

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Consent C 1 A
DATE: November 18, 2010
SUBJECT: Council Meeting Minutes

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

SUMMARY:

Attached are the minutes of the October 28, 2010 Public Hearing minutes on the 2011 Property Tax Levy as on file in the office of the City Clerk.

RECOMMENDED ACTION:

Approve as submitted

CITY OF SULTAN COUNCIL MEETING – October 28, 2010**PUBLIC HEARINGS:**

The Public Hearing on the 2011 Tax Levy was called to order by Mayor Eslick.

Councilmembers present: Pinson, Slawson, Neigel, Davenport-Smith, Blair and Beeler.

Staff: Presented by Laura Koenig, Deputy Finance Director

In accordance with RCW 84.55.120, a taxing district with regular levies must hold a public hearing on the proposed increase and use of property tax funds. The ordinance must be adopted and filed with the County on or before November 30th.

Ordinance 1094-10 sets the regular property tax levy for 2011. Based on the City's estimated 2011 assessed value of \$385,279,747, the amount to be collected is \$1.60 per thousand of assessed property value which is the statutory limit for the city without voter approval to raise the limit. The maximum amount allowed under state law for the City is broken down as follows:

Statutory Levy Rate	\$3.60 per \$1000 of assessed value
Less Fire District	-\$1.50
Less Library District	<u>-\$.50</u>
City maximum	\$1.60

The City has seen a decline in assessed property values for the past two years. The assessed value has dropped from a high in 2009 of \$477,161,966 to the current estimated value for 2011 of \$385,279,747; a drop of \$91,882,219 in assessed values over a two year period. The current assessed values of properties are now below the 2007 amounts. The financial impact of the declining assessed value is a decrease in the amount of property tax revenues that may be collected by the city. The City will collect \$60,631 less in 2011 than it collected in 2010.

State law allows the city to assess 101% of the prior year collection. Based on that formula the city would have been able to assess \$687,275 for 2011 if the assessed values had remained the same or increased. Based on the statutory limit (\$1.60/\$1,000 assessed value) the City will collect \$616,448.

The budget provides for \$584,046 to be used for General Fund purposes and \$36,676 to be used for Street maintenance and operations. The preliminary budget presented at the retreat included \$81,300 in property tax revenues for the Street fund. Due to the decrease in assessed value and reduction in the amount of property tax the city will collect, the Street fund was reduced to \$36,676 in revenues.

Based on information received from the Library District the City may be able to collect more money as the Library District is not assessing the full \$.50 allowed. Staff would recommend setting the levy at the full \$690,000 calculated prior to the property tax reductions. The County will only collect the maximum amount allowed by law regardless of the amount levied by the City.

Public Input

No public input was received.

On a motion by Councilmember Beeler, seconded by Councilmember Davenport-Smith, the public meeting was closed. All ayes.

Carolyn Eslick, Mayor

Laura J. Koenig, City Clerk