SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

ITEM NO: A-10

DATE: December 13, 2007

SUBJECT: First and Second Reading Ordinance No. 976-07
Requesting an election regarding annexation by the Sno-Isle Regional Library District

CONTACT PERSON: Deborah Knight, City Administrator D. Knight

ISSUE:

The issue before the City Council is to have First and Second Reading of Ordinance No. 976-07 (Attachment A) declaring the City's intent to join and be annexed by the Sno-Isle Intercounty Rural Library District (Library District) and requesting the Snohomish County Council to set a special election on March 11, 2008 for the purposes of submitting the annexation proposition to the voters.

This is the final step necessary to notify the County of the City's intent to be annexed by the Sno-Isle Intercounty Rural Library District and setting the election date for March 11, 2008.

State law and Council procedures allow the City Council to combine First and Second Reading and pass the ordinance during the same meeting at which it is introduced.

The City must combine First and Second Reading of Ordinance No. 976-07 in order to have the **County** Council consider the motion calling for a special election relating to the annexation of Sultan to the Sno-Isle Intercounty Rural Library District at its December 19, 2007 meeting.

The resolution due date for the March 11, 2008 election is January 18, 2007. A decision by the City Council to have First Reading on December 13, 2007 and Second Reading on January 10, 2007 may not leave adequate time for the County Council to approve the motion setting the special election.

STAFF RECOMMENDATION:

Have First and Second Reading of Ordinance No. 976-07 declaring the City's intent to join and be annexed by the Sno-Isle Intercounty Rural Library District and requesting the Snohomish County Council to set a special election on March 11, 2008 for the purposes of submitting the annexation proposition to the voters.
SUMMARY:

This is the final step in the process to call for a special election relating to the annexation of the City of Sultan to the Library District.

1. The City officially notified the Library District of the City's intent to terminate the contract.

2. RCW 27.12.360 requires annexation to be initiated by an ordinance stating the City's intent to join the Library District and finding that the public interest will be served thereby. The City passed Ordinance No. 957-07 (Attachment B) requesting annexation into the Library District.

3. Per RCW 27.12.370, if the Library District concurs in the annexation (Attachment C), notification thereof shall be transmitted to the Snohomish County Council to call for an election.

4. RCW 27.12.360 authorizes the City Council to initiate the submittal of a ballot proposition to the voters of the City to authorize annexation of the City to the Library District (Attachment A).

BACKGROUND:

During discussions of the short-fall in the General Fund budget, the City Council discussed annexing into the Sno-Isle Intercounty Rural Library District as an alternative to reduce expenses in the General Fund.

Under the existing arrangement, the City owns the building that houses the library, but contracts for staff, materials and library services with the Library District by paying an annual fee. In 2007, that fee is $92,788.

The City Council directed staff to explore the options of annexing into the Library District. Staff received direction from the City Council at its August 23, 2007 meeting to notify the District of the City's intent to terminate the contract. City staff met with members of Sultan Sno-Isle Library Board to discuss annexation on September 13, 2007. The Sultan Sno-Isle Library Board is supportive of the annexation effort and will work with the City as needed.

The Sno-Isle Libraries Board of Trustees passed Resolution 07-07 on September 24, 2007 concurring with the annexation of the City of Sultan to the Sno-Isle Intercounty Rural Library District.

On October 18, 2007 the City Council approved Ordinance No. 957-07 requesting annexation into the Sno-Isle Intercounty Rural Library District.

DISCUSSION:

How does Sultan currently get library service?

Under the existing arrangement, the City owns the building that houses the library, but contracts for staff, materials and library services with the Library District by paying an annual fee. In 2007, that fee is approximately $92,788. City residents pay no library taxes, but library users who live outside the City pay property taxes directly to the Library District. The Library District takes the City's annual fee and combines it with these property tax dollars to pay for operating the library.

If Sultan residents agreed to annex into the Library District, the City would discontinue the annual fee for service, and the same property tax levy now paid by residents in the unincorporated area would be added to the property tax bill of City property owners.

What is annexation?

Annexation allows cities and towns to join the Library District, rather than contract for services. Citizens are taxed directly for library services, in the same way citizens in unincorporated Snohomish County fund library services.

The levy rate in 2007 for Sno-Isle residents is 35.3¢ per $1,000 assessed property value. This maximum levy rate of 50¢ was set by the Legislature, and can only be increased or decreased by a vote in the Legislature.

Thirteen Sno-Isle communities are annexed: Edmonds, Mukilteo, Mountlake Terrace, Marysville, Mill Creek, Oak Harbor, Snohomish, Brier, Arlington, Coupeville, Gold Bar, Granite Falls and Monroe.

How is annexation decided?

Annexation is decided by a simple majority election. The current proposal is to put a measure on the February 2008 primary ballot. If the measure is approved by Sultan residents, the levy would go into affect on January 1, 2009.

The City of Sultan would continue to pay for library services under the existing contract until midnight on December 31, 2008.

What does annexation do?

Annexation provides for long-term library service to a community. Decisions as to the operation of the library building itself will continue to be made by a locally appointed library board.

Annexation to the Library District equalizes the amount paid for library services by unincorporated county and City residents, and also fosters greater long-term stability by allowing the Library District to make long-range plans for library services in Sultan.

Decisions as to the operation of the library building itself will continue to be made at the local level, with a locally-appointed library board working with the City Council.

The Sno-Isle Libraries serve more than 600,000 residents in Snohomish and Island counties. Sno-Isle has community libraries in Arlington, Brier, Clinton, Coupeville, Darrington, Edmonds, Freeland, Granite Falls, Lake Stevens, Langley, Lynnwood, Marysville, Mill Creek, Monroe, Mountlake Terrace, Mukilteo, Oak Harbor, Snohomish, Stanwood, and Sultan, as well as Mobile Services for the homebound and local daycares.

Services and materials include 1.3 million items, reference services, electronic databases and computer equipment, Internet access, outreach programs for the homebound and local daycares, and story times for children.

Will library service change if annexation is successful?

No. Sno-Isle Libraries will continue to provide library services to Sultan. The only difference is that the money to pay for this service will come exclusively from Sno-Isle's property tax receipts, and will not include an annual payment from the City. Sultan residents would be taxed for library services beginning in January 2009.

Will library service change if annexation failed?

Yes. The City of Sultan would cancel the agreement for library service and library services would not be available to Sultan residents on January 1, 2009. For example, if the annexation fails, residents of the City of Sultan would not be able to check out materials from other Sultan or other Sno-Isle libraries.

Will my property taxes go up if annexation is approved?

Yes. This would be a new tax for residents of the City of Sultan. This year the Library District regular tax levy is 35.3¢/$1,000 of assessed value. Under state law, this regular tax levy rate is capped at 50 cents/$1,000. Owners of a home assessed at $207,700 (the average residential value in Sultan per the Snohomish County Assessor) would pay $73 in 2007 for library service.

Why is the City Council considering library annexation?

The loss of revenue associated with recent State legislative actions and tax limitation initiatives is causing a significant gap between revenues and expenses for the City. The City has been able to postpone the need for dramatic or significant service level reductions because it has modified its business practices to reduce expenses where possible. However, these actions have only provided a temporary solution to the growing gap between expenses and revenues. The City's long-term financial base model projections indicate the gap between revenues and expenses will continue for the next five years. The escalating cost of services continues to outpace the City's

revenue collection ability creating an even wider gap in the future between revenues and expenses.

The Mayor and City Council have discussed the option of allowing the voters to decide the issue of annexation into the Library District, thereby providing some relief to the City's long-term financial situation. The Council also examined other means of new and additional taxes but chose to allow the voters to decide upon library annexation as a method to align a direct City service with a specific source of revenue.

What will happen with the money the City has been using to pay for the library contract?

Revenues previously dedicated to the library contract fee will be used to fund and maintain other, existing City services.

How can the City afford to build more parks (such as the Skate Park) if the City is having difficulty balancing the budget?

Capital improvements, such as the Skate Park are paid for with funds specifically restricted for those purposes. These funds include grants, and real estate excise tax that cannot be used for City operations.

FISCAL IMPACT:

A decision to discontinue the library contract will reduce General Fund expenses by approximately $92,788 which could be used for other General Fund purposes such as public safety, park and street maintenance.

This year the Library District regular tax levy is 35.3¢/$1,000 of assessed value. Under state law, this regular tax levy rate is capped at 50 cents/$1,000. Owners of a home assessed at $207,700 (the average residential value in Sultan per the Snohomish County Assessor) would pay $73 in 2007 for library service.

The cost of holding an election is $5 per voter or approximately $10,000. The election is tentatively set for March 2008. The February 2008 election originally proposed is a primary election. Individuals who manage elections recommend not running the annexation measure in February to avoid having the City's ballot measure on the last page of the mail in ballot.

RECOMMENDED ACTION:

Have First and Second Reading of Ordinance No. 976-07 notifying the Snohomish County Council of the City's intent to be annexed by the Sno-Isle Intercounty Rural Library District and requesting that a special election be held on March 11, 2008 for the purpose of submitting the annexation proposal to the voters.

RECOMMENDED MOTION:

I MOVE TO HAVE FIRST AND SECOND READING OF ORDINANCE NO. 976-07 (ATTACHMENT A) DECLARING THE CITY'S INTENT TO JOIN AND BE ANNEXED BY THE SNO-ISLE INTERCOUNTY RURAL LIBRARY DISTRICT AND REQUESTING A SPECIAL ELECTION BE HELD ON THE 11TH DAY OF MARCH 2008 FOR THE PURPOSES OF SUBMITTING TO THE ANNEXATION PROPOSAL TO THE VOTERS.

ATTACHMENTS:

Attachment A – Ordinance No. 976-07
Attachment B – Ordinance No 957-07
Attachment C – Sno-Isle Libraries Board of Trustees Resolution 07-07

COUNCIL ACTION:
DATE:

ATTACHMENT A

ORDINANCE 976-07

AN ORDINANCE OF THE CITY OF SULTAN DECLARING ITS INTENT TO JOIN AND BE ANNEXED BY THE SNO-ISLE REGIONAL LIBRARY DISTRICT; REQUESTING THAT A SPECIAL ELECTION BE HELD ON THE 11TH DAY OF MARCH, 2008 FOR PURPOSES OF SUBMITTING THE ANNEXATION PROPOSITION TO THE VOTERS; AND MAKING OTHER PROVISIONS.

WHEREAS, RCW 27.12.360 authorizes the City Council to initiate the submittal of a ballot proposition to the voters of the City to authorize annexation of the City to the Sno-Isle Intercounty Rural Library District (the "District"); and

WHEREAS, pursuant to RCW 27.12.360, annexation is initiated by an ordinance stating the City's intent to join the District and finding that the public interest will be served thereby; and

WHEREAS, if the District concurs in the annexation, notification thereof shall be transmitted to the Snohomish County Council which may then call a special election to be held in the City concurrent with the general election held pursuant to RCW 29.13.070, now scheduled for the 11th day of March, 2008;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SULTAN , WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. The City of Sultan hereby declares its intent to join and be annexed to the Sno-Isle Regional Library District effective January 1, 2009, after election in accordance with RCW 27.12.370. After consideration of the options for providing library service to the City residents, the City Council finds that the public interest will best be served by annexation to the said District.

Section 2. If any part or portion of this ordinance is declared invalid, such declaration of invalidity shall not affect any remaining portions.

PASSED by the City Council and **APPROVED** by the Mayor the __th day of _____, 20__.

CITY OF SULTAN

By_____
Benjamin Tolson, Mayor

Attest:

By_____
Laura Koenig, City Clerk

Approved as to form:

By_____
Tom Graafstra, City Attorney

Attachment B

City of Sultan
ORDINANCE NO. 957-07

AN ORDINANCE of the City of Sultan, Washington, requesting an election regarding annexation by the Sno-Isle Regional Library District.

WHEREAS, RCW 27.12.360 authorizes the City Council to initiate the submittal of a ballot proposition to the voters of the City to authorize annexation of the City to the Sno-Isle Regional Library District ("District"); and

WHEREAS 27.12.360 requires annexation to be initiated by an ordinance stating the City's intent to join the District and finding that the public interest will be served thereby; and

WHEREAS, the Sultan Library Board recommended at its September 13, 2007 meeting that the City Council adopt Ordinance No. 957-07, proposing that the City be annexed to the District;

WHEREAS, if the District concurs in the annexation, notification thereof shall be transmitted to the Snohomish County Commissioners to call for an election per RCW 27.12.370; and

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SULTAN, WASHINGTON as follows:

Section 1

The City of Sultan hereby declares its intent to join and be annexed to the Sno-Isle Regional Library District effective January 1, 2009, subject to voters' approval after election in accordance with RCW 27.12.370. After consideration of the options for providing library service to City residents, the City Council finds that the public interest will be best served by annexation to the said District and requests that the Snohomish County Council place the election on a future date to submit a ballot proposition to the voters of Sultan, asking if the City shall be annexed to the Sno-Isle Regional Library District.

Section 2

The City Council hereby requests that the Board of Trustees of the Sno-Isle Regional Library District concur in the proposed annexation of the City by the District. The Administrator is directed to provide to the District any and all documents as may be required, and to take such action as may be required including but not limited to approving and executing agreements, to facilitate and effect the annexation.

Section 3

The City shall enter into an agreement with the Board of Trustees of the Sno-Isle Regional Library District for the purpose of assuring quality library services to residents of the City and to provide for a City Library Board to coordinate with, and provide input to, the Board of Trustees as to library operations and facilities within the City.

Section 4

Library Annexation

The City of Sultan hereby further declares that if and when it is annexed into the District, the District's property tax levy rate shall be separate and in addition to the City's regular property tax levy rate in each year subject to limitations established by state law.

Section 5

This ordinance shall be in full force and effect immediately after its passage and publication as required by law.

PASSED by the City Council and APPROVED by the Mayor this _____ day of September _____.

CITY OF SULTAN

_____

Benjamin Tolson, Mayor

ATTEST:

_____

Laura Koenig, City Clerk

APPROVED AS TO FORM:

_____

Tom Graafstra, City Attorney

Filed with the City Clerk:

Passed by the City Council:

Published:

Effective Date:

Ordinance No.: xxxx

Attachment C

SNO-ISLE LIBRARIES

RECEIVED
NOV 29 2007
BY:

7312 35th Avenue NE
Marysville, WA 98271

(877) SNO-ISLE
(360) 651-7151 FAX
www.sno-isle.org

November 28, 2007

Ms. Deborah Knight, City Administrator
City of Sultan
P. O. Box 1199
Sultan, WA 98294

Dear Ms. Knight: Deborah,

Please find attached a signed copy of Sno-Isle Libraries' Resolution 07-07 concurring with the annexation of the City of Sultan to the Sno-Isle Intercounty Rural Library District. The Board of Trustees passed this resolution at its September 24, 2007 meeting.

Please feel free to contact me if you have any questions. It is a pleasure working with you to provide library services to the citizens of Sultan.

Sincerely,

Jonalyn Woolf-Ivory
Library Director

Enclosure

C: Cheryl Telford, Director Community Libraries and Technology
Jackie Personeus, Sultan Managing Librarian

C-1

RESOLUTION 07-07
of the
Sno-Isle Libraries Board of Trustees

RESOLUTION OF THE SNO-ISLE INTERCOUNTY RURAL LIBRARY DISTRICT CONCURRING WITH THE ANNEXATION OF THE CITY OF SULTAN TO THE SNO-ISLE INTERCOUNTY RURAL LIBRARY DISTRICT

WHEREAS, the City of Sultan (the "City") and the Sno-Isle Intercounty Rural Library District (the "Library District") have reviewed the need of the residents of the City for library service; and

WHEREAS, the Library District seeks to provide library service to all area residents equitably with the assurances of continued service through the tax levies as specified in RCW 27.12.390; and

WHEREAS, the City of Sultan scheduled the first reading of Ordinance No. 957-07 requesting the submittal of a ballot proposition to the voters of the City to authorize annexation to the Library District; and

WHEREAS, RCW 27.12.360 requires that the Board of Trustees of the Library District must concur in the annexation request prior to submittal to the legislative authority of the county in which the city is situated,

NOW, THEREFORE BE IT HEREBY RESOLVED that the Board of Trustees of the Sno-Isle Intercounty Rural Library District concurs in the proposed annexation to the Library District

BE IT FURTHER RESOLVED that the City shall enter into an agreement with the Board of Trustees of the Library District for the purpose of assuring quality library service to the residents of the City.

Passed in regular session this 24th day of September 2007.

The Board hereby certifies that the foregoing resolution was adopted at a meeting held on September 24, 2007 pursuant to notice given as required by law at which 6 members of the Board were present and which a majority voted in favor of said resolution there being 6 votes in favor, Ø votes against and Ø votes abstaining.

Sno-Isle Libraries
Board of Trustees

President

Secretary

C-2