CITY OF WEST RICHLAND
RESOLUTION NO 25-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, RELATING TO THE CITY LIBRARY; PROVIDING FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT THE NOVEMBER 8, 2016 GENERAL ELECTION OF A PROPOSITION TO REPLACE THE EXISTING 2.5% ADDITION TO THE ELECTRIC, TELEPHONE, AND GAS UTILITY TAXES AND AUTHORIZING A PERMANENT INCREASE IN THE REGULAR PROPERTY TAX LEVY IN EXCESS OF THE INCREASE OTHERWISE ALLOWED BY CHAPTER 84.55 RCW; PROVIDING FOR ONGOING FUNDING TO MAINTAIN CURRENT LEVELS OF LIBRARY SERVICE AND PROVIDE LIBRARY MAINTENANCE FUNDS; SETTING FORTH THE BALLOT PROPOSITION; REQUESTING THAT THE BENTON COUNTY AUDITOR PLACE THE PROPOSITION ON THE NOVEMBER 8, 2016 BALLOT; AND, DIRECTING ACTS CONSISTENT WITH THE AUTHORIZATIONS HEREIN.

THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. RECITALS AND FINDINGS.

1.1 The City of West Richland, Washington ("City") provides for a public library and library services to its residents (collectively, "Library"). The City has engaged in a community-based process to examine options for ongoing funding of the Library. Without a sustainable funding source, the City will be required to substantially reduce library service levels to the citizens of the City.

1.2 In 2003, as authorized by RCW 35.21.870, City voters approved a 2.5% increase (from 6% to 8.5%) in the utility tax on telephone, electric and gas utility services within the City. That tax increase was specifically dedicated to the Library. Ordinance No. 35-02 (December 16, 2002). The revenue from that utility tax increase has been declining and is no longer sufficient to sustain current Library service levels and fund library facility maintenance, operations, repair and replacement (collectively, "Operations").

1.3 The City Council desires to replace the utility tax increase on telephone, electric and gas utility services under Ordinance No. 35-02 with an increase in the regular property tax levy as authorized by RCW 84.55.050(1), in excess of the increase otherwise allowed by Chapter 84.55 RCW.

1.4 The City Council determines it is in the best interest of the City to maintain library service levels by allowing the electors to approve or reject a proposition under RCW 84.55.050(1) 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. This Resolution approves a proposition to the voters authorizing a permanent increase in regular property tax levies. The proceeds of the increase in the regular property tax authorized by the ballot proposition will provide funding for the continuation of Library Operations in the City.
Section 2 CALL FOR ELECTION. Pursuant to RCW 84.55.050(1) and RCW 29A.04.330, an election is hereby called, to be conducted in conjunction with the State’s general election conducted and held within the City of West Richland on Tuesday, November 8, 2016, for the purpose of submitting a proposition authorizing the City to increase its regular property tax levy for collection in 2017 and thereafter by an amount greater than otherwise permitted under chapter 84.55 RCW, for the purposes of funding Library Operations, as more specifically described in Section 3.

Section 3. DESCRIPTION OF LID LIFT. If this proposition is approved, the City Council will be authorized to adopt in accordance with its regular budget process an increased regular property tax as described in Section 4; and, to levy the regular property tax at a rate of $2.00 per $1,000 of assessed value on property in the City for collection in the year 2017, and use the 2017 levy rate to recalculate subsequent levy limits thereafter.

Section 4 BALLOT PROPOSITION. The Auditor of Benton County, Washington, as ex officio supervisor of elections, is hereby requested to call and conduct a special election in the City, in the manner provided by law, to be held on the date specified in Section 2, for the purpose of submitting to the voters of the City, a proposition in substantially the following form:

CITY OF WEST RICHLAND
PROPOSITION NO. 1
LEY LID LIFT FOR SUPPORT OF LIBRARY

The City Council of the City of West Richland has adopted Resolution 25-16 which concerns replacing the current funding source for the library.

This proposition would replace the 2.5% increase in City electric, telephone, and gas utility taxes approved by voters in 2003 and that currently funds the library with a maximum 2017 regular property tax increase of $0.45 per $1,000 of assessed value, for a total Citywide annual levy rate of $2.00 per $1,000. The maximum allowable levy rate in 2017 shall serve as the base for subsequent levy limitations as provided by Chapter 84.55 RCW. Should this proposition be:

- Approved .............. ☐
- Rejected .............. ☐

Section 5. NOTICES RELATED TO BALLOT PROPOSITION. For purposes of receiving notice of the exact language of the ballot proposition required by RCW 29A.36.080, the City Council hereby designates (a) the City Attorney, Bronson Brown (phone: 509.628.4700, bronson@bellbrownrio.com); and (b) special counsel to the City, Foster Pepper PLLC, Marc Greenough (phone: 206.447.7888, marc.greenough@foster.com) or Steve DiJulio (phone: 206.447.897, steve.dijulio@foster.com) as the individuals to whom such notice should be provided. The Mayor and City Attorney/special counsel are authorized to make such minor adjustments to the wording of such proposition as may be recommended by the Benton County Auditor’s Office, 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 6. AUTHORIZATION OF LOCAL VOTERS’ PAMPHLET. To the extent a local voters’ pamphlet and/or online voters’ guide (the “Pamphlet”) will be produced for the November 8, 2016 State General election, the preparation and distribution of information on the ballot title for inclusion in the Pamphlet is hereby authorized; provided that, the City reserves the right not to participate in the preparation and distribution of the Pamphlet if such participation would create undue financial hardship for the City or not be in the best interests of the City. The Mayor is authorized to exercise the City’s right to appoint a committee to prepare arguments advocating voters’ approval of the measure (“Pro Committee”) and a committee to prepare arguments advocating voters’ rejection of the measure (“Con Committee”); and, to not participate in the preparation and distribution of the Pamphlet. The Pamphlet shall include, if applicable, an explanatory statement and statements in favor of and in opposition to the ballot title. The preparation of the explanatory statement, the appointment of pro/con committees, the preparation of statements in favor of and in opposition to the ballot title, and the payment of the costs of the Pamphlet shall be in accordance with Chapter 29A.32 RCW and the rules and guidelines of the Auditor, as applicable.

Section 7. AUTHORIZATION TO DELIVER RESOLUTION AND PERFORM OTHER NECESSARY DUTIES. The City Clerk or designee is authorized and directed no later than August 2, 2016 to certify a copy of this Resolution to the Auditor and to perform such other duties as are necessary or required by law to the end that the proposition described herein should appear on the ballot at the special election identified in Section 2 of this Resolution.

Section 8. ELECTION NOTICE. The Benton County Auditor’s Office shall cause a notice of election to be published at least once in a newspaper of general circulation within the City. Such publication shall take place not more than ten days or less than three days prior to November 8, 2016.

Section 9. SEVERABILITY. If any provision of this Resolution is determined to be invalid or unenforceable for any reason the remaining provisions shall remain in force and effect.

Section 10. EFFECTIVE DATE. This Resolution shall take effect and be in force on its adoption.

PASSED by the City Council of the City of West Richland, Washington, this 26th day of July, 2016

Brent Gerry, Mayor

ATTEST:

Julie Richardson, City Clerk

APPROVED AS TO FORM:

Mike Rio, City Attorney
WEST RICHLAND AGENDA ACTION ITEMS

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<td>SUBJECT:</td>
<td>Resolution relating to the city library and providing for a ballot proposition for the November 8, 2016 general election</td>
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<td>Jessica Platt, Finance Director</td>
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<td>Reviewed by:</td>
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<td>TYPE OF ACTION NEEDED</td>
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<td>Pass Resolution</td>
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<td>Pass Ordinance</td>
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<td>Pass Motion</td>
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SFA 3 – Financial & Operational Effectiveness, Stability, and Accountability

BACKGROUND INFORMATION:

In early 2016, a Library Blue Ribbon Committee was formed to provide the Mayor with recommendations on a long term sustainable funding source for the library. The City contracts with Mid-Columbia Libraries (MCL) to provide library services. The contract only includes library service costs and does not include maintenance and capital costs for the city-owned library facility. These costs are paid by the City in addition to the contract costs for library services.

The revenue collected from a voter approved 2.5% telephone utility tax, which helps fund library services, has been significantly declining since 2011 by over 25% as more telephone customers eliminate their land line and the expansion of non-taxable data services by cellular phone service providers. The City anticipates this decline in telephone utility tax revenue to continue. The library contract rate paid by the City to MCL has increased on average 5% per year due to the continued growth of the city. To balance the library fund budget, the City has had to make cuts to maintenance expenses at the library facility and utilize reserves. The decline in electric utility tax revenues in 2015 and 2016 due to warmer winters has further complicated this matter. The City’s current projection shows the library fund will be depleted by spring of 2017.

On June 14, 2016, a town hall meeting was held at Enterprise Middle School where the Library Blue Ribbon Committee presented their recommendations to the community. The Blue Ribbon Committee recommended two options which included annexation into the Mid-Columbia Libraries District plus an electric utility tax for maintenance or a levy lid lift combined with the existing utility tax structure. Annexation into the Mid-Columbia Libraries District was the Blue Ribbon Committee’s preferred option.

A city council work session was held on June 21, 2016 to discuss citizen comment from the town hall and the Blue Ribbon Committee’s recommendation. A third option was discussed during the council work session that included a levy lid lift and eliminating the existing utility tax structure. A taxing jurisdiction with a tax rate that is less than their statutory maximum rate may ask the voters to “lift” the levy lid by increasing the tax rate to some amount equal or less than their statutory maximum rate. A simple majority vote is required. The City of West Richland’s current levy rate is $1.55 per $1,000 assessed value. The City has a maximum statutory rate of $2.10 per $1,000 assessed value. This provides the City $0.55 per $1,000 of assessed value in levy capacity.

During the work session, a city council subcommittee was formed to further discuss and review the funding options. Council subcommittee members are Ken Stoker, Don Engelman, and Richard Bloom.

Following review and discussion of the funding options and the Blue Ribbon Committee’s report, the Council Subcommittee recommended a levy lid lift. This is similar to the Library Blue Ribbon Committee’s second recommendation, however instead of maintaining the existing utility tax structure, the Council Subcommittee
recommends eliminating the 2.5% utility tax and funding library services solely through a levy lid lift. The Council Subcommittee recognized from the Blue Ribbon Committee’s report that there were challenges in keeping the utility tax because it is not as sustainable of a revenue source as property tax, the tax may be more regressive and may adversely impact seniors and those on fixed incomes. The Council Subcommittee recommended a levy lid lift of $0.45 per $1,000 of assessed value to be placed on the ballot. The $0.45 scenario includes most maintenance repair/replacement as identified in the Property Condition Assessment conducted in May 2016 by Marx/Okubo Associates. The assessment recommended replacement of the library building roof in 2017 which is estimated to cost $72,800. The roof replacement was not included in the $0.45 scenario because there would not be enough funds to cover this expense. A $0.45 per $1,000 assessed value option does not include a maintenance reserve. The City would also need to figure out a way to transition between the two different taxing methods to pay for library services. Most utility tax revenues are received on a monthly basis, however the majority of property tax revenues are received semiannually in May and November of each year.

A council work session was held on July 19, 2016 to report on the Subcommittee’s recommendation. The Subcommittee recommended the levy lid lift proposition be placed on the November 8, 2016 ballot. City staff worked with Foster Pepper to draft a resolution for a levy lid lift. The deadline for submission of the resolution to the Benton County Auditor’s Office for the November 8, 2016 ballot is Tuesday, August 2, 2016.

A levy lid lift to include a building reserve for the library was also discussed during the council work session. For council review, staff has attached two documents along with the resolution. Attachment A reflects the recommended $0.45 per $1,000 assessed valuation levy lid lift recommended by the Council Subcommittee. Attachment B reflects a $0.47 per $1,000 assessed valuation levy lid lift which includes a building maintenance reserve and 3 month operating reserve.

On a West Richland home assessed by the Benton County Assessor’s Office at $250,000, a $0.45 levy lid lift would cost $9.38 a month or $112.50 for the year. A $0.47 levy lid lift would cost $9.79 a month or $117.50 for the year, which is a difference of $0.41 per month or $5.00 year.

**SUMMARY:** Long term sustainable funding is needed in order to keep the current library service level. Due to declining utility tax revenues which fund the library, staff estimates the library fund will be depleted by the spring of 2017. A levy lid lift would provide a more sustainable funding source for library services than the current utility tax. The attached resolution provides for a levy lid lift ballot proposition for the November 8, 2016 general election which replaces the 2.5% utility tax for telephone, electric, and gas with a property tax levy lid lift at $0.45 per $1,000 assessed valuation. Information pertaining to a $0.47 per $1,000 assessed levy lid lift which includes a building maintenance reserve is also included. If Council wanted to approve the levy lid lift with a building maintenance reserve, the attached resolution would need a motion for an amendment.

**RECOMMENDATION:** To maintain the existing library service level, staff recommends council pass Resolution ____-16.

**ALTERNATIVES:** As amended by Council.

**FISCAL IMPACT (Indicate amount, fund and impact on budget):** As reflected in the attachments.

**MOTION:** I move to pass Resolution ____-16 relating to the city library and providing for a ballot proposition for the November 8, 2016 general election.

Attachments:
Levy Lid Lift Resolution
Attachment A ~ $0.45 Levy Lid Lift
Attachment B ~ $0.47 Levy Lid Lift with Building Maintenance Reserve
CITY OF WEST RICHLAND
RESOLUTION NO. ... 

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1.2 In 2003, as authorized by RCW 35.21.870, City voters approved a 2.5% increase (from 6% to 8.5%) in the utility tax on telephone, electric and gas utility services within the City. That tax increase was specifically dedicated to the Library. Ordinance No. 35-02 (December 16, 2002). The revenue from that utility tax increase has been declining and is no longer sufficient to sustain current Library service levels and fund library facility maintenance, operations, repair and replacement (collectively, "Operations").

1.3 The City Council desires to replace the utility tax increase on telephone, electric and gas utility services under Ordinance No. 35-02 with an increase in the regular property tax levy as authorized by RCW 84.55.050(1), in excess of the increase otherwise allowed by Chapter 84.55 RCW.

1.4 The City Council determines it is in the best interest of the City to maintain library service levels by allowing the electors to approve or reject a proposition under RCW 84.55.050(1) 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. This Resolution approves a proposition to the voters authorizing a permanent increase in regular property tax levies. The proceeds of the increase in the regular property tax authorized by the ballot proposition will provide funding for the continuation of Library Operations in the City.
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Section 3 DESCRIPTION OF LID LIFT. If this proposition is approved, the City Council will be authorized to adopt in accordance with its regular budget process an increased regular property tax as described in Section 4; and, to levy the regular property tax at a rate of $2.00 per $1,000 of assessed value on property in the City for collection in the year 2017, and use the 2017 levy rate to recalculate subsequent levy limits thereafter.

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Approved ............... ☐
Rejected ............... ☐

Section 5 NOTICES RELATED TO BALLOT PROPOSITION. For purposes of receiving notice of the exact language of the ballot proposition required by RCW 29A.36.080, the City Council hereby designates (a) the City Attorney, Bronson Brown (phone: 509.628.4700, bronson@bellbrownrio.com); and (b) special counsel to the City, Foster Pepper PLLC, Marc Greenough (phone: 206.447.7888, marc.greenough@foster.com) or Steve DiJulio (phone: 206.447.897, steve.dijulio@foster.com) as the individuals to whom such notice should be provided. The Mayor and City Attorney/special counsel are authorized to make such minor adjustments to the wording of such proposition as may be recommended by the Benton County Auditor’s Office, 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 6.  **AUTHORIZATION OF LOCAL VOTERS’ PAMPHLET.**  To the extent a local voters’ pamphlet and/or online voters’ guide (the “Pamphlet”) will be produced for the November 8, 2016 State General election, the preparation and distribution of information on the ballot title for inclusion in the Pamphlet is hereby authorized; provided that, the City reserves the right not to participate in the preparation and distribution of the Pamphlet if such participation would create undue financial hardship for the City or not be in the best interests of the City.  The Mayor is authorized to exercise the City’s right to appoint a committee to prepare arguments advocating voters’ approval of the measure (“Pro Committee”) and a committee to prepare arguments advocating voters’ rejection of the measure (“Con Committee”); and, to not participate in the preparation and distribution of the Pamphlet.  The Pamphlet shall include, if applicable, an explanatory statement and statements in favor of and in opposition to the ballot title.  The preparation of the explanatory statement, the appointment of pro/con committees, the preparation of statements in favor of and in opposition to the ballot title, and the payment of the costs of the Pamphlet shall be in accordance with Chapter 29A.32 RCW and the rules and guidelines of the Auditor, as applicable.

Section 7.  **AUTHORIZATION TO DELIVER RESOLUTION AND PERFORM OTHER NECESSARY DUTIES.**  The City Clerk or designee is authorized and directed no later than August 2, 2016 to certify a copy of this Resolution to the Auditor and to perform such other duties as are necessary or required by law to the end that the proposition described herein should appear on the ballot at the special election identified in Section 2 of this Resolution.

Section 8.  **ELECTION NOTICE.**  The Benton County Auditor’s Office shall cause a notice of election to be published at least once in a newspaper of general circulation within the City.  Such publication shall take place not more than ten days or less than three days prior to November 8, 2016.

Section 9.  **SEVERABILITY.**  If any provision of this Resolution is determined to be invalid or unenforceable for any reason the remaining provisions shall remain in force and effect.

Section 10.  **EFFECTIVE DATE.**  This Resolution shall take effect and be in force on its adoption.

PASSED by the City Council of the City of West Richland, Washington, this 26th day of July, 2016

Brent Gerry, Mayor

ATTEST:

Julie Richardson, City Clerk

APPROVED AS TO FORM:

Bronson Brown, City Attorney
### Levy Lid Lift $0.45

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### Levy Lid Lift $0.47

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WHAT IS A LEVY LID LIFT?
State law limits increases in total property taxes collected from existing property owners to 1% or less each year. Taxing jurisdictions with a tax rate less than their statutory maximum rate may ask the voters to “lift” the levy [property tax] lid by increasing the tax rate to some amount equal to or less than their statutory maximum rate.

WHY HAS A LEVY LID LIFT BEEN PROPOSED?
This proposition replaces the source of funding for Library Operations in West Richland. In 2003, City voters approved a 2.5% increase in the utility tax on telephone, electric and gas utility services within the City specifically dedicated to the Library. The revenue from the utility tax increase has been declining and is no longer sufficient to sustain current library service levels.

WHAT IS REQUIRED FOR THE LEVY LID LIFT TO PASS?
A simple majority vote of West Richland residents in the November 8, 2016 election.

WHAT WILL THE LEVY LID LIFT COST?
If approved by voters, the current 2.5% utility taxes on telephone, electric, and gas would be eliminated and replaced, beginning in 2017, by a property tax levy lid lift of $0.45 per $1,000 of assessed value. If approved, the City projects that $496,966 will be collected via the levy to fund library services in 2017. That means the owner of a $200,000 home would pay $7.50 a month ($90.00 per year) for library services. Currently, a home with a combined monthly electric and phone bills of $250 pays $6.25 a month (or $75.00 per year).

WHEN WOULD THE LEVY LID LIFT TAKE EFFECT?
If passed, the levy lid lift would take effect on January 1, 2017.

WHAT HAPPENS IF THE LEVY LID LIFT FAILS?
The City currently contracts with Mid-Columbia Libraries (MCL) to provide library services. If the levy lid lift fails, the City will not have the revenue to maintain the current contract with MCL and will result in a reduction of library services in West Richland.

WHAT HAPPENS IF THE LEVY LID LIFT PASSES?
The property tax levy increase would be dedicated to Library Operations and allow the continuation of current library service levels in West Richland.

WHO VOTES?
Registered voters within the city limits of West Richland.

QUESTIONS?
Jessica Platt at (509) 967-7134 or jplatt@westrichland.org, or Davin Diaz at (509) 737-6365 or ddiaz@midcolumbialibraries.org.
Visit the City’s web site at www.westrichland.org for more information.