



PROPOSITION ONE: Capital Improvement Sales Tax Renewal

FREQUENTLY ASKED QUESTIONS

What is a “Capital Improvement”?

A capital improvement is the purchase of or improvement to infrastructure (streets, sidewalks), property, or equipment. Capital improvement funds can be used for roads, sidewalks, building improvements, equipment used by employees, police cars, ambulances, fire trucks, and computer equipment. Capital purchases make it possible for the City to deliver top-quality services to residents.

Is this a new tax?

No, this is not a new tax or a tax increase. The original sales tax was passed by voters in 1994 and went into effect in 1995. It was renewed for 2005. Proposition One will be on the ballot on April 4 and will ask voters to continue the Capital Improvement Sales Tax, without a sunset provision.



Who pays the tax?

This is a half-cent sales tax that is charged on goods and services purchased in the City of Kirkwood. This means all goods purchased by anyone who visits Kirkwood and shops or dines here, not just Kirkwood residents.

Doesn't my property tax pay for everything?

No. General fund property taxes bring in approximately 10 percent of our general fund revenues. The general fund property tax is used to pay for operations such as police, fire, and public works – most of what is considered general government services. The general fund property tax does not pay for capital items.



Will it pay for upgrades to Kirkwood Water or Kirkwood Electric?

No. The City's two utilities pay for infrastructure upgrades out of their reserve funds, which are funds that accumulate when revenue exceeds expenditures.

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How much revenue does this sales tax generate?

The sales tax generates approximately \$2.1 million annually.

How has this tax money been used in the past?

This sales tax revenue is used to pay for a variety of capital improvements each year. Below are a few of the recent key projects and purchases:

- Streets and Sidewalks in 2016 (\$2.69 million)
- Streets and Sidewalks in 2017 (\$3.24 million)
- Purchase of 15 vehicles and equipment in 2016, including service trucks, dump trucks (with snow plow and salt spreader), and a flatbed (\$432,446).
- Purchase of a generator for the Public Services building in 2011 (\$220,000) and a generator for the Police Department in 2015 (\$68,621)
- Additionally, the Capital Improvement Sales Tax supplies matching funds for grants that allow the City to minimize costs for larger projects.

How else is revenue from the Capital Improvements Sales Tax used?

Over the past three years, the City has received federal grant awards totaling \$5,598,000 for capital improvements to streets, sidewalks, and traffic infrastructure. These projects include the congestion mitigation and air quality grant to rebuild signals and intersections along Kirkwood Road, the Surface Transportation Program (STP) resurfacing of Geyer Road, and the Transportation Alternatives Program (TAP) funding for sidewalks on South Kirkwood Road



from Big Bend to Nipher Middle School. Those funds would not have been available to the City without its matching 20 percent, which is supported by Capital Improvements Sales Tax revenue.

Why are we being asked to renew this tax now?

If not renewed by the voters prior to 2020, this source of funds will no longer be authorized and available to the City to continue to make capital improvements. Since the City programs these funds several years in advance, citizens are being asked to renew this tax now. If approved by voters, the renewed sales tax will have no sunset provision.