

AM No. 11-224 (C7)

MEMO TO: City Council

FROM: John Marchione, Mayor

DATE: November 15, 2011

SUBJECT: ORDINANCE: 2012 Property Tax Levy

I. RECOMMENDED ACTION

Adopt the attached ordinance establishing the 2012 property tax levy for general operations, voter approved levy lid lifts, and the payment of debt service on voted bond issues.

II. DEPARTMENT CONTACTS

Michael E. Bailey, Finance and Info Services Director (425) 556-2160 Malisa Files, Deputy Finance Director (425) 556-2166

III. DESCRIPTION

Pursuant to state law, the City of Redmond may levy property taxes annually for general operations and the payment of debt service on voted bond issues. Consistent with actions taken by the state legislature to reinstate the provisions of I-747, the Council may increase the general operating levy by up to 1% plus new construction, annexations, and other miscellaneous adjustments (e.g. refunds) with a simple majority vote. The excess levy may be set at an amount equal to debt service on voted bonds plus an allowance for uncollectible taxes.

Redmond received preliminary property tax figures from King County for 2012 on October 26, 2011, which did not include assessed value numbers for new construction on state public utilities. As a result, these numbers are estimates and are subject to change once the final worksheets are received from King County. This ordinance is based on preliminary information, as King County must receive Redmond's request by December 2, 2011.

This ordinance establishes the 2012 property taxes at \$21,855,924 and would increase a homeowner's property taxes by \$16.00 on a \$400,000 home or from \$688 to \$704 in 2012. The details of the levy are as follows:

- General Operations \$16,265,678: The general operations levy is increasing by 1% plus new construction and annexations. It has been reduced by \$543,200 to reflect the continuation of the library roll back approved in 1990 as part of the annexation to the King County Library District. The General Fund will receive \$15,543,938 and the Parks Maintenance and Operations Fund will receive \$721,740.
- Levy Lid Lift \$5,302,876: The levy lid lift portion of the property tax represents the 40 cents approved by voters in August 2007 and includes 35 cents for public safety and 5

cents for parks. The public safety portion (\$4,640,016) is being used to fund 18 firefighters and 17 police personnel. The parks portion (\$662,860) is supporting park maintenance and operations, as well as recreation programs.

• Debt Service - \$287,370: The excess levy will be used to pay the debt service on the 1994 general obligation bond issue which was used to finance the construction of Fire Station No. 16. This debt is scheduled to be retired in 2013.

King County has assessed the City's valuation at \$12.54 billion in 2012, which compares to \$12.78 billion in 2011 or a 3% decline. The new assessed valuation will result in a 2012 total levy rate of \$1.76 per \$1,000 assessed valuation and compares to a levy rate of \$1.72 for 2011.

A simple majority vote by the Council will establish the levy for 2012.

IV. FISCAL IMPACT

The attached ordinance sets the 2012 regular property tax levy at \$21,855,924, including both the regular and excess levies.

V. TIME CONSTRAINTS

Action is necessary before December 2, 2011, in order for the City to receive property tax revenue in 2012.

VI. ATTACHMENTS

Attachment A: 2012 Property Tax Levy Ordinance

Mike Bailey, Finance and Information Services Director

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Approved for Council Agenda

John Marchione, Mayor

____ Date

ATTACHMENT A

NON-CODE ORDINANCE

CITY OF REDMOND ORDINANCE NO.

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, LEVYING PROPERTY TAXES FOR THE FISCAL OF REDMOND FOR \mathtt{THE} COMMENCING JANUARY 1, 2012, ON ALL PROPERTY, BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF REVENUE PAYING SUFFICIENT TO CARRY GENERAL OPERATIONS, RECOGNIZE VOTER APPROVED LEVY LID LIFTS FOR PUBLIC SAFETY AND PARKS AND PAY DEBT SERVICE OBLIGATIONS OF SAID CITY FOR THE ENSUING YEAR AS REQUIRED BY LAW

WHEREAS, the City Council of Redmond, Washington has properly given notice of public hearings held on June 15, 2010, October 19, 2010, and November 16, 2010, to consider the City of Redmond's current expense budget for the 2011-2012 biennial budget, pursuant to RCW 84.55.120; and

WHEREAS, the City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Redmond requires a one percent increase in property tax revenue from the previous year beyond that resulting from the addition of new construction and improvements to property, annexations, and any increase in the value of state-assessed property, plus any changes due to omitted assessments and the refund fund, in order to discharge the expected expenses and obligations of the City of Redmond and in its best interest; and

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WHEREAS, the City Council has met and considered the budget for the 2011-2012 biennium; and

WHEREAS, the City Council in the course of considering the budget for the 2011-2012 biennium has reviewed all sources of revenue and examined all anticipated expenses and obligations; and

WHEREAS, the City Council has agreed to roll back the property tax levy by \$543,200 to lessen the impact of the voter-approved annexation into the King County Library District; and

WHEREAS, City of Redmond voters have approved a levy lid lift for public safety and parks and recreation; and

WHEREAS, the City is required to set and establish the tax levy rate for voted excess levies for general obligation bond issues approved by the voters, including subsequent refunded bond issues, subject to the limitations imposed by law.

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

Section 1. General Tax Levy for 2012. There is hereby levied on all real, personal, and utility property in the City of Redmond, King County, Washington, for general taxation purposes, the sum of \$21,568,554 for the current expense funds, levy lid lift funds and additional funds pursuant to RCW 41.16.060. This is an increase in the 2012 levy in the amount of \$209,305, which is a percentage increase of 1.00% from the previous year. This increase is exclusive of additional revenue resulting from the addition of new construction and improvements to property and any increase in the value of state assessed property, and any additional amounts resulting from any

annexations that have occurred and refunds made. In the event that King County provides updated assessed valuation information after the passage of this ordinance, the levy provided for herein shall be automatically adjusted to reflect such information so that the total sum levied shall not exceed the increase authorized by the levy lid lift approved by voters for public safety and parks and such other amounts authorized by law.

Section 2. Excess Tax Levy for 2012. In addition to the above levies for the ensuing fiscal year of 2012, there shall be and is hereby levied current taxes of \$287,370, the purpose of which is to retire the outstanding obligation incurred by the City for general obligation bonds that have been issued after an affirmative vote of the citizens in favor thereof.

Section 3. Certification of Ordinance to King County Council. This ordinance shall be certified to the King County Council, as provided by law, and taxes hereby levied shall be collected and paid to the Finance Director of the City of Redmond 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. Majority Approval. This ordinance was passed by a majority of the entire Council.

Section 5. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity

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of any other section, sentence, clause, or phrase of this ordinance.

Section 6. Effective Date. This ordinance shall take effect five (5) days after passage and publication of the ordinance or a summary thereof consisting of the title, or as otherwise provided by law.

ADOPTED by the Redmond City Council this ____ day of _____, 2010.

CITY OF REDMOND

MAYOR, JOHN MARCHIONE

ATTEST/AUTHENTICATED:

CITY CLERK, MICHELLE M. MCGEHEE, MMC

(SEAL)

APPROVED AS TO FORM: OFFICE OF THE CITY ATTORNEY

CITY ATTORNEY, JAMES HANEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO: