

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Adoption of Ordinance No. 679 Setting the 2014 Regular and Excess Property Tax Levies
<b>DEPARTMENT:</b>	Administrative Services
<b>PRESENTED BY:</b>	Robert Hartwig, Administrative Services Director
<b>ACTION:</b>	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

The City of Shoreline is required to adopt its 2014 property tax levies by ordinance and certify the amount to the County Assessor by December 6, 2013. The projected property tax levy for 2014 is \$10,349,308.

Several factors came into play when projecting the levy for 2014. State law limits the annual growth of the City's highest property tax levy to 1% and the levy rate to \$1.60 per \$1,000 of assessed valuation (AV). City of Shoreline Proposition 1, which was approved by voters in 2010, included a provision to raise the annual 1% limitation to an annual escalator based upon the CPI-U index, which when applied for 2014 results in an increase of 1.4%. The City's 2013 annual levy dropped by \$687,694 as AV fell by over 6%. For 2014 the AV is estimated to increase by nearly 6.9%.

As noted above, the City is allowed to apply the annual increase percentage to its highest levy, which was the 2012 levy of \$10,190,490. However, if the 2012 levy is increased by 1.4% it would result in a regular property tax levy rate of \$1.6029 which is in excess of the statutory maximum of \$1.60. Therefore, the resulting levy of \$10,349,308 was calculated by applying the \$1.60 rate to the 2014 AV of \$6,468,317,709.

The City also has an excess levy to collect monies to repay the general obligation bonds that were issued in December 2006 as approved by the voters in May 2006 for open space acquisition and park improvements. The total general obligation bond levy for 2014 is \$1,710,000, resulting in an estimated levy rate of \$0.264 per \$1,000 of assessed valuation.

Ordinance No. 679 is the ordinance that adopts both the regular property tax levy and the tax levy to repay the 2006 General Obligation Bonds.

**FINANCIAL IMPACT:**

The 2014 General Fund revenue budget for Shoreline is nearly \$34.2 million with the City's regular property tax levy amounting to approximately 31% of the operating revenues for the fund.

**RECOMMENDATION**

Staff recommends that Council adopt Ordinance No. 679 establishing the City's 2014 regular and bond property tax levies.

Approved By:        City Manager ***DT***    City Attorney ***IS***

**ATTACHMENTS:**

Attachment A – Ordinance No. 679

## **ORDINANCE NO. 679**

### **AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON LEVYING THE GENERAL TAXES FOR THE CITY OF SHORELINE IN KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2014, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PAYING SUFFICIENT REVENUE TO CONDUCT CITY BUSINESS FOR THE SAID FISCAL YEAR AS REQUIRED BY LAW AND LEVYING AN EXCESS LEVY FOR THE REPAYMENT OF UNLIMITED GENERAL OBLIGATION BONDS**

WHEREAS, the City Council of the City of Shoreline has considered the City's anticipated financial requirements for 2014 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and

WHEREAS, the City Council has properly given notice of the public hearing held November 18, 2013 to consider the revenue sources for the City's current expense budget for the 2014 calendar year, pursuant to RCW 84.55.120; and

WHEREAS, the citizens of the City of Shoreline approved Shoreline Proposition 1 on November 2, 2010 which set the 2014 regular property tax levy rate at \$1.60 per \$1,000 of assessed valuation after applying the rate escalator of Proposition 1 limited by the statutory levy limit of \$1.60 per \$1,000 of assessed valuation; and

WHEREAS, the voters of the City of Shoreline approved the issuance of \$18,795,000 in unlimited general obligation bonds on May 16, 2006; and

WHEREAS, the City issued the bonds on December 13, 2006, and began making debt service payments on the bonds in June of 2007; now therefore

### **THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1. Regular Property Tax Levy.** The citizens of the City of Shoreline approved Shoreline Proposition 1 on November 2, 2010, limiting annual levy increases for years 2012 through 2016 to the annual June to June change in the Seattle/Tacoma/Bremerton CPI-U. The maximum change from the 2012 levy to be used for calculating the 2013 City levy, in addition to new construction, is based on the CPI-U index change from June 2012 to June 2013 which is 1.4%, applied to the City's highest previous levy of \$10,190,490. This calculation results in a levy rate that exceeds the \$1.60 per \$1,000 of assessed valuation limit. Therefore, the 2014 regular property tax rate for 2014 shall be \$1.60 per \$1,000 of assessed valuation, resulting in a dollar increase from the previous year of \$665,703, and percentage increase of 6.87%.

**Section 2. Voter-Approved Excess Tax Levy for Unlimited General Obligation Bonds.** A further property tax is hereby levied in addition to the regular property tax to raise revenue to provide for the interest and redemption of voter-approved general obligation bonds

for the fiscal year of 2014 in the amount of \$1,710,000. This tax is applicable to all taxable property within the City of Shoreline.

**Section 3. Notice to King County.** This ordinance shall be certified to the proper County officials, as provided by law, and taxes herein levied shall be collected to pay to the Finance Department of the City of Shoreline at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for non-charter code cities.

**Section 4. Effective Date.** This ordinance shall be in full force five days after publication of this ordinance, or a summary consisting of its title, in the official newspaper of the City, as provided by law.

**ADOPTED BY THE CITY COUNCIL ON NOVEMBER 25, 2013.**

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Keith A. McGlashan, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jessica Simulcik-Smith  
Interim City Clerk

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Ian Sievers  
City Attorney

Date of Publication:                      , 2013  
Effective Date:                              , 2013