

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing on the 2018 Proposed Budget with Special Emphasis on Property Tax and Other Revenues and Discussion of Ordinance No. 807, Setting the 2018 Regular and Excess Property Tax Levies
DEPARTMENT:	City Manager's Office Administrative Services Division
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 checked="" type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The City Manager presented the 2018 Proposed Budget to the City Council on October 9, 2017. Department budget presentations were provided on October 16 and October 23. A presentation of the proposed 2018-2023 Capital Improvement Plan (CIP) was also made on October 23. A public hearing on the 2018 Proposed Budget and 2018-2023 CIP will be held on November 13. This staff report highlights revenue sources, including the regular and excess property tax levies. Tonight the City Council will hold a public hearing with special emphasis on revenue sources, including the regular and excess property tax levies. Proposed Ordinance No. 807 (Attachment A) will set the 2018 regular and excess property tax levies in Shoreline. Adoption of the 2018 property tax levy, budget, and 2018 Capital Improvement Program are scheduled for November 20.

FINANCIAL IMPACT:

The City's 2018 Proposed Budget as presented to the City Council on October 9 is balanced in all funds with appropriations totaling \$79.939 million and resources totaling \$85.142 million. The General Fund's resources total \$48.099 million with general operating revenues totaling \$41.917 million.

RECOMMENDATION

Staff recommends that the City Council conduct the public hearing to take public comment on the 2018 Proposed Budget, 2018 regular and excess property tax levies, and proposed 2018 revenues.

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

DISCUSSION

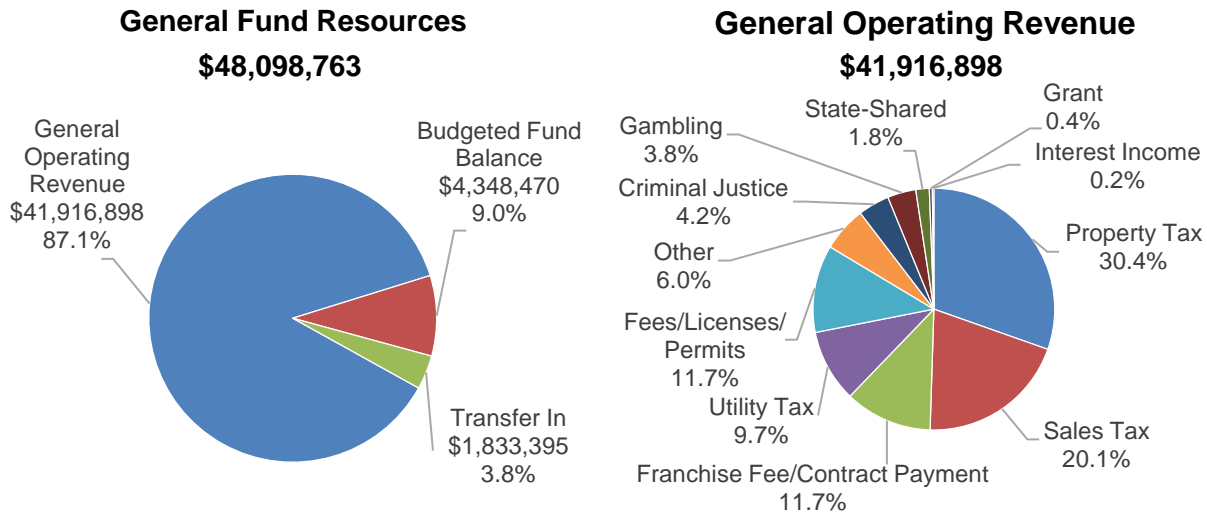
The City collects a variety of revenues to support ongoing City services. State law requires the City Council to hold a public hearing on revenue sources for the upcoming year's budget. The hearing must include consideration of property tax revenues and must be held before the ordinance setting the 2018 regular and excess property tax levies is adopted and submitted to King County. The City of Shoreline is required to adopt that ordinance and certify the amount to the County Assessor by December 1, 2017.

The revenue sources used to fund the City's budget are explained in detail on pages 79 through 93 of the 2018 Proposed Budget and 2018-2023 Capital Improvement Plan book (available here: <http://cityofshoreline.com/home/showdocument?id=32704>). The following discussion provides detail on the City's major revenue sources.

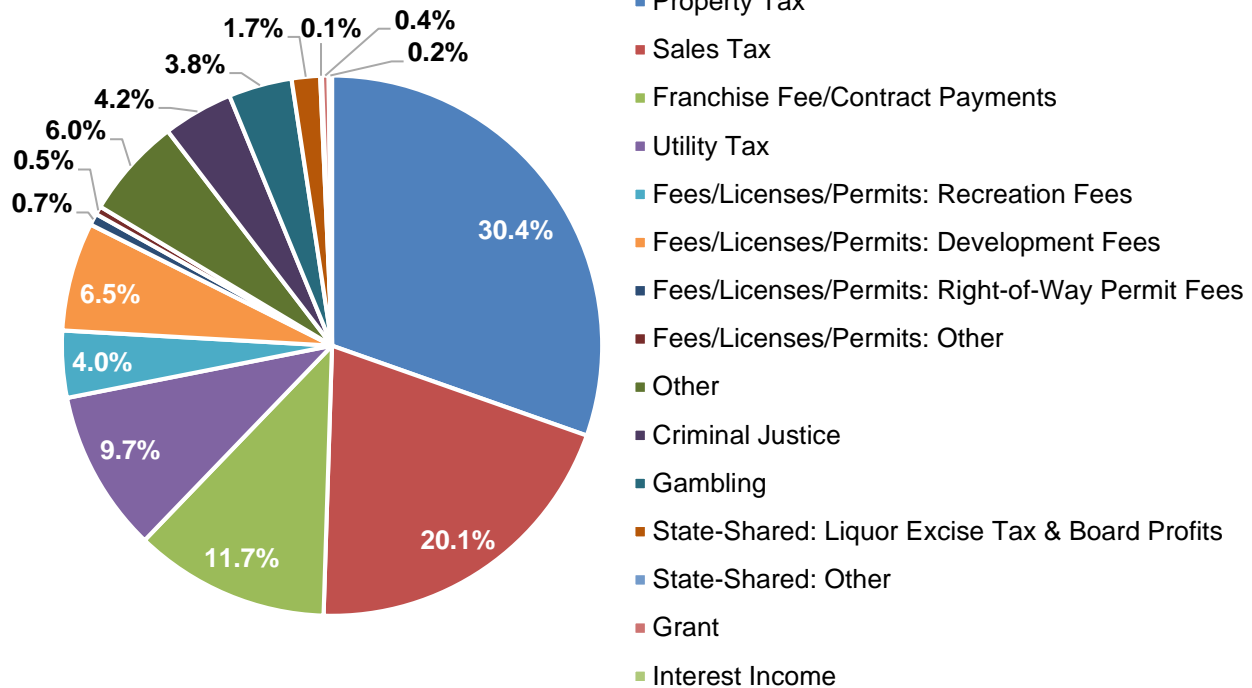
General Fund Revenues

The General Fund resource base is \$48.099 million and is comprised of general operating revenues (\$41.917 million, 87.1%), the budgeted use of fund balance (\$4.349 million, 9.0%), and transfers-in from other funds for their share of the General Fund overhead (\$1.078 million, 2.2%), from the Street Fund of fund balance greater than its minimum required reserve (\$0.630 million, 1.3%), and from the Vehicle Operations Fund (\$0.125 million, 0.3%).

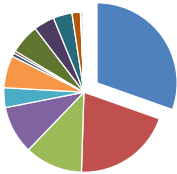
For the purposes of this discussion, general operating revenues will be discussed by category as shown in the chart on the right below. Some of these categories are further broken out in the section below and are also discussed on pages 80 through 90 of the 2018 Proposed Budget and 2018-2023 CIP book.



General Operating Revenue



Regular Property Tax Levy



Revenues from the regular property tax levy are budgeted at 100.0% of the projected regular property tax levy (\$12.760 million). The projected total collection is an increase of \$0.489 million, or 4.0%, over the 2017 projected collections. This revenue accounts for 30.4% of General Fund operating revenues and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on pages 80 and 81.

Property tax levy increases by local governments are limited to the lower of the Implicit Price Deflator (IPD) or 101% without voter approval. State law also limits the levy rate to \$1.60 per \$1,000 of assessed valuation (AV). The Revised Code of Washington (RCW) Chapter 84.55.005 and Washington Administrative Code (WAC) Section 458-19-005 provide the limit factors and process which the City must follow in adopting its property tax levy. For cities with a population of 10,000 or greater the limit factor is the lesser of 100 percent plus inflation, as measured by the IPD, or 101 percent of the previous year's levy. For a city with a population of 10,000 or greater having made a finding of substantial need; the limit factor is the lesser of 101 percent or the limit factor contained in the ordinance of substantial need. The July Implicit Price Deflator (IPD) was 1.553%. Therefore, if Shoreline Proposition 1 was not approved by voters, the City Council would be required to adopt a 2018 property tax levy limited to an increase of 1.0% from the 2017 levy plus new construction and refunds.

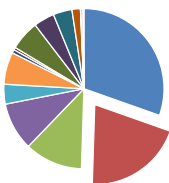
However, City of Shoreline Proposition 1, which was approved by voters in 2016, allows the City to increase its property tax levy annually by the June-to-June percentage change in the Consumer Price Index for All Urban Consumers for the Seattle/Tacoma/Bremerton Area (CPI-U). When this CPI-U is applied for 2018, it results in an increase of 2.99%. In addition, the levy is allowed to increase 0.75% due to the value of new construction, which is estimated at \$45.972 million, and re-levy for prior year refunds. As a result, the total levy

will increase 3.7%. For 2018, the City's AV of existing construction is projected to increase 9.8% and new construction adding 0.5% for a total growth of 10.3%. Given that AV has increased more than the increase allowed in the City's property tax levy, the City's property tax levy rate will decrease from the current rate of \$1.39000 (set by Proposition 1) to \$1.30689 per \$1,000 of AV. Final Citywide AV and new construction values from King County will determine the final levy rate.

Attachment B to this staff report illustrates how the City's total levy and property tax rate are calculated and the impact of the new levy rate on how much of the Regular Property Tax Levy a property owner will pay to the City. First, as was noted above, the year-over-year percentage change in the City's AV has an impact on the levy rate. Assuming there will be no year-over-year change in the AV for a single-family residence with a median value of \$386,000, the homeowner that paid \$537 to the City in 2017 will pay \$504, or \$32 less, in 2018. From that point the year-over-year percentage change in property tax paid on a property with an AV that has grown more than the City's total AV, which in this example is assumed to be 10.3%, will pay more than the City's levy growth, which in this example is assumed to be 3.7%. Conversely, a property with an AV that has grown less than the City's total AV will pay less than the City's levy growth. Here are three examples that illustrate these factors at work when the AV of the home, depending on that determined by the King County Assessor's Office, grows the same as, less than, or more than the City's total AV:

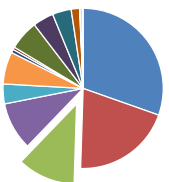
- Growing 10.3% (the same as the City's total AV) to \$425,758, the homeowner would pay \$20, or 3.7%, more, which is the same growth as the City's levy.
- Growing 5.0% (less than the City's total AV) to \$405,300, the homeowner would pay \$7, or 1.3%, less, which is less than the growth of the City's levy.
- Growing 15.0% (more than the City's total AV) to \$443,900, the homeowner would pay \$44, or 8.1%, more, which is more than the growth of the City's levy.

Sales Tax



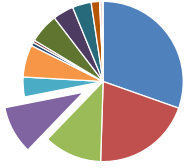
Revenues from sales tax (\$8.428 million) reflect increases from the 2017 budget and 2017 revised projection of \$0.458 million, or 5.8%, and \$0.189 million, or 2.3%, respectively. This revenue accounts for 20.1% of General Fund operating revenues and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 82.

Franchise Fee/Contract Payments



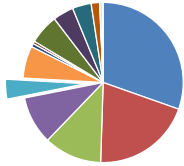
The City has entered into agreements with the many public utilities that provide services to Shoreline residents. Agreements are in place with Seattle City Light, Seattle Public Utilities (Water), the North City Water District, and the Ronald Wastewater District. All of these utilities pay either a contract fee or franchise fee to the City in an amount equal to six percent of their revenues generated in Shoreline. The City also receives a five percent franchise fee from the cable television providers in Shoreline. Projected revenue totals \$4.887 million and reflects a 2.5% increase from 2017 projected collections. This revenue accounts for 11.7% of General Fund operating revenues and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 85.

Utility Tax



The City collects a six percent utility tax on natural gas, telephone services, sanitation services, cable television, and storm drainage. Projected revenue totals \$4.065 million and reflects a 0.0% increase from 2017 projected collections. This revenue accounts for 9.7% of General Fund operating revenues and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 84.

Fees/Licenses/Permits: Recreation Fees



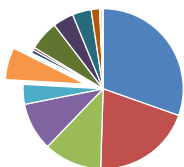
Fees are charged for participation in recreational classes and activities; swimming lessons and pool admissions; athletic field, recreation center, picnic shelter and Spartan Gym rentals; indoor and summer playground programs; and, teen trips and classes. In 2015, the Parks, Recreation and Cultural Services department developed a Cost Recovery and Fee Setting Framework (available online at:

<http://shorelinewa.gov/government/departments/parks-recreation-cultural-services/boards/parks-recreation-and-cultural-services-tree-board>).

A key element of the Framework is assigning programs and service categories to a cost recovery guideline range based on how much it benefits general community goals versus benefits to an individual. Fees for some programs and services have been reviewed using these guidelines and the outcome has been incorporated into the 2018 Fee Schedule (Shoreline Municipal Code 3.01.300 Parks, Recreation and Cultural Services). An additional review of fees will be performed in late 2017 and early 2018 to incorporate the impacts of the Extra Help salary changes necessary to address State minimum wage changes in our cost recovery fee model. Resulting fee changes will be presented as an amendment in 2018 if necessary.

Projected revenue from parks and recreation fees total \$1.688 million and reflects a 2.0% decrease from 2017 projected collections. Revenue from general recreation activities is projected to decrease by 4.8% largely due to the impact the Shoreline School District's earlier start for the 2018-2019 school year will have on summer camps. Revenue from facility rentals is expected to return to the 2016 level as Twin Ponds soccer fields return to a full year of operation. Teen Program revenue is expected to remain equal to the 2017 projection. These revenues account for 4.0% of General Fund operating revenues and are discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 86.

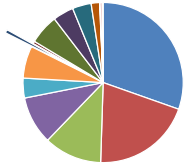
Fees/Licenses/Permits: Development Fees



Fees are charged for a variety of development permits, inspections and reviews obtained through the City's Planning and Community Development department. These include building, structure, plumbing, electrical, and mechanical permits; land use permits; permit inspection fees; plan check fees; and fees for environmental reviews. The base level of revenue is expected to increase over that established in the 2017 budget by \$0.334

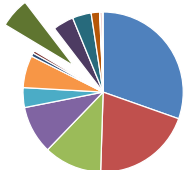
million, or 24.2%. The City expects to receive one-time revenue from the Shoreline School District's projects related to its recent bond measure in the amount of \$1.012 million in 2018. In total, development revenues are expected to increase over the 2017 budget by \$1.346 million, or 97.7%. These revenues account for 6.5% of General Fund operating revenues and are discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on pages 89 through 90.

Fees/Licenses/Permits: Right-of-Way Permit Fees



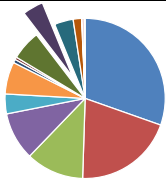
Fees are charged for the use of the City’s right-of-way and offsets the cost of providing right-of-way inspection services. This revenue source is affected by the level of construction activity occurring within the City. Collections vary from year-to-year based on the level of activity. Projected revenue totals \$0.280 million, accounts for 0.7% of General Fund operating revenues, and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 90.

Other



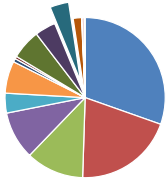
Revenues that do not fall into a general operating revenue category such as those discussed in detail in this staff report and the 2018 Proposed Budget and 2018-2023 CIP book are combined into the “Other” category. Significant revenues included in this category are those from the: Shoreline School District’s share of the School Resource Officer, DUI car impound fee, traffic infraction refund, Highland Park Center lease, Surface Water Utility for North Maintenance Facility rent, cell tower lease revenue, contribution from the solid waste provider, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement approved by the City Council on July 25, 2016. These revenues account for 6.0% of General Fund operating revenues.

Criminal Justice Sales Tax



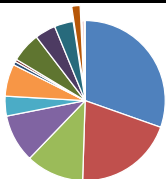
There are two sources of dedicated funding for local criminal justice programs: an optional County sales tax of 0.1% and state shared funding. Projected revenue from these sources totals \$1.744 million and reflects a 3.1% increase from 2017 projected collections. County-wide sales tax receipts continue to grow as the region recovers from the recession. This revenue accounts for 4.2% of General Fund operating revenues and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 book on page 87.

Gambling Tax



Three gambling establishments that operated card rooms have ceased operations in the last six years. The remaining three are still in operation and the level of annual card room gross receipts appear to be holding somewhat steady at approximately \$14.5 million, which is taxed at a rate of 10%. For this reason, a baseline of \$1.587 million and no growth from 2017 is assumed. Projected revenue totals \$1.587 million, accounts for 3.8% of General Fund operating revenues, and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 83.

State-Shared: Liquor Excise Tax & Board Profits



Revenue sources in this category are comprised of a portion of the liquor excise tax receipts collected by the State and a portion of the markups on liquor, commonly referred to as Liquor Board Profits. Projected revenue totals \$0.727 million, which reflects an increase of 2.5% as compared to 2017 projected collections. This revenue accounts for 1.7% of General Fund operating revenues and is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 88.

Street Fund Revenues

The major source of revenue for the City's Street Fund is a state collected gasoline and diesel fuel tax, which is shared with cities and towns on a per capita basis. These revenues are used for street repairs and maintenance but do not provide sufficient funding for the City's needs. As a result the General Fund will provide a \$0.437 million subsidy to this fund.

Fuel Tax

Fuel taxes are assessed as cents per gallon; therefore, fuel tax revenue depends on the number of gallons sold, not the dollar value of the sales. The 2015 legislative session produced a transportation package that was adopted in 2nd ESSB 5987, laws of 2015, 3rd sp. Session. The result of this legislation is an increase in the motor vehicle fuel tax of 11.9 cents with the first increase in place as of August 1, 2015 and the second as of July 1, 2016. Projected revenue totals \$1.274 million, which reflects an increase of 2.3% as compared to 2017 projected collections. This source is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 91.

General Obligation Bond Fund

Excess Property Tax (Bond) Levy

Shoreline voters approved an excess levy in 2006 to fund parks improvements and the purchase of open space. The 2017 levy requested totaled \$1.7 million; however, due to a mistake by the King County Assessor's Office levying tax on City-owned properties, the amount levied will be significantly less. According to the King County Assessor's Office, the 2018 levy should be able to re-levy the 2017 amount that was not able to be levied.

The 2018 bond debt service totals \$1.698 million. The final AV determined by the King County Department of Assessments will determine the final levy rate.

Surface Water Utility Fund

The 2018 budget accounts for the surface water utility operations in a Surface Water Utility Fund. This complex utility fund includes revenue from storm drainage utility fees, debt financing, grants, and investment interest. It serves in both an operating and capital capacity and operates much like a private business. In 2016, the City began the update of the 2011 Surface Water Master Plan (SWMP). The SWMP provides a long range plan for the Surface Water Utility to ensure the viability of the surface water management program in the future. Council considered three levels of service, minimal, proactive, and optimal and directed staff to evaluate and propose a plan and rates that support a proactive strategy for the utility.

Surface Water Utility Fee and Other Revenues

The City contracts with King County to collect the Surface Water Utility fees via the annual property tax assessments. The proposed 2018 rate increase of 27.0% is necessary to support the proactive strategy and will generate \$1.145 million more than 2017 projected collections. The annual increase for a single family residential home is \$45.

**Surface Water Management Rate
Single-Family Residence**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
SWM Fee Rate	\$154.59	\$160.77	\$168.81	\$214.39	\$246.55	\$271.21	\$298.33	\$313.25	\$328.91
\$ Change		\$6.18	\$8.04	\$45.58	\$32.16	\$24.66	\$27.12	\$14.92	\$15.66
% Change		4%	5%	27%	15%	10%	10%	5%	5%

With the 2018 rate increase and bonds proceeds to fund capital projects in 2018 through 2020, the Surface Water Utility billings along with other sources are budgeted to generate almost \$10.3 million. This is a \$5.6 million (118%) increase from the 2017 Current Budget. This source is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 92.

Wastewater Utility Fund

In 2002, the City and Ronald Wastewater District (RWD) entered into an agreement to unify sewer services with City operations through assumption of the RWD by the City of Shoreline effective October 23, 2017. In mid-2017 the RWD Board of Commissioners and the City mutually agreed to extend the assumption date. Although this is the case, RWD executed an Operating Services Agreement with the City to operate the utility on the behalf of RWD (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport100217-7b.pdf>).

Under this arrangement, the City will operate and maintain the sewer utility while the RWD Board of Commissioners will be responsible for addressing policy matters, setting rates and managing capital improvements for the utility. RWD will retain all revenues and interlocal agreement costs. The budget for the City was developed based on the personnel and maintenance and operation costs necessary to operate the utility. The Operating Services Agreement provides that RWD will reimburse the City based on annual budgeted costs with annual reconciliation of direct costs.

Capital Improvement Program (CIP) Revenues

Capital projects are funded from a variety of revenue sources including: real estate excise tax, fuel tax, grants, debt financing, investment earnings and funds that the City has set aside for capital projects.

Vehicle License Fee

On July 13, 2009 a \$20 local license fee was established by the Shoreline Transportation Benefit District (TBD) Board of Directors. The TBD was assumed by the City of Shoreline through City Council action (Ordinance No. 726). This revenue is now accounted for within the Roads Capital Fund and provides funding for the Annual Road Surface Maintenance Program.

In 2018 staff will continue to explore the remaining strategies from the 10 Year Financial Sustainability Plan including the replacement of the ongoing General Fund contribution to

the Roads Capital Fund with a dedicated revenue source. One potential option to replace this high priority funding is the use of a portion of the additional \$20 vehicle license fee that is available to the City. Staff estimates that an additional \$6 vehicle license fee would be adequate to replace this critical support. The remaining \$14 could be used for other purposes such as replacing Transportation Impact Fee exemption revenues or increasing funding for the annual sidewalk maintenance program.

Real Estate Excise Tax (REET)

All real estate property sales in the county are taxed at a rate of 1.28%. A portion of these revenues, equal to a 0.5% tax rate, is distributed to the cities by King County on a monthly basis. The use of REET funds is restricted by State law. The first 0.25% of the REET tax rate must be spent on capital projects listed in the City's Comprehensive Plan. These projects could include local capital improvements, including streets, parks, pools, municipal buildings, etc. The second 0.25% of the REET tax rate must be spent on public works projects for planning, acquisition, construction, reconstruction, repair, replacement, or improvement of streets, roads, highways, sidewalks, street lighting, etc. Projected revenue totals \$2.738 million, which reflects a decrease of 19.2% as compared to 2017 projected collections. The sales value has increased steadily and the number of transactions continues to grow. For comparison, REET revenue collections were below the peak of \$2.676 million in 2005 until a new peak was reached in 2015 of \$2.936 million. The new peak is projected to occur in 2017 at \$3.386 million. This source is discussed in more detail in the 2018 Proposed Budget and 2018-2023 CIP book on page 93.

Capital Grants

Grants are applied for and received for specific capital improvements. The amount of capital grants received in any given year can vary greatly depending on the number of projects, their cost, and the amount of grant funding available. In many cases Shoreline competes with other cities for these revenues and grant awards may go to other cities. For more details, see the Capital Improvement Plan section of the 2018 Proposed Budget and 2018-2023 CIP book on pages 287 through 428.

FINANCIAL IMPACT

The City's 2018 Proposed Budget as presented to the City Council on October 9 is balanced in all funds with appropriations totaling \$79.939 million and resources totaling \$85.142 million. The General Fund's resources total \$48.099 million with general operating revenues totaling \$41.917 million.

RECOMMENDATION

Staff recommends that Council conduct the public hearing to take public comment on the 2018 Proposed Budget, 2018 property tax levy, and proposed 2018 revenues.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 807 - Setting the 2018 Regular and Excess Property Tax Levies
- Attachment B: How Levy Limits and Changes in Assessed Valuation and Levy Rates Affect Property Tax

ORDINANCE NO. 807

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, 2018, 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, as required by RCW 35A.33.135, the City Council of the City of Shoreline and the City Manager have considered the City's anticipated financial requirements for 2018 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and

WHEREAS, as required by RCW 84.55.120, a public hearing was held on November 6, 2017 to consider the revenue sources for the City's current expense budget for the 2018 calendar year, including the consideration of possible increases in property tax revenues; and

WHEREAS, the citizens of the City of Shoreline approved Shoreline Proposition No. 1 (Basic Public Safety, Parks & Recreation, and Community Services Maintenance and Operations Levy) on November 8, 2016, limiting annual levy increases for the years 2018 to 2022 to the June-to-June percentage change in the Seattle/Tacoma/Bremerton CPI-U; and

WHEREAS, the maximum change from the 2017 levy to be used for calculating the 2018 regular levy, in addition to new construction, is based on the CPI-U index change from June 2016 to June 2017 which is 2.99%, applied to the City's highest previous levy of \$12,299,501.00.

WHEREAS, application of this methodology will set the estimated 2018 regular property tax levy rate at \$1.30689 per \$1,000 of assessed valuation; and

WHEREAS, the voters of the City of Shoreline approved Shoreline Proposition No. 1 (Parks and Open Space General Obligations Bonds) for the issuance of \$18,795,000 in unlimited general obligation bonds on May 16, 2006; and

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Regular Property Tax Levy. Based on the citizen-approved limitation on annual levy increases, the City Council of the City of Shoreline has determined that the property tax levy for the year 2018 is fixed and established in the amount of \$12,759,858. This property tax levy represents a dollar increase of \$367,792.00 and a percentage increase of 2.99 percent from the levy amount of the previous year, excluding the addition of new construction,

improvements to property, any increase in the value of state assessed property, any annexations that have occurred, and administrative refunds made as shown below:

	Amount
2018 Regular Levy	\$12,759,863
Less 2017 Levy	12,299,501
Less New Construction	63,902
Less Refunds	28,668
Total Increase	367,792
Percent Increase	2.99%

Section 3. Voter-Approved Excess Tax Levy for Unlimited General Obligation Bonds. In addition, a further tax is hereby levied to raise revenue to provide for the interest and redemption of the 2006 voter-approved unlimited general obligation bonds for the fiscal year of 2018 in the amount of \$1,697,925.00. This tax is applicable to all taxable property within the City of Shoreline.

Section 4. 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 Administrative Services 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 5. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 6. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by State or Federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 7. 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 20, 2017.

Christopher Roberts, Mayor

ATTEST:

APPROVED AS TO FORM:






Jessica Simulcik-Smith
City Clerk






Margaret King
City Attorney

Date of Publication: , 2017
Effective Date: , 2018

How Levy Limits and Changes in Assessed Valuation and Levy Rates Affect Property Tax A Simplified Example for Five Houses in Shoreline

How the City's Total Levy and Property Tax Rate are Calculated				
	2016	2017	2018	2017-2018 % Change
(A) Levy Basis [A=Prior Year's N]:	\$10,617,487	\$10,879,657	\$12,299,501	13.1%
(B) Prior Year's June CPI-U:	247.642	251.622	256.098	1.8%
(C) Current Year's June CPI-U:	251.622	256.098	263.756	3.0%
(D) Levy Growth Factor (% Change in CPI-U):	1.60%	N/A (Rate set @ \$1.39)	2.99%	N/A
(E) Levy Base [E=A*(1+D)]:	\$10,787,367	\$12,299,501	\$12,667,288	3.0%
(F) Value of New Construction:	\$64,389,980	N/A	\$45,972,476	0.0%
(G) Levy Rate [G= Prior Year's M]:	\$1.43329	\$1.33099	\$1.39000	4.4%
(H) New Construction Levy [H=(F/1,000)*G]:	\$92,290	N/A	\$63,902	0.0%
(I) Relevy for Prior Year Refunds:	\$28,803	\$0	\$28,668	0.0%
(J) Levy Ceiling [J=E+H+I]:	\$10,908,459	\$12,299,501	\$12,759,858	3.7%
(K) City's Assessed Valuation:	8,195,760,031	8,848,561,852	9,763,499,220	10.3%
(L) Levy Rate [L=J/(K/1,000); Max is \$1.60]:	\$1.33099	\$1.39000	\$1.30689	-6.0%
(M) Actual Levy Rate (Cannot exceed \$1.60):	\$1.33099	\$1.39000	\$1.30689	-6.0%
(N) Maximum Statutory Levy [N=(K/1,000)*M]:	\$10,908,475	\$12,299,501	\$12,759,858	3.7%

2017 Tax Year					
City Regular Levy Rate:	\$1.39000				
City Excess Levy Rate:	\$0.19415				
Other Levy Rates:	\$9.64584				
Total Levy Rate:	<u>\$11.22999</u>				
					
Property Type:	2 BR 1.5 Bath Townhouse	2 BR 1 Bath Single-Family	4 BR 1.75 Bath Single-Family	5 BR 2.25 Bath Single-Family	4 BR 3.5 Bath Single-Family
Neighborhood:	North City	Echo Lake	Ridgecrest	Innis Arden	The Highlands
Assessed Value:	\$350,000	\$360,000	\$371,000	\$1,118,000	\$2,189,000
City Regular Levy Tax Paid:	\$487	\$500	\$516	\$1,554	\$3,043
City Excess Levy Tax Paid:	\$68	\$70	\$72	\$217	\$425
Others Receive:	\$3,376	\$3,473	\$3,579	\$10,784	\$21,115
Total Property Tax Paid:	\$3,930	\$4,043	\$4,166	\$12,555	\$24,582

2018 Tax Year					
City Levy Rate:	\$1.30689				
City Excess Levy Rate:	\$0.17391				
Other Levy Rates:	\$9.64584				
Total Levy Rate:	<u>\$11.12664</u>				
					
Property Type:	2 BR 1.5 Bath Townhouse	2 BR 1 Bath Single-Family	4 BR 1.75 Bath Single-Family	5 BR 2.25 Bath Single-Family	4 BR 3.5 Bath Single-Family
Neighborhood:	North City	Echo Lake	Meridian Park	Innis Arden	The Highlands
Assessed Value:	\$409,699	\$419,417	\$381,277	\$1,173,900	\$2,415,342
AV % Change:	↑ 17.1%	↑ 16.5%	↑ 2.8%	↑ 5.0%	↑ 10.3%
City Regular Levy Tax Paid:	\$535	\$548	\$498	\$1,534	\$3,157
2017 vs. 2018 \$ Change:	↑ \$49	↑ \$48	↓ (\$17)	↓ (\$20)	↑ \$114
2017 vs. 2018 % Change:	↑ 10.1%	↑ 9.5%	↓ -3.4%	↓ -1.3%	↑ 3.7%
City Excess Levy Tax Paid:	\$71	\$73	\$66	\$204	\$420
Others Receive:	\$3,952	\$4,046	\$3,678	\$11,323	\$23,298
Total Property Tax Paid:	\$4,559	\$4,667	\$4,242	\$13,062	\$26,875
2017 vs. 2018 \$ Change:	↑ \$628	↑ \$624	↑ \$76	↑ \$506	↑ \$2,292
2017 vs. 2018 % Change:	↑ 16.0%	↑ 15.4%	↑ 1.8%	↑ 4.0%	↑ 9.3%

Data Sources:	
CPI-U for Seattle-Tacoma-Bremerton	http://www.bls.gov/regions/west/data/consumerpriceindex_seattle_table.pdf
Townhouse 2 BR 1.5 Bath	http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=1445200110
SFR 2 BR 1 Bath	http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=1643500045
SFR 4 BR 1.75 Bath	http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=2610700075
Innis Arden 5 BR 2.25 Bath	Year-over-year change in assessed valuation modified to be less than citywide total change of 10.3%.
The Highlands 6 BR 5.75 Bath	Year-over-year change in assessed valuation modified to match citywide total change of 10.3%.