

Dedicated Real Estate Tax Rate Option

As an alternative, if City Council opted to only utilize a dedication of the base real estate tax rate along with the State Urban Funds and cash capital, the necessary real estate tax rate dedication would need to be 2.2-cents. The FY 2012 funding from this option would be \$14.7 million and the ten-year funding would be \$112.6 million

Blended Transportation Add-On Tax and Real Estate Tax Option

A third option using a blend of a transportation add-on tax and base real estate tax dedication is more complex as there are multiple “solutions” that all reach the funding level target. As a starting point only, the staff proposed mix would include a transportation add-on tax rate of 4-cents and a base real estate tax dedication of 1-cent. This mix would generate \$14.7 million in FY 2012 funding and \$111.5 million in total ten-year funding. The key feature of this rate mix is that both sources would generate close to the same amount of ten-year funding (transportation tax, \$50 million; dedicated real estate tax, \$43 million), so that neither source would be bearing a disproportionate burden. Also, the rounded nature of the tax rates may also be clearer to the tax payer than more exacted rates with one or more decimal places.

Ultimately, there are many combinations of these two tax rates that could yield the same relative level of funding. Attachment 1 to this memo includes a matrix that shows the different tax rate combinations. For sake of brevity, this matrix assumes increments of 0.5-cents on the base real estate tax rate and 0.1-cents on the transportation add-on tax rate. City staff is able to model more precise tax rate alternatives at the request of City Council. Alternatively, if City Council wishes to arrive at a precise funding level, City staff could generate the precise tax rates necessary to reach that precise level.

Multi-year Transportation Project Plan

Determining a tax structure and overall funding level is the first step towards City Council finalizing a multi-year project plan. The next step will involve City staff taking a new look at the funds available and paring down the project plans outlined in Budget Memo #10 and Budget Memo #48 to fit within those funding levels. The anticipated lower funding levels will necessitate the delay, or possibly the postponement, of several projects beyond the 10-year planning horizon. The previous efforts to prioritize the projects within the plan by the Transportation Commission and City staff will be utilized in this exercise. City Council will be asked to consider this plan sometime in late May or early June of this year as a docket item.

Also, City staff will need to put together a new multi-year financing strategy for the updated project plan, which is likely to include the issuance of some General Obligation Bonds. In accordance with City Council discussion at the add-delete worksession and City debt policies, staff will not assume the issuance of more than \$35 million in bonds in putting together this financing plan. The debt service on any bonds included in this financing plan will be funded by the dedicated tax rates.

**FY 2012 - 2021 (TEN-YEAR)
POTENTIAL TRANSPORTATION TAX FUNDING - BLENDED TAX SOURCES**

	TRANSPORTATION ADD-ON TAX															
	0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7	7.5
BASE REAL ESTATE TAX	18,200,000	24,493,261	30,786,522	37,079,783	43,373,044	49,666,306	55,959,567	62,252,828	68,546,089	74,839,350	81,132,611	87,425,872	93,719,133	100,012,394	106,305,655	112,598,917
0.0	18,200,000	24,493,261	30,786,522	37,079,783	43,373,044	49,666,306	55,959,567	62,252,828	68,546,089	74,839,350	81,132,611	87,425,872	93,719,133	100,012,394	106,305,655	112,598,917
0.1	22,491,774	28,785,036	35,078,297	41,371,558	47,664,819	53,958,080	60,251,341	66,544,602	72,837,863	79,131,124	85,424,385	91,717,647	98,010,908	104,304,169	110,597,430	116,890,691
0.2	26,783,549	33,076,810	39,370,071	45,663,332	51,956,593	58,249,854	64,543,116	70,836,377	77,129,638	83,422,899	89,716,160	96,009,421	102,302,682	108,595,943	114,889,204	121,182,465
0.3	31,075,323	37,368,585	43,661,846	49,955,107	56,248,368	62,541,629	68,834,890	75,128,151	81,421,412	87,714,673	94,007,934	100,301,196	106,594,457	112,887,718	119,180,979	125,474,240
0.4	35,367,098	41,660,359	47,953,620	54,246,881	60,540,142	66,833,403	73,126,665	79,419,926	85,713,187	92,006,448	98,299,709	104,592,970	110,886,231	117,179,492	123,472,753	129,766,014
0.5	39,658,872	45,952,134	52,245,395	58,538,656	64,831,917	71,125,178	77,418,439	83,711,700	90,004,961	96,298,222	102,591,483	108,884,745	115,178,006	121,471,267	127,764,528	134,057,789
0.6	43,950,647	50,243,908	56,537,169	62,830,430	69,123,691	75,416,952	81,710,214	88,003,475	94,296,736	100,589,997	106,883,258	113,176,519	119,469,780	125,763,041	132,056,302	138,349,563
0.7	48,242,421	54,535,683	60,828,944	67,122,205	73,415,466	79,708,727	86,001,988	92,295,249	98,588,510	104,881,771	111,175,032	117,468,294	123,761,555	130,054,816	136,348,077	142,641,338
0.8	52,534,196	58,827,457	65,120,718	71,413,979	77,707,240	84,000,501	90,293,763	96,587,024	102,880,285	109,173,546	115,466,807	121,760,068	128,053,329	134,346,590	140,639,851	146,933,112
0.9	56,825,970	63,119,232	69,412,493	75,705,754	81,999,015	88,292,276	94,585,537	100,878,798	107,172,059	113,465,320	119,758,581	126,051,843	132,345,104	138,638,365	144,931,626	151,224,887
1.0	61,117,745	67,411,006	73,704,267	79,997,528	86,290,789	92,584,050	98,877,312	105,170,573	111,463,834	117,757,095	124,050,356	130,343,617	136,636,878	142,930,139	149,223,400	155,516,661
1.1	65,409,519	71,702,780	77,996,042	84,289,303	90,582,564	96,875,825	103,169,086	109,462,347	115,755,608	122,048,869	128,342,130	134,635,391	140,928,653	147,221,914	153,515,175	159,808,436
1.2	69,701,294	75,994,555	82,287,816	88,581,077	94,874,338	101,167,599	107,460,860	113,754,122	120,047,383	126,340,644	132,633,905	138,927,166	145,220,427	151,513,688	157,806,949	164,100,210
1.3	73,993,068	80,286,329	86,579,591	92,872,852	99,166,113	105,459,374	111,752,635	118,045,896	124,339,157	130,632,418	136,925,679	143,218,940	149,512,202	155,805,463	162,098,724	168,391,985
1.4	78,284,843	84,578,104	90,871,365	97,164,626	103,457,887	109,751,148	116,044,409	122,337,671	128,630,932	134,924,193	141,217,454	147,510,715	153,803,976	160,097,237	166,390,498	172,683,759
1.5	82,576,617	88,869,878	95,163,140	101,456,401	107,749,662	114,042,923	120,336,184	126,629,445	132,922,706	139,215,967	145,509,228	151,802,489	158,095,751	164,389,012	170,682,273	176,975,534
1.6	86,868,392	93,161,653	99,454,914	105,748,175	112,041,436	118,334,697	124,627,958	130,921,220	137,214,481	143,507,742	149,801,003	156,094,264	162,387,525	168,680,786	174,974,047	181,267,308
1.7	91,160,166	97,453,427	103,746,689	110,039,950	116,333,211	122,626,472	128,919,733	135,212,994	141,506,255	147,799,516	154,092,777	160,386,038	166,679,300	172,972,561	179,265,822	185,559,083
1.8	95,451,941	101,745,202	108,038,463	114,331,724	120,624,985	126,918,246	133,211,507	139,504,769	145,798,030	152,091,291	158,384,552	164,677,813	170,971,074	177,264,335	183,557,596	189,850,857
1.9	99,743,715	106,036,976	112,330,238	118,623,499	124,916,760	131,210,021	137,503,282	143,796,543	150,089,804	156,383,065	162,676,326	168,969,587	175,262,849	181,556,110	187,849,371	194,142,632
2.0	104,035,490	110,328,751	116,622,012	122,915,273	129,208,534	135,501,795	141,795,056	148,088,318	154,381,579	160,674,840	166,968,101	173,261,362	179,554,623	185,847,884	192,141,145	198,434,406
2.1	108,327,264	114,620,525	120,913,786	127,207,048	133,500,309	139,793,570	146,086,831	152,380,092	158,673,353	164,966,614	171,259,875	177,553,136	183,846,397	190,139,659	196,432,920	202,726,181
2.2	112,619,039	118,912,300	125,205,561	131,498,822	137,792,083	144,085,344	150,378,605	156,671,866	162,965,128	169,258,389	175,551,650	181,844,911	188,138,172	194,431,433	200,724,694	207,017,955

Notes:

Dollar amounts represent ten-year (FY 2012 - FY 2021) funding.

- Assumes the use of \$2,450,000 reallocated Urban Funds from the Eisenhower Avenue Widening Project (FY 2012 ONLY)
- Assumes an annual \$1,575,000 cash capital contribution toward transpiration projects (\$15.75 million over ten-year).
- Includes second tax payment of FY 2011 in totals.

Dollar amounts falling inside the borders fall within the \$100 million to \$120 million range; shaded numbers fall within \$108 million to \$112 million.

FY 2012 ONLY
POTENTIAL TRANSPORTATION TAX FUNDING - BLENDED TAX SOURCES

	TRANSPORTATION ADD-ON TAX															
	0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7	7.5
BASE REAL ESTATE TAX																
0.0	4,025,000	4,752,000	5,479,000	6,206,000	6,933,000	7,660,000	8,387,000	9,114,000	9,841,000	10,568,000	11,295,000	12,022,000	12,749,000	13,476,000	14,203,000	14,930,000
0.1	4,511,589	5,238,589	5,965,589	6,692,589	7,419,589	8,146,589	8,873,589	9,600,589	10,327,589	11,054,589	11,781,589	12,508,589	13,235,589	13,962,589	14,689,589	15,416,589
0.2	4,998,179	5,725,179	6,452,179	7,179,179	7,906,179	8,633,179	9,360,179	10,087,179	10,814,179	11,541,179	12,268,179	12,995,179	13,722,179	14,449,179	15,176,179	15,903,179
0.3	5,484,768	6,211,768	6,938,768	7,665,768	8,392,768	9,119,768	9,846,768	10,573,768	11,300,768	12,027,768	12,754,768	13,481,768	14,208,768	14,935,768	15,662,768	16,389,768
0.4	5,971,357	6,698,357	7,425,357	8,152,357	8,879,357	9,606,357	10,333,357	11,060,357	11,787,357	12,514,357	13,241,357	13,968,357	14,695,357	15,422,357	16,149,357	16,876,357
0.5	6,457,947	7,184,947	7,911,947	8,638,947	9,365,947	10,092,947	10,819,947	11,546,947	12,273,947	13,000,947	13,727,947	14,454,947	15,181,947	15,908,947	16,635,947	17,362,947
0.6	6,944,536	7,671,536	8,398,536	9,125,536	9,852,536	10,579,536	11,306,536	12,033,536	12,760,536	13,487,536	14,214,536	14,941,536	15,668,536	16,395,536	17,122,536	17,849,536
0.7	7,431,125	8,158,125	8,885,125	9,612,125	10,339,125	11,066,125	11,793,125	12,520,125	13,247,125	13,974,125	14,701,125	15,428,125	16,155,125	16,882,125	17,609,125	18,336,125
0.8	7,917,714	8,644,714	9,371,714	10,098,714	10,825,714	11,552,714	12,279,714	13,006,714	13,733,714	14,460,714	15,187,714	15,914,714	16,641,714	17,368,714	18,095,714	18,822,714
0.9	8,404,304	9,131,304	9,858,304	10,585,304	11,312,304	12,039,304	12,766,304	13,493,304	14,220,304	14,947,304	15,674,304	16,401,304	17,128,304	17,855,304	18,582,304	19,309,304
1.0	8,890,893	9,617,893	10,344,893	11,071,893	11,798,893	12,525,893	13,252,893	13,979,893	14,706,893	15,433,893	16,160,893	16,887,893	17,614,893	18,341,893	19,068,893	19,795,893
1.1	9,377,482	10,104,482	10,831,482	11,558,482	12,285,482	13,012,482	13,739,482	14,466,482	15,193,482	15,920,482	16,647,482	17,374,482	18,101,482	18,828,482	19,555,482	20,282,482
1.2	9,864,072	10,591,072	11,318,072	12,045,072	12,772,072	13,499,072	14,226,072	14,953,072	15,680,072	16,407,072	17,134,072	17,861,072	18,588,072	19,315,072	20,042,072	20,769,072
1.3	10,350,661	11,077,661	11,804,661	12,531,661	13,258,661	13,985,661	14,712,661	15,439,661	16,166,661	16,893,661	17,620,661	18,347,661	19,074,661	19,801,661	20,528,661	21,255,661
1.4	10,837,250	11,564,250	12,291,250	13,018,250	13,745,250	14,472,250	15,199,250	15,926,250	16,653,250	17,380,250	18,107,250	18,834,250	19,561,250	20,288,250	21,015,250	21,742,250
1.5	11,323,840	12,050,840	12,777,840	13,504,840	14,231,840	14,958,840	15,685,840	16,412,840	17,139,840	17,866,840	18,593,840	19,320,840	20,047,840	20,774,840	21,501,840	22,228,840
1.6	11,810,429	12,537,429	13,264,429	13,991,429	14,718,429	15,445,429	16,172,429	16,899,429	17,626,429	18,353,429	19,080,429	19,807,429	20,534,429	21,261,429	21,988,429	22,715,429
1.7	12,297,018	13,024,018	13,751,018	14,478,018	15,205,018	15,932,018	16,659,018	17,386,018	18,113,018	18,840,018	19,567,018	20,294,018	21,021,018	21,748,018	22,475,018	23,202,018
1.8	12,783,607	13,510,607	14,237,607	14,964,607	15,691,607	16,418,607	17,145,607	17,872,607	18,599,607	19,326,607	20,053,607	20,780,607	21,507,607	22,234,607	22,961,607	23,688,607
1.9	13,270,197	13,997,197	14,724,197	15,451,197	16,178,197	16,905,197	17,632,197	18,359,197	19,086,197	19,813,197	20,540,197	21,267,197	21,994,197	22,721,197	23,448,197	24,175,197
2.0	13,756,786	14,483,786	15,210,786	15,937,786	16,664,786	17,391,786	18,118,786	18,845,786	19,572,786	20,299,786	21,026,786	21,753,786	22,480,786	23,207,786	23,934,786	24,661,786
2.1	14,243,375	14,970,375	15,697,375	16,424,375	17,151,375	17,878,375	18,605,375	19,332,375	20,059,375	20,786,375	21,513,375	22,240,375	22,967,375	23,694,375	24,421,375	25,148,375
2.2	14,729,965	15,456,965	16,183,965	16,910,965	17,637,965	18,364,965	19,091,965	19,818,965	20,545,965	21,272,965	21,999,965	22,726,965	23,453,965	24,180,965	24,907,965	25,634,965

Notes:

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