



Public Hearing on 2017 Budget Revenue Sources & Adoption of 2017 Property Tax Levy

Overview of Tonight's 2017 Budget & Property Tax Agenda Items

- 1) Open Public Hearing
- 2) Accept Public comment
- 3) Staff will share a presentation on property taxes
- 4) Council will be asked to approve the attached
Substantial Need Resolution
- 5) Council will be asked to approve the attached 2017
Property Tax Ordinance



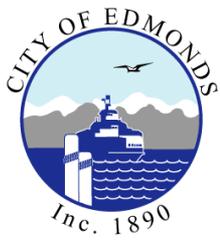
Public Hearing on 2017 Budget Revenue Sources & Adoption of 2017 Property Tax Levy

Item #2: Public Comments



2017 Regular Property Tax Levy Item #3

- 2017 Budget Includes 1% Property Tax Increase
- Assessor Shows City of Edmonds Assessed Values Increasing 11.4%
(Increase in AV before adding in new construction)
- New Construction adds \$39,277,000 Assessed Value



2017 Regular Property Tax Calculation

Step 1: Start From Prior Year Levy Amount

2017 Regular Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	\$10,064,874
Add New Construction	
Add Allowance for Adjustments	
Add Refunds	
2017 Starting Point	<u>\$10,064,874</u>
Add 1% of 2016 Levy	
Total 2017 Levy	<u><u>\$10,064,874</u></u>



2017 Regular Property Tax Calculation

Step 2: Add Property Tax From New Construction

2017 Regular Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	\$10,064,874
Add New Construction	\$53,646
Add Allowance for Adjustments	
Add Refunds	
2017 Starting Point	<u>\$10,118,520</u>
Add 1% of 2016 Levy	
Total 2017 Levy	<u><u>\$10,118,520</u></u>



2017 Regular Property Tax Calculation

Step 3: Add allowance for Assessor's Office Adjustments

2017 Regular Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	\$10,064,874
Add New Construction	\$53,646
Add Allowance for Adjustments	\$10,030
Add Refunds	
2017 Starting Point	<u>\$10,128,550</u>
Add 1% of 2016 Levy	
Total 2017 Levy	<u><u>\$10,128,550</u></u>



2017 Regular Property Tax Calculation

Step 4: Add 1%

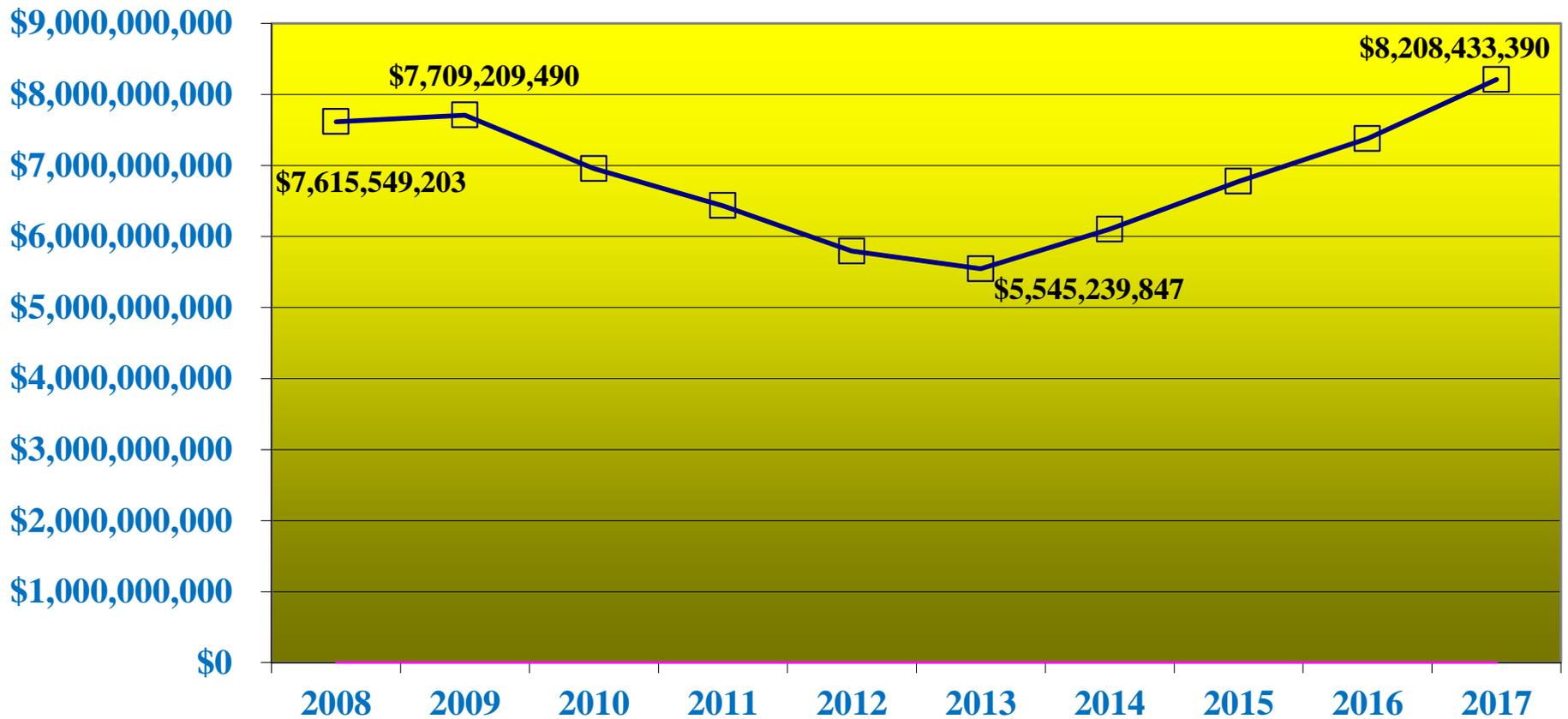
2017 Regular Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	\$10,064,874
Add New Construction	\$53,646
Add Allowance for Adjustments	\$10,030
2017 Starting Point	<u>\$10,128,550</u>
Add 1% of 2016 Levy	<u>\$100,650</u>
Total 2017 Levy	<u><u>\$10,229,200</u></u>



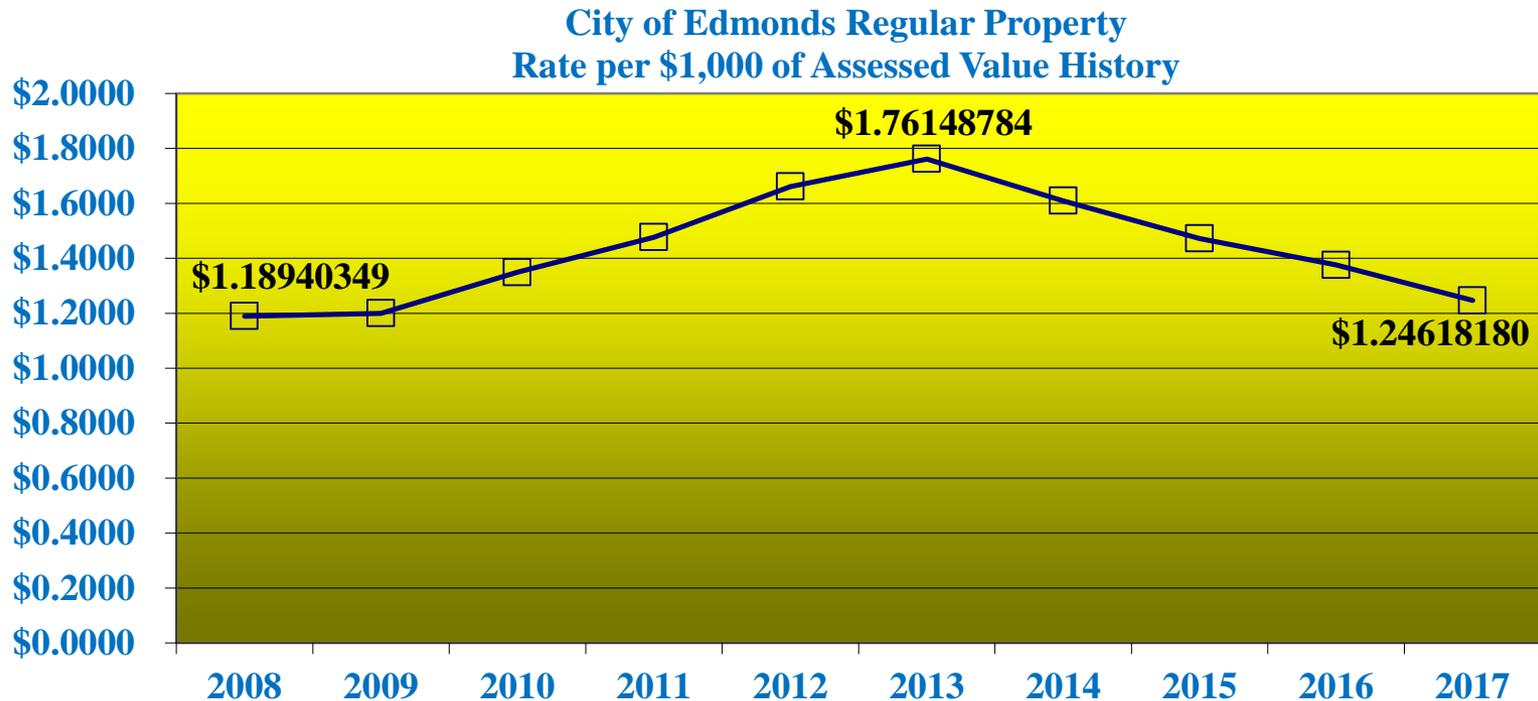
Assessed Value History

Ten Year Assessed Property Values History For the City





Tax Rate History





2008 - 2017 EMS Tax Levy Overview

- In 2008, Citizens voted to make the EMS Levy a Permanent \$0.50 Levy
- During 2010 – 2013 we saw our Assessed Property Values decline
- During this span of time Edmonds AV dropped just over 31%
- EMS Levy cannot exceed \$0.50
- In a declining AV environment, the City's EMS Levy also declines



2009 - 2017 EMS Tax Levy

continued

Year	Action	EMS Levy	Levy Savings
2009	\$0.50 Permanent EMS Levy becomes effective	\$3,854,605	\$0



2009 - 2017 EMS Tax Levy

continued

Year	Action	EMS Levy	Levy Savings
2009	\$0.50 Permanent EMS Levy becomes effective	\$3,854,605	\$0
2010	EMS Levy Declines	\$3,477,741	\$376,864



2009 - 2016 EMS Tax Levy

continued

Year	Action	EMS Levy	Levy Savings
2009	\$0.50 Permanent EMS Levy becomes effective	\$3,854,605	\$0
2010	Declining Assessed Values start 4 year skid	\$3,477,741	\$376,864
2011	EMS Levy Declines	\$3,216,629	\$637,976
2012	EMS Levy Declines	\$2,897,322	\$957,283
2013	EMS Levy Declines	\$2,772,620	\$1,081,985
2014	EMS Levy Increases	\$3,051,206	\$803,399
2015	EMS Levy Increases	\$3,387,743	\$466,862
2016	EMS Levy Increases	\$3,684,514	\$170,091
Total Levy Savings Through 2016			<u>\$4,494,460</u>



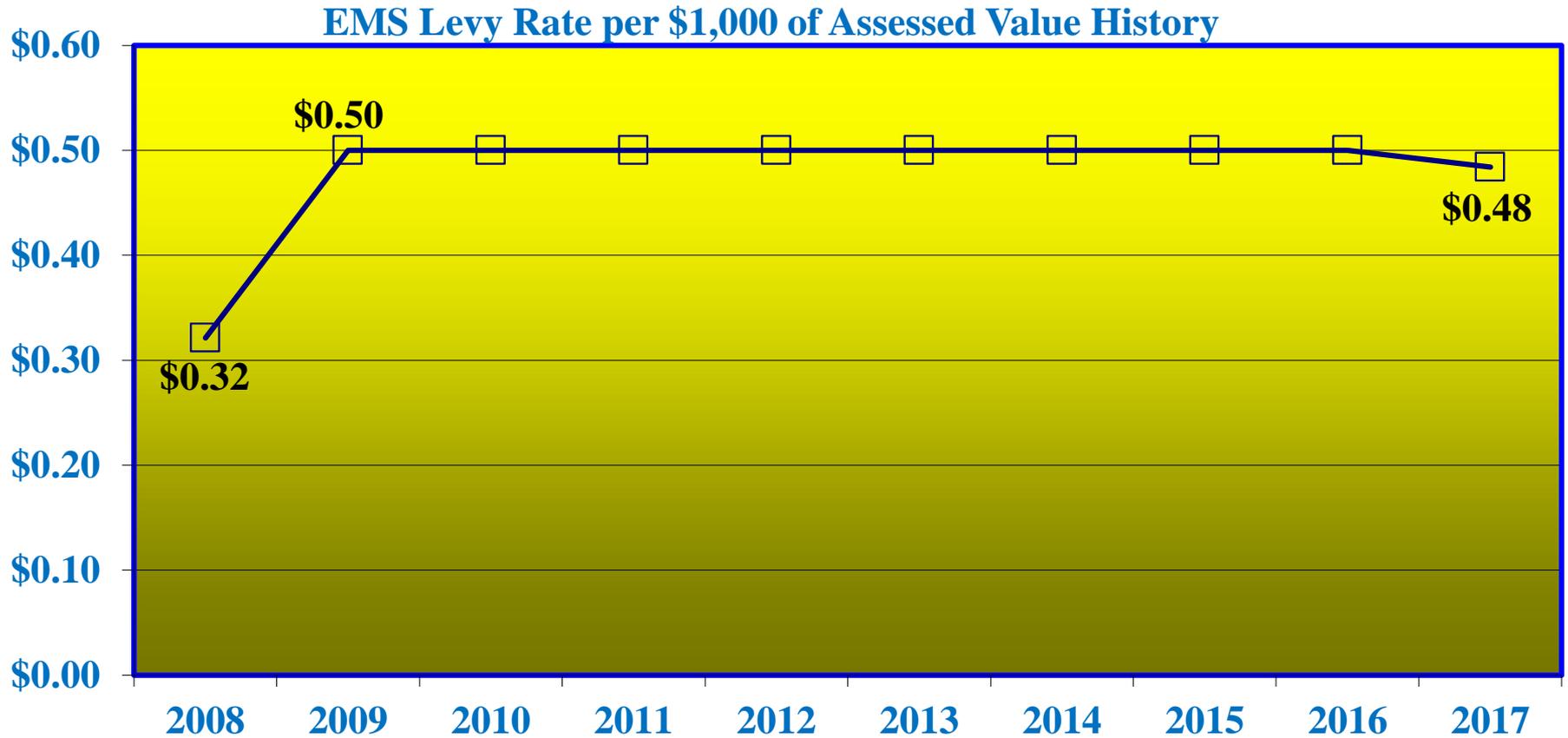
2009 - 2017 EMS Tax Levy

continued

Year	Action	EMS Levy	Levy Savings
2009	\$0.50 Permanent EMS Levy becomes effective	\$3,854,605	\$0
2010	Declining Assessed Values start 4 year skid	\$3,477,741	\$376,864
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2014	EMS Levy Increases	\$3,051,206	\$803,399
2015	EMS Levy Increases	\$3,387,743	\$466,862
2016	EMS Levy Increases	\$3,684,514	\$170,091
	Total Levy Savings Through 2016		<u>\$4,494,460</u>
2017	EMS Levy Increases	\$3,973,270	<u>(\$118,665)</u>
	Total Levy Savings Through 2017		<u><u>\$4,375,795</u></u>



Levy Rate History





EMS Tax Levy Calculation

Step 1: Start From Prior Year Levy Amount

2017 EMS Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	3,684,514
Add New Construction	
Add Allowance for Adjustments	
Add Refunds	
2017 EMS Levy Starting Point	<u>\$3,684,514</u>
Add "Banked Capacity"	
Add 1% of 2016 Levy	
Total 2017 Levy	<u><u>\$3,684,514</u></u>



EMS Tax Levy Calculation

Step 2: Add Levy Tax From New Construction

2017 EMS Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	3,684,514
Add New Construction	\$19,640
Add Allowance for Adjustments	
Add Refunds	
2017 EMS Levy Starting Point	<u>\$3,704,154</u>
Add "Banked Capacity"	
Add 1% of 2016 Levy	
Total 2017 Levy	<u><u>\$3,704,154</u></u>



EMS Tax Levy Calculation

Step 3: Add Allowance for Assessor's Office Adjustments

2017 EMS Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	3,684,514
Add New Construction	\$19,640
Add Allowance for Adjustments	\$3,500
Add Refunds	
2017 EMS Levy Starting Point	<u>\$3,707,654</u>
Add "Banked Capacity"	
Add 1% of 2016 Levy	
Total 2017 Levy	<u><u>\$3,707,654</u></u>



EMS Tax Levy Calculation

Step 4: Add Refunds

2017 EMS Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	3,684,514
Add New Construction	\$19,640
Add Allowance for Adjustments	\$3,500
Add Refunds	\$56,980
2017 EMS Levy Starting Point	\$3,764,634
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Add "Banked Capacity"	
Add 1% of 2016 Levy	
Total 2017 Levy	\$3,764,634

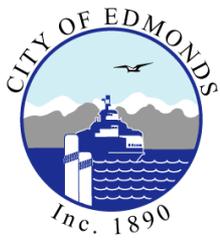


EMS Tax Levy Calculation

Step 5: Add “Banked Capacity”

2017 EMS Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	3,684,514
Add New Construction	\$19,640
Add Allowance for Adjustments	\$3,500
Add Refunds	\$56,980
2017 EMS Levy Starting Point	\$3,764,634
Add "Banked Capacity"	\$170,090
Add 1% of 2016 Levy	
Total 2017 Levy	\$3,934,724



EMS Tax Levy Calculation

Step 6: Add 1%

2017 EMS Property Tax Calculation for the City of Edmonds

<u>Description</u>	<u>Amount</u>
2016 Levy Amount	3,684,514
Add New Construction	\$19,640
Add Allowance for Adjustments	\$3,500
Add Refunds	\$56,980
2017 EMS Levy Starting Point	\$3,764,634
Add "Banked Capacity"	\$170,090
Add 1% of 2016 Levy	\$38,546
Total 2017 Levy	\$3,973,270



Impacts of Tax Increases

- 2016 Average Residence Value is \$428,400
- 1% Regular Tax Levy Increase = \$5.89
- Keeping EMS Levy at \$0.48 = \$16.82
- Average Residence would pay \$22.71 in 2017
- Or about \$1.89 per month extra



Council Questions, Action & Motions

Items #'s 4 & 5

Council Discussion & Questions

- 4) To Approve Resolution No. XXXX Finding Substantial Need to Levy Property Taxes Using a Limit Factor of 101% Notwithstanding a Lower National Inflation Rate.
- 5) To Approve Ordinance No. XXXX Levying 1% Regular Property Tax Increase for 2017 and Levying 5.7% EMS Tax Increase.



Initiative Measure No. 1433

Minimum Wage Initiative

- Initiative 1433 was Passed by Citizens last week
- 64% of Edmonds Voters –Voted for 1433
- This Measure Increases the Minimum Wage as follows:

Current:	\$9.47/hour
2017:	\$11.00/hour
2018:	\$11.50/hour
2019:	\$12.00/hour
2020:	\$13.50/hour
- Estimated Costs of This Measures Ranges From \$10,000 to \$20,000



Mandatory Cost Increases

➤ Public Defender(page 57)	\$17,500
➤ WCIA Insurance(page 57)	\$66,410
➤ FD1(page 57)	\$188,000
➤ SERS(page 57)	\$9,700
➤ SNOCOM(page 57)	\$41,930
➤ Prosecutor(New Item)	<u>\$50,000</u>
➤ Total	\$373,540



Prosecutor Contract Decision Package

Decision Package - Prosecutor

Date	Budget Year	Group	Version	Priority	Duration	Approval Status
11/07/2016	2017	hardie	0	1	Ongoing	Approved

Item Description

Prosecutor

Justification

The City has been in negotiations with the current prosecutor (Zachor & Thomas) to renew their contract for 2017 & 2018. The City has had a long-standing service history with Zachor & Thomas. Based on the discussions, there will be an increase in prosecution service costs of an additional \$50,000 for 2017 due to the increased workload and cases. Because the City has had so many changes in the court, it is recommended the City continue to contract with Zachor & Thomas to provide some consistency. These previous changes including the Judge, Public Defender, implementing the public defense compliance standards, evaluation of process/court improvements and hiring a new Court Administrator in early 2017 have been impactful on court services. It is also recommended that the City publish an RFP for Prosecutor services either by the end of 2017 or in 2018.

FISCAL DETAILS

2017

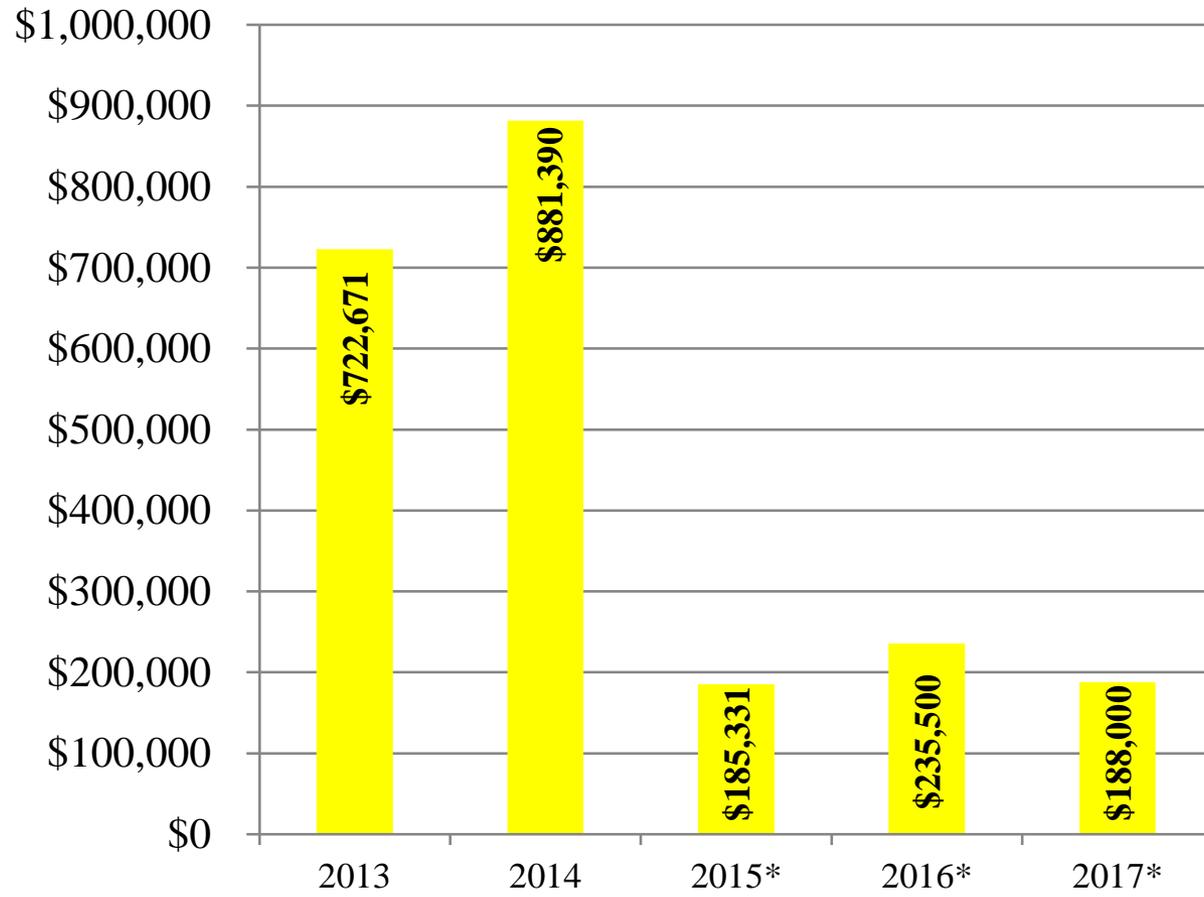
Operating Expenditures

001.000.36.515.33.41.00	Professional Services – Prosecutor Contract	50,000.00
	Total Operating Expenditures	50,000.00
	Total Expenditures	50,000.00



Fire District 1

FD1 Contract Cost Increases



*Estimated



Sound Transit Proposition No. 1 “ST3”

- Prop 1 was Passed by Citizens last week
- Over 54% of Edmonds Voters –Voted for Prop 1
- This measure would expand light-rail, commuter-rail, and bus rapid transit service to connect population and growth centers
- Sound Transit is Authorized to levy or impose:
 - 1) An additional 0.5% sales and use tax
 - 2) A property tax of \$0.25 or less per \$1,000 of assessed valuation, and
 - 3) Additional 0.8% motor-vehicle excise tax
- According to our Voter’s Pamphlet, this Proposition Costs \$14/month per Adult



Information on IPD vs. CPI

- A ratio of nominal GDP to real GDP expressed as a percentage. The GDP price deflator is used as a measure of the inflation rate; it does not account for price changes in commodity baskets like the Consumer Price Index. Rather, it shows changes in GDP compared with a base year (1985).