

**City of Medina**

**Ordinance No. 970**

AN ORDINANCE OF THE CITY OF MEDINA, WASHINGTON, PROVIDING FOR THE SUBMISSION OF A PROPOSITION TO QUALIFYING VOTERS OF THE CITY OF MEDINA AT THE NOVEMBER 2019 GENERAL ELECTION FOR RATIFICATION OR REJECTION; SUCH PROPOSITION PROVIDING AUTHORITY TO LIFT THE LEVY LIMIT ESTABLISHED IN RCW 84.55.010 IN ORDER TO SECURE FUNDING FOR AND TO MAINTAIN THE HIGH-QUALITY AND CURRENT SERVICE LEVELS OF CORE GOVERNMENTAL OPERATIONS AND SERVICES TO MEDINA'S CITIZENS, INCLUDING POLICE, FIRE AND EMERGENCY MEDICAL SERVICES, PROCESSING BUILDING PERMITS AND PROVIDING OTHER DEVELOPMENT SERVICES, MAINTAINING MEDINA'S STREETS, SIDEWALKS, PARKS, TRAILS AND NATURAL AREAS, AND OTHER COMMUNITY SERVICES; SETTING FORTH THE TEXT OF THE BALLOT PROPOSITION; DIRECTING PROPER CITY OFFICIALS TO TAKE NECESSARY ACTIONS RELATED THERETO; AND PROVIDING FOR OTHER PROPERLY RELATED MATTERS

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WHEREAS, the City of Medina is a noncharter optional municipal code city located in King County, Washington, and is duly organized and existing pursuant to the laws of the State of Washington; and

WHEREAS, Medina is authorized to levy a permanent regular property tax not to exceed the maximum statutory rate of \$3.26039 per \$1,000 of assessed value on the property within the City; and

WHEREAS, Medina's 2019 regular property tax levy rate is \$0.63712 cents per \$1,000 of assessed value, comprising 8% of a homeowner's total 2019 property tax rate of \$7.92925; and

WHEREAS, the property tax comprises Medina's principal source of revenue as there are only minor sales tax and related revenue sources within the City's boundaries; and

WHEREAS, Medina relies on the property tax to maintain funding for its general fund, which has a 2019 budget of approximately \$6.4 million, and which invests in and pays for the delivery of core governmental operations and services to Medina's citizens, including police, fire and emergency medical services, processing building permits and providing other development services, maintaining Medina's streets, sidewalks, parks, trails and natural areas, and other community services.

WHEREAS, the statutory 1% annual property tax levy limit required by RCW 84.55.010 has arbitrarily constrained City revenues while the City's costs have continued to rise as inflation occurred, creating a structural gap between available revenues and cost of services; and

WHEREAS, Medina has nonetheless balanced its budget since the 1% annual property tax levy limit imposed in 2001 by increasing efficiencies, reducing costs of growth, reducing discretionary spending, drawing down the City's Contingency Fund and Unrestricted Reserves to a \$0 balance, and maximizing other available revenue sources; and

WHEREAS, Medina's forecasted revenue shortfall for the 2020 budget is approximately \$500,000 with ongoing shortfalls projected in consecutive future years; and

WHEREAS, commencing in 2020 and for the long term, the structural gap between revenues and costs of maintaining high-quality City services can be resolved only through collaboration of the voters, City staff and City Council; and

WHEREAS, without additional revenues Medina will not have the requisite funds to continue its high-quality public safety and other core services and operations, and will be required to substantially reduce the quality and levels of services provided to Medina's residents; and

WHEREAS, Medina's staff and Council have been working over the past year to study and understand the issue, explore options for additional revenues and revenue sources, develop forecasts of future budgets and services, and speak with residents about the situation; and

WHEREAS, RCW 84.55.050(2) authorizes a city council to place a proposition before the voters to authorize annual increases in regular property tax levies for up to six consecutive years, during which period each year's authorized legal maximum levy rate will 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-year period and states the limit factor or specific index to be used for determining a limit factor in each subsequent year of the consecutive-year period; and

WHEREAS, Medina has not previously asked its residents and voters for an increase to the statutory 1% annual property tax limit to fund services; and

WHEREAS, the City Council desires to inform the voters of the structural gap between the City's revenues and its costs of providing high-quality public safety and other core services and operations, and enable them to vote on whether or not to fund the additional revenues necessary to maintain Medina's current level of such services and operations; and

WHEREAS, the City Council desires to put the following "plain English" question to the voters: should the deficit caused by the increasing cost of City services be resolved by increasing Medina's regular property tax levy as follows: An increase of \$0.20 cents per \$1,000 of assessed valuation in 2020 (an estimated \$400 increase on a \$2,000,000 home), which would result in a maximum 2020 rate not to exceed \$0.83712 (for reference, the 2019 rate is \$0.63712); additional levy rate increases of 5% per year for the years 2021 to 2025 (for example, an additional estimated \$20, for a total of \$420 in 2021 on a \$2,000,000 home); and using the final 2025 tax rate to establish a new property tax base for calculating future property taxes; and

WHEREAS, the Council has determined that the proceeds from such increases in the regular property tax (which would only be authorized should the voters approve the official ballot proposition stated in Section 5 below at the November 2019 general election) will provide the additional revenues necessary to maintain the current high-quality and level of Medina's public safety and other mandated services through approximately 2030; and

WHEREAS, senior citizens aged 61 and over, veterans, persons with disabilities, and such persons as qualify under RCW 84.36.381 should be able to claim the applicable statutory property tax exemption to which they are entitled with respect to the property tax levy authorized herein, all as provided under RCW 84.36.381;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MEDINA, WASHINGTON, ORDAINS AS FOLLOWS:

**Section 1.** The recitals set forth above are adopted as the City Council as findings of fact. The Council further finds that, if approved, the increased levy funds will supplement, and not replace or supplant, the City's existing funds used to pay the costs of core governmental operations and services to Medina's citizens, including police, fire and emergency medical services, processing building permits and providing other development services, maintaining Medina's streets, sidewalks, parks, trails and natural areas, and other community services. For purposes of this finding, 'existing funds' means the actual operating expenditures for the 2020 calendar year.

**Section 2.** Pursuant to RCW 84.55.020(2) and RCW 29.A.04.330, the Council requests an election to be called, conducted and held within the City of Medina on November 5, 2019 for the purpose of submitting to the qualified voters of Medina, for their ratification or rejection, the proposition set forth in Section 5 below approving a six-year increase in the City’s regular property tax levy in an amount exceeding the limit factor provided in RCW 84.55.005 et seq., as more specifically described in Section 3 below.

**Section 3.** If approved, the proposition set forth in Section 5 would authorize Medina to: (1) increase its regular property tax levy by a rate of \$0.20 cents per \$1,000 of assessed value on property in the City for collection in the year 2020; (2) use a limit factor of 5% for each year from 2021 to 2025 to set the annual levy rate as allowed by law; and (3) use the dollar amount of the final 2025 levy rate as the base for computing the maximum statutory levy that may be imposed in years after 2025.

**Section 4.** If the proposition set forth in Section 5 is approved, revenues from the authorized property tax increases shall be used for the purposes of maintaining core governmental operations and services to Medina's citizens, including police, fire and emergency medical services, processing building permits and providing other development services, maintaining Medina’s streets, sidewalks, parks, trails and natural areas, and other community services.

**Section 5.** The proposition to be submitted to the City of Medina voters shall read substantially as follows:

**CITY OF MEDINA PROPOSITION NO. 1**

**LEVY LIFT TO MAINTAIN PUBLIC SAFETY AND OTHER CORE GOVERNMENTAL SERVICES**

The City Council of the City of Medina, Washington adopted Ordinance No. 970 concerning voter approval of its regular property tax levy.

This proposition would maintain police, fire, park and mandated community services by increasing Medina's regular property tax levy rate above the limit factor by \$0.20/\$1,000 assessed value to a maximum rate of \$0.83712/\$1,000 assessed valuation for collection in 2020, set a 5% limit factor for each year 2021-2025, use the 2025 levy amount as the base to compute subsequent levy limits, and exempt low income seniors and disabled; as set forth in Ordinance No. 970. [75] *[max allowed = 75 words]*

YES: \_\_\_\_\_

NO: \_\_\_\_\_

**Section 6.** The City Manager and City Attorney are authorized to make such minor adjustments to the wording of the foregoing proposition (i) as may be recommended by the King County Records, Elections, and Licensing Services Division, King County Assessor’s Office, and (ii) as may be necessary to allocate taxing revenues among multiple taxing jurisdictions if there are multiple ballot measures proposed by such jurisdictions for the November 5, 2019 ballot, so long as the intent of the proposition remains clear and consistent with the intent of this Ordinance as approved by the City Council.

**Section 7.** The City Clerk is directed to certify and timely transmit to King County Records and Elections Division and the King County Auditor a certified copy of this Ordinance.

**Section 8.** If the voters approve the proposition specified in Section 5 above, the City Council shall levy and there shall be collected an additional regular tax on real property in Medina at the rate of \$0.20 cents per \$1,000 assessed valuation for collection in 2020.

**Section 9.** If the voters approve the proposition specified in Section 5 above, the collection of such revenues shall be subject to the Washington State statutory property tax exemptions made available under RCW 84.36.381.

**Section 10.** The election on the foregoing proposition will be held on November 5, 2019. King County Records and Elections Division, as the City's ex officio Supervisor of Elections, is requested to call and conduct said election on November 5, 2019, and submit to the qualified voters of the City the proposition set forth in Section 5 above.

**Section 11.** King County Records and Elections Division, as the City's ex officio Supervisor of Elections, shall cause a notice of election (as to be timely provided by the City) to be published at least once in a newspaper of general circulation within the City. Such publication shall take place not more than ten (10) days nor less than three (3) days prior to November 5, 2019.

**Section 12.** King County Records and Elections Division, as the City's ex officio Supervisor of Elections, shall conduct said election, canvas the vote thereon and certify the results in the manner provided by law.

**Section 13.** This Ordinance shall take effect five days after publication and posting as required by law.

**Section 14.** If any provision of this Ordinance is determined to be invalid or unenforceable for any reason, the remaining provisions shall remain in full force and effect.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MEDINA ON THIS 11<sup>th</sup> DAY OF MARCH, 2019 BY A VOTE OF 4 FOR, 3 AGAINST, AND 0 ABSTAINING.

  
Cynthia Adkins, Mayor

**ATTEST:**

  
Aimee Kellerman, City Clerk

**APPROVED AS TO FORM:**

  
Scott Missall, City Attorney