

**City of Black Diamond**

**Public Safety Property Tax Lid Lift**

**Council Workshop Agenda**

**Feb 18, 2010**

- 1) Where do our property taxes go?
  - a. 2009 Page 1
  - b. 2010 Page 2
- 2) What does Public Safety cost? What funds are used to pay for Public Safety? Page 3
- 3) Comparison of Options Page 4
- 4) Graph of Property Tax actuals and options Page 5
- 5) Comparison of Black Diamond Property Tax to other Cities Page 6
- 6) How will the Lid Lift affect residential Property Tax? Page 7
- 7) Lid Lift Deadlines Page 8

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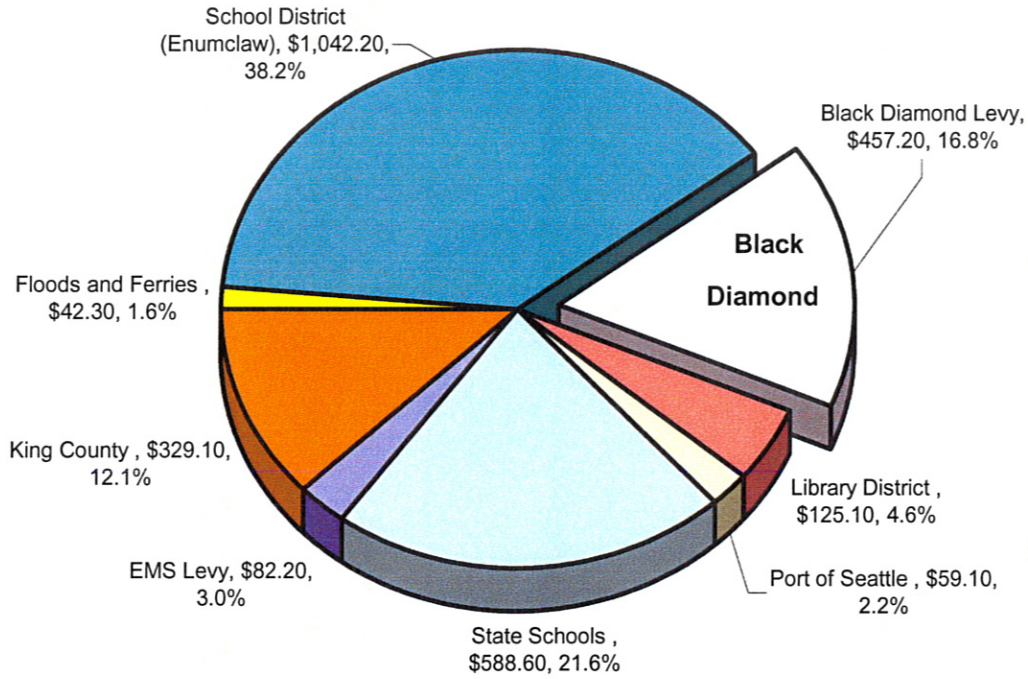
**Feb 18, 2010**

**Additional Handouts**

- 8) King County Property Tax Bill Comparison for 2009 – 2010 of a BD resident Page 9
  
- 9) Graphs of the complexity of Property Tax rate setting Page 10
  
- 10) Estimated future Public Safety inflationary cost increases Page 11
  
- 11) “What if” graph shows PS costs, potential inflationary increases and how an optional lid lift could effect a homeowners property tax Page 12

## City of Black Diamond 2009 Property Tax Distribution

**Total Taxed amount on a \$300,000 property  
in Black Diamond = \$2,802.60**

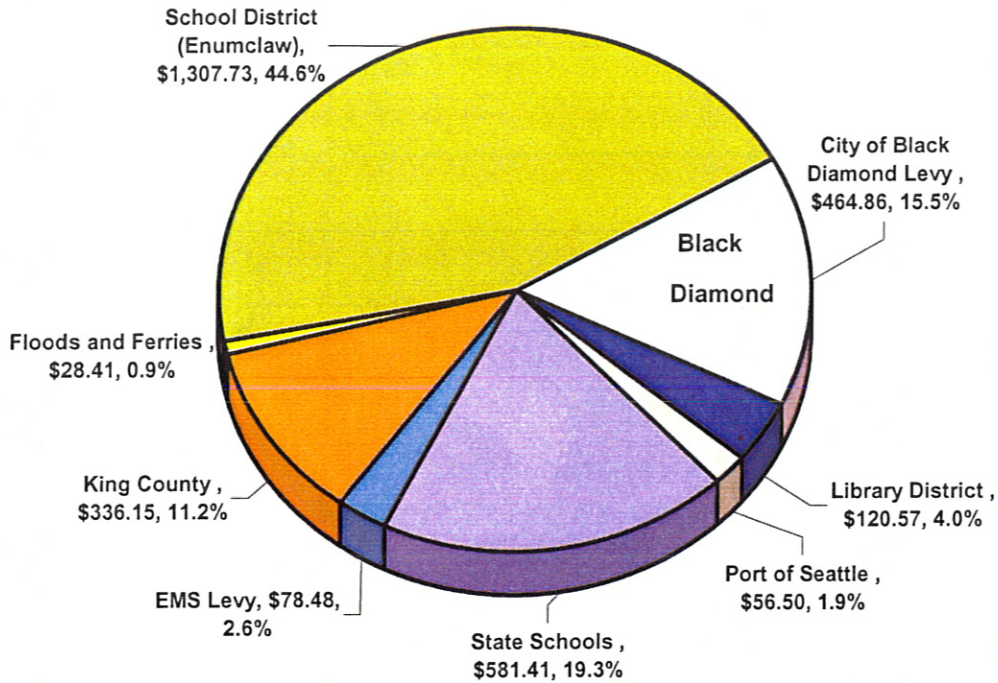


King County Taxing District	Levy Rate per \$1,000 in value	Annual Tax on a \$300,000 home	Monthly Tax on a \$300,000 home
Port of Seattle	0.20	\$59.10	\$4.93
State Schools	1.96	\$588.60	\$49.05
EMS Levy	0.27	\$82.20	\$6.85
King County	1.10	\$329.10	\$27.43
Floods and Ferries	0.14	\$42.30	\$3.53
School District*	3.47	\$1,042.20	\$86.85
Library District	0.42	\$125.10	\$10.43
<b>Subtotal</b>	<b>7.82</b>	<b>\$2,268.60</b>	<b>\$189.05</b>
<b>Black Diamond</b>	<b>1.52</b>	<b>\$457.20</b>	<b>\$38.10</b>
<b>Grand Total</b>	<b>9.34</b>	<b>\$2,802.60</b>	<b>\$233.55</b>

\* Enumclaw School District (levy rates of Kent District are 4.069, Tahoma, 3.659 and Auburn at 4.337)

## 2010 Property Tax Distribution

Total Taxed amount on a \$261,600 property  
in Black Diamond = \$3,007.97



King County Taxing District	Levy Rate per \$1,000 in value	Percent of Property Taxes Collected	Annual Tax on a \$261,600 home	Monthly Tax on a \$261,600 home
Port of Seattle	0.22	1.9%	\$56.50	\$4.71
State Schools	2.22	19.3%	\$581.41	\$48.45
EMS Levy	0.30	2.6%	\$78.48	\$6.54
King County	1.28	11.2%	\$336.15	\$28.01
Floods and Ferries	0.11	0.9%	\$28.41	\$2.37
School District*	5.13	44.6%	\$1,341.58	\$111.80
Library District	0.46	4.0%	\$120.57	\$10.05
<b>Subtotal</b>	<b>9.72</b>	<b>84.5%</b>	<b>\$2,543.11</b>	<b>\$211.93</b>
<b>Black Diamond Total Levy</b>	<b>1.777</b>	<b>15.5%</b>	<b>\$464.86</b>	<b>\$38.74</b>
<b>Grand Total</b>	<b>11.50</b>	<b>100.0%</b>	<b>\$3,007.97</b>	<b>\$250.66</b>

\*Enumclaw School District (levy rates for Kent District are 4.80, Tahoma 4.44 and Auburn at 5.09)

City of Black Diamond, Washington  
**Public Safety Costs and Revenue**

	2007 Act	2008 Act	2009 Act	2010 Budget
<b><u>Expenses</u></b>				
<b>Patrol</b>	1,560,107	1,347,745	1,505,105	1,362,536
Valley Com/communications	66,577	101,577	123,291	113,385
Vehicles/Boat	106,713	137,787	8,362	0
<b>Total Patrol</b>	<b>1,733,397</b>	<b>1,587,109</b>	<b>1,636,758</b>	<b>1,475,921</b>
<b><u>Enforcement</u></b>				
<b>Jail Costs</b>	28,988	36,676	40,461	41,000
Prosecution	47,047	40,609	44,000	48,000
<b>Total Enforcement</b>	<b>76,035</b>	<b>77,285</b>	<b>84,461</b>	<b>89,000</b>
<b>Fire Life &amp; Safety</b>	466,930	446,289	409,112	461,240
<b>Total Public Safety</b>	<b>2,276,362</b>	<b>2,110,683</b>	<b>2,130,331</b>	<b>2,026,161</b>
<b><u>Revenue</u></b>				
<b><u>Dedicated Revenue</u></b>				
K/C Boat Safety Gr	22,495	20,474	20,127	23,250
P/S Grants	4,734	6,310	15,730	4,250
K/C EMS	50,087	70,413	53,104	52,838
Traffic School Fees	66,168	17,500	58,800	65,000
Misc oth Fees	5,665	4,993	7,278	5,000
<b>Total Dedicated Revenue</b>	<b>149,149</b>	<b>119,690</b>	<b>155,039</b>	<b>150,338</b>
<b><u>Taxes</u></b>				
100% Prop Tax	940,948	941,476	978,630	996,899
100% Sales Tax	305,497	283,610	249,526	250,000
100% CJ Sales Tax	105,407	102,860	88,803	88,200
100% B & O Tax	82,758	13,731	0	0
75% Util Tax	331,256	352,413	373,128	
90% Util Tax				459,315
<b>Total Taxes</b>	<b>1,765,866</b>	<b>1,694,090</b>	<b>1,690,087</b>	<b>1,794,414</b>
<b>Total Revenue</b>	<b>1,915,015</b>	<b>1,813,780</b>	<b>1,845,126</b>	<b>1,944,752</b>
<b>Shortfall - (Used Fund Balance)</b>	<b>361,347</b>	<b>293,903</b>	<b>285,205</b>	<b>81,409</b>
<b>GF &amp; CJ</b>				
<b>Total Sources</b>	<b>2,276,362</b>	<b>2,107,683</b>	<b>2,130,331</b>	<b>2,026,161</b>

## Public Safety Lid Lift Levy Rate Analysis

	2009 Tax Dollars	Allowed 1% Increase	New Construction	2010 Tax Dollars	2009/2010 Increase
Regular Levy	\$577,339	\$5,832	\$4,167	\$587,338	\$9,999
Public Safety Levy	\$405,465	\$4,096		\$409,561	\$4,096
<b>Total Levy</b>	<b>\$982,804</b>	<b>\$9,928</b>	<b>\$4,167</b>	<b>\$996,899</b>	<b>\$14,095</b>

	AV Per \$1,000	2009 Rate	Mil Rate	Prop Tax \$	Home AV	Annual Prop Tax	Monthly Prop Tax	Monthly Increase
2009	\$644,141	2009 Rate	1.52	\$978,750	\$300,000	456.00	\$38.00	
		<i>12.9% Decrease</i>			<i>12.9% Decrease</i>			
2010	560,944	2010 Rate	1.777	996,899	261,660	464.98	38.75	\$0.75
		<i>15% Decrease</i>			<i>15% Decrease</i>			
2011 Projected*								
Continued Tax Level	476,802	2011 Rate	2.12	1,010,868	222,411	471.53	39.29	0.55
<b>Option 1 2011</b>	<b>476,802</b>	<b>2011 Rate</b>	<b>2.57</b>	<b>1,226,868</b>	<b>222,411</b>	<b>572.29</b>	<b>47.69</b>	<b>8.94</b>
<b>Option 2 2011</b>	<b>476,802</b>	<b>2011 Rate</b>	<b>2.85</b>	<b>1,359,868</b>	<b>222,411</b>	<b>634.33</b>	<b>52.86</b>	<b>14.11</b>

### 2011 Options

Base 2010 Property Tax  
 Prop Tax from New Construction (est.)  
 Prop Tax with 1% Allowable Increase  
 Add Use of Fund Balance  
 Add Back Two Officers  
 Bring Back to Full Staff

**2011 Property Tax Collection:**

**Mil Rate**

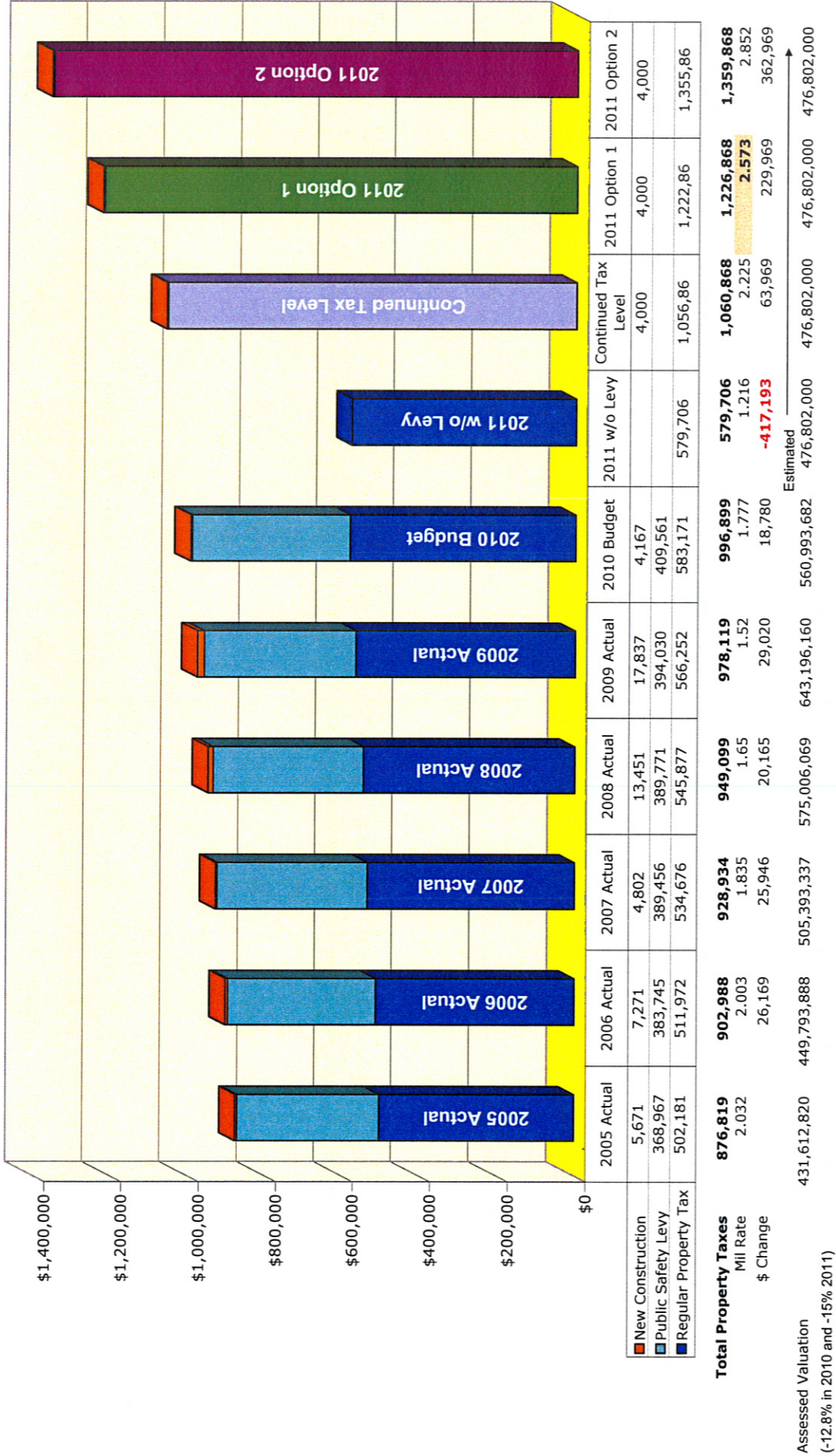
Continued Tax Level
996,899
4,000
9,969
50,000
166,000
<b>\$1,010,868</b>
<b>\$2.12</b>

2011 Option 1
996,899
4,000
9,969
50,000
166,000
<b>\$1,226,868</b>
<b>\$2.57</b>

2011 Option 2
996,899
4,000
9,969
50,000
166,000
133,000
<b>\$1,359,868</b>
<b>\$2.85</b>

\* 2011 Assessed Valuation and home values are estimates and used to calculate mil rates. King County sets home values and assessed valuation each December for the next year.

# Black Diamond Property Tax Levy History



## Tax Levy Comparison

Based on a home appraised at \$261,660	City Levy	Annual Total	Monthly Total
<b>2010</b>			
Black Diamond*	1.777	\$464.98	\$38.75
Enumclaw*	2.02	\$528.55	44.05
Algona*	2.70	\$706.48	58.87
Covington*	2.66	\$696.02	58.00
Maple Valley*	2.97	\$777.13	64.76
<i>Note: includes fire districts</i>			
<b>2011</b>			
<b>Options for 2011 with 15% reduction in home value and assessed valuation</b>			
	<i>E S T I M A T E S</i>		
BD Current Levy Dollars	2.12	\$471.53	39.29
Option 1. BD Replacemenet Levy - Fill two unfunded Police Positions	2.57	\$572.29	47.69
Option 2. BD Replacement Levy - Return to full Police Department Staffing	2.85	\$634.33	52.86

Note: If property values decrease in December, each of the other cities will see a levy increase for 2011, just to maintain their current dollars and the allowed 1% increase. The property tax options are estimates, but show that even at the highest option, our citizens will pay one of the lowest rates.



## Black Diamond WA Homeowner Tax Bill Comparison

2009	Base AV	Base Tax \$	Levy Rate	Home Value	Annual Tax	Monthly Tax
Base	\$643,196	\$978,119	1.52	\$300,000	\$456.00	\$38.00
<i>Decrease AV* by 12.9%</i>		<i>(82,972)</i>		<i>(38,340)</i>		
<b>2010</b>						
Base	\$560,994	\$996,899	1.777	\$261,660	\$464.98	\$38.75
<i>Decrease AV* by 15%</i>		<i>(84,192)</i>		<i>(39,249)</i>		
<b>2011</b>						
New Values	\$476,802			\$222,411		
<b>2011</b>						
<b>Taxes Continued</b>		\$996,899				
1% Additional Allowed		9,969				
New Construction		\$4,000				
<b>Total Taxpayers</b>		\$1,010,868	2.12	\$222,411	\$471.53	\$39.29
<b>2011</b>						
<b>Option 1 Lid Lift</b>						
New Values	\$476,802					
<b>Total Taxpayers</b>		\$1,226,868	2.57	\$222,411	\$572.29	\$47.69
<b>Opt 1 Increase over 2010</b>					<b>Annual Tax</b>	<b>Monthly Tax</b>
<b>Residential Homeowner's Property Tax</b>					\$107.31	\$8.94

**2010 Note:** A \$300,000 home in Black Diamond decreased in value on average by 12.9% from 2009 to 2010 to \$261,660.

**2011 Taxes Continued Note:** Assuming home values in 2011 continue to decrease by 15% to an average of \$222,411 x 2.12 = \$471.53 annual taxes or \$39.29 per month due to the allowed 1% (\$9,969) divided by the average of all existing taxpayers.

**Option 1 Lid Lift:** The 2011 Option 1 Property Tax Lid Lift would generate an additional \$229,969 to fund Public Safety and increase a property owners expected annual payment by \$107.31 per year or \$8.94 per month (.29 cents per day). All property taxes collected would be used for Public Safety.

## Property Tax Lid Lift for Public Safety

### **Deadlines for Resolution Calling for the Election:**

In order to be included in a special election in May a resolution needs to be presented to the county auditor at least 45 days prior to the election date. A resolution calling for a special election in August or November must be presented to the county auditor at least eighty-four days prior to the election date. The table below shows the due dates associated for each election:

### **Council needs to adopt on March 4 or March 18<sup>th</sup>**

<b>Election:</b>	<b>May 18, 2010</b>	<b>Aug. 17, 2010</b>	<b>Nov. 2, 2010</b>
Resolutions requesting special election and voter pamphlet	April 2, 2010	May 25, 2010	Aug. 10, 2010
Explanatory Statement	April 2, 2010	May 28, 2010	Aug. 13, 2010
Committee Appointments	April 2, 2010	May 28, 2010	Aug. 13, 2010
Pro/Con Statements	April 5, 2010	June 2, 2010	Aug. 18, 2010
Rebuttals	April 6, 2010	June 4, 2010	Aug. 20, 2010

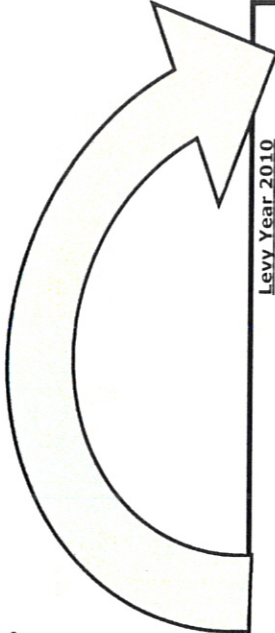
City of Black Diamond, Washington

2009-2010 Actual Property Tax Comparison on a Real Tax Bill

Assessed Valuation	2009	2010	Inc/(dec)	Percent Change
Land	\$162,000	\$145,000	(\$17,000)	-10.5%
Home	\$265,000	\$218,000	(\$47,000)	-18.4%
<b>Total AV</b>	<b>\$427,000</b>	<b>\$363,000</b>	<b>(\$64,000)</b>	<b>-15.0%</b>
<b>Taxes</b>				
Enumclaw School D.	\$1,483.47	\$1,861.60	\$378.13	25.5%
State (school support)	\$838.07	\$806.77	(\$31.30)	
County	\$468.73	\$466.45	(\$2.28)	
Library dist	\$168.79	\$167.30	(\$14.90)	
EMS	\$117.01	\$108.90	(\$8.11)	
Port	\$84.12	\$78.40	(\$5.72)	
Flood	\$38.95	\$38.17	(\$0.78)	
Ferry	\$21.43	\$1.26	(\$20.95)	
Sub total	\$3,220.57	\$3,528.85	\$308.28	9.8%
<b>City of Black Diamond</b>	<b>\$649.35</b>	<b>\$645.06</b>	<b>(\$4.29)</b>	<b>-1.0%</b>
Total Property Taxes	\$3,869.92	\$4,173.91	\$303.99	7.9%
<b>Other Fees</b>				
Nox Weed	\$2.40	\$2.40	\$0.00	
King CD	\$9.90	\$9.90	\$0.00	
Total tax Bill	\$3,882.22	\$4,186.21	\$303.99	7.8%
Black Diamond mil rate per 1,000 of AV	1.52	1.77	0.25	16.5%

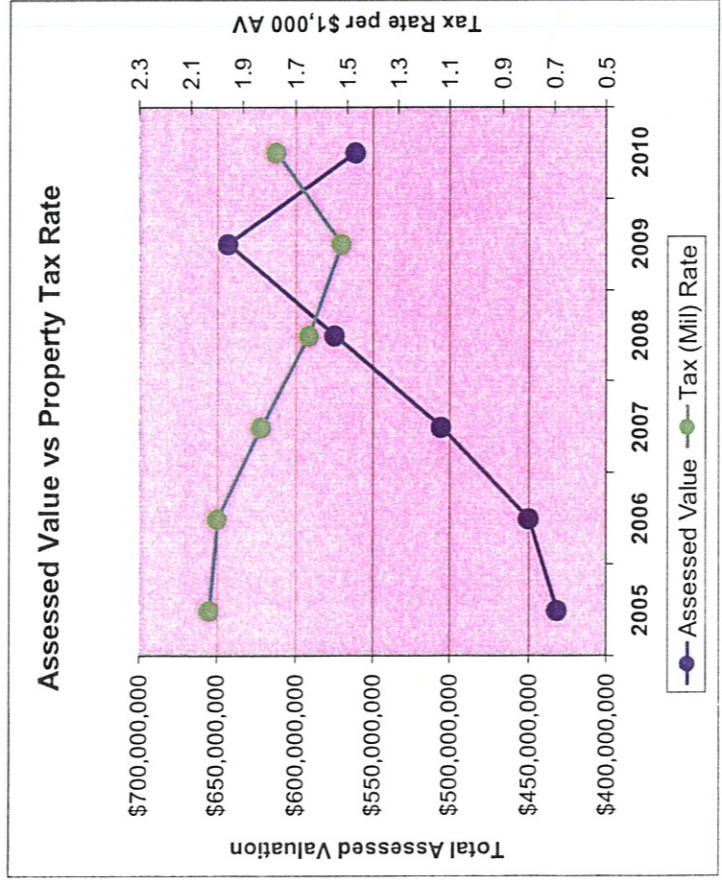
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# How are Property Taxes Calculated?



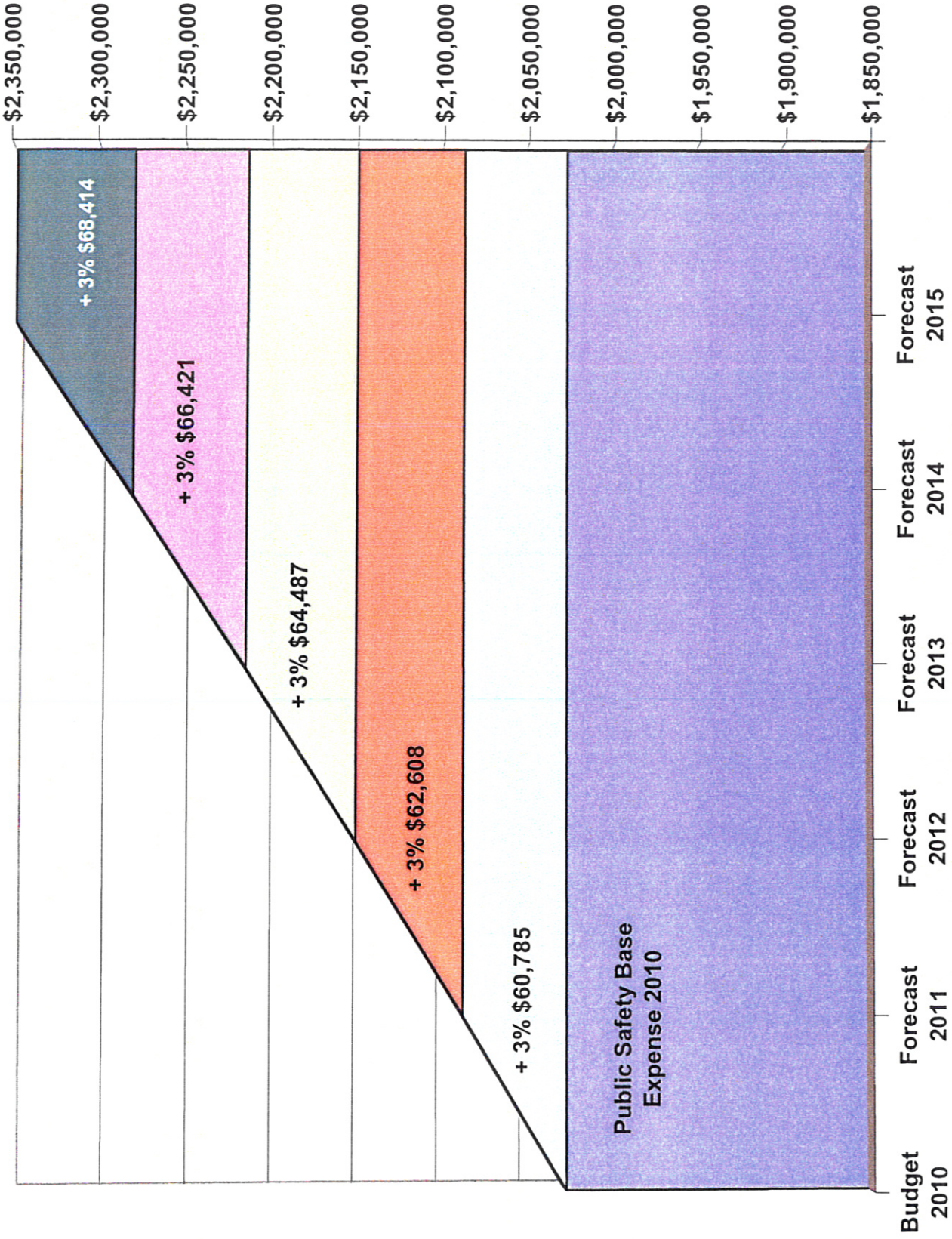
	Levy Year 2009	Levy Year 2010
\$ Set	Property Tax: \$978,119	Property Tax: \$996,899
Calculation	Divided by Assessed Valuation $\div$ \$643,196,160	Divided by Assessed Valuation $\div$ \$560,993,682
Calculation	Equals Levy Rate (per \$1,000 of value) 1.521	Equals Levy Rate (per \$1,000 of value) 1.777
Calculation to = \$	Black Diamond's share of tax on a home valued at \$300,000/1,000 x 1.521 \$456.30	Black Diamond's share of tax on a home valued at \$261,600/1,000 x 1.777 \$464.98

The assessed valuations are set by King County each December and then King County divides the dollars needed by total AV to get a rate. Then that rate is multiplied by each homeowner's individual AV to determine Black Diamond's property tax.



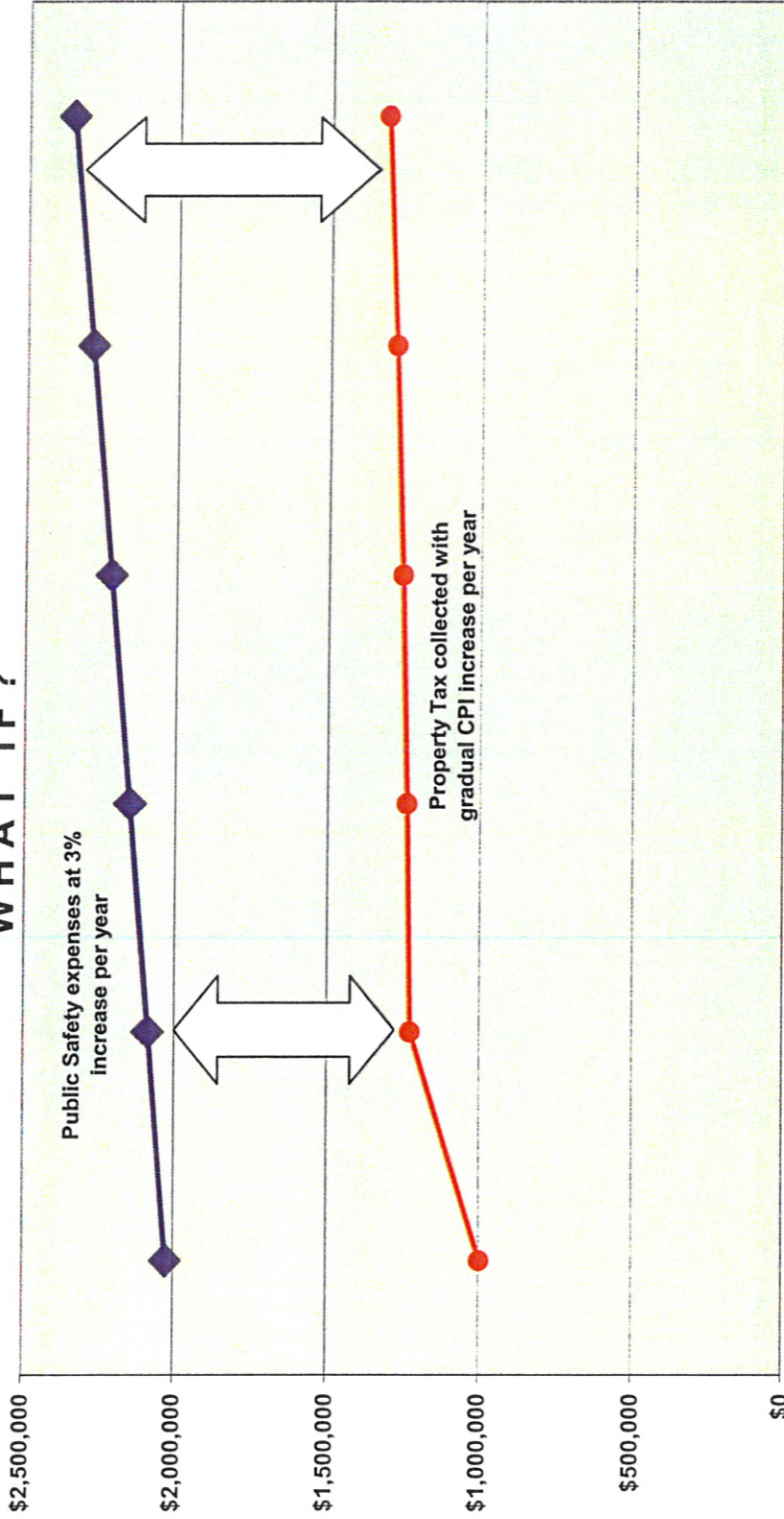
In this hypothetical graph property tax dollars remain stable, with only the AV and mil rates changing. This displays the complexity of property tax calculations.

# Projected Cost of Public Safety in Black Diamond



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# Property Tax Analysis and Public Safety Costs Funding Gap Increases Over Time WHAT IF?



	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	2010	2011	2012	2013	2014	2015
Property Tax Collected Capped at 101% each year Increase in Property Tax Dollars	\$996,899	\$1,226,868	\$1,239,137	\$1,251,528	\$1,264,043	\$1,276,684
Property Tax Collected with (gradual CPI Increase)	\$996,899	\$1,226,868	\$1,239,137	\$1,257,724	\$1,282,878	\$1,314,950
\$ Increase in Revenue with CPI Inflation			\$0	\$6,196	\$18,835	\$38,266
Average Annual Homeowner Payment on a \$300k home	\$464.98	\$572.29	\$578.01	\$586.68	\$598.41	\$613.38
Average Monthly bill on \$300k home	\$38.75	\$47.69	\$48.17	\$48.89	\$49.87	\$51.12

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