

MUNICIPAL LEAGUE OF KING COUNTY

TAKES NO POSITION

Shoreline Proposition 1 - Maintenance and Operations Levy

General Election, November 2, 2010

SUMMARY AND BACKGROUND

The Shoreline City Council adopted a resolution placing Proposition 1, a six-year maintenance and operations levy to fund basic public safety, parks & recreation, and community services, on the November 2, 2010 general election ballot. If approved by the voters, the levy increases property taxes in order to supplement the city's projected operating budget shortfalls. Specifically, the levy would:

- Increase Shoreline's property tax rate by \$0.28 per \$1,000 of assessed value to \$1.48 in 2011
- Limit property tax increases in 2012 through 2016 to an amount not to exceed Seattle consumer price Index
- Use the 2016 levy rate as the base for future levy rates
- Cost the average homeowner (assessed value of \$325,000) an average of \$111 per year or \$9.25 per month over a six-year period

With the 1% property tax growth limitation, the downturn in the economy leading to a loss of tax revenue, inflation, increases in the costs of health insurance, fuel, and asphalt, and continued service cuts, the City Council decided to put this levy on the ballot. The City Council through the process of a community prioritization exercise has created a list of four priority levels for municipal services to let voters know what will be covered by this levy. It also reports separate required costs to the city, including jail and court services, liability insurance, city-wide equipment and supplies, and the mortgage on city hall.

If approved, Proposition 1 would maintain current levels of police and emergency services. Proposition 1 would preserve funding for parks and trails; playgrounds and play equipment, playfields, restrooms and the Shoreline pool; and preserve recreation programs for youth, families and seniors. Proposition 1 would continue funding for community services including the Shoreline senior center and youth programs.

If the measure is rejected, the city is likely to make cuts based on recommendations of the community prioritization exercise. Specifically, funding for the arts, the museum, intergovernmental participation, and "Celebrate Shoreline" would probably be cut. Other police, planning, community information, neighborhood programs, and the pool, among others, may lose funding.

ARGUMENTS FOR PROPOSITION 1

- Passage of Proposition 1 will provide revenue to maintain current services such as police, parks and recreation facilities and programs, and community services - services that are even more important during economically challenging times.
- The City of Shoreline asserts that it has been tightening its fiscal belt for many years in anticipation of a projected budget gap. It has prioritized costs and heard from the community on how to prioritize services.
- Overall cost increases have averaged 4% annually and inflation has averaged 3% annually since 2000. Therefore, under the limitation to a 1% per year increase in property taxes, future city revenues will not support maintaining current services. (The 1% limitation resulted from Initiative 747 as adopted by the people in 2001.)
- Unless voters approve a higher rate, some reductions in programs affecting Shoreline will have to be made. Shoreline projects annual budget gaps of \$1.9 million in 2011, \$1.5 million in 2012, \$1.7 million in 2013, \$2.4 million in 2014, \$4.1 million in 2015, and \$4.1 million in 2016 without the passage of this levy.
- According to the city and supporters, Proposition 1 is essential for:
 1. Maintaining public safety and emergency services
 2. Preserving parks and recreation maintenance and programs

3. Keeping vital community services such as food assistance and crisis programs
- The city has taken great strides in improving the quality of life in Shoreline and should continue to improve the city's infrastructure and business climate. The city has acted appropriately in managing both basic services and amenities that improve the lives of the residents of Shoreline.

ARGUMENTS AGAINST PROPOSITION 1

- The current economic climate calls for budgetary restraint, not increased tax revenues. Shoreline taxes, when combined with increases by King County and the State would affect those who can least afford them. The money is better left in the hands of the citizens.
- Large expenditures during the past decade on Aurora Avenue and a new City Hall have created public distrust, especially because these capital projects were achieved partly by diverting dollars out of the general fund. The city was over budget in their capital improvements to city hall and a percentage of the money raised by the levy would pay the building's mortgage.
- Fiscal austerity and a review of salaries and benefits should produce more than enough resources to carry on the services in Shoreline. Labor costs need to be reined in and a stop to salary increases should be established. The opposition is unimpressed with the city's hiring freeze and efforts to tighten its spending in previous years.
- Higher taxes in a down economy are bad for citizens and for economic recovery. The city has not done enough to cut spending. (An example is employee health care cost containment options that have not been fully explored.)
- Taxes raised by Proposition 1 will not support a good business climate in Shoreline and may scare away new business.
- Taxes raised by Proposition 1 will raise tax levels above the property tax cap - a point that has not been clarified for voters.

RECOMMENDATION AND RATIONALE

The Municipal League takes no position on Shoreline Proposition 1.

The Municipal League of King County commends the City of Shoreline for its transparency, citizen involvement, and willingness to send this levy to the voters. The League is encouraged by the fact that the city makes spending priorities public and that the city communicates the ways in which it has limited spending in the last five years leading up to this levy.

The League is partial to general maintenance and operations levies, not narrow levies for highly specific programs like the police, parks, pools, and so forth. City officials are elected to work with citizens to prioritize services. When narrow levies are passed, silos of funding and operations budgets are created, tying the hands of citizens and policy-makers to adequately control funds and ensure fiscal stability.

The Municipal League recognizes that local municipalities have real revenue problems resulting from a bad economy, limits in funding mechanisms, and the passage of laws like Washington State Initiative 747 (which the League opposed). Shoreline and other cities project large budget gaps in the coming years and will have to make some very tough decisions if voters chose not to raise their taxes. We believe the city has done its due diligence in planning for this levy but believe it is up to the citizens of Shoreline to decide the types and levels of services it would like to fund through self-imposed property taxes.

Public safety and emergency services, parks and recreation maintenance, and other community services such as food assistance, school resource officers, arts, the pool, museum, neighborhood programs, traffic services, and "Celebrate Shoreline" will lack proper funding if this levy does not pass. These are collectively-provided security programs and community amenities. Those who agree with these priorities and who feel the city has done its best to limit spending and lower costs should vote for this measure. Those who disagree with these priorities and those who do not believe the city has done enough to limit spending and lower costs should vote against this levy. Shoreline has acted responsibly in giving voters an option, the choice is in the public's hands.