



Frequently Asked Questions Lake Forest Park Levy Lid Lift Ballot Proposition

April 27, 2010

BACKGROUND

1. Why is the City Council putting Proposition 1 on the ballot for a vote of the citizens?

The City Council has cut services over the past 10 years. If service cuts continue the Mayor and City Council believe there will be a serious impact on the quality of public services in Lake Forest Park. Proposition 1 provides an opportunity for citizens to decide if they want to retain the current level of services.

2. What is the problem the City seeks to solve with the proposed levy lid lift?

The City cannot continue to provide the citizens with the current level of police, court, parks and other governmental services because of the persistent structural budget gap which has been dramatically exacerbated by the economic downturn.

3. What are the structural causes of the budget gap?

Two initiatives in the past ten years have altered municipal financing. I-695 eliminated funds for sales tax equalization and eliminated funds dedicated to public safety. I-747 prevented the City's property tax from increasing more than 1% annually without a vote of the people.

4. How did the City respond to these initiatives?

The City responded to I-695 by reducing its budget by \$1.3 million dollars (26% of the General Fund budget) by eliminating two police officers and a records clerk, contracting with Bothell for police dispatch, implementing a utility tax on natural gas, increasing the City's business tax and annexing to King County Library.

The City responded to I-747 by adding passport services, shifting debt for City Hall out of one fund and into a capital fund and increased the share of health costs employees pay.

5. What cuts has the City already made to balance the budget?

In the 2009-2010 budget the City Council cut \$931,000.

- The City has eliminated 5 staff positions—two police officers, a police administrative assistant, a City planner and a facilities maintenance worker.
- Passport office hours and staff were reduced.
- Staff had their COLA's and step increases frozen.
- Travel and training funds were reduced.
- Employees pay a higher share of health care premiums.

THE BALLOT PROPOSAL

6. What will the Proposition 1 pay for?

Proposition 1 will pay for the retention of public safety, parks community and other services

7. What is the increase the average homeowner will pay?

The average homeowner will pay \$11.53/month plus an annual increase no more than CPI inflation rate.

8. How long will the proposal last?

The levy lid lift proposal is for 6 years. At the end of the six years, property taxes will be based on the amount levied in 2016. Unless there is another vote of the people the rate can only increase by 1%.

9. What will the funds be used for?

The funds will be used for public safety, parks, community and other governmental services.

10. What is the impact of the increase in my total property tax bill?

The proposed increase represents a 2.7% increase in the total property tax bill for the average homeowner.

11. Will there be a voter's guide?

Yes.

12. When will the election be held?

The election date has been set for August 17, 2010. An August date provides the City with time to develop the budget for 2011-2012 with a realistic picture of the revenue. The election is vote by mail, citizens will receive their ballot in late July.

13. What happens if the ballot issue fails?

If the ballot issue fails, the City will face a 2011-2012 budget shortfall of approximately \$700,000.

The details of any budget changes will be proposed by the Mayor and authorized by the City Council. The options will include looking at additional service reductions, revenue increases and one-time fixes. Some of the service reductions could include the following:

- Further reductions in public safety
- Reducing park maintenance and/or closing parks and further decreasing maintenance of City Hall and other facilities
- Furloughing staff and closing City Hall for one day per month
- Eliminating the Town Crier and reducing electronic outreach
- Reducing or eliminating funding to outside agencies (Arts Council, Third Place Commons, Teen Center, etc.)
- Reducing support services for operating the City thus diminishing public services
- Permitting would take longer.

The City could increase revenues by establishing a utility tax on sewer services and electricity. The City could use one-time money from the City's remaining "rainy day" funds. The City already used \$500,000 from this fund to close a budget gap for 2009-10.

LAKE FOREST PARK AND OTHER CITIES

14. How does Lake Forest Park's financial picture compare with other cities?

- Lake Forest Park is primarily a residential community and thus more dependent on property taxes.
- Lake Forest Park overall spending per capita is among the lowest in King County.
- Lake Forest Park gets the least per capita revenue from sales taxes in King County.
- Lake Forest Park receives no gambling tax revenue. Shoreline (7%), Mountlake Terrace (13%) and Kenmore (5%) all raise revenue from gambling.
- Most of the cities in King County have a similar utility tax rate of 6%.

15. What is the amount per person of property tax paid for the delivery of services? How does it compare to our neighboring cities?

The 2010 property tax per capita for Lake Forest Park and surrounding cities:

City	City Property Tax Paid Per Person	Total Property Tax Paid Per Person
Shoreline	\$ 174	\$ 1,627
Kenmore	200	1,559
Mountlake Terrace	*201	**925
Brier	213	**1,091
Lake Forest Park	219	2,015
Woodinville	276	2,621
Bothell	298	2,087
Seattle	*601	1,858

Sources:

King County Department of Assessments

Snohomish County Assessor's Annual Report for 2010 Taxes

*Seattle and Mountlake Terrace have city fire departments, Seattle also has library included in their city property tax.

**Taxpayers in Snohomish County have lower county and school district rates than Lake Forest Park and do not pay Port District levies.

Note: It is difficult to make an "apples to apples" comparison between cities. Each city has a mix of different commercial and residential values and services. Lake Forest Park is not an outlier for any of these comparable indices.

16. How have cities reduced staff costs?

Cities vary in their approach to staff reductions. Generally the staff reduction options include layoffs, freezing salaries and cost of living (COLA) increases, and furloughs.

Typically cities make a choice between furloughs and wage freezes. King County for example gave staff raises and COLA's and then furloughed employees.

Other cities froze salaries and COLA's and did not furlough employees.

Lake Forest Park eliminated five positions 2009-2010. Employees had their salaries frozen and eliminated COLA's in order to continue to provide services to citizens every day.

QUESTIONS ABOUT CITY OPERATIONS

17. Why does the City have its own court? Would it be cheaper to contract for court services?

Every City is obligated to pay for the court costs for misdemeanor cases whether it contracts for the service or provides it locally. These include the cost for judges, court staff, probation officer, and the public defender and prosecutor. Lake Forest Park has provided these services locally for almost 50 years.

The City has explored at various times either providing services with neighboring cities or merging with the Shoreline District Court. After reviewing the analysis, the City Council has not seen significant cost savings from moving the court. The City is continuing to explore the possibility of providing court services for neighboring jurisdictions.

18. Would it be less expensive for the City to contract with King County for police?

It would cost more than an additional \$100,000 to provide the same level of staffing from King County that the City currently has with its own police. In addition, the City would not have as much control over the staffing or service levels as it does now.

The way to reduce police costs is to reduce the number of police and thus the service levels.

19. Why does the City have a lobbyist?

The City's part-time lobbyist has worked with the state legislature on a daily basis during the legislative session. He has represented the interests of the City at hearings and with individual legislators. As a result of his work, the City has received two line items in the state budget. The first is \$500,000 for a park and ride. This is part of the mitigation funds for the expected diversion of traffic from tolling on SR520. The second line item in the budget is \$250,000 to help reduce flooding on McAleer Creek just below the Towne Centre.

20. Why is the City considering hiring an arborist?

The City arborist is part of the draft tree ordinance. This ordinance is under consideration by the City Council.

21. How can the City fund Blue Heron Park Pedestrian Bridge if the City needs money?

The funding for the pedestrian bridge is from a revenue source that is specifically for capital projects and cannot be used for general government. This project has been on the Capital Improvement Program list for several years. Municipal finance is not exactly like budgeting at home. The state provides revenue sources for specific uses. The capital funding was available this year.

Additionally, the bridge will resolve some of the pedestrian safety issues around NE 170th Street. It is intended to increase safety for people traveling from the Sheridan Heights and Hamlin area to Towne Centre.

22. How many grants did the City apply for in the past budget cycle?

The City applied for millions of dollars in grant funds from the following sources (**bold face indicate successful grants, italic grants still in process.) These grants do not replace general fund revenues. Even the COPS grant would provide funding for a few years and then require the City to provide for the officers for an extended period.**

- *COPS grant*
- Stimulus projects grants.
- **Conservation Futures Grant** for property acquisition
- **WaterWorks**
- *Forest Assistance grant*
- Community Salmon Fund
- **King County Hazard Waste**
- **King Conservation District**
- **King County Flood Control**
- **Waste Reduction and Recycling**
- **Department of Ecology Coordinated Prevention Grant**
- **4 Culture**
- *Federal budget requests for the bypass to prevent flooding*
- **United Way**
- **King County Community Organizing Program**
- **522 Diversion Mitigation grant**
- **State Supplemental Transportation Budget**

The City is currently working on applications for grants for an additional \$3 million from:

- FEMA
- Washington State Humanities grant

OTHER QUESTIONS

23. How can the City say inflation is 3%? People on a fixed income did not get an increase this year?

The average inflation rate between 2002 and 2009 was just below 3%. In 2009 for example social security recipients received a 5.8% increase. In 2010, social security recipients, for the first time, did not receive an increase. This illustrates the problem the City faces with the difference between inflation and the cap on revenues.

24. What about seniors on fixed incomes?

Senior citizens or disabled persons may qualify for tax exemptions. Contact the King County Assessor's Office for information 206-296-3920.

25. Where is there additional information?

The information the City has collected is available on the City website, www.cityofflp.com/levy. If you have additional questions, please send them to cityhall@cityofflp.com.

