Memorandum 14-085 FY 2014 Mil Rate for Ocean Drive Loop Special Service District

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Memorandum Status: Backup

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TO: Mayor Wythe and Homer City Council

FROM: Walt Wrede

DATE: May 27, 2014

SUBJECT: FY 2014 Mil Rate / Ocean Drive Loop Special Service District

The Ocean Drive Loop Special Service District property tax levy is authorized and administered under Title 15 of the Homer Municipal Code. The Code provides that the City Council must establish a property tax levy by June 15 of each year (HCC 9.04.040). The May 27, 2014 City Council meeting Agenda contains a resolution which establishes the 2014 Mil Rate for the Service District at 9.962541; the same as last year.

Even though there have been no seawall expenditures for several years, I have proposed keeping the Mil rate at the same level as last year because I think there is a need to build up the reserves. One big storm could easily wipe out both seawall reserve accounts. The fact that there is no insurance on the seawall suggests that growing the reserves is prudent. In addition to that, a larger reserve will be necessary if the property owners want to make improvements, design a longer term upgrade, provide matching money for grants, or purchase insurance on their own.

A Mil rate of 9.962541 generated $22,078 in tax revenues last year. There is presently a combined total of $92,811 in both seawall reserve accounts. Following is an account status report:

As of May 19, 2014:

The balance in the Ocean Drive loop Special Assessment Fund is $42,171. This is the money collected from property taxes.

The balance in the Seawall Depreciation Fund is $50,640. This is the money the City contributes each year in lieu of property taxes (HCC 15.10.030) and it includes the transfer of $10,000 included in this year's (2014) Operating Budget.

RECOMMENDATION: Approve Resolution 14-054 establishing the 2014 Mil Rate for the Ocean Drive Loop Special Service District at 9.962541.

Related Resolutions**Memorandum - Related Resolutions:** Resolution 14-054 Establishing a 2014 Mil Rate of 9.962541 Mils for the Ocean Drive Loop Special Service District

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