

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 873 – Setting the 2020 Regular and Excess Property Tax Levies
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget & Tax Manager
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:

State law (RCW 35A.34.130) requires that a mid-biennial review be completed during the first year of the biennium between September 1 and December 31. At the October 21, 2019 City Council Regular Meeting, the City Council was presented a brief financial update, recommended adjustments to the 2019-2020 Biennial Budget, and provided information on related policy issues. The link to this staff report is available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport110419-8a.pdf>.

At the November 4, 2019 City Council Regular Meeting, the City Council conducted a public hearing on the 2019-2020 Biennial Budget and the 2019-2024 Capital Improvement Plan (CIP) Mid-Biennium Update as required by state law (RCW 84.55.120). This public hearing addressed revenue sources, including consideration of possible increases in property tax revenues prior to the City Council's adoption of proposed Ordinance No. 872 providing for the mid-biennium budget modifications, including adoption of the 2020 Fee Schedules, and proposed Ordinance No. 873 setting the 2020 regular and excess property tax levies. The link to this staff report is available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport110419-8b.pdf>.

Following the public hearing, the City Council asked for additional information and discussed potential changes to the proposed mid-biennium budget modification, including all proposed levies, taxes, fees, and rates. There were no proposed adjustments to proposed Ordinance No. 873, and Council directed that staff bring back the proposed ordinance for adoption at tonight's meeting.

Regular Property Tax Levy

State law (RCW 84.55.0101) limits the annual growth of the City's highest regular property tax levy to 1%. Since the City belongs to both a fire district and library district, the levy rate is also limited to \$1.60 per \$1,000 of assessed valuation (AV) if these

districts are levying their maximum amount. However, the City's Proposition 1 in 2016 included a provision to raise the annual 1% limitation to an annual escalator based upon the June-to-June percentage change of the Consumer Price Index for all Urban Consumers for the Seattle-Tacoma-Bellevue area (CPI-U) in accordance with RCW 84.55.050. The City is able to apply the annual increase percentage of 2.29% for 2020 to the City's highest regular property tax levy of \$13,426,997 for 2019 and add the new construction levy and a one-time relevel for prior year refunds. It is important to note that because of the City's Proposition 1 approved by voters in 2016, the regular property tax levy should be established annually even though the City Council adopted a budget for the 2019-2020 biennium on November 19, 2018 and subsequently amended through June 2019.

Based on the latest information provided by the King County Assessor's Office as of October 31st, the regular property tax levy represents a dollar increase of \$307,478 and a percentage increase of 2.29% 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
2020 Regular Levy	\$13,916,110
Less 2019 Levy	13,426,997
Less New Construction	156,883
Less Refunds	24,752
Total Increase	\$307,478
Percent Increase	2.29%

The most recent assessed valuation is \$11,680,578,194. In 2020, the projected regular levy rate per \$1,000 AV is estimated to be \$1.19139, down from the current rate of \$1.24039 per \$1,000 AV.

Voter Approved Levy

The City also levies an excess property tax levy to collect monies to repay the general obligation bonds 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 2020 is \$1,694,837. In 2020, the projected excess levy rate per \$1,000 AV is estimated to be \$0.14510, down from the current rate of \$0.15781 per \$1,000 AV.

Proposed Ordinance No. 873 (Attachment A), which is the ordinance that adopts both the regular property tax levy and the excess property tax levy to repay the 2006 General Obligation Bonds, reflects the latest information provided by the King County Assessor's Office. This Ordinance must be adopted prior to the December 2, 2019 deadline established by the King County Council for submission of levy amounts for 2020, the second year of the biennium.

FINANCIAL IMPACT:

It is anticipated the 2020 Regular Levy will total approximately \$13.916 million and the excess property tax levy to repay the general obligation bonds issued in December 2006 will total approximately \$1.695 million. Based on the latest information provided by the King County Assessor's Office, the regular property tax levy represents a dollar increase of \$307,478 and a percentage increase of 2.29 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, and administrative refunds.

RECOMMENDATION

Staff recommends that the City Council adopt Ordinance No. 873 establishing the City's 2020 regular and excess property tax levies.

ATTACHMENT:

Attachment A: Proposed Ordinance No. 873

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

ORDINANCE NO. 873

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, 2020, THE SECOND YEAR OF THE CITY OF SHORELINE'S 2019-2020 FISCAL BIENNIUM, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY, WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PROVIDING 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, pursuant to RCW 35A.33.135, the City Council for the City of Shoreline and the City Manager have considered the City's anticipated financial requirements for 2020 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and

WHEREAS, pursuant to RCW 84.55.120, a properly noticed public hearing was held on November 4, 2019 to consider the revenue sources including the 2020 regular and excess property tax levies; and

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

WHEREAS, the maximum change from the 2019 levy to be used for calculating the 2020 regular levy, in addition to new construction, is based on the CPI-U index change from June 2018 to June 2019 which is 2.29 percent, applied to the City's highest previous levy of \$13,426,997.00; and

WHEREAS, on May 16, 2006, Shoreline Proposition No. 1 (Parks and Open Space General Obligations Bonds) for the issuance of \$18,795,000.00 in unlimited general obligation bonds was approved by the voters;

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

Section 1. Regular Property Tax Levy. Based on the voter-approved limitation on annual levy increases, the City Council of the City of Shoreline has determined that the property tax levy for the year 2019 is fixed and established in the amount of \$13,916,110.00. This property tax levy represents a dollar increase of \$307,478.00 and a percentage increase of 2.29 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
2020 Regular Levy	\$13,916,110
Less 2019 Levy	13,426,997
Less New Construction	156,883
Less Refunds	24,752
Total Increase	307,478
Percent Increase	2.29%

Section 2. 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 2020 in the amount of \$1,694,837.00. 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 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 4. 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 5. 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 6. 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 18, 2019.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2019
Effective Date: , 2019