

March 4, 2013

City Council of the City of Calera

Subject: Proposed One Cent Sales Tax Increase

This administration is proposing a sales tax increase of one cent in order for the City of Calera to fill its minimum personnel staffing requirements and to complete essential capital projects that will enhance the health and well-being of its citizens, and to bring about continued economic growth for our city.

The capital projects included to be funded with the increase are:

1. Park complex located on County Hwy 20. Under construction.
2. Widen the bridge and ramps on I65 exit 231.

Further clarification of capital project to widen bridge on I65, Exit 231(Hwy 31)

The I65 exit 231 is a bottleneck and creates extreme traffic problems. ALDOT has completed studies that document these problems, but due to limited funds, this essential project (to us!) is not listed on their TEN YEAR plan. In our meetings with ALDOT we were informed that if the city could infuse local MATCHING monies, then this project could become a priority project for the state. ALDOT stated that Alabama has \$10B in worthy projects, but funds available of only \$1.5Billion. By leveraging funds thru increased local matches, ALDOT can complete more projects. Because the city administration believes that this project is a health and safety issue, we are requesting our citizens to approve a one cent sales tax increase to fund a bond issue to encourage ALDOT to move on this ASAP, not ten or fifteen years later. These monies would not be made available for this project until we have a contractual agreement with ALDOT that the project would be constructed. Not only is the I65/231 bridge a safety and health issue, it is also detrimental to the economic growth of our city. The city has had a number of new businesses evaluate Calera and was very favorably impressed, until they confronted the I65/231 exchange. We have numerous properties that are ready for development, but the bridge is a valid concern for those prospects, so they pass us by.

Additional personnel staffing requirements include:

1. Ten additional Firemen to staff additional engine company.
2. Four additional Police Officers. Increase patrols
3. Two additional Park employees. Expand services.

Projected average additional revenues from one cent sales tax increase monthly are \$155,692. Calera currently collects Three Cents on the dollar. Sales tax revenues would have to rise approximately **twenty-five percent** each month in order to cover the personnel costs, but **wouldn't cover bond costs. Based on current economy, it is unrealistic to expect a significant increase in sales tax revenue any time in the near future..**

Projected costs monthly to fund items shown:

1. Firemen	\$37,000	Includes benefits
2. Policemen	15,000	Includes benefits
3. Park Employees	5,000	Includes benefits
4. Bond Issue Park/Bridge (\$8M)	<u>60,000</u>	Fifteen Year Bond
Total Monthly approximate costs	\$117,000	

Undesignated monies above the amounts needed to fund shown items would be a source for funding other capital items that are needed (i.e., city hall roof \$125K, site prep. Fire museum \$200K, park equipment \$200K, fire engine\$550,000) and other needs as they arise.