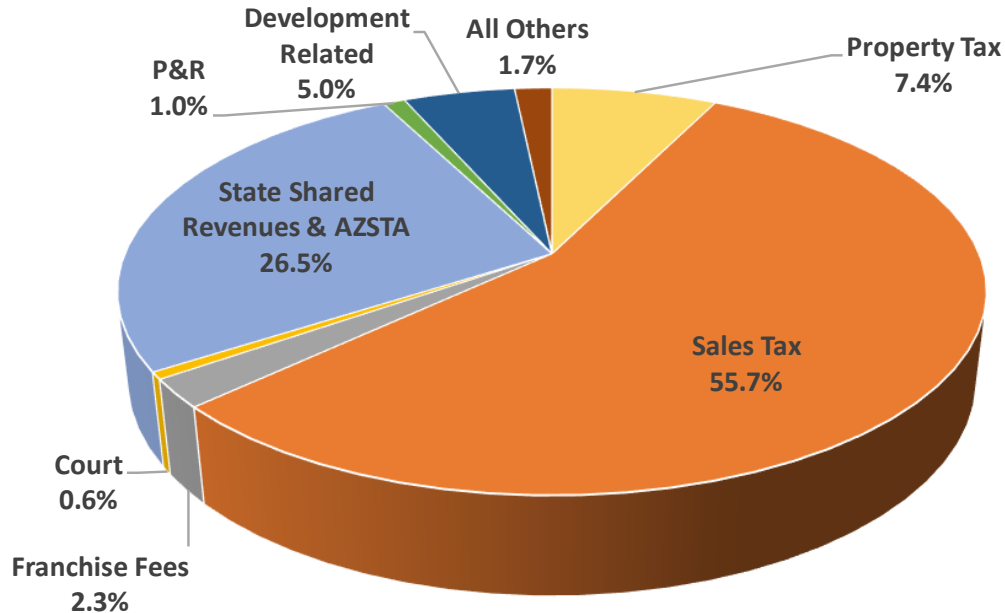
GENERAL FUND REVENUES

- Strong Financial Position
 - Council policies to maximize and diversify General Fund Revenue
 - Growth: Population, Commercial, Employment
 - Conservative Forecasting



FY2025 General Fund Revenue Planning

GENERAL FUND REVENUES - \$189.4 MILLION*

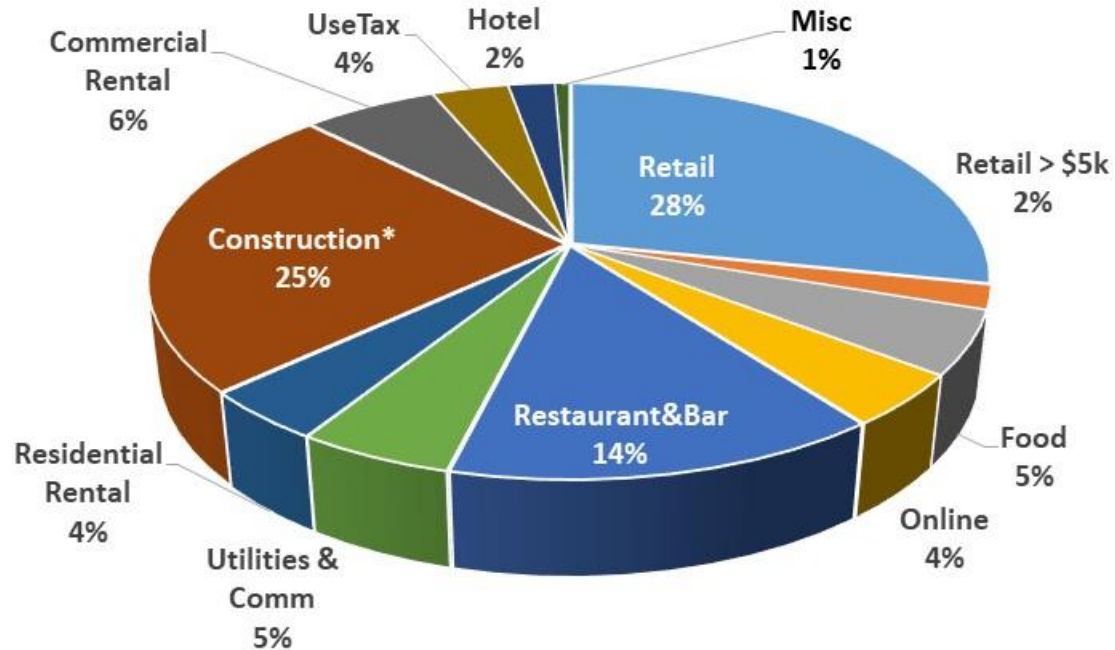


*Excludes \$11.9 million of "planned" funding for Camelback Corridor

FY2025 General Fund Revenue Planning



SALES TAX DISCUSSION - \$105.5 MILLION (\$112.2 TOTAL)



FY2025 General Fund Revenue Planning



SALES TAX DISCUSSION – CATEGORIES & RATES

Category	Rate	FY2024 Estimate
Retail	2.5%	\$ 33,874,300
Food	2.0%	6,220,600
Retail > \$5k	1.2%	2,335,400
Online	2.5%	5,135,300
Restaurant & Bar	4.0%	17,029,300
Utilities & Comm	2.5%	6,099,900
Residential Rental	2.5%	4,937,500
Commercial Rental	2.5%	7,391,000
Use Tax	2.5%	4,224,700
Hotel	5.0%	2,558,100
Misc	2.5%	799,100
Construction*	3.5%	29,287,800
		<u>\$ 119,893,000</u>

- Council has full authority over sales tax rates
- Per council policy no specific dedications exist
 - State mandated dedication to DIF for a portion of Contracting
 - Financial Policy limitation on use of contracting for one-time
- Variation in rates due to council policy desire
 - Food
 - Retail over \$5,000
 - Restaurant & Bar
 - Hotel
 - Construction

FY2025 General Fund Revenue Planning



SALES TAX DISCUSSION – CURRENT STATE

	FY2024 Estimate	FY2025 Estimate	FY2026 Estimate	FY2027 Estimate	FY2028 Estimate	FY2029 Estimate	5-Year Total
Current (Operations)	90,605,200	93,687,184	97,630,200	101,754,800	106,069,900	110,584,900	509,726,984
Modified (Operations)	90,605,200	93,687,184	97,630,200	101,754,800	106,069,900	110,584,900	509,726,984
Difference	0	0	0	0	0	0	0
		3.4%	4.2%	4.2%	4.2%	4.3%	22.1%
Current (Construction)	29,287,800	23,430,300	19,915,800	19,915,800	19,915,800	19,915,800	103,093,500
Modified (Construction)	29,287,800	23,430,300	19,915,800	19,915,800	19,915,800	19,915,800	103,093,500
Difference	0	0	0	0	0	0	0
		-20.0%	-15.0%	0.0%	0.0%	0.0%	-32.0%

Current State
0.00% Added to All Categories

City	Retail	Construction	Restaurants	Hotel/Motel	Rental of Real Property	Food For Home Consumption	Use Tax	Amusements	Retail Single Item
Apache Junction	2.40%	2.40%	2.40%	4.80%	2.20%	2.40%	2.40%	2.40%	>\$2,000 1.40%
Avondale	2.50%	2.50%	2.50%	4.50%	2.50%	2.50%	1.50%	2.50%	>\$5,000 1.50%
Buckeye	3.00%	3.00%	3.00%	6.00%	2.00%	3.00%	N/A	3.00%	>\$2,000 1.10%
Chandler	1.50%	1.50%	1.80%	4.40%	1.50%	1.50%	1.50%	1.50%	N/A
El Mirage	3.00%	3.00%	3.00%	5.00%	3.00%	3.00%	3.00%	3.00%	N/A
Gilbert	1.50%	1.50%	1.50%	4.30%	1.50%	1.50%	N/A	1.50%	N/A
Glendale	2.90%	2.90%	3.90%	7.90%	2.90%	2.50%	2.90%	2.90%	>\$5,000 2.20%
Goodyear	2.50%	3.50%	4.00%	5.00%	2.50%	2.00%	2.50%	2.50%	>\$5,000 1.20%
Litchfield Park	2.80%	4.80%	2.80%	3.80%	2.80%	2.80%	2.80%	2.80%	N/A
Mesa	2.00%	2.00%	2.00%	7.00%	2.00%	N/A	2.00%	2.00%	N/A
Peoria	1.80%	1.80%	2.80%	5.60%	1.80%	1.60%	1.80%	2.80%	N/A
Phoenix	2.30%	2.30%	2.30%	5.30%	2.30%	N/A	2.30%	2.30%	>\$11,631 2.00%
Queen Creek	2.25%	4.25%	2.25%	5.25%	2.25%	2.25%	2.25%	2.25%	N/A
Scottsdale	1.75%	1.75%	1.75%	6.75%	1.75%	1.75%	1.55%	1.75%	N/A
Surprise	2.20%	3.70%	3.20%	6.72%	2.20%	N/A	2.20%	2.20%	N/A
Tempe	1.80%	1.80%	1.80%	6.80%	1.80%	1.80%	1.80%	1.80%	N/A
Tolleson	2.50%	2.50%	2.50%	4.50%	2.50%	2.50%	N/A	2.50%	>\$5,000 2.00%

Dedicated Rates (included in rates on table)						
Public Safety	CIP / Debt	Trans*	Transit	Quality of Life	Parks & Desert Preserve	Performing Arts
0.50%	0.50%					
0.50%		0.50%				
		0.30%		0.25%		
0.20%	0.50%					
0.30%			0.70%		0.10%	
0.10%		0.20%			0.35%	
		1.50%				
			0.50%			0.10%
0.50%						

- Surprise dedication for Transportation is Construction Sales tax only