

How to Pay for it - Council Options for Police Station, in order of Priority from 2/26/2018 Worksession

3/14/2018

REVENUE	ANNUAL EST VALUE	PRO	CON	BARRIER	HOW WOULD BECOME EFFECTIVE	NOTES
<b>Voter Action Required</b>						
<b>1% seasonal sales tax increase (6 months of year)</b>	\$1,166,736	Captures more visitor revenue. Closes gap.	Same.	Need a vote of City residents.	Council would pass an ordinance to increase the sales tax before August for consideration at regular election	based on 2016 actual
<b>Raise Sales Tax .5%</b>	\$871,264	Easily adjustable to raise sufficient funds. Taxes non-residents who use City services.	Places burden on local business. Makes rents more expensive.	Need a vote of City residents.	Council would pass an ordinance to increase the sales tax before August for consideration at regular election	Current COH sales tax is 4.5% COH and 3% KPB. (Based on 2016 actual)
<b>BOROUGH ACTION REQUIRED</b>						
<b>Bed Tax</b>	4% = \$500,000- \$580,000	Captures revenue from visitors	Targets one industry. Argument revenue should be dedicated to economic development. Not significant revenue unless very high.	Requires Borough action. Has been attempted recently to put on ballot and did not pass Assembly	Borough would allow COH to institute a tax OR pass one themselves. Then would need a vote. If Borough allowed City to collect tax, we would have to get in the business of tax collection.	Estimate provided by KPB in July of 2017.
<b>NO NEW TAXES</b>	<b>VALUE</b>	<b>PRO</b>	<b>CON</b>	<b>BARRIER</b>	<b>HOW WOULD BECOME EFFECTIVE</b>	<b>NOTES</b>
<b>General Fund Fund Balance</b>	Approximately \$5 million	Money we already have	Fund balance is a savings account. Recommendation is 6 months operating budget (\$6.2m). Needed for cash flow and emergencies. Spending this down would hamper ability to handle any emergency or future project.		City Council by Ordinance	

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<b>Reappropriate General Fund Reserves to Police Station</b>	Just shy of \$2,000,000 (end of 2017 snapshot)	Money we already have	Reserves are important for maintenance, vehicle replacement & projects. City spends approx.. \$500,000 annually on such projects.		City Council by Ordinance	
<b>COUNCIL ACTION REQUIRED</b>	<b>VALUE</b>	<b>PRO</b>	<b>CON</b>	<b>BARRIER</b>	<b>HOW WOULD BECOME EFFECTIVE</b>	<b>NOTES</b>
<b>Raise Property Tax 1 Mill</b>	\$755,687 per mill based on 2017 valuation	Can be implemented by Council.	Increases taxes on residents when many of the services City provides are to entire Homer area.		Council pass a resolution by July 1, 2017 increasing the mill rate.	Currently COH taxpayers pay 4.5 COH, 4.5 KPB and 2.3 SPH (total 11.3). According to HCC if property taxes increase to 6 mills, sales tax is eliminated. Estimate includes oil and personal property