

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF ISLAND COUNTY, WASHINGTON

A RESOLUTION PROVIDING FOR THE
SUBMISSION OF A PROPOSITION TO THE
QUALIFYING VOTERS OF ISLAND COUNTY
AT THE AUGUST 2010 PRIMARY
ELECTION FOR THEIR RATIFICATION OR
REJECTION, PROVIDING FOR AUTHORITY
TO LEVY AN INCREASE IN THE REGULAR
PROPERTY TAX LEVY

RESOLUTION NO. C-54-10

WHEREAS, Island County is authorized to levy a regular property tax not to exceed \$1.80 per \$1,000 of assessed value on the property within the County; and

WHEREAS, Island County continues to experience a financial crisis resulting from the following major factors: (1) an ongoing global recession; (2) a historic reliance on the now-collapsed growth in sales tax revenue and other revenues from new construction; and (3) the cumulative long-term effects of the passage of Initiative 695 which drastically reduced funding for law and justice and public health, and Initiative 747 which limited property tax increases to 1%, while the average inflation rate was 3%. As a result, the financial solvency of Island County is threatened, and in spite of aggressive crippling reductions, continues to be in peril without prudent and swift revenue adjustments; and

WHEREAS, the Island County Commissioners responded by taking action to cut expenses to offset the drastic drop in revenues and balance the budget:

- Government expenses were cut by \$4.2 million or approximately 20% of the Current Expense Fund between 2008-2010
- County workforce was reduced by over 50 positions
- 30% fewer employees are working in departments funded by the Current Expense Fund
- Work hours were reduced for many positions
- Offices shortened their hours open to the public as a result of fewer employees
- Reduced health insurance benefits for all Elected Officials and non-union employees
- Eliminated COLAs for up to 3 years for some employees
- Commissioners reduced their compensation by up to 10% by foregoing travel allowances
- Elected Officials made donations to the County and eliminated travel reimbursements
- Fees for service were adjusted where prudent to recoup the cost of doing business
- Energy efficiencies were implemented reducing consumption by 30% with an estimated savings of \$50,000 annually

- Consolidated the County's outlying facilities
- Partnered with South Whidbey Parks & Recreation avoiding possible State closure of Deer Lake, Lone Lake and Goss Lake park facilities
- Created a new volunteer program, Adopt-a-Park, to help maintain County Parks; and

WHEREAS, these sweeping measures have significantly reduced county government services, strained internal systems, and left some essential programs underfunded and understaffed; and

WHEREAS, the financial shortfall for 2010 will exceed \$1.2 million and the five year financial forecast shows that despite rigorous budget reductions, Current Expense Fund expenses will continue to exceed revenues by over \$1.8 million per year, completely exhausting Island County's cash reserves by 2014; leaving the County's Elected Officials unable to provide our citizens with fundamental support and services required by law; and

WHEREAS, all Washington State Counties are required to provide similar essential services. Island County currently has a property tax rate of \$0.51 per \$1,000 of assessed value which is the lowest rate of all 39 counties in Washington State and only five counties in the state have a property tax rate below \$1.00 per \$1,000 of assessed valuation; and

WHEREAS, the Board of County Commissioners finds that it is necessary to protect the financial viability of the County Current Expense Fund by allowing the electors to approve or reject a proposition under RCW 84.55.050(2) to authorize the Board of County Commissioners to levy the County's regular property tax in an amount that exceeds the limit factor that would otherwise be prescribed by RCW 84.55.010; and

WHEREAS, RCW 84.55.050(2) authorizes the County to place a proposition before the voters to approve annual increases in regular property tax levies for multiple consecutive years (up to six consecutive years) during which period each year's authorized maximum legal levy shall 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 years along with the limit factor or the specified index (such as the consumer price index) to be used for determining a limit factor in each of the subsequent consecutive years; and

WHEREAS, the property tax rate is computed based upon the overall total assessed value of property in the County on January 1. The Island County Assessor estimates that the total assessed value of property for January 1, 2010 will be reduced between 10% to 15% but the final figure will not be determined until later in the year. If the total assessed value of property is reduced 12% the dollar rate to raise the same regular levy amount next year as in 2010, plus the 1% limit factor, would be \$0.59 per \$1,000 of assessed valuation and the voter-approved added levy rate to raise an additional \$2,059,776 would be \$0.16 for a total levy rate to be collected in 2011 of \$0.75 per \$1,000 of assessed valuation; and

WHEREAS, the proceeds of the increase in the regular property tax on real property that would be authorized by the ballot proposition requested below will provide funding for retaining public safety and other essential services provided by the County to its citizens; and

WHEREAS, the proposal set out in this resolution requires approval by a simple majority of the voters in Island County; NOW, THEREFORE,

BE IT RESOLVED by the Board of Island County Commissioners, pursuant to RCW 84.55.050 and RCW 29A.04.321, as follows:

Section 1. The best interests of the citizens of Island County require the submission to the qualified voters of the County a proposition to levy regular property taxes above the limitations established in RCW 84.55.010 for approval or rejection at the primary election to be held August 17, 2010. The proposition shall be to increase the County's regular property tax levy by \$0.16 per \$1,000 of assessed valuation for collection in 2011, for a total rate not to exceed \$0.75 per \$1,000 of assessed valuation, and to increase the levy as allowed by chapter 84.55 RCW for each of the succeeding five years.

Section 2. The proposition would authorize the County to levy the regular property tax at a rate of \$0.75 per \$1,000 of assessed valuation on property in the County for collection in the year 2011. Therefore the proposed increase will generate approximately \$2,059,776 additional revenue for 2011. For the four years following 2011 (i.e., the years 2012 - 2015), the proposition would also authorize use of a limit factor of 100% plus the percentage change in the Consumer Price Index For All Urban Consumers for the Seattle-Tacoma-Bremerton Area (1982-84 = 100) reported for the first six months of each respective levy year or the equivalent successor index as determined by the Board of Island County Commissioners, or one percent, whichever is higher. The proposition also would approve the use of the dollar amount of the 2015 levy for computing the maximum levy that may be imposed in years after 2015. Revenues from the property tax increases that would be authorized by the ballot proposition shall be used for the limited purposes of retaining public safety and other essential services, and, secondarily, begin replenishing the County's contingency cash reserves.

Section 3. The proposition to be submitted to the electorate of Island County shall read substantially as follows:

Proposition No. 1

LEVY FOR RETENTION OF BASIC PUBLIC SAFETY AND OTHER ESSENTIAL SERVICES

The Board of Island County Commissioners adopted Resolution C-54-10 concerning voter approval of its regular property tax levy. To retain basic public safety and other essential services, this proposition would (1) increase the regular property tax levy above the limit factor, to a rate of \$0.75 per \$1,000 assessed value for collection in 2011; (2) increase the 2012-2015 levy amounts by the CPI inflation rate or one percent, whichever is higher; and (3)

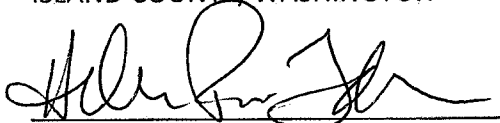
authorize use of the 2015 levy amount as the base for computing levies in succeeding years; all as set forth in Resolution C-54-10.

Should this proposition be approved?

YES: _____ NO: _____

DATED this 25 day of MAY, 2010.

BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON



Helen Price Johnson, Chair

ATTEST:



Angie Homola, Member



Elaine Marlow
Clerk of the Board



John Dean, Member