

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF ISLAND COUNTY, WASHINGTON

A RESOLUTION PROVIDING FOR THE
SUBMISSION OF A PROPOSITION TO THE
QUALIFYING VOTERS OF ISLAND COUNTY
AT THE AUGUST 2010 PRIMARY
ELECTION FOR THEIR RATIFICATION OR
REJECTION, PROVIDING FOR AUTHORITY
TO LEVY AN INCREASE IN THE REGULAR
PROPERTY TAX LEVY

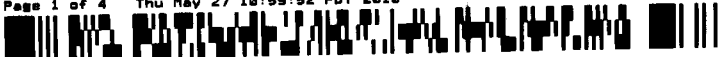
RESOLUTION NO. C-54-10

WHEREAS, Island County is authorized to levy a regular property tax not to exceed \$1.80 per \$1,000 of assessed value on the property within the County; and

WHEREAS, Island County continues to experience a financial crisis resulting from the following major factors: (1) an ongoing global recession; (2) a historic reliance on the now-collapsed growth in sales tax revenue and other revenues from new construction; and (3) the cumulative long-term effects of the passage of Initiative 695 which drastically reduced funding for law and justice and public health, and Initiative 747 which limited property tax increases to 1%, while the average inflation rate was 3%. As a result, the financial solvency of Island County is threatened, and in spite of aggressive crippling reductions, continues to be in peril without prudent and swift revenue adjustments; and

WHEREAS, the Island County Commissioners responded by taking action to cut expenses to offset the drastic drop in revenues and balance the budget:

- Government expenses were cut by \$4.2 million or approximately 20% of the Current Expense Fund between 2008-2010
- County workforce was reduced by over 50 positions
- 30% fewer employees are working in departments funded by the Current Expense Fund
- Work hours were reduced for many positions
- Offices shortened their hours open to the public as a result of fewer employees
- Reduced health insurance benefits for all Elected Officials and non-union employees
- Eliminated COLAs for up to 3 years for some employees
- Commissioners reduced their compensation by up to 10% by foregoing travel allowances
- Elected Officials made donations to the County and eliminated travel reimbursements
- Fees for service were adjusted where prudent to recoup the cost of doing business
- Energy efficiencies were implemented reducing consumption by 30% with an estimated savings of \$50,000 annually

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- Consolidated the County's outlying facilities
- Partnered with South Whidbey Parks & Recreation avoiding possible State closure of Deer Lake, Lone Lake and Goss Lake park facilities
- Created a new volunteer program, Adopt-a-Park, to help maintain County Parks; and

WHEREAS, these sweeping measures have significantly reduced county government services, strained internal systems, and left some essential programs underfunded and understaffed; and

WHEREAS, the financial shortfall for 2010 will exceed \$1.2 million and the five year financial forecast shows that despite rigorous budget reductions, Current Expense Fund expenses will continue to exceed revenues by over \$1.8 million per year, completely exhausting Island County's cash reserves by 2014; leaving the County's Elected Officials unable to provide our citizens with fundamental support and services required by law; and

WHEREAS, all Washington State Counties are required to provide similar essential services. Island County currently has a property tax rate of \$0.51 per \$1,000 of assessed value which is the lowest rate of all 39 counties in Washington State and only five counties in the state have a property tax rate below \$1.00 per \$1,000 of assessed valuation; and

WHEREAS, the Board of County Commissioners finds that it is necessary to protect the financial viability of the County Current Expense Fund by allowing the electors to approve or reject a proposition under RCW 84.55.050(2) to authorize the Board of County Commissioners to levy the County's regular property tax in an amount that exceeds the limit factor that would otherwise be prescribed by RCW 84.55.010; and

WHEREAS, RCW 84.55.050(2) authorizes the County to place a proposition before the voters to approve 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 the 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 property tax rate is computed based upon the overall total assessed value of property in the County on January 1. The Island County Assessor estimates that the total assessed value of property for January 1, 2010 will be reduced between 10% to 15% but the final figure will not be determined until later in the year. If the total assessed value of property is reduced 12% the dollar rate to raise the same regular levy amount next year as in 2010, plus the 1% limit factor, would be \$0.59 per \$1,000 of assessed valuation and the voter-approved added levy rate to raise an additional \$2,059,776 would be \$0.16 for a total levy rate to be collected in 2011 of \$0.75 per \$1,000 of assessed valuation; 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 retaining public safety and other essential services provided by the County to its citizens; and

WHEREAS, the proposal set out in this resolution requires approval by a simple majority of the voters in Island County; NOW, THEREFORE,

BE IT RESOLVED by the Board of Island County Commissioners, pursuant to RCW 84.55.050 and RCW 29A.04.321, as follows:

Section 1. The best interests of the citizens of Island County require the submission to the qualified voters of the County a proposition to levy regular property taxes above the limitations established in RCW 84.55.010 for approval or rejection at the primary election to be held August 17, 2010. The proposition shall be to increase the County's regular property tax levy by \$0.16 per \$1,000 of assessed valuation for collection in 2011, for a total rate not to exceed \$0.75 per \$1,000 of assessed valuation, and to increase the levy as allowed by chapter 84.55 RCW for each of the succeeding five years.

Section 2. The proposition would authorize the County to levy the regular property tax at a rate of \$0.75 per \$1,000 of assessed valuation on property in the County for collection in the year 2011. Therefore the proposed increase will generate approximately \$2,059,776 additional revenue for 2011. For the four years following 2011 (i.e., the years 2012 - 2015), the proposition would also authorize use of a limit factor of 100% plus the percentage change in the 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 Board of Island County Commissioners, or one percent, whichever is higher. The proposition also would approve the use of the dollar amount of the 2015 levy for computing the maximum levy that may be imposed in years after 2015. 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 and other essential services, and, secondarily, begin replenishing the County's contingency cash reserves.

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

Proposition No. 1

LEVY FOR RETENTION OF BASIC PUBLIC SAFETY AND OTHER ESSENTIAL SERVICES

The Board of Island County Commissioners adopted Resolution C-54-10 concerning voter approval of its regular property tax levy. To retain basic public safety and other essential services, this proposition would (1) increase the regular property tax levy above the limit factor, to a rate of \$0.75 per \$1,000 assessed value for collection in 2011; (2) increase the 2012-2015 levy amounts by the CPI inflation rate or one percent, whichever is higher; and (3)



authorize use of the 2015 levy amount as the base for computing levies in succeeding years; all as set forth in Resolution C-54-10.

Should this proposition be approved?

YES: _____ NO: _____

DATED this 25 day of MAY, 2010.



BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON

Helen Price Johnson, Chair

ATTEST:

Angie Homola, Member

Elaine Marlow
Clerk of the Board

John Dean, Member

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ISLAND COUNTY
PROPOSITION 1 PROPERTY TAX LEVY FOR
RETENTION OF BASIC PUBLIC SAFETY & OTHER ESSENTIAL SERVICES
FREQUENTLY ASKED QUESTIONS

BACKGROUND

1. Why is the Board of County Commissioners putting “Proposition 1 Levy For Retention Of Basic Public Safety And Other Essential Services” on the ballot for a vote of the citizens on August 17?
 - Island County remains in a sustained, long-term financial crisis. This economic situation exists despite already reducing expenses by \$4.2 million, which is about 20 percent of the Current Expense Fund, and over 60 positions.
 - County funding methods previously relied upon – sales taxes, real estate excise taxes, investment income and property taxes – are no longer sufficient to sustain even the most basic of county services closely connected to quality of life.
 - As service cuts continue, the Board of County Commissioners believes there will be serious impacts to public safety and the quality of public services in Island County.

Proposition 1 provides an opportunity for citizens to choose if they want to retain the current, already reduced level of services.

2. What is the problem the County seeks to solve with the proposed property tax levy increase?
 - Without a property tax increase, the County cannot continue to provide the citizens with the current level of deputies, courts, prosecuting attorneys, and other essential governmental services. This is because of a persistent structural budget gap which has been dramatically exacerbated by the economic downturn.
3. What are some of the causes of the budget gap?
 - Two initiatives in the past ten years have altered local government financing. I-695 eliminated funds for sales tax equalization and eliminated funds dedicated to public safety and public health. I-747 prevented the County’s property tax from increasing more than 1% annually, while the average inflation rate has been 3%.
 - In earlier years, growth in sales taxes, interest earnings and other revenue derived from new construction was used to fund the gap, in order to maintain public services.

COST SAVINGS MEASURES ALREADY IMPLEMENTED

4. What cuts has the County already made to balance the budget?
 - Government expenses were cut by \$4.2 million or approximately 20% of the Current Expense Fund between 2008-2010
 - County workforce was reduced by 60 positions. 30% fewer employees are working in County departments funded by the Current Expense Fund.

*Deputy Sheriffs
Deputy Prosecuting Attorneys
District Court Clerks
Superior Court Clerks
Civil Records Clerk*

*Correction Officer
Court Commissioner
Probation Officer
Paralegal
Public Health Coordinators*



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Environmental Health Specialists
WSU Agricultural Coordinator
Parks Technician
Open Space program coordinator
Parcel Segregation clerk
Cashier
Human Resources specialist
Facilities Custodians
Mailroom clerk
Accounting technicians

Hydro geologist
Bldg. Inspectors
Planners
Permit Technicians
Vehicle licensing clerk
Election workers
Recording clerk
IT programmer
Computer technician
Administrative & Clerical support staff

- In addition, work hours were significantly reduced for many positions.

WSU 4-H Coordinator

Parks Technicians

Treasurer's front counter staff

Risk Manager

WSU Master Gardner Coordinator

Camano Annex personnel

Emergency Management

Accounting personnel

- Shortened office hours open to the public as a result of fewer employees
- Worked with Labor Union partners to produce cost savings through employee furlough hours. Approximately 140 employees (40%) now take unpaid furlough hours each week.
- Reduced health insurance benefits for all Elected Officials and non-union employees
- Eliminated COLAs for up to 3 years for some employees
- Reduced funding to Senior Service agencies and Animal Shelters
- Commissioners reduced their compensation by up to 10% by foregoing travel allowances
- Elected Officials made donations to the County and eliminated travel reimbursements
- Adjusted fees for service where prudent to recoup the cost of doing business
- Implemented energy efficiencies, reducing consumption with an estimated savings of \$50,000 annually
- Consolidated the County's outlying facilities
- Partnered with South Whidbey Parks & Recreation avoiding possible State closure of Deer Lake, Lone Lake and Goss Lake park facilities
- Created a new volunteer program, Adopt-a-Park, to help service County Parks with reduced government support, in the face of staffing cuts

BALLOT MEASURE

5. What will the Levy Increase pay for?

- Proposition 1 will pay to retain public safety, and other essential services (such as public health), and, secondarily, begin replenishing the County's contingency cash reserves.
- Without adequate cash reserves, the County will be unable to meet its minimum operating cash requirements by the end of 2012.

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

- The average homeowner will pay \$3 to \$4 more per month, plus an annual increase no more than CPI inflation rate.



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7. What is the impact of the increase in my total property tax bill?
 - The proposed increase represents a less than a 3% increase in the total property tax bill for the average homeowner.
 - If all jurisdictions levying property taxes are included, the average property tax rate is \$7.25. Proposition 1 asks for a \$0.16 increase, which is less than a 3% increase.
8. How is the new levy rate (\$0.75) calculated?
 - The property tax rate is computed based upon the overall total assessed value of property in the County on January 1. The Island County Assessor estimates that the total assessed value of property for January 1, 2010 will be reduced 12%. If the total assessed value of property is reduced 12%, the dollar rate to raise the same regular levy amount next year as in 2010, plus the 1% limit factor, would be \$0.59 per \$1,000 of assessed valuation and the voter-approved added levy rate to raise an additional \$2,059,776 would be \$0.16 for a total levy rate to be collected in 2011 of \$0.75 per \$1,000 of assessed valuation.
9. How does the County's Current Expense property tax levy rate compare with other counties?
 - Historically, Island County's property tax rate has been the second lowest in the State. (San Juan voters approved a levy rate increase in 2009 which made Island County's rate the lowest for 2010.)

County Current Expense Levy Rates for 2010

<i>Skagit</i>	\$ 1.36
<i>Jefferson</i>	\$ 1.32
<i>Whatcom</i>	\$ 1.02
<i>King</i>	\$ 0.83
<i>Snohomish</i>	\$ 0.75
<i>San Juan</i>	\$ 0.60

- Even with a levy rate increase, Island County's new rate (\$.75) will be the second lowest in the entire State.
10. How can the County 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%. Over the same period of time, social security recipients received an average 3.0% increase.
 11. What about seniors on fixed incomes?
 - Senior citizens or disabled persons may qualify for tax exemptions. Contact the Island County Assessor's Office for information at 360-678-7861
 12. How long will the proposal last?



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- The levy lid lift proposal is for 5 years. At the end of the five years, property taxes will be based on the amount levied in 2015. Unless there is another vote of the people, the rate returns to only an increase of 1%.
13. What will the funds be used for?
- The funds will be used for the limited purposes of retaining public safety and other essential services (such as public health), and, secondarily, begin replenishing the County's contingency cash reserves.
14. Will there be an online voter's guide?
- Yes.
15. When will the election be held?
- The election date has been set for August 17, 2010. An August date provides the County with time to develop the budget for 2011 with a realistic picture of the revenue. The election is vote by mail, citizens will receive their ballot in late July.

CURRENT EXPENSE FUND FINANCES

16. What happens if the ballot issue fails?
- If the ballot issue fails, over the next 5 years, the County will face a projected budget shortfall exceeding \$5 million. The options will include looking at additional service reductions. Possible service reductions could include the following:
 - Further reductions in Law & Justice services
 - Diminished capacity in providing Public Health services
 - Continued reductions in County Park maintenance and/or closing County Parks
 - Additional reductions or eliminating funding to outside agencies (WSU Extension, Senior Service agencies, Whidbey Animal Improvement, Casa Animal Shelter Assn.)
 - Continuing to diminish public services and access to those services by further reducing office hours and support services for operating the County
17. Why does the County's law and justice system cost so much? For 2010 Law & Justice will cost the County \$12.5 million.
- Every County is required to pay for Law Enforcement and operation of Superior Court, District Court and Juvenile Court systems. These include the cost for deputies, judges, prosecuting attorneys, coroner, court staff, probation officers, jail operations, correction officers, and public defense.
 - Deputies and corrections officers provide 24 hours a day, 7 days per week coverage.
 - The State Constitution mandates the court system to be open 5 days each week.
 - Court fines and penalties (\$1.2 million) are not sufficient to pay for all the expenditures associated with Law & Justice.



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- The County only receives less than \$2.0 million in state and federal grants dedicated to Law & Justice.
 - WA State Legislature recently reduced grant funding for Juvenile Court by 10%.
18. Why can't the County use money collected for other purposes such as County Roads or Housing Programs to help solve the problem?
- Monies collected for programs such County Roads, Housing Programs, Indigent Veterans, and Mental Health are restricted in use by state law and the revenue must be spent for specific purposes based upon state law.
 - State law provides for penalties when restricted revenues are not spent for the intended purpose. Penalties usually mean a loss of state funds and grants, which would make the Current Expense Fund deficit worse, and create the inability to provide vital services such as road maintenance.
19. Why doesn't the County continue to use the cash reserve in the Current Expense Fund to fund the budget gap?
- The cash reserve is the cash remaining at the end of each year that is set aside for use in future years. Since 2008 to offset lost revenues, the County has spent over \$5 million of available reserves.
 - At the end of 2013 the County will have used up all of its cash reserves in the Current Expense Fund.
 - Without adequate cash reserves, the County will be unable to meet its minimum operating cash requirements by the end of 2012.
20. I hear about mandated and essential, what's the difference? Is there a list of mandated services provided by each department?
- "Mandated" refers to a program or service that the County is required to provide under state and federal laws.
 - "Essential" refers to those programs and services that while not legally mandated, it would be difficult to do without. For example, the County is not mandated to have computer systems; however, it is essential to have effective computer systems in order to provide efficient, cost-effective services.
 - A link to a list of mandated services is included on the County's website.
21. Can the problem be fixed by eliminating funding for Senior Services agencies, WSU Extension and Animal Shelters?
- We have less than \$500,000 of arguably "non-essential" programs to cut, like safety nets for senior citizens and life-changing programs for kids, compared to about \$5 million more needed to cut before running out of cash reserves.
 - Island County has an obligation as an agent of the state to deliver essential services to our senior citizens as outlined in the Federal Older Americans Act (OAA) which established our State Unit on Aging (SUA). In Washington State this is housed in DSHS which adds in



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state funds and distributes grants to the 13 State Area Agencies on Aging – one of which Island County belongs to – the Northwest Regional Council (NWRC). The County's Current Expense Fund support to Island County Senior Services provides a conduit to our local communities for these vital resources.

- These community-based agencies leverage these dollars as “matching funds” to obtain state and federal grants, returning state and federal dollars to our County. These dollars can then be used to contract with local businesses whenever possible.

22. I've heard the board is also considering taxing us for a new Clean Water Utility. When is that going to be on the ballot?

- Discussion continues regarding the development of a phased plan to incrementally establish a Clean Water Utility as a way to meet a number of countywide needs, including drinking water supply problems.
- This utility would get rid of a \$62 filing fee, implemented several years ago to fund the state-mandated septic inspection program.

23. Why doesn't the County eliminate all the waste in government and just live within its means, providing only the services it can afford?

- The County is required by State Law to provide public safety (deputies, courts, prosecutors, juvenile justice programs, etc.), protect public health (such as drinking water and communicable disease prevention), and other essential services.
- Between 2008 – 2010, in direct response to shrinking revenues, government expenses have been cut by \$4.2 million or approximately 20% of the Current Expense Fund between 2008-2010. Approximately 140 employees (40%) take unpaid furlough hours each week. And over 60 positions have been cut in an effort to balance the budget and continue to perform the County's statutory duties as required under State Law.
- Without voter approval of Proposition 1, the County will no longer have sufficient resources available to maintain even the current reduced level of mandated and essential services.

ISLAND COUNTY AND OTHER COUNTIES

24. Why don't you discontinue free bus service and buy fewer fire engines and aide cars? Why do I see water district personnel drive by checking tank levels three and four times a day? Why don't you make schools go to a four-day school week?

- Your local fire districts, school districts, hospital, library and other special purpose districts are separate government entities, with separate decision-making boards, each elected by the voters. While people may have issues with fire departments, bus system, schools and county spending priorities, money from any one of them cannot be spent on any of the others, nor do the decision-making bodies have authority over the others.

25. Why is Island County more dependant on property taxes than neighboring counties?



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- Due to its unique geography, Island County continues to be a rural, residential community. And as such, the County does not have regional shopping centers (like Burlington and Everett) or industrial areas (such as Anacortes refineries and Boeing), which provide additional sale tax revenue and expand the County's property tax base.

26. What services are provided by Island County?

- A link to a list of departments and a description of the services each provides appears on the County's home page.

27. Where is there additional information?

- The information the County has collected is available on the County website, www.islandcounty.net
- If you have additional questions, please email BICC@co.island.wa.us.