

City of Alexandria, Virginia

17  
3-26-02

MEMORANDUM

DATE: MARCH 19, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: PROPOSED REAL AND PERSONAL PROPERTY TAX RATES ORDINANCE FOR CALENDAR YEAR 2002 (FISCAL YEAR 2003)

**ISSUE:** Proposed Real and Personal Property Tax Rates Ordinance for Calendar Year 2002 (Fiscal Year 2003).

**RECOMMENDATION:** That City Council pass the ordinance to establish the real and personal property tax rates for calendar year 2002 on first reading, set it for public hearing on Monday, April 8, 2002, and set it for second reading and final passage on Monday, May 6, 2002.

**DISCUSSION:** Under the requirements of the Virginia Code, City Council must annually establish a real property tax rate and personal property tax rates for each calendar year (even if the rates do not change from the prior calendar year). The Virginia Code also establishes certain advertising and public hearing requirements prior to the adoption of these property tax rates. Given these advertising and public hearing requirements of the State Code, the following schedule for calendar year 2002 (FY 2003) is proposed:

- March 26: Introduction of tax ordinances
- April 8: Public hearing on the budget and property tax rate ordinances
- April 23: Public hearing on the effective real property tax increase
- May 6: Final adoption of the budget and tax ordinances

It should be noted, as further discussed below, that the State Code requires a separate public hearing on the real property tax rate if the taxes levied for the year in which the proposed tax rate applies would increase by more than one percent (after the value of new construction has been deducted) over the prior year. This would be the case in 2002 as taxes levied would increase 7.9 percent for all classes of real property (after the two cent proposed tax rate reduction and the value of new construction have been deducted). Also, State law requires, in the circumstance of an increase in taxes levied in excess of 1%, to maintain or increase the current real property tax rate, that a special "notice of proposed real property tax increase" be placed in a local newspaper of general circulation. In accordance with City practice, it is proposed that the separate hearing on the real property tax increase be held on April 23, with the special notice of the hearing date placed in the Northern Virginia Journal and the Alexandria Gazette Packet prior to that hearing.

The attached ordinance reflects the City's proposed real and personal property tax rates. The FY 2003 Proposed Operating Budget reflects a proposed decrease in the real property tax rate from \$1.11 per \$100 of assessed value to \$1.09 per \$100 of assessed value. The FY 2003 Proposed Operating Budget reflects no change to the various personal property tax rates (\$4.75 per \$100 of assessed value for tangible personal property, \$3.55 per \$100 of assessed value for vehicles with specially designed equipment for use by the physically disabled, \$4.50 per \$100 of assessed value for machinery and tools used in mining or manufacturing businesses, and \$0.01 per \$100 of assessed value for privately owned boats and watercraft that are used for recreational purposes only). The real and personal property tax rates that are approved by City Council for public hearing and final consideration would be the highest tax rates that the Council could consider and adopt. By state law, Council could adopt those rates or could adopt lower tax rates than those approved for public hearing.

**FISCAL IMPACT:** The value of two cents on the real property for FY 2003 is estimated at \$4.9 million. This represents the sum of the value of two cents for the June 2002 (\$1.6 million), November 2002, and June 2003 real estate tax payments (\$3.3 million). This three payment date cost assumes that the real property tax rate that is applied to calendar year 2002 is also applied to at least the first real property tax payment in calendar year 2003, which occurs at the end of the FY 2003 budget that City Council now has under consideration. The value of one cent (from both City taxes and State car tax reimbursement) on the tangible personal property tax rate is \$0.1 million.

**STAFF:**

Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs

Gene Swearingen, Director, Office of Management and Budget

Kendel Taylor, Management and Budget Analyst, Office of Management and Budget

**ATTACHMENT:** Ordinance

EXHIBIT NO. 2

17  
3-26-02

Introduction and first reading: 03/26/02  
Public hearing: 04/08/02  
Second reading and enactment: 05/06/02

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-181 (LEVIED; AMOUNT) of Division 1 (REAL ESTATE), and Section 3-2-221 (LEVIED ON TANGIBLE PERSONAL PROPERTY OTHER THAN MOBILE HOMES, AUTOMOBILES, TRUCKS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTOR VEHICLES WITH SPECIALLY DESIGNED EQUIPMENT FOR USE BY THE HANDICAPPED, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT), Section 3-2-222 (LEVIED ON MACHINERY AND TOOLS USED IN MINING OR MANUFACTURING BUSINESS; AMOUNT), Section 3-2-223 (LEVIED ON MOBILE HOMES; AMOUNT) and Section 3-2-224 (LEVIED ON AUTOMOBILES, TRUCKS, TRAILERS, SEMI-TRAILERS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT) of Division 3 (TANGIBLE PERSONAL PROPERTY AND MACHINERY AND TOOLS), all of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance sets the city's 2002 tax rates for real property and tangible personal property.

Sponsor

Staff

Gene Swearingen, Director of Management and Budget  
Steven L. Rosenberg, Senior Assistant City Attorney

Authority

Article X, § 4, Virginia Constitution  
§ 2.02(a)(1), Alexandria City Charter

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

EXHIBIT NO. 3

ORDINANCE NO. \_\_\_\_\_ 17  
3-26-02

AN ORDINANCE to amend and reordain Section 3-2-181 (LEVIED; AMOUNT) of Division 1 (REAL ESTATE), and Section 3-2-221 (LEVIED ON TANGIBLE PERSONAL PROPERTY OTHER THAN MOBILE HOMES, AUTOMOBILES, TRUCKS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTOR VEHICLES WITH SPECIALLY DESIGNED EQUIPMENT FOR USE BY THE HANDICAPPED, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT), Section 3-2-222 (LEVIED ON MACHINERY AND TOOLS USED IN MINING OR MANUFACTURING BUSINESS; AMOUNT), Section 3-2-223 (LEVIED ON MOBILE HOMES; AMOUNT) and Section 3-2-224 (LEVIED ON AUTOMOBILES, TRUCKS, TRAILERS, SEMI-TRAILERS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT) of Division 3 (TANGIBLE PERSONAL PROPERTY AND MACHINERY AND TOOLS), all of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 3-2-181 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-181 Levied; amount.

There shall be levied and collected for the calendar year ~~2001~~2002 on all real estate located within the territorial boundaries of the city and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of ~~\$1.11~~1.09 on each \$100 of the assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 2. That Section 3-2-221 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-221 Levied on tangible personal property other than mobile homes, automobiles, trucks, antique motor vehicles, taxicabs, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, campers and other recreational vehicles, boats and boat trailers; amount.

There shall be levied and collected for the calendar year ~~2001~~2002 on all tangible personal property, other than mobile homes, automobiles, trucks, antique motor vehicles, taxicabs, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, campers and other recreational vehicles, boats and trailers, owned or held by residents or citizens of the city or located within the territorial boundaries of the city or otherwise having a situs within the city and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of \$4.75 on every \$100 of assessed value thereof, for the support of the city government, for

the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 3. That Section 3-2-222 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-222            Levied on machinery and tools used in mining or manufacturing business; amount.

There shall be levied and collected for the calendar year ~~2001~~2002 on all machinery and tools used in a mining or manufacturing business taxable on capital and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of \$4.50 on each \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 4. That Section 3-2-223 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-223            Levied on mobile homes; amount.

There shall be levied and collected for the calendar year ~~2001~~2002 on all vehicles without motor power, used or designed to be used as mobile homes as defined in section 46.2-100 of the Code of Virginia, owned or held by residents or citizens of the city or located within the territorial boundaries of the city or otherwise having a situs within the city and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of ~~\$1.11~~1.09 on each \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 5. That Section 3-2-224 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-224            Levied on automobiles, trucks, trailers, semi-trailers, antique motor vehicles, taxicabs, motorcycles, campers and other recreational vehicles, boats and trailers; amount.

(a)            Except as provided in subsections (b), (c) and (d), there shall be levied and collected for the calendar year ~~2001~~2002 on all automobiles, trucks, trailers, semi-trailers, antique motor vehicles (as defined in section 46.2-100 of the Code of Virginia, 1950, as amended, which may be used for general transportation purposes as provided in subsection C of section 46.2-730 of the Code of Virginia, 1950, as amended), taxicabs, motorcycles, campers and other recreational vehicles, boats and boat trailers owned or held by residents or citizens of the city or located within the territorial boundaries of the city or otherwise having a situs for taxation in the city, a tax of \$4.75 on every \$100 of assessed value thereof, for the support of the city

government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

(b) There shall be levied on and collected for the calendar year ~~2001~~2002 on all automobiles, trucks, trailers and semi-trailers with a gross vehicle weight of 10,000 pounds or more which are used to transport property for hire by a motor carrier engaged in interstate commerce, and are owned or held by residents or citizens of the city, are located within the territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$4.50 on every \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

(c) There shall be levied on and collected for the calendar year ~~2001~~2002 on all automobiles and trucks which are equipped with specially designed equipment for use by the handicapped and are owned or held by residents or citizens of the city, are located within the territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$3.55 on every \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

(d) There shall be levied on and collected for the calendar year ~~2001~~2002 on all privately owned pleasure boats and watercraft, which are used for recreational purposes only, and are owned or held by residents or citizens of the city, or are located within the territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$.01 on every \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 6. That this ordinance shall become effective upon the date and at the time of its final passage.

KERRY J. DONLEY  
Mayor

Introduction: 3/26/02  
First Reading: 3/26/02  
Publication:  
Public Hearing:  
Second Reading:  
Final Passage:

N.B. Underlining is not part of the ordinance but denotes material that is new or amended. Strike-outs or dashes are not part of the ordinance but denote material that is being deleted.

17  
3-26-02

- CITY SEAL -

Public Hearing will be held by the City Council of the City of Alexandria, Virginia, in the Council Chamber, City Hall, City of Alexandria, Virginia, on Monday, April 8, 2002, at 4:30 p.m., or as soon thereafter as may be heard on the hereinafter described ordinance.

TITLE OF ORDINANCE

AN ORDINANCE to amend and reordain Section 3-2-181 (LEVIED; AMOUNT) of Division 1 (REAL ESTATE), and Section 3-2-221 (LEVIED ON TANGIBLE PERSONAL PROPERTY OTHER THAN MOBILE HOMES, AUTOMOBILES, TRUCKS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTOR VEHICLES WITH SPECIALLY DESIGNED EQUIPMENT FOR USE BY THE HANDICAPPED, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT), Section 3-2-222 (LEVIED ON MACHINERY AND TOOLS USED IN MINING OR MANUFACTURING BUSINESS; AMOUNT), Section 3-2-223 (LEVIED ON MOBILE HOMES; AMOUNT) and Section 3-2-224 (LEVIED ON AUTOMOBILES, TRUCKS, TRAILERS, SEMI-TRAILERS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT) of Division 3 (TANGIBLE PERSONAL PROPERTY AND MACHINERY AND TOOLS), all of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

The proposed ordinance sets the city's 2002 tax rates for real property and tangible personal property.

\* \* \* \* \*

THE PUBLIC IS ADVISED THAT AMENDMENTS OR ADDITIONS MAY BE MADE TO PROPOSED ORDINANCES WITHOUT FURTHER PUBLICATION. IT IS RECOMMENDED THAT PERSONS INTERESTED IN THIS ORDINANCE OBTAIN A FREE FULL-TEXT COPY FROM THE CITY CLERK AT CITY HALL. BEVERLY I. JETT, CMC, CITY CLERK

To be published in the:

Northern Virginia Journal on Thursday, March 28, 2002  
Alexandria Gazette Packet on Thursday, March 28, 2002

ROUGH DRAFT

CITY COUNCIL OF ALEXANDRIA, VIRGINIA  
Regular Meeting – March 26, 2002  
Partial Verbatim

\* \* \* \* \*

17. Introduction and First Reading. Consideration. Passage on First Reading of AN ORDINANCE to establish real estate and personal property tax rates for calendar year 2002.

Mayor: Mr. Sunderland.

Sunderland: I just want to say that, that this ordinance has the proposed reduced rate of \$1.09, and in the event that later on if you wanted to push it up to \$1.10 or \$1.11, there are some process, or procedural things that we would need to do in order to do that. So the reason I'm raising it is just as a safety or as a precaution if you will want to avoid having to change a process or change a notice, keep it at \$1.11 and then you can go down to \$1.09 without having to go through that procedural change later on. If you adopt it at first reading at \$1.09 and then in May decide to go at \$1.11, then we have a procedural problem. So, I guess I'm asking if, if you're comfortable with \$1.09, then go ahead and go ahead with \$1.09. If you want to leave yourself some leeway, just from a process point of view, then you can do the first reading at \$1.11, obviously leaving it open to amendment in May going down to \$1.09, \$1.08, \$1.05, whatever you want to do. Del's looking incredulous.

Pepper: Mr. Mayor, in the past it's been my understanding that you couldn't do that. That all, that whatever was set today is, could be lowered or you could stay at, let's say we passed it at \$1.09 tonight, it could stay at \$1.09 or it could go lower, but I can't think of any time that we were ever allowed to raise it once it was set.

PGS: That's what I'm saying.

Cleveland: That's what he's saying.

Mayor: Well, that's what he's saying. He's saying, what he's suggesting now is -

Pepper: There is a new way?

Mayor: No. No. What he's suggesting now is the proposed ordinance, and this is first reading and then we would set it for public hearing in April and then final passage in May. So what he's suggesting is the ordinance as written for a tax rate of \$1.09, if we would like, we could amend it tonight, put it at \$1.11, we could always reduce it, reduce it later on. The, the issue is you can't raise it.

Pepper: Well, that's what I was saying.

Sunderland: That's right.

Mayor: And that's what he was saying.

Pepper: That was my understanding. But I thought you were saying that it could go beyond this -

Sunderland: No, no, no. What I'm saying is that -

Pepper: And raised back to \$1.11 at a later time.

Sunderland: Well, you can but you'd have to go through some procedural hoops to do that, and I'm saying to avoid, in the event later on by chance you wanted to go to \$1.11, you can avoid having to go through those procedural hoops by doing it at \$1.11 now.

Pepper: What I was saying is there never were any procedural loops that one could through.

Sunderland: Oh, yeah. Oh, sure there are.

Mayor: Well, the procedural hoops are one of timing and often times -

Pepper: Okay.

Mayor: If we didn't set the rate high enough in order to, to hit certain dates, we would have trouble jumping through the hoops if you will.

Pessoa: We couldn't fit it in the calendar.

Mayor: My suggestion, and this is, is my suggestion, nothing more. I'm comfortable with 1.09, and I think that challenges us to, to work hard to maintain that rate and potentially take it down even more, depending upon how our, our revenue projections come out and how we craft the budget. But I think we need to challenge ourselves and so consequently I would suggest that we keep it at 1.09 and then seek to, to reduce to it further.

Woodson: Mr. Mayor.

Mayor: Ms. Woodson.

Woodson: Mr. Sunderland, forgive me for not being at my seat when you began, but could you run through that one more time?

Sunderland: If you introduce the ordinance tonight at 1.09 and then later on, we bring this, we have a public hearing in April on the ordinance and then you pass the ordinance the night we adopt the budget. If you get around to early May when we pass this ordinance and you say, I want to go from 1.09 to 1.11, you're not able to do it because there are some procedural things we would not have done.

Woodson: Okay, I understand that. Okay. So then am I to understand that what you're suggesting now is that if we keep it at 1.11 now, if in May we should decide we wanted to be 1.09, we can at that point make it 1.09 -

Sunderland: You can go down.

Woodson: Without having to do anything further. So by doing it at this point we are we are not, I mean by waiting now and not doing it then, we won't have to go through first and second readings and so forth.

Sunderland: Yeah, you can just amend it in May to go from 1.11 down to 1.09.

Woodson: And we can amend it without having to go through any changes to the resolution.

Sunderland: But if you can amend it to go to 1.09 to 1.11, then you've got a problem.

Woodson: I would be, I'm very conflicted, quite frankly, about dropping the rate. I am not un-in favor of dropping the rate if that's the correct way to say it, but I am very concerned because I think we aren't yet finished with going through this budget. I think we've all spent a little time reviewing it. I think that it's a feel-good measure, but I'm not so sure I want to jump headlong into a feel-good measure in the absence of having enough time to read through the whole entire budget, understand the projections for the future, and be very, very clear that in out years we're going to have increases in assessments that are going to continue to support the standard that our citizens are comfortable with right now and not have to make any adjustments to services that we're providing, which some citizens don't believe are adequate, others believe are too much. I trust that no one on this or subsequent Councils is interested in raising the tax rate. That wouldn't go over very well, or at least it didn't go over very well the last time it was done, so I don't know that we - it would take a lot of courage to do that so I'd like to have that window of opportunity since it doesn't seem to hurt us if we take that window of opportunity we can still reduce it if at that point we have been made comfortable that this is a reasonable thing to do and that we aren't going to look at service impacts in, you know, three or four years from now, five years from now as a result. I mean we're looking at 5 million in paper loss now. We don't actually have that money but we're looking at that's the actual reduction would be. That's a lot of money. That's a lot of services so I just need to make certain that this is the right thing to do. I've heard from constituents on both sides as we all have and since it's not going to affect us and since we can make that change when we're ready to pass the budget I, I concur with Mr. Sunderland's suggestion.

Speck: Mr. Mayor.

Mayor: Mr. Speck and then Mr. Cleveland.

Speck: Mr. Mayor, I think actually both you and Ms. Woodson make very good points on coming down on different sides of this. I think it is good to hold ourselves to a pretty tight standard on this,

and I think it's important to signal our desire to lower the rate, particularly in light of the obvious rather dramatic increase in values. I also like options. And, I, I've always liked options and that to give us the sort of range of choices, and the difficulty is that if we set it at 1.09 and for whatever reason, I don't this is very likely, we decide we wanted to go to 1.0925, we really have to, it gets pretty involved to try to do that. Keeping it at 1.11 obviously there is no, there is certainly no intent on the part of Council to raise that rate. I think there is certainly a desire on the part of Council to lower the rate, but I like having choices and that gives us the range to be able to make those choices if we feel it's necessary, although I think we're all signaling a desire to lower the rate. I don't think there's anyone that right now is not concurring with that, but I would be inclined to want to sort of do what you just suggested and that is advertise it at 1.11 with the clearly stated intent on the part of Council that we want to lower the rate to at least 1.09 but to give us a chance to see how things are playing out.

Mayor: Mr. Cleveland.

Cleveland: Mr. Mayor, I think that we can live within the 1.09. It could be done. As you said too, even looking at the potential, and I was looking at that especially with some of the projections, that maybe we may be able to lower it. But then again, it keeps us to a standard and I think that standard has been set. As a matter of fact the signal was already out there that we will go with the, the 1.09. I think we should go with that and see where we come. I believe it will work out just right.

Mayor: Both Mr. Speck and Ms. Woodson raise I think some very valid issues. I think what, what I think is important for us to do, is, number one, set a standard and a target and work for that target. It is important to have good options, and I don't begrudge you for having or wanting that flexibility. You know, David, you mentioned signals, and you know, clearly the Manager has proposed a lower rate at 1.09 as opposed to the current rate of \$1.11, and that's a signal. If we then turn around and advertise the current rate,

although albeit for good reasons, to maintain flexibility, that also is a, is a signal. It's a conflicting signal. And I think that is sometimes problematic particularly when we're talking about the budget which is the most important thing we do every, every year. So, again, I would urge that we maintain the 1.09 rate. Albeit I don't disagree with your arguments or those of Ms. Woodson. I mean, they're sound arguments. I mean, it is a preference of mine and so I'll support the 1.09.

Eberwein: Mr. Mayor.

Mayor: Gosh, for something that was on the consent calendar.

Eberwein: But I didn't pull it.

Mayor: Mr. Sunderland did. I'll talk to him later about that, but - Ms. Eberwein.

Eberwein: I'm going to support the 1.09 although I want to emphasize that I think Ms. Woodson's arguments are very persuasive. I do wish to distance myself a little bit with the thought of lowering it even further until we have a thorough look at the budget and quite frankly look at also coming expenditures in out years and what we are looking at in out years with, I think, increasing expenditures and not necessarily increasing assessments, and quite frankly, it being painful when they do increase. So you've got a little bit of a tug of war. I'm comfortable with the 1.09. Normally, I would not propose that before we've gone through the whole budget we set it at less than the current rate, but in this particular instance I believe the Council has set a clear commitment that we would go down to that level so I'll be supporting it.

Speck: Mr. Mayor.

Mayor: Let me, before I recognize Mr. Speck, let me ask a procedural question of either the Manager or City Attorney. This is first reading tonight. We have a public hearing on the 6<sup>th</sup>, I believe, is that correct? I'm sorry, the 8<sup>th</sup>, April 8. After we get input from the public. Many of whom are going to testify and for the most part those are all

people that either want to protect items that are in the budget or ask for, for additional expenditures. Do we have the option of amending this ordinance at the public hearing and not upsetting the normal procedure or the normal schedule?

Sunderland: One of us can answer. Go ahead Ignacio.

Pessoa: Yeah. I mean the critical, if you look at the schedule here, the critical time frame is this April 23 hearing, public hearing on the effective real property tax increase. You have to give the notice 7 days, it has to appear 7 days before that hearing, and it takes about how long to get in the paper? Three or four days? Two days. So really you're talking about the 14<sup>th</sup> of April as the deadline for getting that notice in. So if you were to make a determination on the 8<sup>th</sup> to change the rate, we could accommodate that and still adhere to this schedule.

Mayor: Mr. Speck and then Mrs. Pepper.

Speck: Mr. Mayor, I certainly have a pretty good level of confidence that we're going to work to keep this at 1.09 or better. I think as much as we'd like to be able to put ourselves in a position where we, we have a range of choices to engage in some of the decision making that's going to take place over the next few weeks, I also think that it's relatively important this not be a divided Council in something, even though we have some choices that we can make, we're not limited, we can always come back and jump through some hoops and change that, I don't think that's going to happen, and I, and I think we ought to try to the extent that we can to be of one mind on this, and given that I think everyone's committed to trying to hit the 1.09 target and more, I'm going to just move the ordinance at the 1.09 number.

Mayor: Okay. Motion by Mr. Speck, and passed on first reading, schedule the public hearing on the budget and property tax rate ordinances for April 8<sup>th</sup> and then a public hearing on the effective real property tax increase on the 23<sup>rd</sup>, final adoption of the ordinance is, is to coincide with the adoption of the budget on May 6. And that's been

seconded by Mrs. Pepper. Mrs. Pepper, you also wanted to speak.

Pepper: I think it was seconded by Bill Cleveland but I was trying to second it.

Mayor: Well, one of you.

Pepper: Anyway, whatever. What I wanted to say was that I'm comfortable with the 1.09, and I would prefer that we set it back tonight and the reason is because there really has been a, a really sharp increase in the assessed value of our real estate property, and I think that a number of people are going to experiencing heartburn as they figure out what their taxes are going to be, and that figure of 1.11 is something that will stick with them and between now and when we actually do set it officially for 1.109, if that's what we were to eventually do, that could be a long period and I think we'd find that there would be quite a bit of anxiety. So I would just as soon start out with what we are trying to aim for, which is \$1.09. Thank you.

Mayor: We have a motion and a second. Is there any further discussion? All those in favor say aye, those opposed, no. That does pass unanimously. Thank you very much. It just goes to show we'll have a whole lot of good, good discussion on the budget as well. Okay, let's go ahead and move to item 13.