

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Resolution No. 389 - Providing for the submission to the qualified electors of the City of Shoreline at an election to be held on November 8, 2016, a proposition authorizing the City to increase its regular property tax levy above the limit established in RCW 84.55.010 to fund current levels of public safety, parks operations, and community services;
DEPARTMENT:	Administrative Services Department
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The City Council last reviewed this topic on June 13, 2016. At that time the City Council directed staff to bring forward a proposal in July for consideration of renewal of the levy lid lift on the November 8, 2016 general election. Resolution No. 389 (Attachment A) proposes to submit a ballot measure to the Shoreline voters that if approved would reset the City's 2017 general property tax levy rate to \$1.48 per \$1,000 of assessed valuation and allows for annual levy increases up to the rate of inflation (Seattle CPI-U) for the years 2018-2022 and uses the 2022 levy amount to calculate subsequent levy limits.

Without renewal of the City's operating levy lid lift, the operating budget 10-year forecast chart from the 10 Year Financial Sustainability Model (10YFSM) projects potential budget gaps to occur beginning in 2019 with a cumulative size totaling \$21.087 million over the 10-year forecast period. In reality, these budget gaps will not materialize as the City of Shoreline is required to pass a balanced budget and does so each year within the following policies:

- On-going expenditures will be supported by on-going revenues.
- Resources (fund balance) greater than budget estimates in any fund shall be considered "one-time" and shall not be used to fund ongoing service delivery.

As such, expenditure reductions (service reductions) would be required to achieve the legally required balanced budget.

RESOURCE/FINANCIAL IMPACT:

Staff estimate election costs associated with placing the Levy Lid Lift renewal measure on the ballot at approximately \$60,000, which is appropriated in the 2016 operating budget.

RECOMMENDATION

Staff recommends that Council discuss the proposed levy lid lift ballot measure at the July 11, 2016 Council meeting. Staff further recommends that Council adopt Resolution No. 389 on July 25, 2016, placing renewal of the property tax levy lid lift on the November 8, 2016 general election ballot, to restore the City's property tax levy rate to \$1.48 per \$1,000 assessed valuation in 2017, setting the annual maximum increase for property tax levies for 2018 through 2022 at the Seattle Consumer Price Index for all Urban Consumers (CPI-U), and using the 2022 levy as the base for future year levies. If Council intends to consider adoption of Resolution No. 389 on July 25, then staff further recommends that tonight Council provide staff direction to start the recruitment process for members of the public to serve on the Pro and Con committees which are responsible to write the pro/con statements and the corresponding rebuttals for the Voter's Pamphlet.

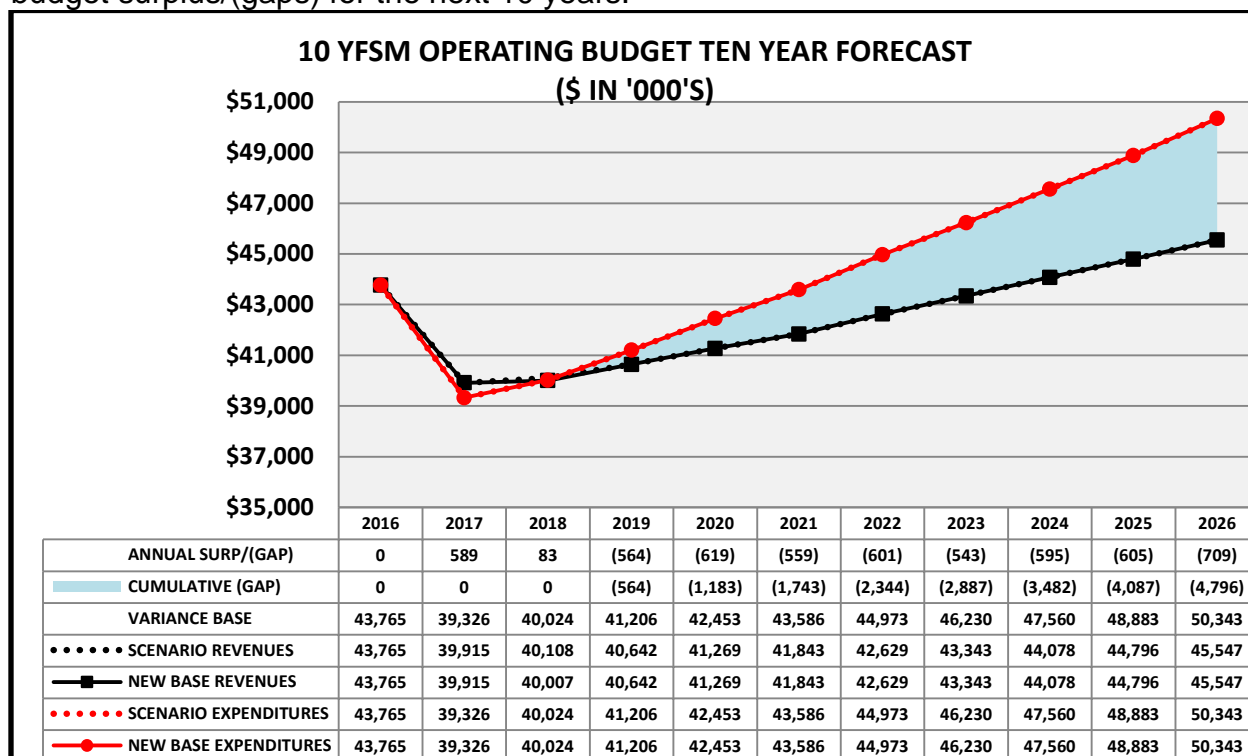
Approved By: City Manager ***DT*** City Attorney ***MK***

INTRODUCTION

The 10 Year Financial Sustainability Plan (10 YFSP) accepted by Council on June 16, 2014 prioritized seven strategies to reduce projected future potential revenue and expenditure gaps (staff report available at the following link: <http://www.shorelinewa.gov/home/showdocument?id=19755>). Strategy 7 of the plan was the potential renewal of the Levy Lid Lift. On June 13, 2016 staff provided Council with an update to the 10 YFSP including a summary of the results of the City Manager's engagement of the public through the Financial Sustainability Citizens Advisory Committee (FSCAC). The staff report for the update is available at the following link: <http://www.shorelinewa.gov/uploads/attachments/cck/council/staffreports/2016/staffreport061316-9a.pdf>

City Council directed staff to bring forward a proposal in July for consideration of placing a levy lid lift renewal on the November 8, 2016 general election ballot.

Without renewal of the levy lid lift, the operating budget 10-year forecast chart from the 10 Year Financial Sustainability Model (10 YFSM) projects potential budget gaps to occur beginning in 2019 with a cumulative size totaling \$21.087 million over the 10-year forecast period. The potential budget gaps reflect that projected revenues will be less than projected costs to maintain current service levels. The revenue projections are based on the City's current revenue sources and uses both legal and economic factors for projecting future collections. The expenditure projections are based on current services adjusted for anticipated cost increases related to inflation, contract agreements, or legal requirements. The following figure presents the projected potential budget surplus/(gaps) for the next 10 years:



While the forecast includes major current operating costs. It does not include funding for new programs or changes in current policy or legal requirements. Following are some examples of changes that may increase the projected budget gaps:

- Right of Way Landscaping
- Implications of Legislative or voter initiative changes under consideration, e.g. Minimum Wage increases or substantial changes to Department of Retirement System contributions.

The City must have a balanced budget each year. As such the City Manager will need to present a balanced budget and the City Council will adopt a balanced budget each year. In order to close gaps between revenues and expenditures there are three options: additional revenue, expenditure reductions, or a combination of revenue increases and expenditure reductions.

BACKGROUND

In November 2001, Washington State voters passed Initiative 747. This limited the increase in the City of Shoreline's levy by the lesser of one percent or the percentage increase in the implicit price deflator (IPD). Even though this ballot measure was found to be unconstitutional, the State met in a special session and reinstated the one percent/IPD limitation (Ch. 1, Laws of 2007, sp. sess.).

Since the IPD percentage increase has been more than one percent in most years since the legislature reinstated the one percent limit, the effective limit has been one percent. One exception to the one percent rule is the levy lid lift, as follows:

- Purpose of lid lift: It may be done for any limited purpose, but the purpose(s) must be stated in the title of the ballot measure.
- Length of time of lid lift: The lid may be "bumped up" each year for up to six years.
- Subsequent levies: The "lift" for the first year must state the new tax rate for that year. For the ensuing years, the "lift" may be a dollar amount, a percentage increase amount tied to an index such as the Consumer Price Index (CPI), or a percentage amount set by some other method. If the amount of the increase for a particular year would require a tax rate that is above the maximum tax rate of \$1.60, the assessor will levy only the maximum amount allowed by law.
- Majority Vote: The levy lid lift requires a simple majority vote by the residents of Shoreline. The election date must be the August primary or the November general election.

In the November 2010 general election, Shoreline voters approved a six-year maintenance and operations levy for basic public safety, parks, recreation, and community services that set the tax rate for 2011 at \$1.48 and allowed the lid for the ensuing years to be "lifted" each year by a percentage increase tied to the CPI-U for the Seattle, Tacoma and Bremerton area.

In 2012, the City Council adopted their 2012-14 Goals. Goal #1 was to "Strengthen Shoreline's economic base", and Action Step #3 under this goal was to "Develop a 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and

maintain priority public services, facilities, and infrastructure". To implement this Goal and Action Step, over two years, the City went through a comprehensive 10-year financial sustainability process, which included staff review and analysis and Council oversight and direction. Throughout this process, City staff developed a 10 Year Financial Sustainability Model (10 YFSM) that: stores historical financial data, is updated to convert projections into actual results, is used to inform the City's annual budget process, and models the effects of changing conditions. Changing conditions can include economic events, unexpected cost increases, the results of implementing one or a combination of the sustainability strategies, etc.

In 2014, the City Council formed a subcommittee to study the information developed by City staff and the 10 YFSM to develop a 10 YFSP. The purpose of the 10 YFSP is to strengthen Shoreline's economic base by prioritizing seven strategies (or tools) for the City to use to maintain financial resiliency and sustain existing services. The 10 YFSP was accepted by Council on June 16, 2014 (staff report available at the following link: <http://www.shorelinewa.gov/home/showdocument?id=19755>).

The City continues to be engaged in implementing the strategies in the 10 YFSP. Tonight's discussion specifically focuses on the implementation of Strategy 7, possible renewal of the Levy Lid Lift.

DISCUSSION

The Levy Lid Lift approved by voters in 2010 will expire at the end of 2016. Council has the authority to place a measure on the ballot to renew the Levy Lid Lift. Council can decide to seek a renewal of the Levy Lid Lift with an annual escalator alone or additionally seek to reset the 2017 levy rate to a specific rate up to \$1.60.

The City's current financial forecast projects potential budget gaps, where costs to maintain existing services will exceed revenue resources, to occur beginning in 2019 with a cumulative size totaling \$5.834 million over the six-year period for 2017 through 2022.

The following describe the impacts of four options, two of which were supported by the FSCAC members

Option One - No Action:

The new tax levy rate for 2017 would be calculated based on the City's AV for the 2017 tax year (currently projected to be \$1.30263) and the lid for the ensuing years would be limited to one percent.

Estimated impact to the median homeowner if the Levy Lid Lift is not renewed.						
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment
2017	\$353,000	\$353	X	\$1.30	=	\$460
2018	\$364,800	\$365	X	\$1.27	=	\$465
2019	\$376,800	\$377	X	\$1.25	=	\$469
2020	\$391,600	\$392	X	\$1.21	=	\$473
2021	\$406,400	\$406	X	\$1.18	=	\$478
2022	\$421,100	\$421	X	\$1.15	=	\$483
Total over 6 Year Period 2017-2022						\$2,828

Option Two – CPI Only:

Under this option, the new tax rate for 2017 would be calculated based on the City's AV for the 2017 tax year (currently projected to be \$1.32071) and the lid for the ensuing years would be "lifted" each year by a percentage increase tied to the Consumer Price Index (CPI). This will generate approximately \$72.258 million in property tax revenue over the six year period, which would result in \$3.395 million more than that generated under a No Action alternative. It is estimated that a homeowner of a median priced home will pay \$139 more than under the No Action alternative over the six year period, or an increase on average of \$23 per year/\$2 month.

Estimated impact to the median homeowner if the Levy Lid Lift allows the levy to increase by CPI-U starting in 2017.							
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$353,000	\$353	X	\$1.32	=	\$466	\$6
2018	\$364,800	\$365	X	\$1.31	=	\$478	\$13
2019	\$376,800	\$377	X	\$1.30	=	\$489	\$20
2020	\$391,600	\$392	X	\$1.28	=	\$500	\$27
2021	\$406,400	\$406	X	\$1.26	=	\$511	\$33
2022	\$421,100	\$421	X	\$1.24	=	\$523	\$40
Total over 6 Year Period 2017-2022						\$2,967	\$139

This option would increase revenues beginning in 2017 and would reduce the potential budget gap projected to occur in 2019, as well as the cumulative size of potential budget gaps by a total of \$2.954 million over the six-year period; however, it will leave \$2.880 million that will need to be addressed in 2019 through 2022.

Option Three – \$1.48 Rate Reset + Future CPI Adjustments:

Under this option, the new tax rate for 2017 would be set at \$1.48 and the lid for the ensuing years may be "lifted" each year by a percentage increase tied to the Consumer Price Index (CPI). This will generate approximately \$80.626 million in property tax revenue over the six year period, which would result in \$11.763 million more than that

generated under a No Action alternative. Under this scenario it is estimated that a homeowner of a median priced home will pay \$ \$501 more than the under the No Action alternative over the six year period, or an increase on average of \$84 per year/\$7 per month.

Estimated impact to the median homeowner if the Levy Rate is reset to \$1.48/\$1,000 AV in 2017 and 2018-2022 the Levy Lid Lift allows the levy to increases by CPI-U.							
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$353,000	\$353	X	\$1.48	=	\$522	\$62
2018	\$364,800	\$365	X	\$1.47	=	\$536	\$71
2019	\$376,800	\$377	X	\$1.46	=	\$549	\$80
2020	\$391,600	\$392	X	\$1.43	=	\$561	\$88
2021	\$406,400	\$406	X	\$1.41	=	\$574	\$96
2022	\$421,100	\$421	X	\$1.39	=	\$587	\$104
Total over 6 Year Period 2017-2022						\$3,329	\$501

This option would increase revenues beginning in 2017 and could eliminate the potential budget gap projected to occur in 2019 through 2022.

Option Four – \$1.60 Rate Reset + Future CPI Adjustments:

Under this option, the new tax rate for 2017 will be set at \$1.60 and the lid for the ensuing years may be “lifted” each year by a percentage increase tied to the Consumer Price Index (CPI): This will generate approximately \$87.160 million in property tax revenue over the six year period, which would result in \$18.297 million more than that generated under a No Action alternative. Under this scenario it is estimated that a homeowner of a median priced home will pay \$769 more over the six year period than under the No Action alternative, or an increase on average of \$128 per year/\$11 per month.

Estimated impact to the median homeowner if the Levy Rate is reset to \$1.60/\$1,000 AV in 2017 and 2018-2022 the Levy Lid Lift allows the levy to increases by CPI-U.							
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$353,000	\$353	X	\$1.60	=	\$565	\$105
2018	\$364,800	\$365	X	\$1.59	=	\$579	\$114
2019	\$376,800	\$377	X	\$1.57	=	\$593	\$124
2020	\$391,600	\$392	X	\$1.55	=	\$606	\$133
2021	\$406,400	\$406	X	\$1.53	=	\$620	\$142
2022	\$421,100	\$421	X	\$1.51	=	\$634	\$151
Total over 6 Year Period 2017-2022						\$3,597	\$769

This option would increase revenues beginning in 2017 and could eliminate the potential budget gap projected to occur in 2019 throughout the 10 year forecast.

Ballot and Voter Pamphlet Requirements

If the Council decides to move forward with placing a levy lid lift on the November ballot, a ballot measure’s title and voter pamphlet are required to adhere to the following requirements.

Ballot Title

The ballot title for the levy lid lift consists of three elements:

- a. An identification of the enacting legislative body and a statement of the subject matter;
- b. A concise description of the measure; and
- c. A question.

The ballot title must conform to the requirements and be displayed substantially as provided under RCW 29A.72.050, except that the concise description must not exceed seventy-five words. The ballot title must be approved by the City Attorney.

Any person who is dissatisfied with the ballot title may at any time within ten days from the time of the filing of the ballot title with King County Elections, may appeal to King County Superior Court.

The following is a draft of the proposed ballot title, which must be adopted by City resolution:

**BASIC PUBLIC SAFETY, PARKS & RECREATION, AND COMMUNITY SERVICES
MAINTENANCE AND OPERATIONS LEVY**

The Shoreline City Council adopted Resolution No. 389 concerning basic public safety, parks and recreation, and community services. If approved, this proposition would maintain current police/emergency protection including neighborhood patrols and crime prevention; preserve safe parks, trails, playgrounds/playfields and the Shoreline pool; and maintain community services including senior center and youth programs.

This proposition would restore Shoreline’s property tax rate to \$1.48/\$1,000 of assessed valuation for collection in 2017; limit levy increases from 2018-2022 so as not to exceed inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES[___]

NO[___]

Staff is still working to finalize the language of the ballot proposition and may continue to provide updates to the City Council during the week of July 18, prior to final adoption on July 25, 2016.

Voters’ Pamphlet

For the primary and general election, King County publishes a voters’ pamphlet. Districts placing measures on the ballot are automatically included in the voters’ pamphlet.

The City must provide an explanatory statement of the ballot title for the voter's pamphlet. The statement describes the effect of the measure if it is passed into law, and cannot intentionally be an argument likely to create prejudice either for or against the measure. The explanatory statement is limited to 250 words, must be signed by the City Attorney, and submitted to King County Elections by August 2, 2016.

The City is also responsible for appointing committees to prepare statements in favor of and in opposition to the ballot measure. There is a limit of three members per committee. The committee appointments must be filed by August 2, 2016. Assuming that the Council moves forward with adoption of Resolution No. 389, staff has scheduled for Council to make appointments at the City Council meeting on August 1, 2016. Staff is recommending that tonight Council direct staff to advertise for interested parties to submit applications starting July 12, 2016.

The statements in favor of or in opposition to the ballot measure must be submitted by the Pro and Con committees to King County Elections no later than August 11, 2016. These statements are limited to 200 words. Rebuttal statements by each of the respective committees must be submitted to the County no later than August 15, 2016. Rebuttal statements are limited to 75 words.

STAKEHOLDER OUTREACH

Staff routinely makes efforts to ensure that Citizens are aware of both the services provided by the City as well as the City's financial position. The following are specific efforts that have been made to engage the community in discussion about the potential renewal of the Levy Lid Lift.

Currents – Since passing the original levy lid lift in 2010, we have consistently published articles in Currents to keep Citizens informed of the financial position of the City. In addition to more than 15 articles published during that time, we specifically addressed the challenges of financial sustainability and sought volunteers to participate in the Financial Sustainability Citizens Advisory Committee in the Winter 2015 edition.

Financial Sustainability Citizens Advisory Committee (FSCAC). The City Manager engaged a Citizen Advisory Committee through the months of February through May 2016. The outcome of the FSCAC work was reported in detail in the 10 YFSP Update provided to Council on June 13, 2016. The Committee learned about City Services, engaged in a budget exercise to help identify service priorities, and learned about the 10YFSP with a focus on the potential renewal of the Levy Lid Lift.

The FSCAC reached consensus on these recommendations to the City Manager:

1. Based on the department presentations, 2014 citizen survey presentation, budget exercise and personal experiences, the FSCAC reached consensus that maintaining the current level of City services is appropriate, even if inflation increases the cost of those services in the future. The FSCAC recommends that the City prioritize social services and economic development.
2. The FSCAC reached consensus that the City should bring a renewal of the six-year levy lid lift to public vote during the November general election. It should not be so

high that it results in huge budget surpluses, which could indicate that taxpayers are overly burdened. Any necessary short term extra funds generated from a levy lid lift should be used to fund:

- Additional social services for Shoreline residents in need;
 - Local economic development projects;
 - Planning for population growth and development;
 - Future budget shortages; and,
 - Future obligations resulting from federal and state mandates.
3. The FSCAC is aware that the City is currently considering other new sources of revenue, including a B&O Tax. While the B&O Tax was not significantly explored by the FSCAC, the FSCAC supports the City's exploration of a B&O Tax while recognizing that the City is working to foster economic development.
 4. The City should continue to strive to be efficient in delivering services and constantly look at cost saving measures.
 5. The City must continue to communicate clearly and frequently to the residents of Shoreline about the value of its programs, who benefits from them and how it spends the taxpayers money.

FSCAC members considered the above mentioned alternatives. Each alternative attracted support from some FSCAC members, with the majority supporting Option Three as follows:

- Option Two – CPI Only: Supported by 2 FSCAC members.
- Option Three – \$1.48 Rate Reset + Future CPI Adjustments: Supported by 7 FSCAC members.
- Option Four – \$1.60 Rate Reset + Future CPI Adjustments: Supported by 4 FSCAC members.

* All members voting for \$1.60 would support \$1.48.

No FSCAC member supported the No Action option (Option One) of not placing a renewal of the levy lid lift on the ballot.

Public Meetings: Staff conducted two public meetings this year. The first meeting was at the Richmond Beach Congregational Church on May 18 with 8 participants and the second was at the Shoreline Library on May 25 with 29 participants. Staff also presented to the Richmond Beach Community Association on February 9, Shoreline Rotary on February 24, the Council of Neighborhoods on June 1, and to the Echo Lake Neighborhood Association on June 21. The presentations to each group were similar and shared information about the services that the City provided, the financial challenges faced by the City and the work of the FSCAC. A shorter presentation has been videotaped and made available on the City's website for viewing by the public. The CON was encouraged to share the information and video with their members

City Web-Site

In addition to the many financial documents available on the City's website, including monthly revenue reports, quarterly financial reports, audited financial statements, and budgets, we also have included all documents reviewed by current and past citizen advisory committees with information and links to a number of documents about our long-term financial challenges.

Finally, the City's Budget Process always includes several Council meetings for budget review in which the public can comment on the proposed budget. There are also at least two formal public hearings during the budget adoption process. The City makes its budget available on the City's website, at various locations throughout the City including libraries and police storefronts, and at City Hall.

COUNCIL GOAL(S) ADDRESSED

This item addresses Council Goal 1, "**Strengthen Shoreline's economic base to maintain the public services that the community expects**", and specifically, Action Step #3 of that Goal: "Implement the 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure, including a continued focus on economic development, renewal of the property tax levy lid lift in 2016, and exploration of a business and occupation tax."

RESOURCE/FINANCIAL IMPACT

Staff estimate that election costs associated with placing the Levy Lid Lift renewal measure on the ballot at approximately \$60,000 which is within the 2016 operating budget.

SUMMARY

As was stated earlier in the staff report, the City is required to pass a balanced budget each year, and therefore must address the projected budget gaps with additional revenue, expenditure (service) reductions, or a combination of both.

City Councils have been very prudent in their financial planning and have worked very hard to constrain costs of City services. Our residents have a very high level of satisfaction with the quality of life in Shoreline and have indicated that they would like to maintain this quality of life. City Councils have been addressing the long-term financial challenges by strategically implementing efficiencies, cost reductions, revenue enhancements and by involving a citizen committee. The City Council will need to determine if they would like to move forward with a levy lid lift renewal, implement other revenue changes, or make program reductions to keep future City budgets in balance.

Staff has brought forth the recommended ballot measure in Resolution No. 389. This ballot measure includes a recommendation to restore the regular property tax levy rate to \$1.48 per \$1,000 assessed valuation; setting the annual maximum increase for property tax levies for 2018 through 2022 at the Seattle Consumer Price Index for all Urban Consumers (CPI-U), and using the 2022 levy as the base for future year levies.

The purpose of the levy is to keep current service levels of basic public safety including police and crime prevention programs, funding for essential maintenance, operations and safety at local parks, trails, and recreation facilities, along with other community services. The ballot measure must be adopted and submitted to King County Elections by August 2, 2016, in order to appear on the November 8, 2016, election.

Assuming that the City Council authorizes the ballot measure on July 25, 2016, the City Council will need to review the explanatory statement on August 1, 2016, and appoint the Pro and Con committees on the same evening.

RECOMMENDATION

Staff recommends that Council discuss the proposed levy lid lift ballot measure at the July 11, 2016 Council meeting. Staff further recommends that Council adopt Resolution No.389 on July 25, 2016, placing renewal of the property tax levy lid lift on the November 8, 2016, general election ballot, to restore the City's property tax levy rate to \$1.48 per \$1,000 assessed valuation in 2017, setting the annual maximum increase for property tax levies for 2018 through 2022 at the Seattle Consumer Price Index for all Urban Consumers (CPI-U), and using the 2022 levy as the base for future year levies. If Council intends to consider adoption of Resolution No. 389 on July 25, then staff further recommends that tonight Council provide staff direction to start recruitment process for members of the public to serve on the Pro and Con committees which are responsible to write the pro/con statements and the corresponding rebuttals for the Voter's Pamphlet.

ATTACHMENTS

ATTACHMENTS

Attachment A – Resolution No. 389

RESOLUTION NO. 389

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, PROVIDING FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF SHORELINE AT THE NOVEMBER 8, 2016 GENERAL ELECTION OF A PROPOSITION AUTHORIZING THE CITY TO INCREASE ITS REGULAR PROPERTY TAX LEVY ABOVE THE LIMIT OTHERWISE ALLOWED BY RCW 84.55.010 TO FUND CURRENT LEVELS OF SERVICE IN PUBLIC SAFETY, PARKS OPERATIONS, AND COMMUNITY SERVICES; SETTING FORTH THE BALLOT PROPOSITION; DIRECTING THE CITY CLERK TO CERTIFY TO THE KING COUNTY AUDITOR THIS RESOLUTION FOR THE AUDITOR TO PLACE THE PROPOSITION ON THE NOVEMBER 8, 2016 BALLOT; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

WHEREAS, the City of Shoreline is an optional code city, located in King County, Washington, duly organized and existing pursuant to the laws of the State of Washington; and

WHEREAS, the City is authorized to levy a permanent regular property tax not to exceed the rate of \$1.60 per \$1,000 of assessed value permitted by statute and the current projected levy rate for 2017 is below this limit at \$1.30 per \$1,000 of assessed valuation; and

WHEREAS, RCW 84.55.005 - .0101 limits the incremental increase in property tax revenues to the City to a rate that has been less than the actual rate of inflation for the costs of providing services to the citizens of the City, causing total projected budget deficits over the next six years of over \$5.8 million despite sustained austerity measures and efficiencies in City government; and

WHEREAS, the City's regular property tax levy rate was \$1.48 per \$1,000 assessed valuation in 2011 and that rate has fallen to \$1.33 per \$1,000 assessed valuation in 2016; and

WHEREAS, RCW 84.55.050 authorizes the voters of a City to permit the levy of taxes in excess of the levy limitations in RCW 84.55.010; and

WHEREAS, the City Council desires to address these ongoing deficits by allowing the electors to approve or reject a proposition under RCW 84.55.050(2), authorizing the City Council to levy the City's regular property tax in an amount that exceeds the incremental limit factor that would otherwise be prescribed by RCW 84.55.010; and

WHEREAS, to fund a portion of the cost of the basic public safety programs, including crime prevention and jail costs, and to fund a portion of the cost of maintaining and operating parks and community services, the proposition should authorize: 1) an increase in the City's regular property tax levy by up to an additional fifteen cents (\$0.15) per \$1,000 of assessed valuation (to a total rate not to exceed of \$1.48 per \$1,000 of assessed valuation which was the 2011 property tax levy rate) for collection in 2017; 2) an increase in the regular property tax levy

by the June to June Seattle/Tacoma/Bremerton CPI-U annual inflation rate for each of the succeeding five (5) years; and 3) use of the dollar amount of the 2022 levy for calculating subsequent levy limits; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. Pursuant to RCW 84.55.050 (2) an election is hereby requested to be called, conducted, and held within the City of Shoreline on November 8, 2016, for the purpose of submitting to the qualified voters of the City, for their ratification or rejection, a proposition approving a six (6) year increase in the City’s regular property tax levy exceeding the limit factor provided in RCW 84.55.005-.0101 to fund a portion of the cost of basic public safety programs, including jails and crime prevention, and to fund a portion of maintaining and operating parks, recreation, pool, and community services as more specifically described in Section 2 below.

Section 2. The proposition shall propose an increase in the City’s regular property tax levy by up to fifteen cents (\$0.15) per \$1,000 of assessed valuation to a total rate not to exceed \$1.48 per \$1,000 of assessed valuation) for collection in 2017. The proposal shall also authorize an increase in the levy limit factor as allowed by chapter 84.55 RCW for each of the five (5) succeeding years (2018-2022) by the inflation rate of the Consumer Price Index for all Urban Consumers for the Seattle-Tacoma-Bremerton Area (1982-84=100) published for June. Finally, the proposition shall authorize the use of the dollar amounts of the 2023 levy for the base in computing the maximum levy that may be imposed in years after 2022.

Section 2. The City Clerk is hereby authorized and directed, not later than August 2, 2016 prior to the general election date requested hereunder, to certify the proposition to the King County Records, Elections and Licensing Services Division, as *ex-officio* Supervisor of Elections in King County, Washington, in substantially the following form:

CITY OF SHORELINE PROPOSITION 1

BASIC PUBLIC SAFETY, PARKS & RECREATION, AND COMMUNITY SERVICES MAINTENANCE AND OPERATIONS LEVY

The Shoreline City Council adopted Resolution No. 389 concerning basic public safety, parks and recreation, and community services. If approved, this proposition would maintain current police/emergency protection including neighborhood patrols and crime prevention; preserve safe parks, trails, playgrounds/playfields and the Shoreline pool; and maintain community services including senior center and youth programs.

This proposition would restore Shoreline’s property tax rate to \$1.48/\$1,000 of assessed valuation for collection in 2017; limit levy increases from 2018-2022 so as not to exceed inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES[___]

NO[]

Section 3. The City Manager and City Attorney are authorized to make such minor adjustments to the wording of such proposition as may be recommended by the King County Records, Elections, and Licensing Services Division, so long as the intent of the proposition remains consistent with the intent of this Resolution.

Section 4. The King County Records, Elections, and Licensing Services Division, as the City's *ex officio* Supervisor of Elections, is hereby requested to call and conduct said election on November 8, 2016, and submit to the qualified electors of the City the proposition set forth herein. The King County Records, Elections, and Licensing Services Division shall conduct the election, canvas the vote, and certify the results in the manner provided by law.

Section 5. If any one or more sections, subsections, or sentences of this Resolution are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this Resolution and the same shall remain in full force and effect.

Section 6. This Resolution shall take effect and be in full force immediately upon passage by the City Council.

ADOPTED BY THE CITY COUNCIL ON _____, 2016.

Mayor Christopher Roberts

ATTEST:

Jessica Simulcik Smith
City Clerk