

CITY COUNCIL AGENDA BILL

City of Black Diamond
Post Office Box 599
Black Diamond, WA 98010

ITEM INFORMATION		
SUBJECT: Public Hearing on Property Tax Ordinance No. 18-XXXX, setting the Property Tax Dollar amount for 2019	Agenda Date: November 8, 2018	AB18-XXX
	Mayor Carol Benson	
	City Administrator	
	City Attorney David Linehan	
	City Clerk – Brenda L. Martinez	
	Community Development - Andy Williamson	
	Finance – May Miller	X
	MDRT/Ec Dev – Andy Williamson	
	Community Development -	
	Police – Chief Kiblinger	
Timeline:	Public Works – Seth Boettcher	
Cost Impact (see also Fiscal Note):	Court Administrator – Stephanie Metcalf	
Fund Source: Various	Agenda Placement: <input checked="" type="checkbox"/> Mayor <input checked="" type="checkbox"/> Two Councilmembers <input type="checkbox"/> Committee Chair <input type="checkbox"/> City Administrator	
Attachments: Ordinance No 18-XXXX, Preliminary KC worksheet and Tax chart		
SUMMARY STATEMENT: Public Hearing for 2019 Property Tax Ordinance setting the Dollar amount. Per RCW 84.52.020 the property tax certifications must be filed with King County no later than December 5, 2018 for Property Taxes to be collected in 2019 to be used for Public Safety including Fire, Police and Emergency Services. This public hearing is on an ordinance to set the Property Tax Dollar amount for the 2019 Property Taxes to be collected in 2019. This ordinance Includes the allowed .95 increase of \$14,654 over last year’s actual levy which is allowed for cities under 10,000 population. King County has sent a preliminary Levy Limit worksheet showing a preliminary allowable levy of \$1,646,237 with includes the allowed .95% increase of \$14,654 and refund of \$0 and preliminary new construction. An additional \$30,000 is proposed to be added for a total possible levy of 1,676,237 for 2019 . This will cover any changes King County may make due to any additional new construction, annexations, State assessments or adjustment they may make between now and their final totals. The final King County worksheets are not expected until December 5, 2018 after we have already adopted our required levy. Our levy will be adjusted down by King County to the actual final amounts but cannot be increased. King County estimates our total city Assessed Valuation at \$867,760,447 an increase of \$110,193,988 over last year or a 14.5 % preliminary increase in value. This increase does not affect the amount cities are allowed to levy. Each property tax bill is calculated by the county and they set the actual levy rate once they have finalized all assessments and individual valuations.		

All Black Diamonds Property Tax funds are used for Public Safety and provide approximately 52% of the revenue needed to cover Public Safety costs.

FISCAL NOTE (Finance Department): The preliminary 2019 Budget included the anticipated additional \$14,654 at .95% allowed base increase, pending Council approval on November 15, 2018

COUNCIL COMMITTEE REVIEW AND RECOMMENDATION:

RECOMMENDED ACTION: **PUBLIC HEARING ON Ordinance 18-XXXX, setting the Property Tax dollar amount for 2019 to be used for Public Safety, including Police, Fire and Emergency Services.**

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
November 8, 2018		

ORDINANCE NO. 18-XXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, WASHINGTON, LEVYING THE GENERAL PROPERTY TAXES FOR THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2019 ON ALL PROPERTY BOTH REAL AND PERSONAL, SUBJECT TO TAXATION, FOR THE PURPOSE OF PROVIDING REVENUE FOR PUBLIC SAFETY FOR THE CITY OF BLACK DIAMOND FOR THE ENSUING YEAR AS REQUIRED BY LAW AND ESTABLISHING THE EFFECTIVE DATE.

WHEREAS, the cities under 10,000 population may increase the regular property tax levy from the previous year by up to one percent, and

WHEREAS, the City Council has properly given notice of the Public Hearings held on November 8, 2018 to consider the City's 2019 Property Tax Levy and the Preliminary Budget including the Revenue Sources, pursuant to RCW 84.55.120; and

WHEREAS, the City Council of Black Diamond, Washington has met and considered the Public Safety budgets for the year of 2019; and

WHEREAS, a public hearing was held on November 8, 2018 regarding the 2019 Budget revenues and the property tax levy, and

WHEREAS, King County requires that the 2018 Property Tax Levies be submitted by November 30, 2018; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. Amount. The preliminary assessed valuation of \$867,760,447 is adopted. A regular property tax for 2019 is hereby levied in the amount **\$1,676,137** which includes the allowed actual .95% increase of \$14,654 over last year's actual levy, preliminary new construction, a refund of \$0 from prior year and includes an estimated an additional \$30,000 for any additional increases resulting from additional new construction, improvements to property, newly constructed wind turbines, and any increase in the value of state assessed property or any annexations that have occurred after the preliminary worksheets and adjustment made by the county. The final dollar amount of Property Taxes is determined by King County and reduced to the actual amount allowed.

Section 2. **Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by State or Federal law or regulations, such decisions or preemptions shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 3. **Effective Date** This Ordinance shall be published in the official newspaper of the city and shall take effect and be in full force five (5) days after the date of publication.

PASSED by the Council and approved by the Mayor of the City of Black Diamond, Washington, this 15th day of November 2018.

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A. Linehan, City Attorney

Posted:

Published:

Effective Date:

PRELIMINARY

LEVY LIMIT WORKSHEET – 2019 Tax Roll

TAXING DISTRICT: City of Black Diamond

The following determination of your regular levy limit for 2019 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.

Annexed to Library District (Note 1) Estimated Library rate: 0.33456

Using Limit Factor For District	Calculation of Limit Factor Levy	Using Implicit Price Deflator
1,535,244	Levy basis for calculation: (2018 Limit Factor) (Note 2)	1,535,244
1.0100	x Limit Factor	1.0217
1,550,596	= Levy	1,568,543
47,123,346	Local new construction	47,123,346
0	+ Increase in utility value (Note 3)	0
47,123,346	= Total new construction	47,123,346
2.02747	x Last year's regular levy rate	2.02747
95,541	= New construction levy	95,541
1,646,137	Total Limit Factor Levy	1,664,084
Annexation Levy		
0	Omitted assessment levy (Note 4)	0
1,646,137	Total Limit Factor Levy + new lid lifts	1,664,084
867,760,447	÷ Regular levy assessed value less annexations	867,760,447
1.89700	= Annexation rate (cannot exceed statutory maximum rate)	1.91768
0	x Annexation assessed value	0
0	= Annexation Levy	0
Lid lifts, Refunds and Total		
0	+ First year lid lifts	0
1,646,137	+ Limit Factor Levy	1,664,084
1,646,137	= Total RCW 84.55 levy	1,664,084
0	+ Relevy for prior year refunds (Note 5)	0
1,646,137	= Total RCW 84.55 levy + refunds	1,664,084
Levy Correction: Year of Error _____ (+or-)		
1,646,137	ALLOWABLE LEVY (Note 6)	1,664,084
Increase Information (Note 7)		
1.89700	Levy rate based on allowable levy	1.91768
1,535,942	Last year's ACTUAL regular levy	1,535,942
14,654	Dollar increase over last year other than N/C – Annex	32,601
0.95%	Percent increase over last year other than N/C – Annex	2.12%
Calculation of statutory levy		
	Regular levy assessed value (Note 8)	867,760,447
	x Maximum statutory rate	3.26544
	= Maximum statutory levy	2,833,620
	+Omitted assessments levy	0
	=Maximum statutory levy	2,833,620
	Limit factor needed for statutory levy	Not usable

ALL YEARS SHOWN ON THIS FORM ARE THE YEARS IN WHICH THE TAX IS PAYABLE.
Please read carefully the notes on the reverse side.

Notes:

- 1) Rates for fire districts and the library district are estimated at the time this worksheet is produced. Fire district and library district rates affect the maximum allowable rate for cities annexed to them. These rates *will* change, mainly in response to the actual levy requests from the fire and library districts. Hence, affected cities may have a higher or lower allowable levy rate than is shown here when final levy rates are calculated.
- 2) This figure shows the maximum *allowable levy*, which may differ from any actual prior levy if a district has levied less than its maximum in prior years. The maximum allowable levy excludes any allowable refund levy if the maximum was based on a limit factor. The maximum allowable levy excludes omitted assessments if the maximum was determined by your district's statutory rate limit. If your district passed a limit factor ordinance in the year indicated, that limit factor would help determine the highest allowable levy. However, if the statutory rate limit was more restrictive than your stated limit factor, the statutory rate limit is controlling.
- 3) Any increase in value in state-assessed property is considered to be new construction value for purposes of calculating the respective limits. State-assessed property is property belonging to inter-county utility and transportation companies (telephone, railroad, airline companies and the like).
- 4) An omitted assessment is property value that should have been included on a prior year's roll but will be included on the tax roll for which this worksheet has been prepared. Omitted are assessed and taxed at the rate in effect for the year omitted (RCW 84.40.080-085). Omitted assessments tax is deducted from the levy maximum before calculating the levy rate for current assessments and added back in as a current year's receivable.
- 5) Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislature.
- 6) A district is entitled to the lesser of the maximum levies determined by application of the limit under RCW 84.55 and the statutory rate limit. Levies may be subject to further proration if aggregate rate limits set in Article VII of the state constitution and in RCW 84.52.043 are exceeded.
- 7) This section is provided for your information, and to assist in preparing any Increase Ordinance that may be required by RCW 84.55.120. The increase information compares the allowable levy for the next tax year with your ACTUAL levy being collected this year. The actual levy excludes any refund levy and expired temporary lid lifts, if applicable. New construction, annexation and refund levies, as well as temporary lid lifts in their initial year, are subtracted from this year's *allowable* levy before the comparison is made.
- 8) ***Assessed valuations shown are subject to change from error corrections and appeal board decisions recorded between the date of this worksheet and final levy rate determination.***

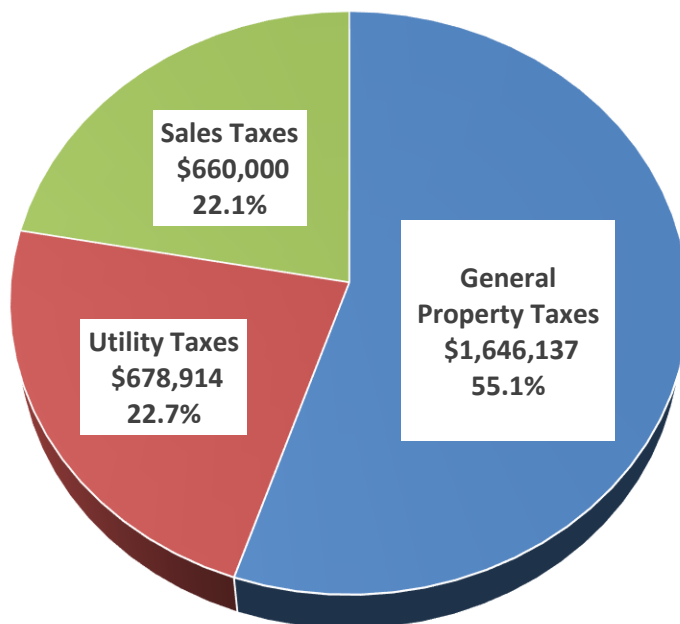
City of Black Diamond Property Taxes

2019

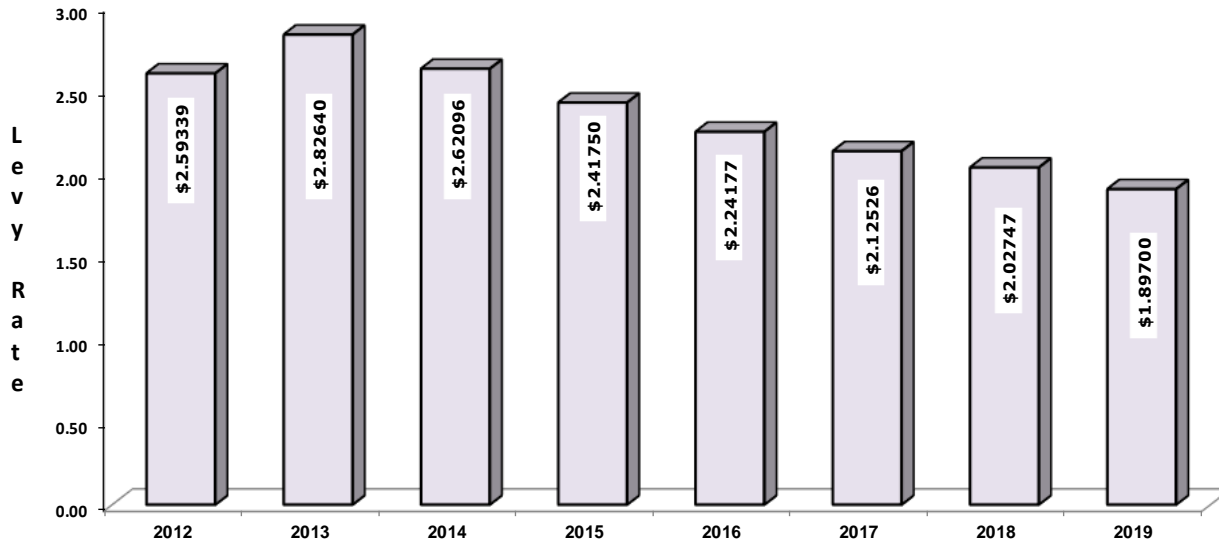
Property taxes make up 55.1% of the General Fund’s tax revenue and estimated to generate \$1,646,137 in revenue for the city in 2019. All revenues from property taxes go directly to the General Fund to support public safety for police, fire protection and emergency services. Black Diamond depends heavily on property tax collections, as the city has a small commercial base for generating sales tax revenue.

In Washington cities such as Black Diamond, property tax increases are limited to a 1% total dollar annual increase per year unless voters approve a lid-lift or larger percent increases plus any property tax from new construction. King County sets assessed valuation on property and calculates levy rates. Each taxing authority receives a portion of the tax amount, which King County collects and then passes on.

2019 General Fund Taxes

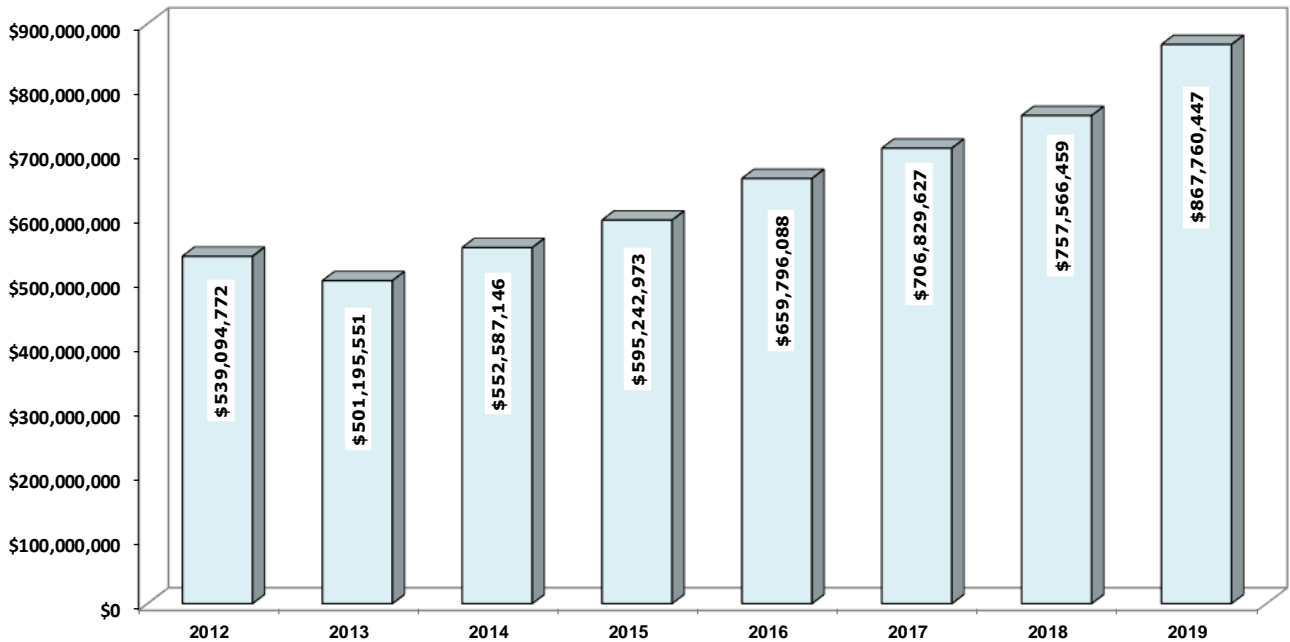


Property Tax Collection and Levy Rate History



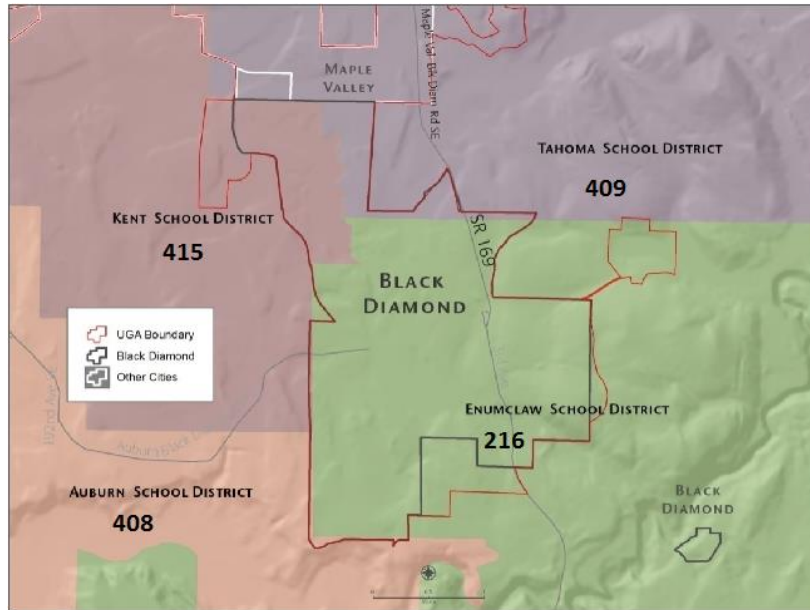
Regular Levy Base	1,360,492	1,373,558	1,400,391	1,438,114	1,462,890	1,481,033	1,508,687	1,535,244
1% Increase	13,605	13,736	14,004	14,381	14,629	14,810	15,087	15,352
New Construction	6,461	4,256	11,833	3,145	11,905	13,378	11,470	95,541
Annexations								
Adjustments	-6,999	8,841	11,886	5,137	-14,074	-534	698	
Total Property Taxes	\$1,373,558	\$1,400,391	\$1,438,114	\$1,460,777	\$1,475,350	\$1,508,687	\$1,535,942	\$1,646,137
Levy Rate per \$1000 AV	\$ 2.59339	\$ 2.82640	\$ 2.62096	\$ 2.41750	\$ 2.24177	\$ 2.12526	\$ 2.02747	\$ 1.89700
Allowable Levy	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
Assessed Valuation	\$539,094,772	\$501,195,551	\$552,587,146	\$595,242,973	\$659,796,088	\$706,829,627	\$757,566,459	\$867,760,447

Assessed Valuation History



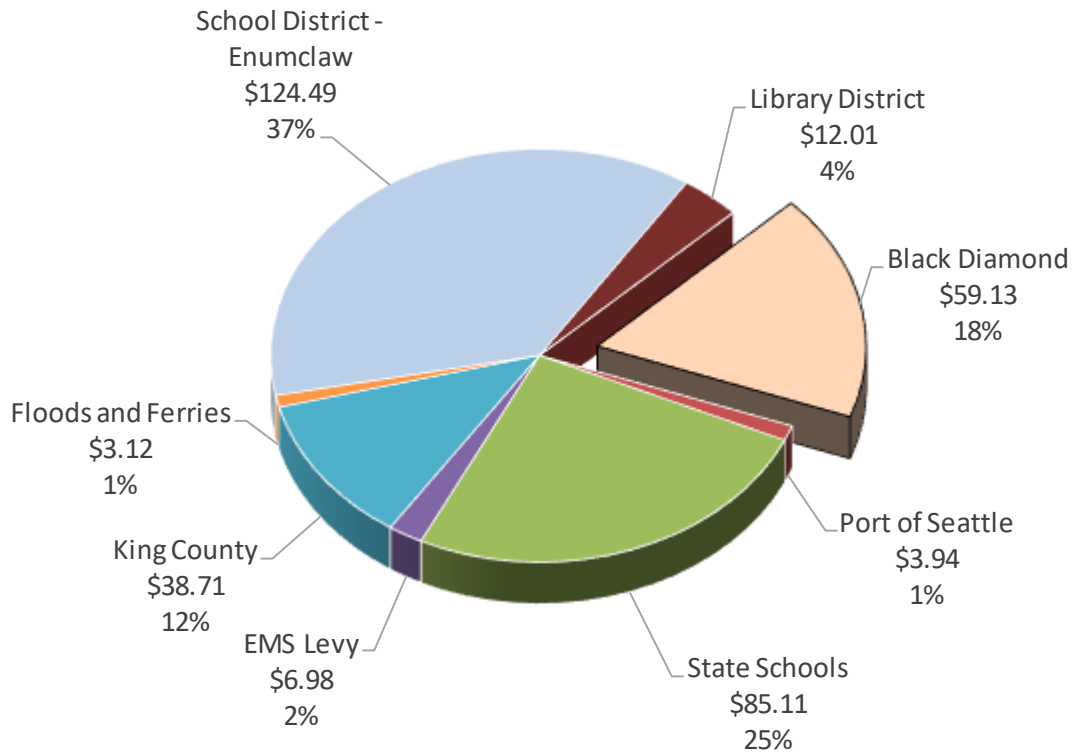
Base Assessed Valuation	536,580,666	499,553,614	548,399,243	593,190,272	654,878,592	700,633,535	757,554,989	867,664,906
New Construction	2,514,106	1,641,937	4,187,903	2,052,701	4,917,496	6,196,092	11,470	95,541
Final Assessed Valuation	\$539,094,772	\$501,195,551	\$552,587,146	\$595,242,973	\$659,796,088	\$706,829,627	\$757,566,459	\$867,760,447
% change from prior year	1.2%	-7.0%	10.3%	7.7%	10.8%	7.1%	7.2%	14.5%
Population	4,190	4,160	4,160	4,170	4,200	4,330	4,335	4,360
Property Tax Levy Rate	2.593	2.826	2.621	2.418	2.242	2.125	2.027	1.897

School Districts in Black Diamond



The total property tax rates in Black Diamond vary because of the four different school districts within our city limits.	Enumclaw	Tahoma	Kent	Auburn
2018 Rates				
Local School District	4.27	5.42	4.19	6.30
Washington State for Schools Part 1	1.91	1.91	1.91	1.91
McCleary Decision for Schools Part 2	1.01	1.01	1.01	1.01
King County	1.33	1.33	1.33	1.33
City of Black Diamond	2.03	2.03	2.03	2.03
Port of Seattle	.14	.14	.14	.14
Library District	.41	.41	.41	.41
Emergency Medical Services	.24	.24	.24	.24
King County Flood Levy	.11	.11	.11	.11
Total Levy Rate 2018	\$11.45	\$12.60	\$11.37	\$13.48
<i>2017 Total Levy Rates</i>	<i>11.05</i>	<i>12.36</i>	<i>11.35</i>	<i>13.27</i>

**2018 Property Tax Rates on a \$350,000 Appraised Home
Translates to
Total Monthly Taxes of \$333.52
Black Diamond's Portion = \$59.13**



King County Taxing District	Levy Rate per \$1000 in Value	Percent of Property Taxes Collected	2018 Annual Tax on a \$350,000 Home	Monthly Tax on a \$350,000 Home
Port of Seattle	0.13518	1%	\$47.31	\$3.94
State Schools	2.9182	26%	\$1,021.37	\$85.11
EMS Levy	0.2394	2%	\$83.79	\$6.98
King County	1.32735	12%	\$464.57	\$38.71
Floods and Ferries	0.10708	1%	\$37.48	\$3.12
School District - Enumclaw	4.26822	37%	\$1,493.88	\$124.49
Library District	0.4119	4%	\$144.17	\$12.01
Subtotal	9.40733	82%	\$3,292.57	\$274.38
Black Diamond	2.02747	18%	\$709.61	\$59.13
Total	11.4348	100%	\$4,002.18	\$333.52

General Fund Preliminary Budget 2019		2018			2019		
		Budget	Actuals Thru August	Estimated Year End	Prelim Budget	\$ Budget Change	% Budget Change
REVENUE							
1	Beginning Cash and Investments	1,161,717	1,217,656	1,217,656	1,366,173	204,456	17.6%
2	General Property Taxes	1,534,740	870,125	1,547,900	1,646,137	111,397	7.3%
3	Sales Taxes	655,000	383,799	600,000	660,000	5,000	0.8%
4	Utility Tax and Gambling Tax	641,650	419,127	626,850	678,914	37,264	5.8%
5	Cable Franchise Fees	76,500	54,602	78,500	80,000	3,500	4.6%
6	Business License	23,500	26,509	27,000	31,000	7,500	31.9%
7	Liquor Excise Tax	21,328	15,971	21,300	22,000	672	3.2%
8	Liquor Board Profits	35,937	17,961	35,000	36,000	63	0.2%
9	KC EMS Levy, Recycle Grants & Misc	74,500	77,372	72,500	74,000	(500)	-0.7%
10	State Sales Tax Assistance	95,000	7,538	15,000	-	(95,000)	-100.0%
11	Community Development Rev	794,750	835,750	951,000	902,550	107,800	13.6%
12	Police Department Revenue	269,339	267,595	341,494	379,900	110,561	41.0%
13	Municipal Court Revenue	195,275	93,452	135,000	151,350	(43,925)	-22.5%
14	Charges for Services & Misc Rev	32,650	24,264	28,895	35,930	3,280	10.0%
15	Parks Revenue	36,900	28,554	33,400	35,400	(1,500)	-4.1%
16	Cemetery Revenue	12,600	4,700	5,200	6,000	(6,600)	-52.4%
17	Funding Agreement - MDRT	878,088	725,279	878,088	829,505	(48,583)	-5.5%
	Total Operating Revenues	5,377,757	3,852,598	5,397,127	5,568,686	190,929	3.6%
18	Dev Reimburse-MDRT Consultants	975,000	403,970	975,000	1,520,000	545,000	55.9%
	TOTAL GENERAL FUND SOURCES	7,514,474	5,474,224	7,589,783	8,454,859	940,385	12.5%
		2018			2019		
		Budget	Actuals Thru August	Estimated Year End	Prelim Budget	\$ Budget Change	% Budget Change
EXPENDITURES							
1	Legislative - Council	15,881	7,053	13,300	16,174	293	1.8%
2	Executive - Mayor	14,967	9,957	14,760	15,663	696	4.7%
3	Administrative Services	496,372	380,895	482,200	525,746	29,374	5.9%
4	Legal Services	162,500	157,285	223,500	156,500	(6,000)	-3.7%
5	Prosecuting Atty and Public Defender	85,250	45,825	77,400	83,500	(1,750)	-2.1%
6	Municipal Court	280,055	168,495	258,000	276,268	(3,787)	-1.4%
7	Police Department	1,944,007	1,287,788	1,895,000	2,071,435	127,428	6.6%
8	Fire Department	540,300	275,873	571,750	558,650	18,350	3.4%
9	EMS/Recyl/Anim Cont/Mental Health	28,957	23,899	29,000	32,000	3,043	10.5%
10	Master Development Review Team	878,088	543,235	789,000	829,505	(48,583)	-5.5%
11	Community Development	807,199	385,539	670,200	854,323	47,124	5.8%
12	Facilities	124,931	82,982	126,500	127,370	2,439	2.0%
13	Parks Department	97,494	53,119	87,000	101,914	4,420	4.5%
14	Cemetery	19,247	9,598	11,000	13,750	(5,497)	-28.6%
	Total Operating Expenditures	5,495,248	3,431,540	5,248,610	5,662,798	167,550	3.0%
15	Developer MDRT Consultants	975,000	361,092	975,000	1,520,000	545,000	55.9%
	Total Expenditures	6,470,248	3,792,633	6,223,610	7,182,798	712,550	11.0%
16	Ending Cash and Investments	1,044,226	1,681,591	1,366,173	1,272,061	227,835	21.8%
	TOTAL GENERAL FUND USES	7,514,474	5,474,224	7,589,783	8,454,859	940,385	12.5%