

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 807 Setting the 2018 Regular and Excess Property Tax Levies
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
ACTION:	<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 2018 property tax levies by ordinance and certify the amount to the County Assessor by December 1, 2017.

State law limits the annual growth of the City's highest regular property tax levy to 1% and the levy rate to \$1.60 per \$1,000 of assessed valuation (AV). The City's Proposition 1 in 2016 included a provision to raise the annual 1% limitation to an annual escalator based upon the Consumer Price Index for all Urban Consumers (CPI-U). The City is able to apply the annual increase percentage of 2.99% for 2018 to the City's highest regular property tax levy of \$12,299,501 for 2017 and add the new construction levy and a one-time re-levy for prior year refunds.

The regular property tax levy presented in the 2018 Proposed Budget and 2018-2023 Capital Improvement Plan book represents a dollar increase of \$367,792 and a percentage increase of 2.99% 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, 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%

Proposed Ordinance No. 807 (Attachment A) adopts both the regular property tax levy to fund operating services and the excess property tax levy to repay the 2006 General Obligation Bonds approved by the voters in May 2006 for open space acquisition and park improvements. In order for the City to receive property taxes in an amount greater than the 2017 certified amount, the King County Clerk's Office and Department of

Assessments must receive the City's ordinance by December 1, 2017. It reflects the latest information provided by the King County Assessor, as follows:

	Amount
2018 Projected AV	\$10,123,059,711
2018 Regular Levy	\$12,843,288
Less 2017 Levy	12,299,501
Less New Construction	152,127
Less Increase in Utility Value	0
Less Refunds	23,868
Total Increase	367,792
Percent Increase	2.99%

Pending any further updates to the City's AV and/or value of new construction, improvements to property, state assessed property, and administrative refunds made, the regular property tax levy requested will total \$12,843,288 and result in an estimated regular levy rate per \$1,000 AV of \$1.26872, down from the current rate of \$1.39000 per \$1,000 AV. The excess property tax levy requested will total \$1,697,925 and result in an estimated excess levy rate per \$1,000 AV of \$0.16773, down from the current rate of \$0.19415 per \$1,000 AV.

FINANCIAL IMPACT:

In order for the City to receive property taxes in an amount greater than the 2017 certified amount and that allowed per RCW 84.55, the King County Clerk's Office and Department of Assessments must receive the City's ordinance by December 1, 2017. The 2018 proposed General Fund revenue budget for Shoreline totals \$85.142 million with the City's regular property tax levy of \$12.760 million representing 30.4% of the General Fund operating revenues. The latest information provided by the King County Assessor reflects an allowable levy that can be requested by the City to fund operating services in the amount of \$12,843,288. The City will also be requesting an excess levy in the amount of \$1,697,925 to repay the 2006 General Obligation Bonds approved by the voters in May 2006 for open space acquisition and park improvements.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 807 establishing the City's 2018 regular and excess property tax levies.

ATTACHMENTS:

Attachment A: Proposed Ordinance No. 807

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

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; and

WHEREAS, application of this methodology will set the estimated 2018 regular property tax levy rate at \$1.26872 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;

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 \$12,843,288. 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	\$12,843,288
Less 2017 Levy	12,299,501
Less New Construction	152,127
Less Increase in Utility Value	0
Less Refunds	23,868
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