

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: 2/11/19

AGENDA ITEM:	
Discussion of City Levy Rate in regards to Proposed Regional Fire Authority Formation	
PREPARED BY:	DIRECTOR APPROVAL:
Sandy Langdon, Finance Director	
DEPARTMENT:	
Finance	
ATTACHMENTS:	
City of Marysville – 2019 Regular Levy – Post RFA Adjustment Presentation	
BUDGET CODE:	AMOUNT:
SUMMARY:	

The Regional Fire Authority Planning Committee of the City of Marysville and Snohomish County Fire Protection District No. 12 has agreed on a plan to send to the voters. Within the plan identifies a funding source of a levy rate to be set at \$1.45 per \$1,000 of assessed home value. This setting of this levy rates impacts the City’s levy capacity.

For demonstration purposes 2019 levy rate figures will be used. The levy rate is the result of total property tax collections divided by the city’s total assessed value (AV) per \$1,000 (collections of \$14,111,675 divided by AV of \$7,978,271,413/1,000 = \$1.77 levy rate). This levy rate is capped at \$3.60 with the inclusion of library and fire districts. With the RFA at \$1.45 and the Library at \$0.47, the \$3.60 cap results in a cap to the city of \$1.68, a reduction of \$0.09 from the levy rate and \$71,807 of collections.

The City has contracted with the District for fire services since the 1980’s. Payment of the services are calculated each year, for 2019 the payment is \$8,133,483 for non-EMS tax services. If an RFA is formed the payment obligation is satisfied directly by property taxes, resulting in an optional reduction of City property tax collections.

To equalize the City’s property tax collections as a result of an RFA formation a levy rate of \$0.75 must be maintained.

RECOMMENDED ACTION: Staff recommend the council direct staff on an estimated levy rate that would result from the RFA formation to be included in communications for Proposition No. 1

City of Marysville - 2019 Regular Levy - Post RFA Adjustment

(use of 2019 information is for presentation only)

	<u>Component</u>	<u>Value</u>	<u>Formula</u>	<u>Notes</u>
A	2019 City A/V	\$7,978,571,413		Based upon latest AV provided
B	2019 City Regular Property Tax Collection	\$14,111,675		
C	2019 City Regular Rate	\$1.77	B/(A/1,000)	
D	2019 City Payment - Fire ILA (\$)	\$8,133,483		
E	2020 City Payment - Fire Regular Levy ILA (levy)	\$1.02	D/(A/1,000)	Effective rate of ILA payment expressed as a levy rate
F	2019 City Regular Prop. Tax Collection LESS Fire Payment	\$5,978,192.00	B-D	
	City "Break-Even" Levy Rate AFTER RFA Formation	\$0.75	F/(A/1,000)	

Post RFA Limit Levy & Reduction Calculation (\$1,000/AV)

City Statutory Limit	\$3.60	
Less 2019 Library	(\$0.47)	2019 Levy LID, voter approved - April 2018
Less 2019 RFA Regular	(\$1.45)	
City Statutory Cap (after jurisdiction reductions)	\$1.68	
Available City Manual Levy Reduction	(\$0.93)	
City "Break-Even" Levy Rate AFTER RFA Formation	\$0.75	

Hypothetical 2019 Tax Statement - With City Maintaining Current General Fund Revenue Level (exclusive of FIRE)

2019 Hypothetical (As if RFA was this year)		City Resident Pre-RFA	City Resident Post-RFA	FD12 Pre-RFA	FD 12 Post-FRA
Resident Tax Statement	REGULAR	\$ 1.77	\$ 0.75	\$ 1.03	\$ -
	EMS	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
	RFA	\$ -	\$ 1.45	\$ -	\$ 1.45
Total Rate Paid City & Fire		\$ 2.27	\$ 2.70	\$ 1.53	\$ 1.95
LEVY RATE INCREASE ESTIMATE		Item 12 - 2	\$ 0.43		\$ 0.42
Taxpayer Additional Tax (\$300,000 Home Value)	\$ 300,000		\$ 129.39		\$ 126.00

Available City Manual Levy Reduction

2019 City AV

\$7,978,571,413

	\$ 300,000	
Levy Increment	Home Value Additional Tax	City Additional Collections
\$ 0.05	\$ 15.00	\$398,928.57
\$ 0.10	\$ 30.00	\$797,857.14
\$ 0.15	\$ 45.00	\$1,196,785.71
\$ 0.20	\$ 60.00	\$1,595,714.28
\$ 0.25	\$ 75.00	\$1,994,642.85
\$ 0.30	\$ 90.00	\$2,393,571.42
\$ 0.35	\$ 105.00	\$2,792,499.99
\$ 0.40	\$ 120.00	\$3,191,428.57
\$ 0.45	\$ 135.00	\$3,590,357.14
\$ 0.50	\$ 150.00	\$3,989,285.71
\$ 0.55	\$ 165.00	\$4,388,214.28
\$ 0.60	\$ 180.00	\$4,787,142.85
\$ 0.65	\$ 195.00	\$5,186,071.42
\$ 0.70	\$ 210.00	\$5,584,999.99
\$ 0.75	\$ 225.00	\$5,983,928.56
\$ 0.80	\$ 240.00	\$6,382,857.13
\$ 0.85	\$ 255.00	\$6,781,785.70
\$ 0.90	\$ 270.00	\$7,180,714.27
\$ 0.93	\$ 279.00	\$7,420,071.41

Item 12-3

Explanatory Statement [DRAFT]

Proposition 1 asks voters to decide whether to form a Regional Fire Authority (RFA) to be known as the Marysville Fire District encompassing the boundaries of the City of Marysville and Snohomish County Fire District 12. If Proposition 1 passes, a RFA will be formed on October 1, 2019, in accordance with the plan approved by the City Council and Board of Fire Commissioners. The RFA will be a separate entity governed by a board of four Marysville City Councilmembers and one Fire District 12 Commissioner.

If the measure is approved, the RFA would levy taxes to be collected beginning in 2020. The RFA levy will be \$1.45 per \$1,000 of assessed value. The owner of a \$300,000 home in the city limits will pay about \$XXX.XX more a year in tax or about \$XX.XX per month. The owner of a \$300,000 home in the District boundaries will pay about \$126.00 more a year in tax or about \$10.50 per month.

[[link to RFA Joint Resolution/Plan](#)]

RFA Time Line

2019

Schedule Date	Action	Due Date
4-Feb	Council Workshop - RFA Ballot Resolution (includes RFA Plan)	22-Feb
11-Feb	Council Meeting - RFA Ballot Resolution (includes RFA Plan)	22-Feb
21-Feb	Determine City 2020 levy rate estimate	22-Feb
20-Feb	Submit Ballot measure cover sheet/Resolution to County	22-Feb
	Explanatory statement	22-Feb
	Pro/con appointments	22-Feb
	Pro/con statements	26-Feb
	Pro/con rebuttals	28-Feb
	Military/overseas ballots mailed	23-Mar
	Ballots mailed	4-Apr
	Election - simple majority needed	23-Apr
	Special election certified	3-May
1-Oct	RFA effective date	1-Oct
25-Nov	Set 2020 Levy Rate	27-Nov