

RESOLUTION NO. 1202

A RESOLUTION OF THE CITY OF LAKE FOREST PARK, WASHINGTON, PROVIDING FOR THE SUBMISSION OF A PROPOSITION TO THE QUALIFYING VOTERS OF THE CITY OF LAKE FOREST PARK AT THE AUGUST 2010 PRIMARY ELECTION FOR THEIR RATIFICATION OR REJECTION, PROVIDING FOR AUTHORITY TO LEVY AN INCREASE IN THE REGULAR PROPERTY TAX LEVY AT THE RATE OF \$1.85 PER \$1,000 OF ASSESSED VALUE WHICH IS IN EXCESS OF THE LIMIT FACTOR ESTABLISHED IN RCW 84.55.005 AND 84.55.010; SETTING FORTH THE BALLOT PROPOSITION; DIRECTING THE CITY CLERK TO CERTIFY TO THE COUNTY AUDITOR A CERTIFIED COPY OF THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, the City of Lake Forest Park is an optional municipal 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 \$2.28 per \$1,000 of assessed value on the property within the City; and

WHEREAS, Initiative 695 reduced General Fund revenues available to the City for the purpose of providing services to the citizens of the City in the year 2000 by \$1.3 million (26%); and

WHEREAS, over the past eight years, Initiative 747 (codified in RCW 84.55.005 - .0101) has limited the 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 an ongoing structural budget deficit; and

WHEREAS, the voters of the City rejected both Initiative 695 and Initiative 747; and

WHEREAS, the current economic decline has required the City to reduce nearly 8% of the staff and over \$930,000 in expenditures over the past two-years; and

WHEREAS, the forecasted shortfall for the 2011 General Fund budget is approximately \$690,000 with ongoing shortfalls to occur in future years; and

WHEREAS, without additional revenues, the City will be required to substantially reduce basic services to the citizens of the City, including services related to public safety, parks, and other community services; and

WHEREAS, RCW 84.55.050(2) authorizes a city council to place a proposition before the voters to authorize annual increases in regular property tax levies for multiple

consecutive years (up to six consecutive years), during which period each year's authorized maximum legal levy shall be used as the base upon which an increased levy limit for the succeeding year is computed, so long as the ballot proposition states the dollar rate proposed for the first year of the consecutive years along with the limit factor or a specified index (such as the consumer price index) to be used for determining a limit factor in each of the subsequent consecutive years; and

WHEREAS, the City Council desires to offset the ongoing loss of revenues resulting from the ongoing structural deficit and economic downturn by allowing the electors to approve or reject a proposition under RCW 84.55.050(2) to authorize the City Council to levy the City's regular property tax in an amount that exceeds the limit factor that would otherwise be prescribed by RCW 84.55.010; and

WHEREAS, the proceeds of the increase in the regular property tax on real property that would be authorized by the ballot proposition requested below will provide funding for the continuation of basic services provided by the City to its citizens;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE FOREST PARK, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Pursuant to RCW 84.55.050(2) and RCW 29A.04.330, an election is hereby requested to be called, conducted and held within the City of Lake Forest Park on Tuesday, August 17, 2010, for the purpose of submitting to the qualified electors of the City, for their ratification or rejection, a proposition approving a six-year increase in the City's regular property tax levy exceeding the limit factor provided in RCW 84.55.005 - .0101, as more specifically described in Section 2 below.

Section 2. The proposition would authorize the City to levy the regular property tax at a rate of \$1.85 per \$1,000 of assessed value on property in the City for collection in the year 2011. For the five years following 2011 (i.e., the years 2012 – 2016), the proposition would also authorize use of a limit factor of 100% plus the percentage change in Consumer Price Index For All Urban Consumers for the Seattle-Tacoma-Bremerton Area (1982-84 = 100) reported for the first six months of each respective levy year or the equivalent successor index as determined by the City Council. The proposition also would approve the use of the dollar amount of the 2016 levy for computing the maximum levy that may be imposed in years after 2016. Revenues from the property tax increases that would be authorized by the ballot proposition shall be used for the limited purposes of retaining public safety, parks, community and other governmental services, and, secondarily, to replenish the City's "rainy day" reserve fund and/or to restore positions and services previously eliminated due to the ongoing structural budget deficit and economic conditions.

Section 3. The proposition to be submitted to the electorate of the City shall read substantially as follows:

**CITY OF LAKE FOREST PARK
PROPOSITION NO. 1
LEVY FOR RETENTION OF BASIC PUBLIC SAFETY AND OTHER SERVICES**

The City Council of the City of Lake Forest Park, adopted Resolution No. 1202 concerning voter approval of its regular property tax levy.

To retain basic public safety, parks, community and other governmental services, *this proposition would* (1) increase the regular property tax levy above the limit factor, to a rate of \$1.85 per \$1,000 assessed value for collection in 2011; (2) increase the 2012-2016 levy amounts by the CPI inflation rate; and (3) authorize use of the 2016 levy amount as the base for computing levies in succeeding years; all as set forth in Resolution 1202.

Should this proposition be approved?:

YES: _____
NO: _____

Section 4. The Mayor 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, as long as the intent of the proposition remains clear and consistent with the intent of this Resolution as approved by the City Council.

Section 5. The election will be held on Tuesday, August 17, 2010.

Section 6. In the event the proposition specified in Section 3 above is approved, the City Council shall levy and there shall be collected a regular tax on real property in the City at the rate of \$1.85 per \$1,000 assessed valuation for collection in 2011.

Section 7. The King County Records and Elections Division, as the City's ex officio Supervisor of Elections, is hereby requested to call and conduct said election on Tuesday, August 17, 2010, and submit to the qualified electors of the City the proposition set forth herein.

Section 8. The King County Records and Elections Division shall cause a notice of election substantially in the form attached as Exhibit "A" referred to herein, to be published at least once in a newspaper of general circulation within the City. Such publication shall take place not more than 10 days or less than three days prior to August 17, 2010

Section 9. The King County Records and Elections Division, as the City's ex officio Supervisor of Elections shall conduct the election, canvas the vote and certify the results in the manner provided by law.

Section 10. This resolution shall take effect five days after publication and posting as required by law.

Section 11. If any provision of this resolution is determined to be invalid or unenforceable for any reason the remaining provisions shall remain in force and affect.

Section 12. The findings of fact as set forth above are hereby incorporated by reference.

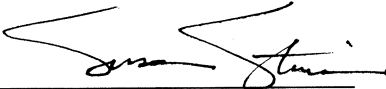
PASSED BY THE CITY COUNCIL ON THE 22ND DAY OF APRIL 2010, BY A MAJORITY OF THE MEMBERS OF THE CITY COUNCIL.

APPROVED:



DAVID R. HUTCHINSON, MAYOR

ATTESTED:



Susan Stine, City Clerk

First Reading:	March 25, 2010
Second Reading:	April 8, 2010
Final Action:	April 22, 2010
Posted:	April 27, 2010
Published:	April 29, 2010

EXHIBIT "A"

**CITY OF LAKE FOREST PARK
PROPOSITION NO. 1**

LEVY FOR RETENTION OF BASIC PUBLIC SAFETY AND OTHER SERVICES

The City Council of the City of Lake Forest Park, King County, Washington adopted Resolution No. 1202 concerning a proposition to increase the regular property tax levy for six years.

To retain basic public safety, parks, community and other governmental services, *this proposition would* (1) increase the regular property tax levy above the limit factor, to a rate of \$1.85 per \$1,000 assessed value for collection in 2011; (2) increase the 2012-2016 levy amounts by the CPI inflation rate; and (3) authorize use of the 2016 levy amount as the base for computing levies in succeeding years; all as set forth in Resolution 1202.

Should this proposition be approved?:

YES: _____

NO: _____



Frequently Asked Questions Lake Forest Park Levy Lid Lift Ballot Proposition

April 27, 2010

BACKGROUND

1. Why is the City Council putting Proposition 1 on the ballot for a vote of the citizens?

The City Council has cut services over the past 10 years. If service cuts continue the Mayor and City Council believe there will be a serious impact on the quality of public services in Lake Forest Park. Proposition 1 provides an opportunity for citizens to decide if they want to retain the current level of services.

2. What is the problem the City seeks to solve with the proposed levy lid lift?

The City cannot continue to provide the citizens with the current level of police, court, parks and other governmental services because of the persistent structural budget gap which has been dramatically exacerbated by the economic downturn.

3. What are the structural causes of the budget gap?

Two initiatives in the past ten years have altered municipal financing. I-695 eliminated funds for sales tax equalization and eliminated funds dedicated to public safety. I-747 prevented the City's property tax from increasing more than 1% annually without a vote of the people.

4. How did the City respond to these initiatives?

The City responded to I-695 by reducing its budget by \$1.3 million dollars (26% of the General Fund budget) by eliminating two police officers and a records clerk, contracting with Bothell for police dispatch, implementing a utility tax on natural gas, increasing the City's business tax and annexing to King County Library.

The City responded to I-747 by adding passport services, shifting debt for City Hall out of one fund and into a capital fund and increased the share of health costs employees pay.

5. What cuts has the City already made to balance the budget?

In the 2009-2010 budget the City Council cut \$931,000.

- The City has eliminated 5 staff positions—two police officers, a police administrative assistant, a City planner and a facilities maintenance worker.
- Passport office hours and staff were reduced.
- Staff had their COLA's and step increases frozen.
- Travel and training funds were reduced.
- Employees pay a higher share of health care premiums.

THE BALLOT PROPOSAL

6. What will the Proposition 1 pay for?

Proposition 1 will pay for the retention of public safety, parks community and other services

7. What is the increase the average homeowner will pay?

The average homeowner will pay \$11.53/month plus an annual increase no more than CPI inflation rate.

8. How long will the proposal last?

The levy lid lift proposal is for 6 years. At the end of the six years, property taxes will be based on the amount levied in 2016. Unless there is another vote of the people the rate can only increase by 1%.

9. What will the funds be used for?

The funds will be used for public safety, parks, community and other governmental services.

10. What is the impact of the increase in my total property tax bill?

The proposed increase represents a 2.7% increase in the total property tax bill for the average homeowner.

11. Will there be a voter's guide?

Yes.

12. When will the election be held?

The election date has been set for August 17, 2010. An August date provides the City with time to develop the budget for 2011-2012 with a realistic picture of the revenue. The election is vote by mail, citizens will receive their ballot in late July.

13. What happens if the ballot issue fails?

If the ballot issue fails, the City will face a 2011-2012 budget shortfall of approximately \$700,000.

The details of any budget changes will be proposed by the Mayor and authorized by the City Council. The options will include looking at additional service reductions, revenue increases and one-time fixes. Some of the service reductions could include the following:

- Further reductions in public safety
- Reducing park maintenance and/or closing parks and further decreasing maintenance of City Hall and other facilities
- Furloughing staff and closing City Hall for one day per month
- Eliminating the Town Crier and reducing electronic outreach
- Reducing or eliminating funding to outside agencies (Arts Council, Third Place Commons, Teen Center, etc.)
- Reducing support services for operating the City thus diminishing public services
- Permitting would take longer.

The City could increase revenues by establishing a utility tax on sewer services and electricity. The City could use one-time money from the City's remaining "rainy day" funds. The City already used \$500,000 from this fund to close a budget gap for 2009-10.

LAKE FOREST PARK AND OTHER CITIES

14. How does Lake Forest Park's financial picture compare with other cities?

- Lake Forest Park is primarily a residential community and thus more dependent on property taxes.
- Lake Forest Park overall spending per capita is among the lowest in King County.
- Lake Forest Park gets the least per capita revenue from sales taxes in King County.
- Lake Forest Park receives no gambling tax revenue. Shoreline (7%), Mountlake Terrace (13%) and Kenmore (5%) all raise revenue from gambling.
- Most of the cities in King County have a similar utility tax rate of 6%.

15. What is the amount per person of property tax paid for the delivery of services? How does it compare to our neighboring cities?

The 2010 property tax per capita for Lake Forest Park and surrounding cities:

City	City Property Tax Paid Per Person	Total Property Tax Paid Per Person
Shoreline	\$ 174	\$ 1,627
Kenmore	200	1,559
Mountlake Terrace	*201	**925
Brier	213	**1,091
Lake Forest Park	219	2,015
Woodinville	276	2,621
Bothell	298	2,087
Seattle	*601	1,858

Sources:

King County Department of Assessments

Snohomish County Assessor's Annual Report for 2010 Taxes

*Seattle and Mountlake Terrace have city fire departments, Seattle also has library included in their city property tax.

**Taxpayers in Snohomish County have lower county and school district rates than Lake Forest Park and do not pay Port District levies.

Note: It is difficult to make an "apples to apples" comparison between cities. Each city has a mix of different commercial and residential values and services. Lake Forest Park is not an outlier for any of these comparable indices.

16. How have cities reduced staff costs?

Cities vary in their approach to staff reductions. Generally the staff reduction options include layoffs, freezing salaries and cost of living (COLA) increases, and furloughs.

Typically cities make a choice between furloughs and wage freezes. King County for example gave staff raises and COLA's and then furloughed employees.

Other cities froze salaries and COLA's and did not furlough employees.

Lake Forest Park eliminated five positions 2009-2010. Employees had their salaries frozen and eliminated COLA's in order to continue to provide services to citizens every day.

QUESTIONS ABOUT CITY OPERATIONS

17. Why does the City have its own court? Would it be cheaper to contract for court services?

Every City is obligated to pay for the court costs for misdemeanor cases whether it contracts for the service or provides it locally. These include the cost for judges, court staff, probation officer, and the public defender and prosecutor. Lake Forest Park has provided these services locally for almost 50 years.

The City has explored at various times either providing services with neighboring cities or merging with the Shoreline District Court. After reviewing the analysis, the City Council has not seen significant cost savings from moving the court. The City is continuing to explore the possibility of providing court services for neighboring jurisdictions.

18. Would it be less expensive for the City to contract with King County for police?

It would cost more than an additional \$100,000 to provide the same level of staffing from King County that the City currently has with its own police. In addition, the City would not have as much control over the staffing or service levels as it does now.

The way to reduce police costs is to reduce the number of police and thus the service levels.

19. Why does the City have a lobbyist?

The City's part-time lobbyist has worked with the state legislature on a daily basis during the legislative session. He has represented the interests of the City at hearings and with individual legislators. As a result of his work, the City has received two line items in the state budget. The first is \$500,000 for a park and ride. This is part of the mitigation funds for the expected diversion of traffic from tolling on SR520. The second line item in the budget is \$250,000 to help reduce flooding on McAleer Creek just below the Towne Centre.

20. Why is the City considering hiring an arborist?

The City arborist is part of the draft tree ordinance. This ordinance is under consideration by the City Council.

21. How can the City fund Blue Heron Park Pedestrian Bridge if the City needs money?

The funding for the pedestrian bridge is from a revenue source that is specifically for capital projects and cannot be used for general government. This project has been on the Capital Improvement Program list for several years. Municipal finance is not exactly like budgeting at home. The state provides revenue sources for specific uses. The capital funding was available this year.

Additionally, the bridge will resolve some of the pedestrian safety issues around NE 170th Street. It is intended to increase safety for people traveling from the Sheridan Heights and Hamlin area to Towne Centre.

22. How many grants did the City apply for in the past budget cycle?

The City applied for millions of dollars in grant funds from the following sources (**bold face indicate successful grants, italic grants still in process.) These grants do not replace general fund revenues. Even the COPS grant would provide funding for a few years and then require the City to provide for the officers for an extended period.**

- *COPS grant*
- Stimulus projects grants.
- **Conservation Futures Grant** for property acquisition
- **WaterWorks**
- *Forest Assistance grant*
- Community Salmon Fund
- **King County Hazard Waste**
- **King Conservation District**
- **King County Flood Control**
- **Waste Reduction and Recycling**
- **Department of Ecology Coordinated Prevention Grant**
- **4 Culture**
- *Federal budget requests for the bypass to prevent flooding*
- **United Way**
- **King County Community Organizing Program**
- **522 Diversion Mitigation grant**
- **State Supplemental Transportation Budget**

The City is currently working on applications for grants for an additional \$3 million from:

- FEMA
- Washington State Humanities grant

OTHER QUESTIONS

23. How can the City say inflation is 3%? People on a fixed income did not get an increase this year?

The average inflation rate between 2002 and 2009 was just below 3%. In 2009 for example social security recipients received a 5.8% increase. In 2010, social security recipients, for the first time, did not receive an increase. This illustrates the problem the City faces with the difference between inflation and the cap on revenues.

24. What about seniors on fixed incomes?

Senior citizens or disabled persons may qualify for tax exemptions. Contact the King County Assessor's Office for information 206-296-3920.

25. Where is there additional information?

The information the City has collected is available on the City website, www.cityofflp.com/levy. If you have additional questions, please send them to cityhall@cityofflp.com.

