

MINUTES

**McCall City Council
Special Meeting
Legion Hall - McCall City Hall (Lower Level)
June 26, 2015**

Agenda

Call to Order
Work Session
Adjournment

CALL TO ORDER AND ROLL CALL

Mayor Aymon called the Special meeting of the McCall City Council to order at 9:00 a.m. Mayor Aymon, Councilor Giles, Councilor Scott, Councilor Swanson, and Councilor Witte were present.

City Staff present were Nate Coyle, Special Projects Manager; Linda Stokes, City Treasurer; Peter Borner, Public Works Director; and BessieJo Wagner, City Clerk

WORK SESSION

AB 15-115 Local Option Tax Ordinance Models

BessieJo Wagner presented the Local Option Tax Ordinance Models to the Council. The purpose of the work session is to determine what the Council would like to see on the Local Option Tax Ordinance. The agenda was set up to help assist the Council in making those determinations, so at the end of the work session the Council can direct Staff to draft an ordinance with the following outcomes -- What will be taxed and the length of the tax.

Nate Coyle, Special Projects Manager, gave a brief recap of what was discussed in the Community Discussions and the feedback received from the community. In April the first discussion was what is fair for a tax and what was in that discussion. The focus was based on the cost sharing of our streets maintenance and reconstruction based on residents and visitors. It was determined that the residents were property owners and renters, those impacted by property taxes, and the visitors were the infrastructure users who do not pay property taxes. The outcome of that meeting gave us some direction from the community that our streets maintenance should be funded by residents at 46% of the total cost and by visitors at 54% of the cost. On the reconstruction side, residents were 45% of the total cost and the visitors were 55% of the total cost.

At the next Community Conversations the question for the Community was what are some taxing models, or taxable options, that would work in the community here in McCall? There were eight options and from that discussion and the Community gave feedback that increasing

lodging tax, a liquor-by-the-drink tax, restaurant meals tax, sports equipment rentals tax, retail sales tax, which excludes groceries and motor vehicle purchases were their top pick.

In June the City staff went back to the Community and asked what else the community members would need to know. Mr. Coyle had the top recurring questions and information that the City is working on to help prepare and answer those questions, and that includes what are the total costs to replace and repair not only the roads, but the sewer and water, the vertical infrastructure beneath the streets; what other ways are there to raise funds; are budget cuts an option; and then how much money will the Local Option Tax raise which is an important question because we anticipate based on the preliminary estimates, that about \$1.6 million dollars a year is needed to be successful with completing all the work that needs to be done.

Brian Ellison created some modeling to see if it is possible to estimate or make a best estimation of what the City might be able to raise from different taxing regimes, looking at other similar communities that are doing the same type of taxes.

Brian Ellison addressed the Council stating that he used other people's studies to figure out, found similar studies of similar situations, and used that to provide some information. He stated that he used data mostly from the State Department of Revenue, and other sources to write an algorithm that within about 13% margin of error, how much revenue the City would gain if the different regimes were followed. Mr. Ellison gave an in depth description on the formula he could use to figure an estimate for the revenue proposed by the various models the City of McCall could present as a Local Option Tax to the voters. He explained how he used the information from other resort cities in Idaho to create these models.

There was some discussion regarding the formula used by Mr. Ellison and the different ways to apply the formula to different scenarios depending on how many taxes, for how long, and at what percentage.

Mr. Coyle stated that there had been some discussion at the Staff level about proposing an ordinance for the Council. He stated that he would ask for two outcomes from today's work session. The first is for the Council to give direction of what is taxable, what they are willing to tax. The second would be at what percentage would the Council tax those items.

The Council then engaged in a lengthy discussion about how many dollars per year is needed to fix the streets and how much could the City feasibly spend per year considering the short building season and the number of available resources. It was discussed that a very large number was needed over all to fix all the streets and about \$2million a year could easily be spent to fix and rebuild the streets.

The Council next discussed how long the ordinance should be. There was much consideration of a longer ordinance as street projects are costly and it could take some time to have enough revenue to show progress to the community. The Council also discussed the possibility of bonds and grants.

Mr. Coyle requested that the Council again look at options for the proposed ordinance. Council want assurance that those in the community who wanted to participate in the development of the ordinance were given an opportunity to do so. Staff stated that once there was some content to the ordinance then those within the community that wanted to participate would be invited to attend, as well as the general public, to weigh in at the July 9 meeting.

During the discussion the Council identified the top five categories for taxing consideration were lodging tax increase, liquor-by-the-drink, restaurant meals, sports equipment rentals, and retail sales. Retail sales would exclude groceries and motor vehicles. Mr. Ellison stated that with these options he could utilize his formula to come up with an estimate as to how much revenue could be collected. There was much discussion regarding how complex the ordinance should or should not be. Should there be different ordinances with different taxing options or one ordinance with all taxing options in one package. The Council also considered the complexity of a several different percentages on different items or would it make more sense to have one percentage on all taxable items.

The general direction from Council was to keep the options simple looking at the top five categories and coming up with some ordinances to review. Mr. Ellison stated that he would run the different options through his model to give the City some estimates.

Linda Stokes, City Treasurer provided some additional information regarding bonding. There was much discussion on what the length of the tax should be. There were possible issues with a short term LOT of 2-5 years if they wanted to bond. It could be difficult to find investors that would want to by such short term bonds. The average length of time for bonds is 20 years. The Council was not comfortable with a 20 year ordinance. There was some addition discussion on bonding options.

There was much discussion regarding the timeline with no real consensus. In the drafting of different options, there will also be options for length of time.

Councilor Witte reiterated her concern about ensuring public participation and the need for a plan. She also stated that within the budgeting process there should be a significant amount budgeted for streets.

BessieJo Wagner presented the timeline for the ordinance development. At the July 9 meeting the Council would be able to look at the proposed taxing ordinances. Mrs. Wagner stated that if the Council would like any additional meeting now would be the time to schedule any Special Meetings. As the schedule is written, at the July 9 meeting, we will bring back the options and invite the community to come and talk to the Council as well. Based on all of that feedback and direction of the Council, we will then draft an ordinance or two or three, however you want it. August 1 is when the road and street plan is supposed to be complete to be part of the ordinance, so it will also be placed on the website for the public. Then on August 13 at the Regular Council meeting, the Council will review a final taxing ordinance with the completed streets plan; make any recommendations for finalizing the ordinance, give direction to Staff to have a completed ordinance ready for adoption by August 27. At the August 27, Regular Council meeting the Council will adopt the Ordinance and send it to the voters. That is a very aggressive timeline.

After much discussion there was Council consensus to schedule a Special Meeting on July 15 to hear from the public. The meeting would be set up in the Community Conversation format at the High School Commons at 6:30. The community would have the opportunity to review the proposed ordinances and give direct feedback to the Council. There was also Council consensus to keep the opportunity for public comment on the July 9 meeting as well.

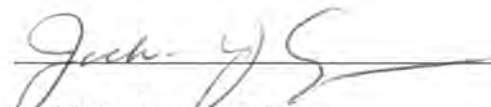
ADJOURNMENT

Without further business, Mayor Aymon adjourned the meeting at 10:27 a.m.

ATTEST:


BessieJo Wagner, City Clerk




Jackie J. Aymon, Mayor