

**City of Stanwood**  
**RESOLUTION 2015-16**

**A RESOLUTION OF THE CITY OF STANWOOD, WASHINGTON PROVIDING FOR THE SUBMISSION OF A PROPOSITION TO THE QUALIFYING VOTERS OF THE CITY OF STANWOOD AT THE NOVEMBER 3, 2015 GENERAL ELECTION FOR THEIR RATIFICATION OR REJECTION, PROVIDING FOR AUTHORITY TO A 6-YEAR LEVY LID LIFT TO THE RATE OF \$3.10 PER \$1,000 OF ASSESSED VALUE IN 2016 AND FOR THE ENSUING YEARS SET THE LIMIT FACTOR AT 106% OF THE PREVIOUS YEAR, WHICH IS IN EXCESS OF THE LIMIT FACTOR ESTABLISHED IN RCW 84.55.005 AND 84.55.010; ESTABLISHING THE 2021 LEVY AMOUNT TO CALCULATE SUBSEQUENT YEAR LEVY LIMITS; 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 Stanwood is an optional municipal code City, located in Snohomish 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 \$3.10 per \$1,000 of assessed value on the property within the City; and

**WHEREAS**, 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; 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 fire/EMS and Police; and

**WHEREAS**, RCW 84.55.050(2)(a) authorizes a city council to place a proposition before the voters to authorize a 6-year increase in regular property tax levies; and

**WHEREAS**, the City Council desires to prevent cuts in crucial city services by allowing the electors to approve or reject a proposition under RCW 84.55.050(2)(a) 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 fire/EMS and police services provided by the City to its citizens;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANWOOD DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Pursuant to RCW 84.55.050(2)(a) and RCW 29A.04.330, a proposition shall be included in the general election within the City of Stanwood on Tuesday, November 3, 2015, for the purpose of submitting to the qualified electors of the City, for their ratification or rejection, a proposition approving a permanent 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 \$3.10 per \$1,000 of assessed value on property in the City for collection beginning in year 2016 and for the ensuing years set the limit fact at 106% of previous year. The levy amount for 2021 would be used to calculate subsequent levy limits.

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

CITY OF STANWOOD  
PROPOSITION NO. 1  
6-YEAR LEVY LID LIFT FOR THE RETENTION OF  
FIRE/EMS AND POLICE SERVICES

*Resolution No. 2015-16 concerns voter approval of the following proposition:*

For fire/EMS and police services, this proposition would increase the regular property tax levy for a 6-year period, to a rate of \$3.10 per \$1,000 assessed value for collection beginning in 2016; and for ensuing years set the limit factor at 106%. The 2021 levy amount will be used to calculate subsequent levy limits.

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 Snohomish County Auditor, Elections and Voter Registration 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, November 3, 2015.

**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 \$3.10 per \$1,000 assessed valuation for collection beginning in 2016 and for the ensuing years the levy amount would be limited to 106% of previous year for the remainder of the six years.

**Section 7.** The Snohomish County Auditor, Elections and Voter Registration Division, as the City's ex officio Supervisor of Elections, is hereby requested to call and conduct

said election on Tuesday, November 3, 2015 and submit to the qualified electors of the City the proposition set forth herein.

**Section 8.** The Snohomish County Auditor, Elections and Voter Registration 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 9.** This resolution shall take effect five days after publication and posting as required by law.

**Section 10.** 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 11.** The findings of fact as set forth above are hereby incorporated by reference.

PASSED AND APPROVED by the City Council of the City of Stanwood this 23<sup>rd</sup> day of July, 2015.

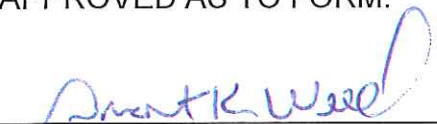
CITY OF STANWOOD

  
\_\_\_\_\_  
Leonard Kelley, Mayor

ATTEST:

  
\_\_\_\_\_  
Greg Thramer, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Grant Weed, City Attorney



## CITY OF STANWOOD AGENDA STAFF REPORT

**ITEM NUMBER:** 9a  
**DATE:** July 23, 2015  
**SUBJECT:** Levy Lid Lift for Public Safety  
**CONTACT PERSON:** Greg Thramer, Finance Director  
**ATTACHMENTS:** A – Resolution 2015-16 Levy LID Lift  
B –Levy Lid Lifts, Oct 2010 Article by Judith Cox, MRSC

---

### ISSUE

The issue before the city council is to authorize the mayor to sign Resolution No. 2015-16 (Attachment A) to approve a six-year levy lid lift to the rate of \$3.10 per \$1000 of assessed value in 2016 and limited to 106% of the previous year to raise the additional revenues to pay for police, fire and EMS. The proposed levy lid lift would raise additional revenues dedicated to public safety services.

### RECOMMENDATIONS

A levy lid lift can be single year, or multi-year (up to six years). The new lifted base can be made permanent. Limitations can be placed on the amount of increase, such as:

- Consumer Price Index
- Percentage Rate (e.g. 106% of prior year)

The Finance Committee recommended moving forward with a 6-year levy lid lift based on a set percentage limit factor, and direct the finance director to provide further analysis of the effects of at least three (3) limit factors (e.g. 107%, 106.5% or 106%) in order to provide options to council in determining the optimum limit factor (i.e. the lowest limit factor that will still provide enough property tax levy revenues over the next six years to maintain current levels of service and cover most of the projected increases in public safety expenditures.

The public safety committee recommends the city council set the levy limit at the rate that will most closely set the rate at the maximum levy rate of \$3.10.

Based on the assumption that assessed values will increase by 6% annually, the levy limit should be set at 106%. The public safety committee further recommends the city council review the cost of public safety services annually and collect only that amount actually needed to fund police, fire and emergency medical services regardless of the limit.

## SUMMARY

The city contracts with Snohomish County Sheriff's Office for police services and with the North County Regional Fire Authority for fire/EMS. Contracting for police and fire/EMS provides economies of scale and improved services to Stanwood residents.

The city negotiated a new contract with the Snohomish County Sheriff's Office for police services effective in 2014 that included an average 5.1% annual increase for five years or approximately \$62,000 per year.

At the special council meeting on January 29, 2015, the city council discussed the fire services contract with North County Regional Fire Authority (NRFA). Under the existing contract, the annual fire services payment is fixed at \$1,279,393 for the first five years (from 4/1/2012 to 3/31/2017). After the first five years, the annual payment under the current formula could increase by \$214,281 to \$1,493,674 or more depending on the city's assessed value and Fire Authority's combined fire and EMS levy at that time. The maximum combined levy rate for fire/EMS under state law is \$2.00 per \$1,000 of assessed value.

The city's first opportunity to give notice to terminate the contract with NCRFA was April 1, 2015. The city council entered into a Memorandum of Understanding with NCRFA to evaluate other payment options. The city council considered several payment alternatives including a percentage of assessed value; a percentage of the cost to staff Station 99 serving Stanwood and levy rate parity with residents served by NCRFA outside the city limits.

The public safety committee reviewed the alternatives and recommended continuing with the current contract to maintain levels of service. Under the current contract the city's payment for fire/EMS is expected to increase by \$214,281 in 2017.

The city uses property taxes to pay for police, fire and EMS. Initiative 747 passed by Washington State voters in 2001 limited the increase in property tax revenues to 1% plus the value of new construction. The property taxes collected by the city have been less than the actual rate of inflation for the costs of providing police, fire and emergency medical services to city residents.

While police, fire and EMS costs are expected to increase 7.6% to \$224,149 in 2017, the city's property tax revenue collected by the city is expected to increase only \$45,985.

The city council is considering Resolution 2015-16 asking voters to approve a six-year levy lid lift to the rate of \$3.10 per \$1000 of assessed value in 2016 and limited to 106% of the previous year to raise the additional revenues to pay for police, fire and EMS. The proposed levy lid lift would raise additional revenues dedicated to public safety services.

## DISCUSSION

### What is a Levy Lid Lift?

With the passage of Initiative 747 in 2001, cities with a population of less than 10,000 (e.g. Stanwood) are limited to an increase in property tax levy of one percent (1%) plus new construction.

The one exception to the one percent rule is the "levy lid lift," which is found RCW 84.55.050. Upon a simple majority vote, the citizens can authorize the city to levy more than the one percent limit, not to exceed the statutory limit, which for the city is \$3.10 per \$1,000 assessed valuation.

### Timeline for a Levy Lid Lift

The city council must pass a resolution at the July 23, 2015 meeting in order to get a measure on the November 3, 2015 ballot:

July 23, 2015	City Council adopts resolution to move forward with a levy lid lift ballot measure in the general election on Tuesday November 3, 2015
August 4, 2015	Deadline to have adopted resolution, ballot statement language and pro/con statements to Snohomish County Elections Office
November 3, 2015	Levy lift ballot measure is voted on in the general election. A simple majority is required for passage.
November 12, 2015	City Council holds public hearing regarding revenues and property taxes
November 23, 2015	City Council adopts resolution setting property taxes for 2016
November 30, 2015	Finance Director certifies levy and mails to Snohomish County Assessor
2016	City begins levying additional property taxes resulting from levy lid lift

### Why is a Levy Lid Lift for public safety necessary?

#### Fire Service Costs

The city's costs for public safety have been going up recently, and are expected to accelerate even more in 2017 after the initial 5-year annual fire services rate of \$1,279,393 expires. If the assessed valuation goes up to about \$783 million in 2017 as projected, the city's annual rate (which is based on \$2.00 X AV) could increase by about \$285,000 per year, from \$1,280,000 to \$1,565,000. As AV rises, under the current formula, the annual contract amount would also continue to go up by nearly \$770,000 by 2021.

Presented below is actual, historical property tax data for the City of Stanwood, along with projected data assuming the city's assessed valuation increases by 7% per year for the next few years. Also shown is the hypothetical annual rate that would be paid under the current formula assuming that North County levies the maximum \$2.00 / \$1,000 each year.

Note that the projections in Table 1 are based on the maximum combined statutory rate that North County can charge (\$1.50 fire + \$0.50 EMS = \$2.00).

There is an inverse relationship between assessed value and levy rates; that is, as AV goes up, rates tend to go down. Currently North County still has some banked levy capacity, which allows them to raise their levy rates by more than the 1% limit.

As NCRFA uses up its banked capacity, it will become subject to the 1% limit, and its levy rates could drop below \$2.00 and the annual payments would be less than shown.

*Table 1 – City of Stanwood AV, Actual and Projected Fire Service Rates*

Year	Assessed Value	Maximum Rate/\$1,000	Actual Rate	Formula Rate
2008	\$ 837,739,709	\$ 2.00	N/A	N/A
2009	\$ 857,788,432	\$ 2.00	N/A	N/A
2010	\$ 775,776,040	\$ 2.00	N/A	N/A
2011	\$ 714,934,054	\$ 2.00	N/A	N/A
<b>2012</b>	<b>\$ 639,696,397</b>	<b>\$ 2.00</b>	<b>\$ 1,279,393</b>	<b>\$ 1,279,393</b>
2013	\$ 591,926,022	\$ 2.00	\$ 1,279,393	\$ 1,183,852
2014	\$ 638,609,620	\$ 2.00	\$ 1,279,393	\$ 1,277,219
2015	\$ 687,073,355	\$ 2.00	\$ 1,279,393	\$ 1,379,847
2016	\$ 731,355,412	\$ 2.00	\$ 1,279,393	\$ 1,448,839
2017	\$ 782,550,291	\$ 2.00	\$ 1,493,674	\$ 1,493,674
2018	\$ 837,328,811	\$ 2.00	\$ 1,674,658	\$ 1,674,658
2019	\$ 895,941,828	\$ 2.00	\$ 1,791,884	\$ 1,791,884
2020	\$ 958,657,756	\$ 2.00	\$ 1,917,316	\$ 1,917,316
2021	\$ 1,025,763,799	\$ 2.00	\$ 2,051,528	\$ 2,051,528

### Police Service Costs

In 2013 the city extended its contract with Snohomish County to provide law enforcement services for an additional five (5) years, from 2014 through 2018 as follows:

*Table 2 – Police Contract*

Year	Annual Contract	Increase	Percentage Increase
2013	\$ 1,407,373	\$ -	
2014	\$ 1,478,296	\$ 70,923	5.0%
2015	\$ 1,567,042	\$ 88,746	6.0%
2016	\$ 1,656,503	\$ 89,461	5.7%
2017	\$ 1,666,371	\$ 9,868	0.6%
2018	\$ 1,717,688	\$ 51,317	3.1%

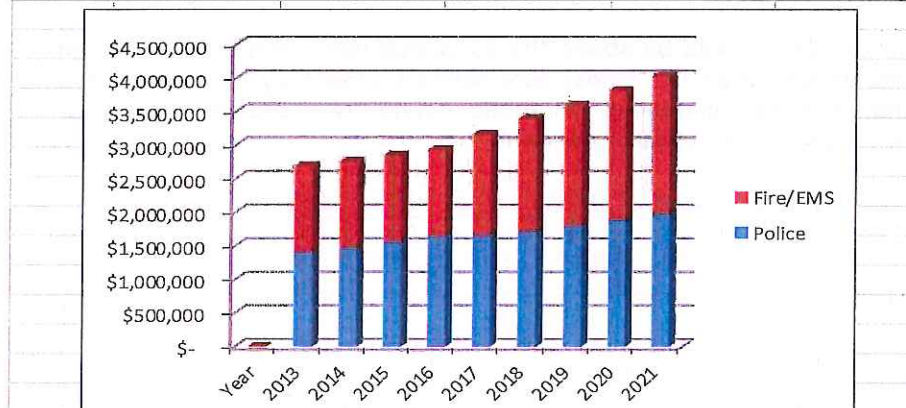
## Combined Projected Public Safety Increases

Public Safety costs, which are both paid for out of the city's general fund, could potentially increase by about \$1.35 million from 2013 to 2021 (50%). Sales tax revenues, which are budgeted at \$1.1 million in 2015 are slowly and steadily increasing, but nowhere near enough to cover the anticipated increases in public safety costs. Similarly, Property taxes are budgeted at about \$2.1 million in 2015, but with the 1% limit on property taxes, the increase on existing construction is limited to about \$21,000 per year (\$2.1 million X 1% = \$21,000). Of course, new construction adds about \$25,000 to total property tax revenues each year, but not nearly enough to cover expected increases in public safety costs over the next few years.

Assuming 5% increases in 2019 through 2021 for the police contract, the table below shows projected future public safety costs based on the best information that we currently have:

*Table 3 – Projected Combined Public Safety Costs through 2021*

Year	Police Contract	Fire/EMS Contract	Total Public Safety	Increase	Percentage Increase
2013	\$ 1,407,373	\$ 1,279,393	\$ 2,686,766	\$ -	
2014	\$ 1,478,296	\$ 1,279,393	\$ 2,757,689	\$ 70,923	2.6%
2015	\$ 1,567,042	\$ 1,279,393	\$ 2,846,435	\$ 88,746	3.2%
2016	\$ 1,656,503	\$ 1,279,393	\$ 2,935,896	\$ 89,461	3.1%
2017	\$ 1,666,371	\$ 1,493,674	\$ 3,160,045	\$ 224,149	7.6%
2018	\$ 1,717,688	\$ 1,674,658	\$ 3,392,346	\$ 232,301	7.4%
2019	\$ 1,803,572	\$ 1,791,884	\$ 3,595,456	\$ 203,110	6.0%
2020	\$ 1,893,751	\$ 1,917,316	\$ 3,811,067	\$ 215,611	6.0%
2021	\$ 1,988,439	\$ 2,051,528	\$ 4,039,967	\$ 228,900	6.0%



What is the current and recent levy rates and AV for Stanwood?

Currently, the levy rate for taxes collected in 2015 is \$3.05424026 based on an assessed valuation (AV) of \$687,073,355, which yields \$2,098,487 in property taxes. Presented below is a recent history of property tax information, along with projections through 2021, along with additional funding that could potentially be raised with a levy lid lift.



Table 4 – Property Taxes through 2015 (Actual) and 2021 (Projected) @ 107% Limit

Year	Assessed Value (Note 1)	Regular (Note 2) Rate/\$1,000	Regular Levy (Note 3)	\$3.10 Limit (Note 4)	Potential Annual Lift	107% Limit	Potential Annual Lift	Public Safety Increases	Over (Under)
2011	\$714,934,054.00	\$2.67000000	\$1,908,874						
2012	\$639,696,397.00	\$3.03905856	\$1,944,075						
2013	\$591,926,022.00	\$3.31366910	\$1,961,447						
2014	\$638,609,620.00	\$3.21088508	\$2,050,502						
2015	\$687,073,355.00	\$3.05424026	\$2,098,487						
2016	\$731,355,412.00	\$2.93218842	\$2,144,472	\$2,267,202	\$122,730	\$2,270,381	\$125,909	\$89,461	\$33,269
2017	\$782,550,290.84	\$2.79971347	\$2,190,917	\$2,425,906	\$112,259	\$2,454,308	\$137,482	\$224,149	-\$111,890
2018	\$837,328,811.20	\$2.67257704	\$2,237,826	\$2,595,719	\$122,904	\$2,651,109	\$149,892	\$232,301	-\$109,397
2019	\$895,941,827.98	\$2.55061650	\$2,285,204	\$2,777,420	\$134,322	\$2,861,687	\$163,199	\$203,110	-\$68,788
2020	\$958,657,755.94	\$2.43366941	\$2,333,056	\$2,971,839	\$146,567	\$3,087,005	\$177,466	\$215,611	-\$69,044
2021	\$1,025,763,798.86	\$2.32157405	\$2,381,387	\$3,179,868	\$159,698	\$3,328,095	\$192,760	\$228,900	-\$69,202
				Total	\$798,481		\$946,709	\$1,193,532	-\$395,051

Note 1: 2011 through 2015 assessed values (AV) are actual amounts, 2016 is preliminary amount per Snohomish County Assessor, and 2017 through 2021 assumes a 7% annual increase, which is about average over the past three years.

Note 2: "Regular Rate /\$1,000" is based on the actual millage rate through 2015. 2016 amount is based on preliminary AV as provided by Snohomish County Assessor. For 2017 and beyond, this is the millage rate assuming:

- 7% annual growth in AV
- Council approves 1% statutory increase in property taxes
- \$25,000 annual increase in new construction property taxes (\$32k in 2015)

Note 3: "Regular Levy" is based on the actual property taxes levied through 2015. 2016 through 2021 are the regular levy amounts that the city would receive based on the above assumptions.

Note 4: \$3.10 / \$1,000 is the current statutory limit for the City of Stanwood beginning in 2016 due to the library annexation (prior statutory limit was \$3.375 / \$1,000).

**Conclusion: Using a limit factor of 107% would be above the \$3.10 statutory limit every year, so the effective levy rate would be limited to \$3.10. Under this scenario, the levy limit would fall \$395,051 short of covering the projected increases in public safety over the next six year (\$1,193,532 - \$798,481), or about an average of \$66,000 per year.**

Table 5 – Property Taxes through 2015 (Actual) and 2021 (Projected) @ 106.5% Limit

Year	Assessed Value (Note 1)	Regular (Note 2) Rate/\$1,000	Regular Levy (Note 3)	\$3.10 Limit (Note 4)	Potential Annual Lift	106.5% Limit	Potential Annual Lift	Public Safety Increases	Over (Under)
2011	\$714,934,054.00	\$2.67000000	\$1,908,874						
2012	\$639,696,397.00	\$3.03905856	\$1,944,075						
2013	\$591,926,022.00	\$3.31366910	\$1,961,447						
2014	\$638,609,620.00	\$3.21088508	\$2,050,502						
2015	\$687,073,355.00	\$3.05424026	\$2,098,487						
2016	\$731,355,412.00	\$2.93218842	\$2,144,472	\$2,267,202	\$122,730	\$2,259,889	\$115,417	\$89,461	\$25,956
2017	\$782,550,290.84	\$2.79971347	\$2,190,917	\$2,425,906	\$112,259	\$2,431,781	\$125,448	\$224,149	-\$111,890
2018	\$837,328,811.20	\$2.67257704	\$2,237,826	\$2,595,719	\$122,904	\$2,614,847	\$136,157	\$232,301	-\$109,397
2019	\$895,941,827.98	\$2.55061650	\$2,285,204	\$2,777,420	\$134,322	\$2,809,812	\$147,587	\$203,110	-\$68,788
2020	\$958,657,755.94	\$2.43366941	\$2,333,056	\$2,971,839	\$146,567	\$3,017,450	\$159,786	\$215,611	-\$69,044
2021	\$1,025,763,798.86	\$2.32157405	\$2,381,387	\$3,179,868	\$159,698	\$3,216,084	\$150,304	\$228,900	-\$69,202
				Total	\$798,481		\$834,698	\$1,193,532	-\$402,364

Note: Same assumptions as above, except the assumed limit factor is 106.5%

**Conclusion: Using a limit factor of 106.5% would be above the \$3.10 statutory limit every year but 2016, so the effective levy rate would be limited to \$3.10 from 2017 through 2021. Under this scenario, the levy limit would fall \$402,364 short of covering the projected increases in public safety over the next six year (\$1,193,532 - \$791,168), or about an average of \$67,000 per year.**

Table 6 – Property Taxes through 2015 (Actual) and 2021 (Projected) @ 106% Limit

Year	Assessed Value (Note 1)	Regular (Note 2) Rate/\$1,000	Regular Levy (Note 3)	\$3.10 Limit (Note 4)	Potential Annual Lift	106% Limit	Potential Annual Lift	Public Safety Increases	Over (Under)
2011	\$714,934,054.00	\$2.67000000	\$1,908,874						
2012	\$639,696,397.00	\$3.03905856	\$1,944,075						
2013	\$591,926,022.00	\$3.31366910	\$1,961,447						
2014	\$638,609,620.00	\$3.21088508	\$2,050,502						
2015	\$687,073,355.00	\$3.05424026	\$2,098,487						
2016	\$731,355,412.00	\$2.93218842	\$2,144,472	\$2,267,202	\$122,730	\$2,249,396	\$104,924	\$89,461	\$15,463
2017	\$782,550,290.84	\$2.79971347	\$2,190,917	\$2,425,906	\$112,259	\$2,409,360	\$113,519	\$224,149	-\$111,890
2018	\$837,328,811.20	\$2.67257704	\$2,237,826	\$2,595,719	\$122,904	\$2,578,922	\$122,652	\$232,301	-\$109,649
2019	\$895,941,827.98	\$2.55061650	\$2,285,204	\$2,777,420	\$134,322	\$2,758,657	\$132,357	\$203,110	-\$70,753
2020	\$958,657,755.94	\$2.43366941	\$2,333,056	\$2,971,839	\$146,567	\$2,949,176	\$142,667	\$215,611	-\$72,944
2021	\$1,025,763,798.86	\$2.32157405	\$2,381,387	\$3,179,868	\$159,698	\$3,128,627	\$131,120	\$228,900	-\$97,780
				Total	\$798,481		\$747,240	\$1,193,532	-\$447,551

Note: Same assumptions as above, except the assumed limit factor is 106.5%

**Conclusion:** Using a limit factor of 106% would be above the \$3.10 statutory limit every year but 2017, so the effective levy rate would be limited to \$3.10 for the other years. Under this scenario, the levy limit would fall \$447,551 short of covering the projected increases in public safety over the next six year (\$1,193,532 - \$745,981), or about an average of \$75,000 per year.

What would be the impact on a single-family residence valued at \$300,000?

Table 7 – Annual increase in property taxes for a \$300,000 home

Year	107% Lid Lift	106.5% Lid Lift	106% Lid Lift
2016	\$ 52.64	\$ 48.48	\$ 44.29
2017	\$ 52.64	\$ 48.48	\$ 44.29
2018	\$ 52.64	\$ 48.48	\$ 44.29
2019	\$ 52.64	\$ 48.48	\$ 44.29
2020	\$ 52.64	\$ 48.48	\$ 44.29
2021	\$ 52.64	\$ 48.48	\$ 44.29
Total	\$ 315.85	\$ 290.90	\$ 265.71

**Conclusion:** Each year the levy lid lift is in effect, the typical home valued at \$300,000 could pay up to an additional \$52.64 per year (\$4.39 per month) in property taxes.

## **COUNCIL OPTIONS**

1. Do nothing. This could result in public safety or other non-public safety general fund reductions over the next several years.
2. Move forward with a single year levy lid lift. This would provide a one-year solution, but the city would face cuts in service after that.
3. Move forward with a 6-year levy lid lift based on Consumer Price Index. This likely would allow the city to levy more than the 1% statutory limit, but the increase may not be enough to address anticipated future cost increases in public safety contracts.
4. Move forward with a 6-year levy lid lift based on a set percentage rate (e.g. 106%) limit factor. Again, this would allow the city to levy more, but the increase in property taxes may not be enough to sustain current levels of service at

anticipated costs. However, this is the rate most likely to generate the maximum allowed revenues without exceeding the maximum levy rate of \$3.10/\$1,000 of assessed value.

### RECOMMENDATION

I MOVE TO AUTHORIZE THE MAYOR TO SIGN RESOLUTION NO. 2015-16 PROVIDING FOR THE SUBMISSION OF A PROPOSITION TO THE QUALIFYING VOTERS OF THE CITY OF STANWOOD AT THE NOVEMBER 3, 2015 GENERAL ELECTION FOR THEIR RATIFICATION OR REJECTION, PROVIDING FOR AUTHORITY TO A 6-YEAR LEVY LID LIFT TO THE RATE OF \$3.10 PER \$1,000 OF ASSESSED VALUE IN 2016 AND FOR THE ENSUING YEARS LIMITED TO 106% OF THE PREVIOUS YEAR, 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.

City of Stanwood  
RESOLUTION 2015-16

A RESOLUTION OF THE CITY OF STANWOOD, WASHINGTON PROVIDING FOR THE SUBMISSION OF A PROPOSITION TO THE QUALIFYING VOTERS OF THE CITY OF STANWOOD AT THE NOVEMBER 3, 2015 GENERAL ELECTION FOR THEIR RATIFICATION OR REJECTION, PROVIDING FOR AUTHORITY TO A 6-YEAR LEVY LID LIFT TO THE RATE OF \$3.10 PER \$1,000 OF ASSESSED VALUE IN 2016 AND FOR THE ENSUING YEARS SET THE LIMIT FACTOR AT 106% OF THE PREVIOUS YEAR, WHICH IS IN EXCESS OF THE LIMIT FACTOR ESTABLISHED IN RCW 84.55.005 AND 84.55.010; ESTABLISHING THE 2021 LEVY AMOUNT TO CALCULATE SUBSEQUENT YEAR LEVY LIMITS; 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 Stanwood is an optional municipal code City, located in Snohomish 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 \$3.10 per \$1,000 of assessed value on the property within the City; and

**WHEREAS**, 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; 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 fire/EMS and Police; and

**WHEREAS**, RCW 84.55.050(2)(a) authorizes a city council to place a proposition before the voters to authorize a 6-year increase in regular property tax levies; and

**WHEREAS**, the City Council desires to prevent cuts in crucial city services by allowing the electors to approve or reject a proposition under RCW 84.55.050(2)(a) 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 fire/EMS and police services provided by the City to its citizens;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANWOOD DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Pursuant to RCW 84.55.050(2)(a) and RCW 29A.04.330, a proposition shall be included in the general election within the City of Stanwood on Tuesday, November 3, 2015, for the purpose of submitting to the qualified electors of the City, for their ratification or rejection, a proposition approving a permanent 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 \$3.10 per \$1,000 of assessed value on property in the City for collection beginning in year 2016 and for the ensuing years set the limit fact at 106% of previous year. The levy amount for 2021 would be used to calculate subsequent levy limits.

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

CITY OF STANWOOD  
PROPOSITION NO. 1  
6-YEAR LEVY LID LIFT FOR THE RETENTION OF  
FIRE/EMS AND POLICE SERVICES

*Resolution No. 2015-16 concerns voter approval of the following proposition:*

For fire/EMS and police services, this proposition would increase the regular property tax levy for a 6-year period, to a rate of \$3.10 per \$1,000 assessed value for collection beginning in 2016; and for ensuing years set the limit factor at 106%. The 2021 levy amount will be used to calculate subsequent levy limits.

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 Snohomish County Auditor, Elections and Voter Registration 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, November 3, 2015.

**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 \$3.10 per \$1,000 assessed valuation for collection beginning in 2016 and for the ensuing years the levy amount would be limited to 106% of previous year for the remainder of the six years.

**Section 7.** The Snohomish County Auditor, Elections and Voter Registration Division, as the City's ex officio Supervisor of Elections, is hereby requested to call and conduct said election on Tuesday, November 3, 2015 and submit to the qualified electors of the City the proposition set forth herein.

**Section 8.** The Snohomish County Auditor, Elections and Voter Registration 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 9.** This resolution shall take effect five days after publication and posting as required by law.

**Section 10.** 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 11.** The findings of fact as set forth above are hereby incorporated by reference.

PASSED AND APPROVED by the City Council of the City of Stanwood this 23<sup>rd</sup> day of July, 2015.

CITY OF STANWOOD

\_\_\_\_\_  
Leonard Kelley, Mayor

ATTEST:

\_\_\_\_\_  
Greg Thramer, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Grant Weed, City Attorney

# City of Stanwood

## Public Safety Lid Lift FAQs

### 1. Why is the City asking voters to approve a levy lid lift?

To maintain current levels of service in public safety (police, fire and emergency management services, or “EMS”). Total public safety and criminal justice costs are budgeted at just under \$3.3 million in 2015 include the following services:

*2015 Budgeted Public Safety/Criminal Justice Costs*

Description	2015 Budget
Cascade Court	\$ 15,000
Public Defense	\$ 32,000
Prosecuting Attorney	\$ 10,000
Law Enforcement	\$ 1,886,933
Fire Control/EMS	\$ 1,296,937
County Jail	\$ 40,000
Total Public Safety	\$ 3,280,870

These costs represent about 57% of the \$5.8 million general fund budget, and are projected to go up an average of about \$200,000 (6%) per year over the next six years.

Meanwhile, the City’s ability to fund these increases with additional property taxes is very limited. In 2001 the voters of the State of Washington passed Initiative 747 which limits property tax increases to no more than 1% plus new construction. The City of Stanwood currently levies property taxes of about \$2.1 million, so under the 1% limit, the City can only raise property taxes about \$21,000 (\$2.1 million X 1% = \$21,000). New construction may add, on average, another \$19,000 per year to the property tax levy, for a total increase of \$40,000.

Bottom line: the city faces a \$160,000 per year shortfall in property taxes to maintain current levels of public safety services. State law does allow voters of a city or other local government to raise taxes above the 1% limit through a process called “levy lid lift.”

Under the current public safety levy lid lift ballot measure, Stanwood citizens will vote on whether to “lift” the 1% annual property tax limit for the next six years (2016 through 2021) in order to help fund increases in public safety costs.

### 2. How can voters be sure the money will be used to support public safety?

There are strict safeguards in place for this proposed levy lid lift:

1. The additional proceeds will only be used to fund public safety costs (police/fire and EMS).
2. The annual tax rate cannot exceed 6%
3. The City share of property tax cannot exceed the state mandated limit of \$3.10/\$1,000 assessed value.
4. The City Council will review and authorize the property tax levy each year to ensure that only the minimum increase is taken to meet the public safety increases for the upcoming year.

### 3. How much will this cost me?

While we can only estimate the overall assessed valuation for the City in 2016, based on our estimate, the property tax rate would increase by about \$0.155/\$1,000 and a house that is valued at \$300,000 next year would pay an additional \$46.50/year or \$3.88/month. This assumes that the overall assessed valuation for the city increases by about 6%.

*Annual increase in property taxes for a \$300,000 home*

Year	106% Lid Lift
2016	\$ 46.50
2017	\$ 46.50
2018	\$ 46.50
2019	\$ 46.50
2020	\$ 46.50
2021	\$ 46.50
Total	\$ 279.00

Assuming overall assessed valuations increase by an average of 7%, which has been the recent trend over the past three years, the property tax rate would increase the same \$0.155/\$1,000 in subsequent years (2017 through 2021).

If the assessed valuation increases by a lower amount than the projected 7%, then the property tax increases would be less. The state mandates that the maximum levy rate for the city of Stanwood shall not exceed \$3.10/\$1,000.

The calculation of the cost is highly variable and can change from year to year as a function of the economy, overall property value changes, individual property valuation, and the increase in new construction within the City. Consequently, any estimate of cost is a broad estimate based on the average tax-payer. The City's levy lid lift would raise an additional \$171,000 in property tax revenue in 2016.

The City Council reviews and approves the property tax levy each year to ensure that property tax levels are held at the absolute minimum amount necessary to maintain public safety services.

All of the proceeds from the public safety lid lift will only be used to maintain current levels of service for public safety (i.e. police, fire and EMS).

### 4. Why doesn't the City annex into a fire district or form a fire authority?

The City has had preliminary talks about annexation with North County Regional Fire Authority (known as North County Fire/EMS), the City's current provider of fire and EMS services, about annexation. The City ultimately rejected this concept as it would mean the City's property taxing capacity would be reduced from \$3.10/\$1,000 to \$1.60/\$1,000.

Under annexation, the City would lose control of its taxing ability and also run the risk of subsidizing fire protection services outside the City. For those reasons, the current practice of contracting out fire and EMS services with North County Fire/EMS is preferred.



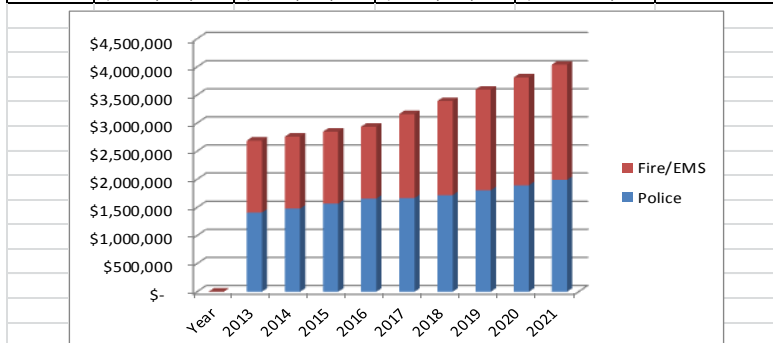
**5. How much are public safety costs projected to increase through 2021?**

Public safety costs, which are paid for out of the city’s general fund, could potentially increase by about \$1.35 million from 2013 to 2021 (50%). Sales tax revenues, which are budgeted at \$1.1 million in 2015 are slowly and steadily increasing, but nowhere near enough to cover the anticipated increases in public safety costs. Similarly, Property taxes are budgeted at about \$2.1 million in 2015, but with the 1% limit on property taxes, the increase on existing construction is limited to about \$21,000 per year (\$2.1 million X 1% = \$21,000). Of course, new construction adds about \$25,000 to total property tax revenues each year, but not nearly enough to cover expected increases in public safety costs over the next few years.

Assuming 5% increases in 2019 through 2021 for the police contract, the table below shows projected future public safety costs based on the best information that we currently have:

*Projected Combined Public Safety Costs through 2021*

Year	Police Contract	Fire/EMS Contract	Total Public Safety	Increase	Percentage Increase
2013	\$ 1,407,373	\$ 1,279,393	\$ 2,686,766	\$ -	
2014	\$ 1,478,296	\$ 1,279,393	\$ 2,757,689	\$ 70,923	2.6%
2015	\$ 1,567,042	\$ 1,279,393	\$ 2,846,435	\$ 88,746	3.2%
2016	\$ 1,656,503	\$ 1,279,393	\$ 2,935,896	\$ 89,461	3.1%
2017	\$ 1,666,371	\$ 1,493,674	\$ 3,160,045	\$ 224,149	7.6%
2018	\$ 1,717,688	\$ 1,674,658	\$ 3,392,346	\$ 232,301	7.4%
2019	\$ 1,803,572	\$ 1,791,884	\$ 3,595,456	\$ 203,110	6.0%
2020	\$ 1,893,751	\$ 1,917,316	\$ 3,811,067	\$ 215,611	6.0%
2021	\$ 1,988,439	\$ 2,051,528	\$ 4,039,967	\$ 228,900	6.0%



**6. What process did the City go through before deciding to propose this to voters?**

City officials have met and discussed this issue extensively with both of its contract public safety providers (North County Fire/EMS and Snohomish County Sheriff). This issue has been reviewed by both the City’s Public Safety and Finance Committees, who unanimously recommended that a public safety lid lift is the best course of action in order to maintain current levels of service for police, fire and EMS over the long term.

As a result, City Council adopted Resolution 2015-16 at its public meeting on July 23, 2015, which directs Snohomish County Elections to place a public safety lid lift measure on the November 3, 2015 general election ballot. If passed, the city will begin collecting additional property taxes dedicated to public safety in 2016.

## **7. What have you done to keep the costs down on this proposal?**

The reason communities choose to consolidate, annex, share services or contract for services with other neighboring agencies is to maximize efficiencies and utilize public funds more resourcefully.

The City has successfully maintained its cost of public safety by contracting with the Snohomish County Sheriff for police protection and North County Fire/EMS for fire protection and EMS services. With such contracts, the City gains efficiency through economies of scale, and avoids wasteful duplication of efforts in staffing, equipment and facilities.

## **8. I thought that my property taxes couldn't go up more than 1% per year?**

The voter-approved initiative 747 limits the rate of property tax income growth to 1% per year, with exceptions for new construction and annexations. It also created a process for the voters to approve additional property tax increases for a specific purpose by approving a levy lid lift. If approved, the additional property taxes would be restricted to public safety expenses.

## **9. Did the firefighters or police officers receive a raise this year?**

North County Fire/EMS employees received a 2.1% cost of living adjustment (COLA) in 2015 and are currently in contract negotiations for 2016 and beyond.

There are 22 full-time equivalent (FTE) employees who are dedicated to providing fire and EMS services to the City of Stanwood.

Snohomish County Sheriff, which provides police protection services to the City under contract, is still in negotiations for 2015 and subsequent wage increases, so no current COLA information is available.

There are 11 Snohomish County Sheriff commissioned officers who are dedicated to provide police protection services to the City, along with two City employees who provide administrative and records support.

## **10. Do we use volunteer firefighters and police officers?**

Both the Sheriff's Office and North County Fire/EMS have Explorer programs for youth who are interested in public safety. The Explorers volunteer to assist the City with a variety of public events. Additionally, the Sheriff's Office occasionally provides volunteer reserve deputies to assist at special events.

## **11. When there is a medical call, why does the big fire engine show up?**

Modern advances in medicine and technology require additional personnel to increase patient survivability. Firefighters today are cross-trained in EMS as well as firefighting to increase efficiencies and maximize the proximity of personnel to the already strategically located fire stations.

Pre-hospital care is broken down into basic life support (BLS) and advanced life support (ALS). The Snohomish County dispatchers question callers and attempt to send the appropriate vehicles and personnel to the appropriate call types. However, protocol requires the fire department to err on the side of safety and send a set number of staff for particular signs and symptoms that will provide for the best medical outcome. New technology allows North County Fire/EMS to quantitatively break down job

tasks to predict best outcomes for survivability matched with the medical equipment necessary to treat different call types that dictate the optimum number and type of staff best suited for each response.

**12. How many calls do the firefighters and police officers go on?**

In 2014, North County Fire/EMS responded to 1,801 emergency calls in the City –1,465 (81%) of which were EMS related.

*2014 Calls Made by North County Fire/EMS in the City of Stanwood*

Call Types	1st Q	2nd Q	3rd Q	4th Q	Total
Fire	72	90	104	70	336
EMS	332	346	373	414	1,465
Totals	404	436	477	484	1,801

In 2014, the Stanwood Police Department responded to 11,181 calls for service, which is up 2,089 from the prior year. Calls for service include self-initiated events. Swing and night patrols have been more active working special projects throughout the City to include business checks, which makes up a large portion of the increase in calls.

*December 2014 Compstat Report as Prepared by Stanwood PD*

Type of Crime	December 2014	December 2013	Year to Date 2014
Homocide	0	0	0
Rape	1	0	3
Robbery	0	0	4
Assault	2	2	48
Burglary	2	0	32
Larceny	8	10	156
Motor Vehicle Theft	0	2	17
General	December 2014	December 2013	Year to Date 2014
Calls for Service	827	597	11,181
Case Reports	70	54	893
Traffic Collisions	12	13	118
Arrests (Adult/Juvenile)	12	15	184
Investigations (Open Cases)	14	11	N/A
Investigations (Closed Cases)	11	8	N/A
Impaired Driving Arrests	0	0	1
Infractions Issued	10	12	160
Public Disclosure Requests	32	35	339
Concealed Pistol License Permits	21	24	322

**13. What has the City done to save money so that raising taxes is the last resort?**

The City saves money by contracting out many of its major services, including police, fire, EMS, library, janitorial and information technology. Because so many of its major services are contracted out, the city is able to maintain a regular staff of less than 27 full-time equivalents, which is less than half of the staff of a comparably sized city that does not contract such services. The City also utilizes seasonal staff during the summer months for mowing, weeding, brush-cutting and general maintenance, which saves money on wages and benefits over hiring additional regular staff.

In 2012 the City discontinued providing in-house fire/EMS services and contracted with North County Fire/EMS, saving about \$100,000 per year. For the first five years of the contract, the City’s annual payment to North County has been a flat \$1,279,400, with no annual increases. Factoring inflation, this

contract has saved the City \$500,000 to \$700,000 over the first 5-year contract period. However, in 2017 the annual payments to North County will go up based on a formula that reflects the increase in assessed valuation of property within the City of Stanwood.

**14. Why can't we use 'mutual aid' to address the needs for fire response?**

Mutual aid is commonly used in the fire service to handle large, complex calls that are difficult to staff due to their infrequent occurrence. These would be considered low-frequency, high impact events. Currently, when a large fire occurs in Snohomish County, it is common to have many departments respond in order to safely handle all of the tasks that must be completed to reduce the impact of the incident on our citizens' lives and property. The mutual aid system is designed to mutually assist one another. Modern fire service departments rarely, if ever, have enough staff on duty to handle a commercial fire by themselves, much less multiple concurrent alarms. It is commonly assumed that the number of mutual aid given events will be similar to the received events. In 2014, North County Fire/EMS received mutual aid from surrounding agencies 194 times and provided mutual aid 374 times.

**15. Is the money being used by administrative staff in Police and Fire Departments?**

The Police Department has a police chief. The remainder of the 11 commissioned officers include: 2 sergeants, 6 deputies, 1 school resource officer and 1 deputy. Two office administrative staff are employed by the City to perform administrative and records duties.

The Fire Department has a fire chief. In addition to regular firefighters, there is a finance manager and an executive assistant who performs administrative and clerical duties.