

December 5, 2016

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution providing for the banking of levy capacity pursuant to RCW 84.55.092.

FISCAL IMPACT

Tonight, staff will present an ordinance and two resolutions related to the property tax levy and preserving banked capacity (listed in order):

1. Substantial Need Resolution – establishing substantial need for the purposes of setting the limit factor for the property tax levy for 2017 at the full 1% with a majority plus one vote from City Council. This action allows Council to bank or levy the full 1% authorized under state statute. (presented earlier for Council adoption)
2. Property Tax Increase – levies the regular and voted property tax including new construction, and other increases allowed under RCW 84.55.010 and refund amounts, and the two levies passed by voters on November 8, 2016 (Levy For Fire Facilities and Levy For Neighborhood Safety, Connectivity and Congestion). This action secures the levy lid lifts increase for 2017 (presented earlier for Council adoption)
3. **Preserve Banked Capacity** - Resolution preserving the full levy amount available, including the full 1% authorized under the substantial need resolution, to the City to ensure sufficient capacity to fund operating costs of new facilities and maintain current levels of service.

This resolution is the last of the three property levy related actions.

The City preserves the total existing bank levy capacity of \$9,055,765. Preserving the banked capacity allows the City Council the option to increase property tax at a later date greater than the allowable lesser of 1% or implicit price deflator. A finding of substantial need to set the limit growth factor to 101%, from the statutorily implicit price deflator limit factor of 100.953% was presented to Council earlier this evening. If passed, the total increase in banked capacity is \$420,840 which includes \$19,779 attributed to the substantial need resolution.

Assuming the passage of the substantial need resolution, the City is banking its statutorily allowable 1% annual increase for 2017 as shown below.

Available Capacity (Capacity preserved in 2016)	\$8,634,924
Plus 1% Allowable Increase	\$420,840
Remaining Capacity	\$9,055,765

NOTE: Final assessed value to establish the property tax levy and banked capacity information is not yet available from the King County Assessor's Office. As a result, the 2017 assessed value, property tax levy and banked capacity amounts are based on preliminary numbers provided by the County.

STAFF CONTACTS

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Finance Department

POLICY CONSIDERATION

RCWs 84.55.005, 84.55.0101, and 84.55.092:

State law specifies that all optional code cities must adopt, by resolution, their intention to save and the amount of property tax capacity the City intends to bank. The King County Assessor has specified this must be done by December 5, 2016.

BACKGROUND

Pursuant to RCW 84.55.005; 84.55.0101 and 84.55.092 this resolution ensures the City's ability to preserve the full levy amount available to ensure sufficient capacity to fund operating costs of new facilities and maintain current levels of service.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Approve Resolution providing for the banking of levy capacity pursuant to RCW 84.55.092.
2. Provide alternative direction to staff.

RECOMMENDATION

Option 1.

MOTION

Move to approve Resolution No. 9196 providing for the banking of levy capacity pursuant to RCW 84.55.092.

ATTACHMENTS

Proposed Resolution No. 9196

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

N/A