

## **Frequently Asked Questions**

### **What is it?**

The City of Waite Park will have two referendum questions on the ballot in the November election. The questions will be asking voters to consider approval of an additional one-half (1/2) percent sales tax to be used for two specific projects. The first project is to spend up to \$20 million on Public Safety Improvements and the second project is to spend up to \$7.5 million for regional trail connections.

### **How is a city able to collect a sales tax?**

A city must get Legislative approval and voters must then approve it. The Legislature does have laws that govern how a city can use sales tax and as part of the approval process, a city must show that they meet these criteria set out in the laws. Sales tax has been used for regional projects including regional roadways, parks, and trails, and/or community facilities. Once the Legislature approves the sales tax, a city is then required to place the questions on the ballot in the form of referendum ballot questions. The Legislature requires that this be done as part of a general election. If the voters approve the questions, the sales tax is then approved and would take effect the beginning of the next calendar year. If it is not approved, the sales tax does not go into effect and a city would be required to go back to the Legislature for approval before the sales tax could be considered again.

### **Why now?**

The State Legislature made some changes to laws that gave the City of Waite Park an opportunity to consider projects that would not otherwise be paid for with the current sales tax collected. For Waite Park, the city has a duty to address public safety needs. The city could not use sales tax to pay for public safety improvements in the past. Instead, the only other option was for the City to use property taxes. In addition, the regional trail connection costs exceed the amount of funds available in the current sales tax collected. For the City of Waite Park, the sales tax provides the City with an option of completing these projects without having to pay for them using property taxes.

### **What are the questions that will be on the ballot in November?**

There will be two questions on the ballot. To vote in favor of a question, a voter will fill in the oval next to the word "YES" on that question. To vote against a question, a voter will fill in the oval next to the word "NO".

**Question No. \_ SHALL THE CITY IMPOSE A SALES AND USE TAX FOR PUBLIC SAFETY FACILITY?**

*Shall the City of Waite Park impose a sales and use tax of one-half of one percent (0.50%) for no more than 19 years or until \$20,000,000 plus and amount to equal interest and the costs of the issuance of any bonds, is collected, to finance the construction and equipping of a new public safety facility in the City? The total sales and use tax approved by voters at this election to finance this project and any other project will not exceed one-half of one percent (0.50%).*

*What does a public safety facility include and what are the needs?*

A public safety facility would address both police and fire department needs. Both departments' needs have exceeded their current capacity and there is a need to expand. This expansion could be an expansion of the existing location or would require a new facility to be built. The city has completed a facility needs study that has looked at the space needs for each department and has provided estimated costs of locations being considered. The exact location will require further review and will be determined later.

For the police department, their staff has tripled since the police department was remodeled in the early 2000's. There is a need for larger locker room spaces, storage, offices, and vehicle parking. For the Fire Department, there is a need to have a substation on the South side of Waite Park to provide better fire protection coverage to all the properties within the city. The city's growth has all occurred on the South side of the city making this a much-needed priority. In addition, the Fire Department has no additional room for storage of equipment or vehicles and will also need to address any staffing changes that will need to be made in the future to provide fire service. The city has been fortunate to have a department that is comprised of volunteers. Over the years, staffing levels have decreased and the city is currently working with the other area cities on a fire study to assist us in determining the best ways to serve our community's fire service needs. This will require us to make changes in our facilities to accommodate the potential changes.

**Question No. \_ SHALL THE CITY IMPOSE A SALES AND USE TAX FOR REGIONAL TRAIL CONNECTIONS?**

*Shall the City of Waite Park impose a sales and use tax of one-half of one percent (0.50%) for no more than 19 years or until \$7,500,000, plus an amount equal to interest and the cost of the issuance of any bonds, is collected, to finance regional trail connection in the City? The total sales and use tax approved by voters at this election to finance this project and any other project will not exceed one-half of one percent (0.50%).*

What does regional trails include and what are the needs?

The City of Waite Park has two regional trails that will be located within the City of Waite Park. The first is the Lake Wobegon Trail, which connects in Waite Park at Rivers Edge Park on the north side of the city. This trail has been constructed and allows the public to get on the trail in Waite Park and go all the way to Osakis on the Wobegon Trail. The Wobegon Trail also connects to other trails providing even more trail access. In addition to this, the Glacial Lakes Trail is a statewide trail that will connect to the ROCCORI Trail and then connect into Waite Park on the West side of our community along County Road #138. The plan will be to use these funds to connect these two trail systems giving the public access to hundreds of miles of trails. For more details on the trail location, please see the trail map link.

**Do both questions on the ballot have to pass for the projects to move forward?**

No, each question on the ballot stands on its own. If the question receives a majority of votes from those that voted in the election, the question is approved, and the project will move forward. If it does not receive a majority of the votes from those that voted in the election, the question is not approved, and the project will not move forward. You could have a scenario where both questions are approved, one question is approved or none of the questions are approved.

**If the projects on the ballot questions are approved, how soon will the project(s) begin?**

The projects will not begin immediately. The city will take some time to collect some of the revenue and will also spend some time doing the necessary planning needed to complete the projects. The timeframes would be determined later.

**If the projects on the ballot are not approved, does that mean they will not be moving forward?**

No, the questions on the ballot are only asking voters whether they would impose a ½ of one percent of sales tax to pay for these projects, not whether the city should complete the projects. The city council would determine this. It would also mean that the City Council would have to look to other revenue sources including property taxes to pay for these projects.

**Why sales tax verses property taxes?**

Sales tax is paid for by anyone shopping in Waite Park. Sales tax provides a city like Waite Park with the opportunity of spreading the cost of projects across a broader group of people. The city, being a regional center, collects more revenue in sales tax from outside the city.

Approximately, 80% of the sales tax collected in Waite Park, comes from those that do not live in Waite Park.

Property taxes are only paid by those who own property in Waite Park. Many services the City provides already are funded with property taxes. The City's general fund budget is approximately \$8 million. The two proposed projects are estimated to cost \$27.5 million total. If property taxes were used to pay for these projects, this would require the City to increase the amount of property tax collected impacting the amount of money that all property taxpayers in Waite Park would pay.

When looking at how to fund projects, the City looks at who is benefiting from the project proposed and then tries to find the most equitable way to pay for them. The two projects being considered not only benefit residents of Waite Park but others that also visit Waite Park. Because the projects proposed benefit more than just the residents that live in Waite Park, the city has determined that sales tax should be considered for funding.

### **How much sales tax revenue is collected in Waite Park annually?**

The total amount of sales that is collected each year in Waite Park is approximately \$25 million with most of these funds going to the State of Minnesota. The ½ one percent the city is asking voters to consider, would be approximately \$1.5 million each year and would provide an additional \$27.5 million for regional projects in the Waite Park community that would otherwise place the burden on the taxpayers of Waite Park.

### **Will this proposed sales tax be collected in Waite Park only?**

Yes, this proposed ½ of one percent of sales tax will only be collected in Waite Park and the funds that will be generated by the sales tax will also only be spent in Waite Park.

### **When will this sales tax end?**

The proposed sales tax cannot exceed 19 years from the time it starts. In addition, once the project is completed and the city has collected the estimated cost amounts for the approved projects, the sales tax will end. Based on the projected amount of sales tax to be collected each year, it is estimated that the two projects will be completely funded in the 19 years.

### **Does the City already collect a ½ of one percent sales tax?**

Yes. The City of Waite Park, as part of the St. Cloud Regional Cities, currently collects a one-half of one percent of sales tax through December 31, 2038. Sales tax funds are shared amongst the St. Cloud regional cities and the City of Waite Park has already identified and designated its share of these funds to specific projects. The list of regional projects far exceeds the amount of

revenue generated for the City of Waite Park. The City of Waite Park receives between \$1-\$1.3 million annually (approximately \$20 million over 20 years) in sales tax revenue from the existing sales tax that is collected regionally. The City of Waite Park under the regional sales tax formula gives approximately \$600,000 annually to the other regional cities.

**Can the City use its existing sales tax to pay for these proposed projects instead of requesting an additional ½ of one percent?**

No. The City’s existing sales tax that it collects cannot be used to fund these projects. The public safety proposal does not fit within any of these categories and could not be used. The regional trail connections fits within the category of parks and trails, however the cost to make these trail connections makes it cost prohibitive to use these funds.

**If the additional ½ of one percent sales tax is approved, what would be the total sales tax percentage collected in Waite Park?**

Currently, the sales tax percentage collected in Waite Park is 7.625%. It would increase .5% if the ½ of one percent sales tax is approved. The new total would then move to 8.125%.

<b>Breakdown:</b>	6.875 %	Sales Tax collected by the State
	.5 %	Sales Tax collected by St. Cloud Regional Cities
	<u>.25 %</u>	Special Tax Transit Sales and Use Tax
	7.625%	Current Sales Tax Total
	<u>.5 %</u>	*Proposed Sales Tax collected by Waite Park
	8.125%	Total