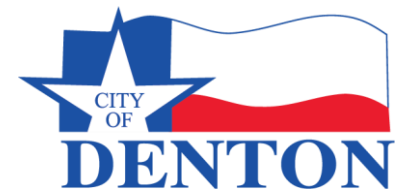




Excess Sales Tax Collection



Background

- Result of two-minute pitch made on December 6, 2022.
- Pitch request for a portion (15%) of the sales tax collected above budget to be dedicated to the Police Department for one-time expenses through a formal policy.

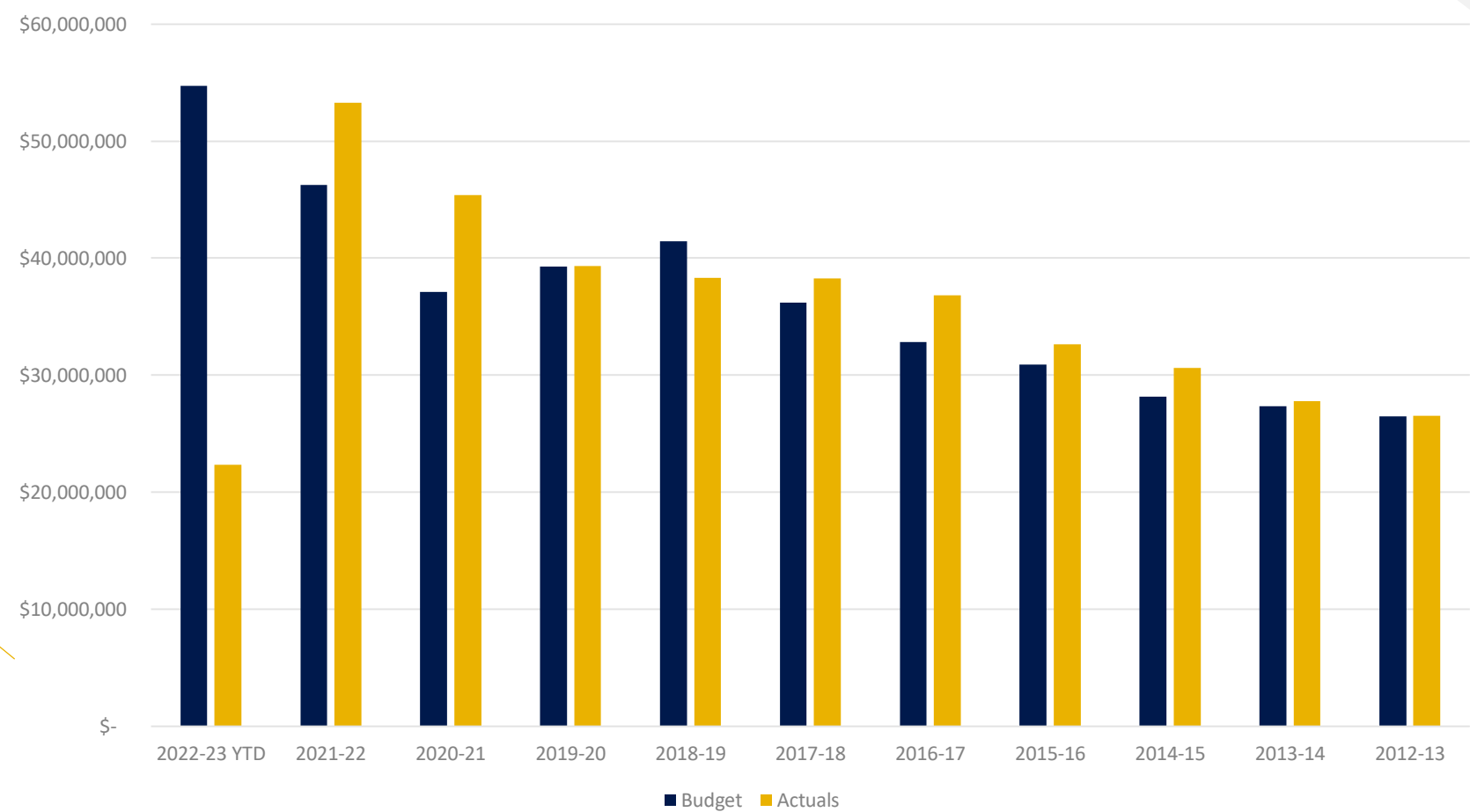
Current Process

- All revenue is utilized to meet budgetary requirements and maintain fund balance in accordance with City policy.
- Due to volatility of sales tax revenue, higher than forecasted collections are considered for one-time expenses annually, through the budget process.
 - The annual sales tax revenue is finalized in November of each year, for the prior fiscal year.
 -
- Funding requests are submitted through the annual budget process and comprised of three categories:
 - **Baseline adjustments** are requests made for inflation and contractual increases.
 - **One-time** requests have no recurring expenses.
 - **Supplemental** requests are new programs, services, and/or personnel with ongoing expenses.
- The City Manager includes recommended funding levels for baseline, one-time, and supplemental requests in the Proposed Budget based on a number of factors including: regulatory, safety, Council priorities, growth, etc.
- Council provides direction, which can include funding additional requests through excess sales tax, property tax, and/or a draw down of fund balance during the annual Budget Workshop held in August.

Considerations

- Revenue projections are updated throughout the budget process as additional information is received.
- All revenue sources are evaluated when funding recommendations are made to City Council.
- Department needs vary from year-to-year, including one-time requests.
- In 2019 the City adopted the Police Department Staffing Study and has followed the recommendations by increasing public safety personnel since adoption with the goal of 220 sworn positions by 2025 and 236 sworn positions by 2030. Both Police and Fire have submitted for additional staff in FY 2024.

Sales Tax History



One-time Requests

- FY 2022 – Sales tax revenue exceeded budget by \$7,017,789.
 - 15% = \$1,052,668
- At this time, no one-time expenditures have been identified by the Police Department.
 - Police Department requested baseline adjustments and supplemental requests for FY24.
 - The FY24 budget requests will be discussed with City Council at the Budget Workshop on August 5, 2023.

Fiscal Year	Amount	Department
FY 2023	\$302,560	Police, Planning, Building Inspections, Parks
FY 2022	\$1,514,390	Fire, Planning, Parks, Traffic, Community Services, Libraries, Economic Development
FY 2021	\$7,595,037	Libraries, Tech Services, Development Service, Customer Service, Procurement, Finance, Capital

Options

- Option 1: Create a formal policy.
- Option 2: Continue with current process.

Questions

