



MONROE CITY COUNCIL
Finance & Human Resources
Committee Meeting
Tuesday, January 21, 2020, 5:30 p.m.
Monroe City Hall, Coordination Center

Committee
Councilmembers
Patsy Cudaback
Jason Gamble
Kirk Scarboro

AGENDA

I. Call to Order

II. Approval Minutes

A. Meeting of Tuesday, December 17, 2019 [Page 2]

III. Old Business

A. FCS Group – Direct Billing Study (Finance) [Page 4]

IV. New Business

A. Potential Parks Bond (Finance/Parks) [Page 16]

B. Affordable Housing Sales and Use Tax (Finance) [Page 27]

V. Next Committee Meeting (February 18, 2020, 5:30 p.m.)

A. Bi-Annual Budget Discussion (Finance)

B. Water Station Annual Fee (Finance)

C. Select 2020 Committee Chair

D. Confirm Meeting Date/Time

E. 2020 Work Plan

F. City Severance Policy (HR)

VI. Adjournment



MONROE CITY COUNCIL
Finance & Human Resources
Committee Meeting
Tuesday, December 17, 2019, 4:00 P.M.
Monroe City Hall, Council Chambers

2019 Committee
Councilmembers
Patsy Cudaback
Jason Gamble
Kirk Scarboro

DRAFT MINUTES

I. Call to Order

A regular meeting of the Monroe City Council Finance & Human Resource Committee was held on December 17, 2019, at the Monroe City Council Chambers. The Meeting was called to order by Councilmember Cudaback at 4:10 p.m.

Committee Present: Councilmembers Scarboro, Cudaback
Mayor Present: N/A
Staff Present: Becky Hasart, Finance Director; Ben Swanson, Community Development Director; Scott Peterson, Deputy City Engineer; Gina Pfister, Clerical Specialist

II. Approval Minutes (Meeting of Tuesday, November 19, 2019)

Councilmember Scarboro moved to approve the Monroe City Council Finance & Human Resource Committee Meeting Minutes of Tuesday, November 19, 2019; the motion was seconded by Councilmember Cudaback. Motion carried 2-0.

III. Other

New Business was moved to the end of the meeting due to the timing of FCS Group.

IV. Next Committee Meeting (January 21, 2020, 5:30 p.m.)

Agenda Items: City Severance Policy (Human Resources); Water Station Annual Fee (Finance); Bi-Annual Budget Discussion (Finance); Potential Parks Bond (Finance/Parks)

The Committee discussed 2020 Work Plan ideas including: Purchasing Policy updates, Republic Services surcharge ideas, Budgeting 101, sales tax breakdown, and revenue projections.

The Committee discussed having a refresher on the Downtown Master Plan; organizational needs and upcoming assessments; and resources allotted to assessments.

V. New Business

Mr. Swanson provided background information on the City's development fee structure and gave a brief comparison with other jurisdictions, and the scope of work provided by FCS Group.

Consultants from FCS Group led the Committee through a PowerPoint presentation highlighting their summary of results, comparative fee survey, key policy issues, and next steps. The Consultants and staff answered questions from the Committee throughout the presentation.

Discussion ensued related to cost recovery, cost of service, potential fee structures, policy issues, and potential recommendations. This item will be brought to Council in 2020.

VI. Adjournment

There being no further business, Councilmember Scarboro moved to adjourn the Tuesday, December 17, 2019, Monroe City Council Finance & Human Resource Committee meeting; the motion was seconded by Councilmember Cudaback. Motion carried 2-0.

The meeting adjourned at 6:18 p.m.

DRAFT



Finance & HR Committee

SUBJECT:	<i>FCS Group Introduction to Planning Fee Cost of Service Study</i>
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DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
1/21/2020	Community Development	Ben Swanson	Ben Swanson/ FCS Group	Old Business #1

Discussion (F&H Committee): 09/17/19, 12/17/19, 01/21/2020
Public Hearing – Plan. Com.: N/A
Public Hearing – Council: N/A
First Reading: N/A

Attachments: 1. PowerPoint Presentation

REQUESTED ACTION: Provide policy direction to City and FCS Group (consultant) staff on the proposed amendments to the City’s development related fees.

POLICY CONSIDERATIONS

RCW 82.02.020 allows cities to collect fees “...from an applicant for a permit or other governmental approval to cover the cost...of processing applications, inspecting and reviewing plans, or preparing detailed statements...” The policy decision which will eventually come before the Council is at what level the Council wants to recover the costs associated with these services.

DESCRIPTION

The City of Monroe Community Development and Public Works Departments administer the City’s development regulations for zoning, subdivisions, shoreline management, environmental review, and other land use development related actions. The Departments initiated a cost-of-service study to determine the full cost to provide related planning fee services and potentially adjust the current fees charged for these services to improve the program’s cost recovery.

The goal of the review was to:

- Understand the City’s cost to issue a permit related to land use development;
- Research potential remedies to discourage low quality permit submittals;
- Develop policies that best reflect the City’s cost recovery goals.

The purpose of this meeting is to provide City Council with an understanding of the City’s current cost recovery level as it relates to land use development fees and review new cost recovery methods for potential adoption by City Council.

Current City fees are established by City Council and adopted by resolution in the City’s “Fees Resolution.” Within the Fees Resolution, the City establishes fees for land use development services. Our current fees do not recover the City’s full cost for development services. Any costs borne by the City not recovered through fees are paid for from the General Fund.

The City’s Finance and Human Resources Committee reviewed various options for cost recovery at their meeting on December 17, 2019 and January 21, 2020. The Committee reviewed the City’s current fee structure, to include the history leading to the existing fees,



Finance & HR Committee

statutory guidance on how fees can be set, how those fees relate to neighboring jurisdictions, and various policy options to consider for future cost recovery. Based on these discussions, the committee and staff have narrowed down the potential policy regarding cost recovery to utilize a three tiered system based on whether the development service provided would have a more public versus private benefit.

Using a tiered system, the City’s land use planning fees would be categorized into three cost recovery tiers based on the factors described below:

Cost Recovery Target	Rationale	Example Permits
XX-XX% of Full Cost (higher cost recover target)	Individuals or businesses are the primary financial beneficiaries of the permit.	Subdivisions and Final Plats
XX-XX% of Full Cost (moderate cost recovery target)	Permits that have a public benefit or where the City wants to ensure that the fee does not discourage applicants of the permitting process.	Boundary Line Adjustments and Environmental Review
XX-XX% of Full Cost (lowest cost recover target)	The cost of service exceeds the benefit received by the permittee; or where the cost of service is higher than fees in comparable cities for similar services	Variances and Pre-Application Meetings

Staff would review the City’s fees to determine which tier applies to each fee. The policy, to be adopted by Council, would establish the target recovery amount associated with each tier. Fees would then be increased annually at the beginning of the calendar year based on the Consumer Price Index – Urban Wage and Clerical Workers (CPI-W) for Seattle/Tacoma/Bellevue June to June of the prior year, with a potential reassessment of our recovery targets versus cost and market every five years.

FISCAL IMPACTS

The City of Monroe contracted with FCS Group to perform the above study for an amount not to exceed \$30,140. Actual impacts based on fee adjustments will be dependent on cost recovery targets and future development activity.

TIME CONSTRAINTS

None

ALTERNATIVES

None at this time



City of Monroe Finance & HR Committee



Development Fee Cost Recovery Discussion

January 21st, 2020
Matt Hobson, Project Manager





Agenda

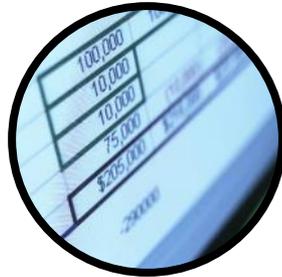
- ◆ **Overview of Study**
- ◆ **Summary of Cost of Service Results**
- ◆ **Discussion: Cost Recovery Policy**
 - Draft Policy
 - Cost Recovery Options
- ◆ **Next Steps**

Key Study Steps



Cost of Service Analysis

What does it cost the City to provide planning fee services?



Cost Recovery Analysis and Policy

How does the cost compare to the current fee and cost recovery policy?



Fee Design

How can the City structure the fees for these services?



Fee Survey

How do current and proposed fees compare to comparable jurisdictions?



Summary of Results

- 10 50 fees reviewed
- 10 13% overall cost recovery
- 10 1 fee currently above cost of service

Land Use Planning



- 10 40 fees reviewed
- 10 51% overall cost recovery
- 10 17 fees currently above cost of service

Development Engineering





Finance Committee Discussion (Dec 17)



Not seeking to recover full cost of service



Fees should be competitive with neighboring jurisdictions



Cost recovery targets should be tiered, increasing with private benefit



Draft Cost Recovery Policy

- ◆ **“The City establishes fees for development services recognizing that a portion of the cost of providing these services benefits the entire community and should be borne by the City’s General Fund. Fees for these services are evaluated based on several factors, including:**
 - The cost of issue the permit;
 - The public benefit versus private gains of the permit;
 - Fees for similar services in comparable cities
- ◆ **Generally, the City seeks to recover more eligible costs on those permits that have an overwhelming private benefit and seeks to recover less than all eligible costs on those permits that have a mix of private and public benefits.**
- ◆ **The City’s land use planning fees are categorized into three cost recovery tiers based on the factors described above.”**



Draft Cost Recovery Policy

Tier	Cost Recovery Target	Rationale	Example Permits
Tier 1	XX-XX% of Cost	The cost of service exceeds the benefit received by the permittee; or where the cost of service is higher than fees in comparable cities for similar services.	Reasonable Use Permits and Pre-Application Meetings
Tier 2	XX-XX% of Cost	Permits that have a public benefit or where the City wants to ensure that the fee does not discourage applicants from the permitting process.	Boundary Line Adjustments and Short Plats
Tier 3	XX-XX% of Cost	Individuals or businesses are the primary financial beneficiaries of the permit.	Subdivisions and Final Plats



Discussion

- ◆ **Definition of cost recovery tiers**
- ◆ **Cost recovery rates for tiers**
- ◆ **Assignment of fee services to tiers**



Next Steps

- ◆ **Council Presentation of Study Results (February 4)**
- ◆ **Deliver draft report and proposed fee schedule to City Council (late February)**

Matt Hobson
Project Manager
matthewh@fcsgroup.com

Contact FCS GROUP:
(425) 867-1802 ext 241
www.fcsgroup.com



MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
Tuesday, January 21, 2020, 5:30 P.M.
Agenda Bill

2020 Committee
 Councilmembers
 Jason Gamble
 Kirk Scarboro
 Patsy Cudaback

SUBJECT:	2020 Park Bond Election
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DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
01/21/2020	Parks/Finance	Becky Hasart/ Mike Farrell	Becky Hasart	New Business #1

- Discussion:** 01/21/2020
Attachments:
1. Precinct Report from 11/05/2019 Election with notes
 2. 2020 Elections Timeline (Snohomish County Elections)
 3. Monroe Recommended Projects List 2020
 4. Park Bond measure impacts spreadsheet
 5. Strategies360 Proposal – Digital Education Efforts

REQUESTED ACTION: After discussion, recommend this item be presented to the full Council for discussion on February 4, 2020 and to the full council to adopt a resolution placing a ballot measure for the Parks Bond on the April 28, 2020 special election.

POLICY CONSIDERATIONS

RCW 35A.40.090 allows cities to contract for indebtedness. Cities may also request, through a supermajority vote (60% passage), to tax real property within its jurisdiction above current taxing levels to pay for indebtedness associated with park’s capital projects per the Washington State constitution. The City of Monroe’s Debt Policy also allows the City to request an excess tax levy for a capital projects bond measure.

DESCRIPTION/BACKGROUND

RCW 35A.40.090 and the City’s Debt Policy allows the City to requests its own park bond measure. Based on the returns from the November 5, 2019 election, it is recommended that the City place a bond measure request on the April 28, 2020 special election.

During 2019, the City assisted the East County Parks and Recreation District with a bond/excess levy request to help fund capital parks projects located within the District. Because the City is part of this District, the excess levy request included City of Monroe priority capital parks projects.

The Washington State constitution requires that excess tax levies (bond request) used to pay for capital projects must pass by a minimum of 60% (sixty percent). As illustrated in Attachment 1, the bond measure only passed by 56.79%, thus failed to meet the 60% threshold. However, within the City of Monroe precincts, the bond measure passed by 61.90%.

In order to be qualified for the April 28, 2020 special election, the City Council must adopt a resolution related to the excess levy request and submit this resolution to the county no later than February 28, 2020 (Attachment 2). This resolution would include the wording as it will appear on the ballot and the purpose of the tax request. The purpose would identify that the bond would be used for Parks Capital projects, the life of the bond, and the potential tax impact to real property within the City.

Attachment 3 is the list of projects that the bond measure would fund. Staff has updated both the timing and the estimated costs associated with each project. Total authority being requested ranges from \$7.5 million to \$8.155 million pending discussion tonight (difference is the estimate

associated with the Chain Lake Road Trail development). Bonds would be issued in two installments, to be timed with when the identified projects are ready for development. Bonds can be issued this fiscal year, with first payments due in 2021, once the election is certified.

Attachment 4 illustrates the conservative potential impacts to real property located within the City of Monroe based on issuing 30 year bonds. The first three years would only collect for the first issuance of bonds, currently estimated at \$5.355 million. Beginning in fiscal year 2024, impacts would increase once all bonds are issued. Impacts per property would begin to decrease after 2024 as new construction values continue to be added to the City of Monroe’s overall assessment. The following table highlights specific year’s impacts based on a \$8.155 million 30 year bond issued in two installments (2020 & 2023 issue years):

Year	Rate per \$1,000	Annual impact on \$300,000 home	Annual impact on \$500,000 home	Annual impact on \$600,000 home	Monthly impact on \$500,000 home
2021	\$0.1114	\$33.41	\$55.69	\$66.83	\$4.64
2024	\$0.1526	\$45.77	\$76.29	\$91.55	\$6.36
2054	\$0.0202	\$6.07	\$10.11	\$12.14	\$0.84

As illustrated by the table above, the initial impact to property owners would be under \$0.12 per \$1,000 of assessed value. The highest year’s impact would be in 2024, when all bonds are issued. In 2024, the estimated impact would be \$0.15 per \$1,000 of assessed value. After 2024, the yearly impact is estimated to decrease as new construction continues to be added to the City.

As with the East County Parks and Recreation District’s (ECPRD) bond measure in November, this item is considered an excess levy request. Thus, low income seniors and low income disabled property owners can request relief from this measure based on qualifying factors. To obtain additional information regarding this exemption, interested property owners can contact Snohomish County at 425-388-3540 or snohomishcountywa.gov/328/Property-Tax-Exemptions.

OTHER CONSIDERATIONS

During 2019, the City engaged Strategies360 to help with a digital education campaign related to the Monroe specific projects associated with the ECPRD’s bond measure. Total cost of this engagement was \$9,350 (\$650 less than the \$10,000 not to exceed contract). If Council approves placing this measure on the April 28, 2020 special election, the City would like to again engage Strategies360 to assist with the education campaign. Staff would present a contract with Strategies360 on the same evening as the bond resolution (February 11, 2020) for consideration by the entire Council. It is anticipated that costs should not exceed \$6,000 for this effort (see Attachment 5).

Precinct Report
 Snohomish County, 2019 General, Nov 05, 2019
 All Precincts, All Districts, All ScanStations, All Contests, All Boxes
 Official Precinct Results

Page: 748 of 751
 2019-11-26
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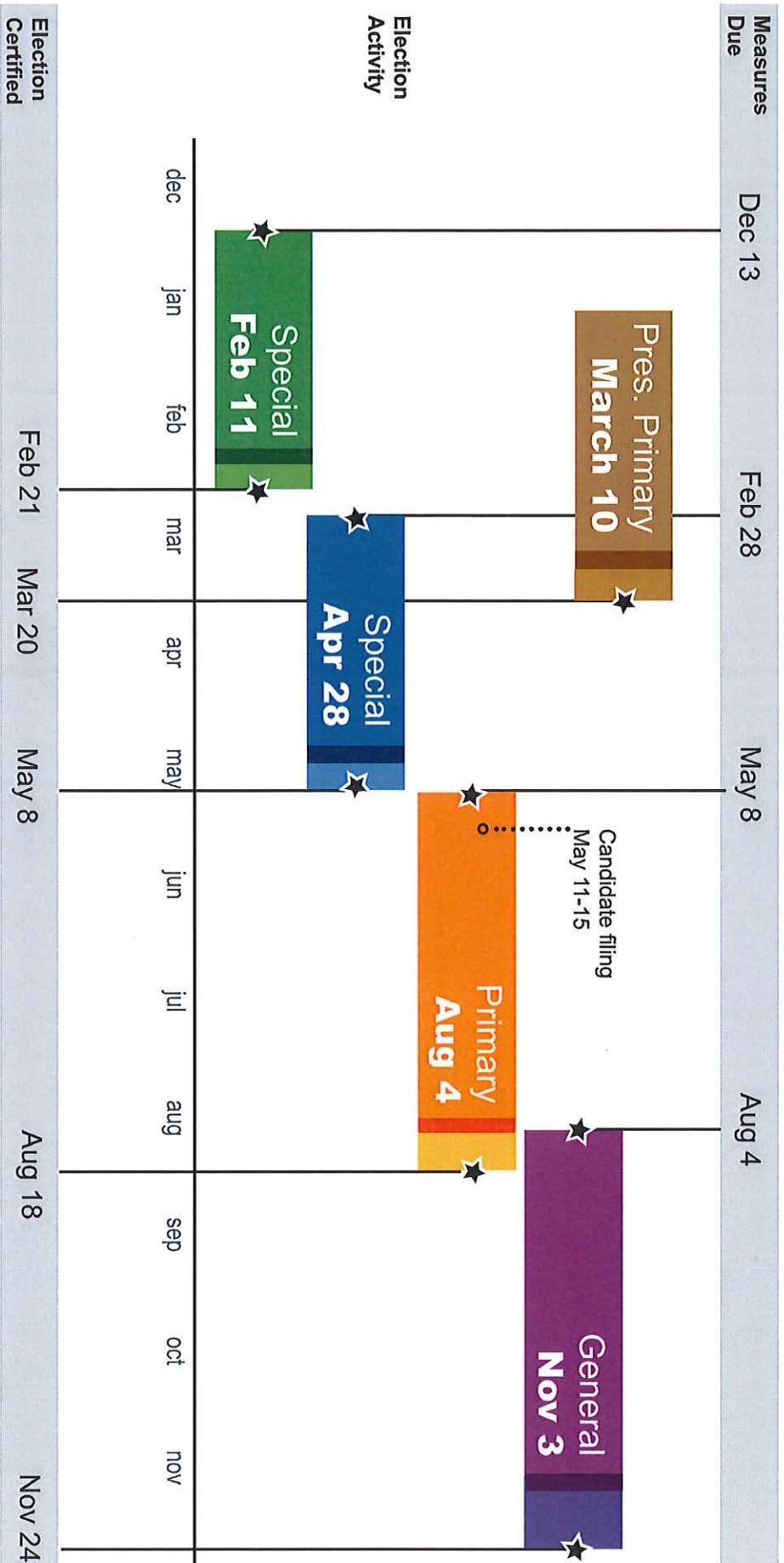
Total Ballots Cast: 204160, Registered Voters: 475926, Overall Turnout: 42.90%
 781 precincts reported out of 784 total

ECPRD Prop. 1 Bonds (Vote for 1)

Precinct	Ballots Cast	Reg. Voters	Total Votes	Yes	No	Over Votes	Under Votes
Precinct BLUFF	313	632	306	185 60.46%	121 39.54%	0	7
Precinct BROCKLIN	329	689	311	148 47.59%	163 52.41%	0	18
Precinct CHAIN LAKE	442	900	429	248 57.81%	181 42.19%	0	13
Precinct CLEARVIEW	351	730	337	189 56.08%	148 43.92%	0	14
Precinct ECHO LAKE	396	810	375	187 49.87%	188 50.13%	0	21
Precinct FAIRVIEW	250	550	241	163 67.63%	78 32.37%	0	9
Precinct HIGH BRIDGE	429	850	404	204 50.50%	200 49.50%	0	25
Precinct HIGH ROCK	253	571	243	120 49.38%	123 50.62%	0	10
Precinct HIGHLAND	244	499	237	115 48.52%	122 51.48%	0	7
Precinct LOST LAKE	205	410	197	130 65.99%	67 34.01%	0	8
Precinct LUPINE	254	520	239	147 61.51%	92 38.49%	0	15
Precinct MALTBY	307	642	300	160 53.33%	140 46.67%	0	7
Precinct MONROE 1	344	842	338	214 63.31%	124 36.69%	0	6
Precinct MONROE 2	340	915	326	209 64.11%	117 35.89%	0	14
Precinct MONROE 3 ←	251	841	241	139 57.68%	102 42.32%	0	10
Precinct MONROE 4 ←	353	862	337	190 56.38%	147 43.62%	0	16
Precinct MONROE 5	372	884	359	226 62.95%	133 37.05%	0	13
Precinct MONROE 6	289	657	278	169 60.79%	109 39.21%	0	11
Precinct MONROE 7 ←	318	716	300	162 54.00%	138 46.00%	0	18
Precinct MONROE 8	196	402	186	127 68.28%	59 31.72%	0	10
Precinct MONROE 9	435	993	418	278 66.51%	140 33.49%	0	17
Precinct MONROE 10	329	817	323	205 63.47%	118 36.53%	0	6
Precinct MONROE 11 ←	102	229	99	54 54.55%	45 45.45%	0	3
Precinct MONROE 12	167	491	161	108 67.08%	53 32.92%	0	6
Precinct MONROE 13	81	245	78	51 65.38%	27 34.62%	0	3
Precinct OWEN	245	616	234	129 55.13%	105 44.87%	0	11
Precinct PARADISE	361	751	343	172 50.15%	171 49.85%	0	18
Precinct PARK PLACE	107	281	102	48 47.06%	54 52.94%	0	5
Precinct PIPELINE	295	632	289	149 51.56%	140 48.44%	0	6
Precinct POND	227	473	217	120 55.30%	97 44.70%	0	10
Precinct RICHLAND	128	286	123	65 52.85%	58 47.15%	0	5
Precinct SILER	183	384	178	98 55.06%	80 44.94%	0	5
Precinct SOFIE	157	363	151	90 59.60%	61 40.40%	0	6
Precinct TROMBLEY	252	593	238	130 54.62%	108 45.38%	0	14
Precinct TUALCO	278	563	266	140 52.63%	126 47.37%	0	12
Precinct TURNER	438	846	419	247 58.95%	172 41.05%	0	19
Precinct WAGNER	335	710	322	150 46.58%	172 53.42%	0	13
Precinct WELCH	344	690	329	167 50.76%	162 49.24%	0	15
Precinct WELLINGTON	8	22	8	6 75.00%	2 25.00%	0	0
Total	10708	23907	10282	5839 56.79%	4443 43.21%	0	426

2132 yes
 3444 total > 61.90%

2020 Elections Timeline



Measures for special elections are due 60 days before an election day.
 Measures for the primaries are due by the Friday before candidate filing.
 Measures for general elections are due by the date of the primary.

Ballots are mailed 19 days before an election day.
 Military and overseas ballots are mailed 30 days before special election days
 and 45 days before primary and general election days.

Special elections are certified 10 days after and election day.
 Primaries are certified 14 days after an election day.
 General elections are certified 21 days after an election day.



Snohomish County Elections
 A Division of the Auditor's Office

(425) 388-3444 • elections@snoco.org
 www.snoco.org/elections

Priority	Total Estimate	Dollars in-hand	Remaining Est. need	Shovel-ready (Y/N/WB)	2020-2022	2023-2025
1. Lake Tye Park athletic fields renovation	\$3,500,000	\$1,300,000	\$2,300,000	Yes	\$2,300,000	
2. Playground equipment renovations	\$2,000,000		\$2,000,000	Yes	\$1,000,000	\$1,000,000
3. North Hill Park acquisition, design/development	\$3,200,000		\$3,200,000	Will be	\$1,400,000	\$1,800,000
4. Chain Lake Rd. Trail development	\$2,500,000	\$1,845,000	\$655,000	Yes	\$655,000	
Total	\$11,200,000	\$3,145,000	\$8,155,000		\$5,355,000	\$2,800,000

City of Monroe Recommended Projects List

- **Lake Tye Park** athletic fields renovation - \$2,300,000. Convert un-lighted, poor-draining grass fields to all-weather, lighted, synthetic turf, multi-purpose athletic fields that increase capacity and improve the use experience.
- Replace and upgrade playground equipment at 8 remaining City parks - **Cedar Grove, Currie View, Hillcrest, Stanton Meadows, Wales Street, Rainier View, Blueberry, Park Meadows** - utilizing features and materials similar to recent upgrades to Lake Tye & Sky River Parks- \$2,000,000
- **North Hill Park** acquisition, design & development - \$3,200,000. Priority project from Parks 6-year CIP. Would become new city park serving North Hill area residents.
- Develop **Chain Lake Road Trail** (between Rainier View Park and Brown Road) - \$655,000. Priority pedestrian project from 6-year TIP. Will extend existing southerly segment to connect new residential developments in north area of City to central commercial core services.

	A	E	F	G	H	I	J	K	L	M	N	O	P
1		\$4,700,000 first year											
2		\$2,800,000 third year											mo impact
3			annual	rate per		\$ 250,000	\$ 300,000	\$ 450,000	\$ 500,000	\$ 600,000	\$ 750,000		\$500,000
4		new AV	debt service	thousand									
5													
6	2021	\$ 2,991,614,465	\$ 292,458	\$ 0.0977591	\$ 24.44	\$ 29.33	\$ 43.99	\$ 48.88	\$ 58.66	\$ 73.32	\$ 4.07		
7	2022	\$ 3,101,362,899	\$ 292,458	\$ 0.0942997	\$ 23.57	\$ 28.29	\$ 42.43	\$ 47.15	\$ 56.58	\$ 70.72	\$ 3.93		
8	2023	\$ 3,214,403,786	\$ 292,458	\$ 0.0909834	\$ 22.75	\$ 27.30	\$ 40.94	\$ 45.49	\$ 54.59	\$ 68.24	\$ 3.79		
9	2024	\$ 3,325,835,899	\$ 466,688	\$ 0.1403219	\$ 35.08	\$ 42.10	\$ 63.14	\$ 70.16	\$ 84.19	\$ 105.24	\$ 5.85		
10	2025	\$ 3,440,610,976	\$ 466,688	\$ 0.1356409	\$ 33.91	\$ 40.69	\$ 61.04	\$ 67.82	\$ 81.38	\$ 101.73	\$ 5.65		
11	2026	\$ 3,558,829,306	\$ 466,688	\$ 0.1311351	\$ 32.78	\$ 39.34	\$ 59.01	\$ 65.57	\$ 78.68	\$ 98.35	\$ 5.46		
12	2027	\$ 3,680,594,185	\$ 466,688	\$ 0.1267968	\$ 31.70	\$ 38.04	\$ 57.06	\$ 63.40	\$ 76.08	\$ 95.10	\$ 5.28		
13	2028	\$ 3,806,012,010	\$ 466,688	\$ 0.1226185	\$ 30.65	\$ 36.79	\$ 55.18	\$ 61.31	\$ 73.57	\$ 91.96	\$ 5.11		
14	2029	\$ 3,935,192,371	\$ 466,688	\$ 0.1185933	\$ 29.65	\$ 35.58	\$ 53.37	\$ 59.30	\$ 71.16	\$ 88.94	\$ 4.94		
15	2030	\$ 4,068,248,142	\$ 466,688	\$ 0.1147146	\$ 28.68	\$ 34.41	\$ 51.62	\$ 57.36	\$ 68.83	\$ 86.04	\$ 4.78		
16	2031	\$ 4,200,295,586	\$ 466,688	\$ 0.1111083	\$ 27.78	\$ 33.33	\$ 50.00	\$ 55.55	\$ 66.66	\$ 83.33	\$ 4.63		
17	2032	\$ 4,336,304,454	\$ 466,688	\$ 0.1076233	\$ 26.91	\$ 32.29	\$ 48.43	\$ 53.81	\$ 64.57	\$ 80.72	\$ 4.48		
18	2033	\$ 4,476,393,587	\$ 466,688	\$ 0.1042552	\$ 26.06	\$ 31.28	\$ 46.91	\$ 52.13	\$ 62.55	\$ 78.19	\$ 4.34		
19	2034	\$ 4,620,685,395	\$ 466,688	\$ 0.1009996	\$ 25.25	\$ 30.30	\$ 45.45	\$ 50.50	\$ 60.60	\$ 75.75	\$ 4.21		
20	2035	\$ 4,769,305,957	\$ 466,688	\$ 0.0978523	\$ 24.46	\$ 29.36	\$ 44.03	\$ 48.93	\$ 58.71	\$ 73.39	\$ 4.08		
21	2036	\$ 4,922,385,136	\$ 466,688	\$ 0.0948092	\$ 23.70	\$ 28.44	\$ 42.66	\$ 47.40	\$ 56.89	\$ 71.11	\$ 3.95		
22	2037	\$ 5,080,056,690	\$ 466,688	\$ 0.0918666	\$ 22.97	\$ 27.56	\$ 41.34	\$ 45.93	\$ 55.12	\$ 68.90	\$ 3.83		
23	2038	\$ 5,242,458,390	\$ 466,688	\$ 0.0890207	\$ 22.26	\$ 26.71	\$ 40.06	\$ 44.51	\$ 53.41	\$ 66.77	\$ 3.71		
24	2039	\$ 5,409,732,142	\$ 466,688	\$ 0.0862681	\$ 21.57	\$ 25.88	\$ 38.82	\$ 43.13	\$ 51.76	\$ 64.70	\$ 3.59		
25	2040	\$ 5,582,024,106	\$ 466,688	\$ 0.0836054	\$ 20.90	\$ 25.08	\$ 37.62	\$ 41.80	\$ 50.16	\$ 62.70	\$ 3.48		
26	2041	\$ 5,759,484,829	\$ 466,688	\$ 0.0810294	\$ 20.26	\$ 24.31	\$ 36.46	\$ 40.51	\$ 48.62	\$ 60.77	\$ 3.38		
27	2042	\$ 5,942,269,374	\$ 466,688	\$ 0.0785369	\$ 19.63	\$ 23.56	\$ 35.34	\$ 39.27	\$ 47.12	\$ 58.90	\$ 3.27		
28	2043	\$ 6,130,537,456	\$ 466,688	\$ 0.0761251	\$ 19.03	\$ 22.84	\$ 34.26	\$ 38.06	\$ 45.68	\$ 57.09	\$ 3.17		
29	2044	\$ 6,324,453,579	\$ 466,688	\$ 0.0737910	\$ 18.45	\$ 22.14	\$ 33.21	\$ 36.90	\$ 44.27	\$ 55.34	\$ 3.07		
30	2045	\$ 6,524,187,187	\$ 466,688	\$ 0.0715319	\$ 17.88	\$ 21.46	\$ 32.19	\$ 35.77	\$ 42.92	\$ 53.65	\$ 2.98		
31	2046	\$ 6,729,912,802	\$ 466,688	\$ 0.0693453	\$ 17.34	\$ 20.80	\$ 31.21	\$ 34.67	\$ 41.61	\$ 52.01	\$ 2.89		
32	2047	\$ 6,941,810,186	\$ 466,688	\$ 0.0672285	\$ 16.81	\$ 20.17	\$ 30.25	\$ 33.61	\$ 40.34	\$ 50.42	\$ 2.80		
33	2048	\$ 7,160,064,492	\$ 466,688	\$ 0.0651792	\$ 16.29	\$ 19.55	\$ 29.33	\$ 32.59	\$ 39.11	\$ 48.88	\$ 2.72		
34	2049	\$ 7,384,866,427	\$ 466,688	\$ 0.0631951	\$ 15.80	\$ 18.96	\$ 28.44	\$ 31.60	\$ 37.92	\$ 47.40	\$ 2.63		
35	2050	\$ 7,616,412,419	\$ 466,688	\$ 0.0612739	\$ 15.32	\$ 18.38	\$ 27.57	\$ 30.64	\$ 36.76	\$ 45.96	\$ 2.55		
36	2051	\$ 7,854,904,792	\$ 466,688	\$ 0.0594135	\$ 14.85	\$ 17.82	\$ 26.74	\$ 29.71	\$ 35.65	\$ 44.56	\$ 2.48		
37	2052	\$ 8,100,551,936	\$ 174,230	\$ 0.0215084	\$ 5.38	\$ 6.45	\$ 9.68	\$ 10.75	\$ 12.91	\$ 16.13	\$ 0.90		
38	2053	\$ 8,353,568,494	\$ 174,230	\$ 0.0208570	\$ 5.21	\$ 6.26	\$ 9.39	\$ 10.43	\$ 12.51	\$ 15.64	\$ 0.87		
39	2054	\$ 8,614,175,549	\$ 174,230	\$ 0.0202260	\$ 5.06	\$ 6.07	\$ 9.10	\$ 10.11	\$ 12.14	\$ 15.17	\$ 0.84		
40													
41						\$ 742.38	\$ 890.85	\$ 1,336.28	\$ 1,484.76	\$ 1,781.71	\$ 2,227.13		

\$5,355,000 first year
 \$2,800,000 third year

Impact Per Year

	new AV	annual debt service	rate per thousand	\$ 250,000	\$ 300,000	\$ 450,000	\$ 500,000	\$ 600,000	\$ 750,000	mo impact \$500,000
2021	\$ 2,991,614,465	\$ 333,215	\$ 0.1113830	\$ 27.85	\$ 33.41	\$ 50.12	\$ 55.69	\$ 66.83	\$ 83.54	\$ 4.64
2022	\$ 3,101,362,899	\$ 333,215	\$ 0.1074414	\$ 26.86	\$ 32.23	\$ 48.35	\$ 53.72	\$ 64.46	\$ 80.58	\$ 4.48
2023	\$ 3,214,403,786	\$ 333,215	\$ 0.1036630	\$ 25.92	\$ 31.10	\$ 46.65	\$ 51.83	\$ 62.20	\$ 77.75	\$ 4.32
2024	\$ 3,325,835,899	\$ 507,445	\$ 0.1525766	\$ 38.14	\$ 45.77	\$ 68.66	\$ 76.29	\$ 91.55	\$ 114.43	\$ 6.36
2025	\$ 3,440,610,976	\$ 507,445	\$ 0.1474869	\$ 36.87	\$ 44.25	\$ 66.37	\$ 73.74	\$ 88.49	\$ 110.62	\$ 6.15
2026	\$ 3,558,829,306	\$ 507,445	\$ 0.1425876	\$ 35.65	\$ 42.78	\$ 64.16	\$ 71.29	\$ 85.55	\$ 106.94	\$ 5.94
2027	\$ 3,680,594,185	\$ 507,445	\$ 0.1378704	\$ 34.47	\$ 41.36	\$ 62.04	\$ 68.94	\$ 82.72	\$ 103.40	\$ 5.74
2028	\$ 3,806,012,010	\$ 507,445	\$ 0.1333272	\$ 33.33	\$ 40.00	\$ 60.00	\$ 66.66	\$ 80.00	\$ 100.00	\$ 5.56
2029	\$ 3,935,192,371	\$ 507,445	\$ 0.1289505	\$ 32.24	\$ 38.69	\$ 58.03	\$ 64.48	\$ 77.37	\$ 96.71	\$ 5.37
2030	\$ 4,068,248,142	\$ 507,445	\$ 0.1247330	\$ 31.18	\$ 37.42	\$ 56.13	\$ 62.37	\$ 74.84	\$ 93.55	\$ 5.20
2031	\$ 4,200,295,586	\$ 507,445	\$ 0.1208117	\$ 30.20	\$ 36.24	\$ 54.37	\$ 60.41	\$ 72.49	\$ 90.61	\$ 5.03
2032	\$ 4,336,304,454	\$ 507,445	\$ 0.1170224	\$ 29.26	\$ 35.11	\$ 52.66	\$ 58.51	\$ 70.21	\$ 87.77	\$ 4.88
2033	\$ 4,476,393,587	\$ 507,445	\$ 0.1133602	\$ 28.34	\$ 34.01	\$ 51.01	\$ 56.68	\$ 68.02	\$ 85.02	\$ 4.72
2034	\$ 4,620,685,395	\$ 507,445	\$ 0.1098203	\$ 27.46	\$ 32.95	\$ 49.42	\$ 54.91	\$ 65.89	\$ 82.37	\$ 4.58
2035	\$ 4,769,305,957	\$ 507,445	\$ 0.1063981	\$ 26.60	\$ 31.92	\$ 47.88	\$ 53.20	\$ 63.84	\$ 79.80	\$ 4.43
2036	\$ 4,922,385,136	\$ 507,445	\$ 0.1030892	\$ 25.77	\$ 30.93	\$ 46.39	\$ 51.54	\$ 61.85	\$ 77.32	\$ 4.30
2037	\$ 5,080,056,690	\$ 507,445	\$ 0.0998896	\$ 24.97	\$ 29.97	\$ 44.95	\$ 49.94	\$ 59.93	\$ 74.92	\$ 4.16
2038	\$ 5,242,458,390	\$ 507,445	\$ 0.0967952	\$ 24.20	\$ 29.04	\$ 43.56	\$ 48.40	\$ 58.08	\$ 72.60	\$ 4.03
2039	\$ 5,409,732,142	\$ 507,445	\$ 0.0938022	\$ 23.45	\$ 28.14	\$ 42.21	\$ 46.90	\$ 56.28	\$ 70.35	\$ 3.91
2040	\$ 5,582,024,106	\$ 507,445	\$ 0.0909070	\$ 22.73	\$ 27.27	\$ 40.91	\$ 45.45	\$ 54.54	\$ 68.18	\$ 3.79
2041	\$ 5,759,484,829	\$ 507,445	\$ 0.0881059	\$ 22.03	\$ 26.43	\$ 39.65	\$ 44.05	\$ 52.86	\$ 66.08	\$ 3.67
2042	\$ 5,942,269,374	\$ 507,445	\$ 0.0853958	\$ 21.35	\$ 25.62	\$ 38.43	\$ 42.70	\$ 51.24	\$ 64.05	\$ 3.56
2043	\$ 6,130,537,456	\$ 507,445	\$ 0.0827733	\$ 20.69	\$ 24.83	\$ 37.25	\$ 41.39	\$ 49.66	\$ 62.08	\$ 3.45
2044	\$ 6,324,453,579	\$ 507,445	\$ 0.0802354	\$ 20.06	\$ 24.07	\$ 36.11	\$ 40.12	\$ 48.14	\$ 60.18	\$ 3.34
2045	\$ 6,524,187,187	\$ 507,445	\$ 0.0777790	\$ 19.44	\$ 23.33	\$ 35.00	\$ 38.89	\$ 46.67	\$ 58.33	\$ 3.24
2046	\$ 6,729,912,802	\$ 507,445	\$ 0.0754014	\$ 18.85	\$ 22.62	\$ 33.93	\$ 37.70	\$ 45.24	\$ 56.55	\$ 3.14
2047	\$ 6,941,810,186	\$ 507,445	\$ 0.0730998	\$ 18.27	\$ 21.93	\$ 32.89	\$ 36.55	\$ 43.86	\$ 54.82	\$ 3.05
2048	\$ 7,160,064,492	\$ 507,445	\$ 0.0708716	\$ 17.72	\$ 21.26	\$ 31.89	\$ 35.44	\$ 42.52	\$ 53.15	\$ 2.95
2049	\$ 7,384,866,427	\$ 507,445	\$ 0.0687142	\$ 17.18	\$ 20.61	\$ 30.92	\$ 34.36	\$ 41.23	\$ 51.54	\$ 2.86
2050	\$ 7,616,412,419	\$ 507,445	\$ 0.0666252	\$ 16.66	\$ 19.99	\$ 29.98	\$ 33.31	\$ 39.98	\$ 49.97	\$ 2.78
2051	\$ 7,854,904,792	\$ 507,445	\$ 0.0646023	\$ 16.15	\$ 19.38	\$ 29.07	\$ 32.30	\$ 38.76	\$ 48.45	\$ 2.69
2052	\$ 8,100,551,936	\$ 174,230	\$ 0.0215084	\$ 5.38	\$ 6.45	\$ 9.68	\$ 10.75	\$ 12.91	\$ 16.13	\$ 0.90
2053	\$ 8,353,568,494	\$ 174,230	\$ 0.0208570	\$ 5.21	\$ 6.26	\$ 9.39	\$ 10.43	\$ 12.51	\$ 15.64	\$ 0.87
2054	\$ 8,614,175,549	\$ 174,230	\$ 0.0202260	\$ 5.06	\$ 6.07	\$ 9.10	\$ 10.11	\$ 12.14	\$ 15.17	\$ 0.84
				\$ 809.53	\$ 971.43	\$ 1,457.15	\$ 1,619.06	\$ 1,942.87	\$ 2,428.58	



City of Monroe Election Outreach Proposal

January 16, 2020

Strategies 360

www.strategies360.com

Overview

While last November's defeat of Prop. 1 was disappointing, it did present a silver lining. Monroe residents handily supported the measure, even if county residents did not. This means that the City can place a similar measure on the April 28th special election ballot. Additionally, we're able to use learnings from November to inform our plan for April.

Campaign Goals

The online marketing objectives are:

- Inform residents of Monroe about the April special election
- Drive Monroe residents to the parks website so they can learn more about the ballot measure and what they would be voting on.
- Remind Monroe residents about the election day, and encourage them to vote.

Scope of Work

Strategies 360's scope of work will include the following:

- 1) Keyword search for people looking to learn more about local elections and ballot measures that would impact them.
- 2) Detailed analytics and metrics tracking to identify top performing messages and audiences (A/B testing).
- 3) Programmatic display campaigns across our ad network to drive people to informational page website using micro geotargeting.
- 4) Targeted Facebook and display campaigns to drive to a landing page.
- 5) Ongoing optimization based on real-time data to continually increase overall results.
- 6) Reporting results with key metrics and data points.

Targeting

For this campaign we'd like to keep targeting at adults 18+ living in the city of Monroe. The goal is to reach as many citizens as possible with the same information.

Budget Recommendations (April 1st-April 28th)

We're recommending breaking up this campaign into two different phases with different messaging and creative. Phase 1 will be before ballots drop, while Phase 2 will start after ballots are received by Monroe residents.

Phase 1 Education: April 1st – April 8th

By analyzing election results from this past November, we've taken our learnings and built a media mix that is informative and keeps the issue top of mind for Monroe residents. There will likely be confusion and misunderstanding by those who thought the measure passed in November. We will work to educate the public on how the measures are different and the timelines they need to be aware of in order to cast their vote.

Marketing Component	Estimated Impressions	Budget
Facebook/Instagram	41,667	\$500
Display	41,667	\$500
Search	83,333	\$1,000
MARKETING TOTAL	166,667	\$2,000

**Note that we estimate impressions on social media/re-targeting and overall web visitors on search marketing due to the way we buy media on a CPM basis*

Phase 2 Action and Get Out the Vote: April 9th– April 28th

After ballots are received by residents, we'd like to encourage action, engagement with the issue, and to vote on the measure after giving resident's as much information as possible. Action takes more time and effort than awareness, so we'd recommend doubling your budget and impressions for the final push of the campaign.

Marketing Component	Estimated Impressions	Budget
Facebook/Instagram	104,167	\$1,250
Display	104,167	\$1,250
Search	125,000	\$1,500
MARKETING TOTAL	333,333	\$4,000

**Note that we estimate impressions on social media/re-targeting and overall web visitors on search marketing due to the way we buy media on a CPM basis*

Addendum

PROGRAMMATIC DISPLAY ADVERTISING

We can micro-target our messaging using The Trade Desk and/or the Google Display Network. With programmatic display, we buy audiences and not websites. We will then target them with interactive banners across the web when they check the weather, look at sports scores or read the news.

GEO-FENCED MOBILE ADS

We can launch geo-targeted ads across mobile placements based on GPS coordinates readily available in smart phones. We can place these ads around the entire city with this campaign.

SOCIAL MEDIA MARKETING

Strategies 360 will leverage Facebook to build a loyal following. Facebook currently accounts for 17% of all Internet traffic in the U.S. and will be a very important piece of any campaign that we build. There is a tremendous amount of information readily available across social media due to Monroe's loyal social media followers.

SEARCH / CONTEXTUAL

With search and contextual placements, our targeting is keyword driven. Individuals searching for keywords related local elections and ballot measures around Google will be exposed to our messaging with the goal of driving them to our landing page. We will also place ads in articles that mention similar types of words (hence the context of the article comes into play). This type of advertising can be really impactful at getting in front of audiences at the exact moment that they are in the mindset of reading about local issues.

RE-TARGETING

We can also place re-targeting pixels (code that fires after an audience clicks on an ad) that we will build through our networks to track any individual that has been to our website and/or engaged with us on social media. We will then follow up with additional messaging. This can be very effective at driving a repetition of message, which is crucial in a campaign of this nature.

ANALYTICS

As with every one of the digital marketing tactics Strategies 360 has proposed, all of our marketing efforts will be tracked and regularly reported. We'll be able to provide tremendous insights through traditional analytics such as Google Analytics and our own proprietary macros that we've built into S360s customized reports.



MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
Tuesday, January 21, 2020, 5:30 P.M.
Agenda Bill

2020 Committee
 Councilmembers
 Jason Gamble
 Kirk Scarboro
 Patsy Cudaback

SUBJECT:	<i>Affordable Housing Sales and Use Tax Follow Up</i>
-----------------	--

DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
01/21/2020	Administration/ Finance	Deborah Knight/ Becky Hasart	Becky Hasart	New Business #2

Discussion – Committee: 08/27/2019; 10/15/2019; 01/21/2020
Discussion – Council: 09/17/2019 (Study Session)
Attachments:

1. 10-15-2019 Q&A follow up memo
2. RCW 82-14-530 Affordable Housing Sales Tax
3. Exert from 10/15/2019 FHR HB1406 agenda bill

REQUESTED ACTION: None. Informational only.

POLICY CONSIDERATIONS

RCW 82-14-530 allows a jurisdiction to impose up to a 1/10 of 1 percent sales and use tax for affordable housing purposes. If approved by the voters prior to July 28, 2020, this tax would also be a qualifying local tax for purposes of House Bill 1406.

During discussion at the committee meeting on October 15, 2019, the FHR committee requested additional information regarding this potential tax source. After tonight’s discussion, should the Finance/HR Committee recommend that the City Council pursue implementing this qualifying local tax before July 31, 2020 to qualify for HB1406?

DESCRIPTION/BACKGROUND

RCW 82-14-530 allows cities, with voter approval, to implement up to a 1/10th of 1 percent sales and use tax for housing and related services, which can also be a qualifying local tax for purposes of House Bill 1406. Attachment 1 is the memo sent out after the October meeting with details on how this money may be used and lists estimates for how much this money can generate.

In order to be “instated” prior to the July 29, 2020 deadline for HB1406 purposes, the vote to enact this sales tax would have to occur on the April 28, 2020 special election. The City Council would have to adopt a resolution and submit it to County elections no later than February 28, 2020 to qualify for the April election. The City may request its voters to approve this tax after July 28, 2020. However, while the City would collect the new sales tax from this measure, anything after the July timeline would not qualify the City for the second half of the **State’s** sales tax associated with HB1406.



806 West Main Street
Monroe, WA 98272-2198
(360) 794-7400 Fax: (360) 794-4007
www.monroewa.gov

MEMO

TO: Mayor Thomas, City Council, and City Administrator Deborah Knight

FROM: Becky Hasart, Finance Director

DATE: 11/4/2019

RE: Questions from October 15, 2019 Finance/HR Committee

The following memo lists out the questions that were asked at the 10/15/2019 Finance/HR Committee associated with the attached committee agenda item. Also attached is a sales tax breakdown graph and sales tax comparison for Monroe along with the text of RCW 82.14.530.

One item to note on the attached committee agenda item—there is a mistake regarding expected revenues associated with the QLT – Sales and Use Tax. One tenth of one percent (0.1%) should be \$477,000, not \$47,700 and one half of one tenth of one percent (0.05%) should be 238,500 not \$23,850. The information below includes the corrected projections.

As always, if you have any questions, please let me know. Thank you.

Q: How can we spend the money?

A: Per RCW 82.14.530 (attached), a sales and use tax for housing and related services, one of the qualifying local taxes that the City is eligible to assess, must use:

§(2)(a) ...a minimum of sixty percent of the moneys collected under this section...for the following purposes:

- (i) Constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services; or
- (ii) Constructing mental and behavioral health-related facilities; or
- (iii) Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.

§(2)(c) The remainder of the moneys collected under this section must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

Q: Does the sales tax vote require a simple majority or supermajority to pass?

A: The sales tax vote requires a simple majority.

Q: When would we need to run an election for the sales tax option to be a qualifying local tax for HB 1406?

A: To be a qualified local tax for the purposes of HB 1406, legislation regarding the Sales and Use Tax for Housing and Related Services only requires that the tax be “instated” by July 28, 2020, which has been determined to mean voter approved. Actual collections can occur after the July 28, 2020 date.

To be “instated” by July 28, 2020, the City would have to present the sales and use tax to the voters in either February or April 2020. Department of Revenue (DOR) requires a minimum of 75 days’ notice prior to the start of collections for the sales tax. DOR also will only start collections at the beginning of a quarter with the exception of the fourth quarter, which is not eligible for the start of a new sales tax. The following chart outlines the timelines associated with both the February 2020 and April 2020 special elections:

Table 1: Special Election Timelines

Election date	February 11, 2020	April 28, 2020
Resolution to county	By December 13, 2019	By February 28, 2020
Election certification	February 21, 2020	May 8, 2020
Start date for collection of taxes (after min 75 day notice)	July 1, 2020	October 1, 2020
Actual receipts to the City (sales taxes are on two month lag after collection)	September 1, 2020	December 1, 2020

The City can request this tax at any time in the future as long as the County has not enacted this sales tax; however the tax would not qualify as a “qualified local tax” per HB 1406 unless it is “instated” prior to July 28, 2020.

Q. What would the cost of an election be to run in either February or April?

A. Election costs vary depending on how many jurisdictions have an issue on that special election. The average cost of a standalone election can be \$50,000. If there are multiple items on a specific election date, costs are shared among the appropriate jurisdictions based on the number of each jurisdiction’s registered voters. Snohomish County elections has indicated that there has been interest from other jurisdictions to run ballot measures for both February and April, 2020. If that is the case, costs for the City of Monroe can be as low as \$20,000.

Q. If approved by the voters, does this tax have an expiration date?

A: This tax is an ongoing tax (does not have a sunset date).

Q: What other sales taxes are currently being collected in Monroe/included in the 9.3% sales tax rate in Monroe?

A: The City of Monroe’s current sales tax rate is 9.3%. The rate breaks down per the table below (also see attached Sales Tax graph and comparison):

Table 2: Monroe sales tax rate breakdown

Jurisdiction	Rate	Notes
State of Washington general tax	6.5%	Ongoing (no sunset)
State criminal justice tax	0.1%	Ongoing
City regular and optional tax	1.0%	Ongoing
Monroe TBD tax	0.2%	Ends December 2024
Monroe public safety tax	0.1%	Ongoing
Local transit tax	1.2%	Ongoing
County mental health	0.1%	Ongoing
Snohomish County 911	0.1%	Ongoing
Total	9.3%	

The Monroe Transportation Benefit District (TBD) tax expires in December 2024. The Monroe TBD board can request one additional 10 year collection period for the TBD portion of sales tax with voter approval (simple majority).

Q: How does Monroe’s sales tax rate compare to other local jurisdictions?

A: The following table compare’s Monroe’s current sales taxes to other Snohomish County cities:

Table 3: Sales tax rate comparison

Rate Comparison	City
<i>Monroe*</i>	9.3%
Bothell in SnoCo	10.4%
Everett	9.8%
Gold Bar	9.0%
Granite Falls	9.0%
Lake Stevens	9.0%
Lynnwood	10.5%
<i>Marysville*</i>	9.3%
Mill Creek	10.5%
<i>Snohomish*</i>	9.2%
Sultan	9.0%
<i>*Italics includes TBD</i>	

As indicated in the Table 3, the sales tax rate for those cities in italics include sales taxes for their local transportation benefit district.

**Q: If approved, how much revenue do we anticipate receiving in the first year?
Over the next ten years?**

A: The sales tax rate for the Sales and Use Tax authorized in RCW 82.14.530 can be up to one tenth of one percent (0.1%), similar to Monroe’s public safety sales tax. The minimum the City could request from its voters is one half this amount. The follow table represents a conservative estimate for revenue over a ten year period for the full 0.1% authorization:

Table 4: Potential sales tax collection (10 Years)

	Ongoing	Construction	Total
2020	\$ 432,000	\$ 45,000	\$ 477,000
2021	\$ 437,443	\$ 40,000	\$ 477,443
2022	\$ 442,955	\$ 40,000	\$ 482,955
2023	\$ 448,536	\$ 40,000	\$ 488,536
2024	\$ 454,188	\$ 40,000	\$ 494,188
2025	\$ 459,911	\$ 40,000	\$ 499,911
2026	\$ 465,705	\$ 40,000	\$ 505,705
2027	\$ 471,573	\$ 40,000	\$ 511,573
2028	\$ 477,515	\$ 40,000	\$ 517,515
2029	\$ 483,532	\$ 40,000	\$ 523,532
2030	\$ 489,624	\$ 40,000	\$ 529,624
2031	\$ 495,794	\$ 40,000	\$ 535,794
		10 year total	\$ 6,043,776

The sales tax revenue in Table 4 is similar to our expectations for the public safety portion of sales taxes. This amount was escalated 1.26% per year for the ongoing amount, similar to the agreed upon escalator used for our Six Year General Fund Forecasts. The construction portion of sales taxes remains stagnate to remain conservative. Actuals on the construction portion of sales taxes would be cyclical based on the economy. All numbers would be halved if the City requests one half of the full tax authority (the minimum tax request).

RCW 82.14.530

Sales and use tax for housing and related services.

(1)(a) A county legislative authority may submit an authorizing proposition to the county voters at a special or general election and, if the proposition is approved by a majority of persons voting, impose a sales and use tax in accordance with the terms of this chapter. The title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. The rate of tax under this section may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(b)(i) If a county with a population of one million five hundred thousand or less has not imposed the full tax rate authorized under (a) of this subsection within two years of October 9, 2015, any city legislative authority located in that county may submit an authorizing proposition to the city voters at a special or general election and, if the proposition is approved by a majority of persons voting, impose the whole or remainder of the sales and use tax rate in accordance with the terms of this chapter. The title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. The rate of tax under this section may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(ii) If a county with a population of greater than one million five hundred thousand has not imposed the full tax authorized under (a) of this subsection within three years of October 9, 2015, any city legislative authority located in that county may submit an authorizing proposition to the city voters at a special or general election and, if the proposition is approved by a majority of persons voting, impose the whole or remainder of the sales and use tax rate in accordance with the terms of this chapter. The title

of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. The rate of tax under this section may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(c) If a county imposes a tax authorized under (a) of this subsection after a city located in that county has imposed the tax authorized under (b) of this subsection, the county must provide a credit against its tax for the full amount of tax imposed by a city.

(d) The taxes authorized in this subsection are in addition to any other taxes authorized by law and must be collected from persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county for a county's tax and within a city for a city's tax.

(2)(a) Notwithstanding subsection (4) of this section, a minimum of sixty percent of the moneys collected under this section must be used for the following purposes:

(i) Constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services; or

(ii) Constructing mental and behavioral health-related facilities; or

(iii) Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.

(b) The affordable housing and facilities providing housing-related programs in (a)(i) of this subsection may only be provided to persons within any of the following population groups whose income is at or below sixty percent of the median income of the county imposing the tax:

(i) Persons with mental illness;

(ii) Veterans;

(iii) Senior citizens;

(iv) Homeless, or at-risk of being homeless, families with children;

(v) Unaccompanied homeless youth or young adults;

(vi) Persons with disabilities; or

(vii) Domestic violence survivors.

(c) The remainder of the moneys collected under this section must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

(3) A county that imposes the tax under this section must consult with a city before the county may construct any of the facilities authorized under subsection (2)(a) of this section within the city limits.

(4) A county that has not imposed the tax authorized under RCW 82.14.460 prior to October 9, 2015, but imposes the tax authorized under this section after a city in that county has imposed the tax authorized under RCW 82.14.460 prior to October 9, 2015, must enter into an interlocal agreement with that city to determine how the services and provisions described in subsection (2) of this section will be allocated and funded in the city.

(5) To carry out the purposes of subsection (2)(a) and (b) of this section, the legislative authority of the county or city imposing the tax has the authority to issue general obligation or revenue bonds within the limitations now or hereafter prescribed by the laws of this state, and may use, and is authorized to pledge, up to fifty percent of the moneys collected under this section for repayment of such bonds, in order to finance the provision or construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers described in subsection (2)(a)(iii) of this section.

(6)(a) Moneys collected under this section may be used to offset reductions in state or federal funds for the purposes described in subsection (2) of this section.

(b) No more than ten percent of the moneys collected under this section may be used to supplant existing local funds.

[2015 3rd sp.s. c 24 § 701.]

NOTES:

Construction—2015 3rd sp.s. c 24: See note following RCW 36.160.030.

10/15/2019 FHR Agenda Bill exert

POLICY CONSIDERATIONS

House Bill 1406 was introduced to the City Council at the September 17, 2019, Study Session (see Attachment 1) and was first introduced to the Legislative Affairs Committee on August 27, 2019.

House Bill 1406 requires the City Council to adopt a “resolution of intent” between July 28, 2019, and January 31, 2020, in order to receive a portion of the state’s sales tax for affordable housing and rental assistance programs for twenty years.

There were two policy questions:

- 1. Does the City Council want to implement HB 1406 before January 31, 2020?*
- 2. Does the City Council want to implement a qualifying local tax before July 31, 2020?*

The first policy question was answered at the September 17, 2019, Study Session. The City Council provided direction to move forward with a letter of intent to access the first half of the state’s sales tax credit.

The City Council requested additional information regarding a qualifying local tax. After tonight’s discussion, should the Finance/HR Committee recommend that the City Council pursue implementing a qualifying local tax before July 31, 2020?

DESCRIPTION/BACKGROUND

Attachment One details the state sales tax credit the City can utilize to help provide affordable and/or supportive housing. Again, the City is eligible to receive 0.0073 percent of the state sales tax credit with the adoption of the resolution of intent and then the appropriate ordinance. The City can access an additional 0.0073 percent if it also implements a “qualifying local tax” (QLT) prior to July 31, 2020.

The three QLT options available to a city our size and in our geographic region are:

- A sales and use tax for affordable housing (RCW 82.14.530);
- Affordable housing tax levy (RCW 84.52.105); or
- A levy lid lift (RCW 84.55.050) that is restricted solely to affordable housing.

All three options would require voter approval with a simple majority vote and would have to be approved prior to July 31, 2020.

QLT – Sales and Use Tax

House Bill 1406 allows cities, with voter approval, to implement up to one tenth of one percent (0.1 percent) of a sales tax to be used for affordable housing. The minimum sales tax that could be requested is half this amount or one half of one tenth of one percent (0.05 percent). Again, this amount would have to be voter approved but can be presented at any special, primary, or general election. Current estimates on the amount that would be raised is:

- One tenth of one percent (0.1%) \$47,700
- One half of one tenth of one percent (0.05%) \$23,850

QLT – Affordable housing levy (excess levy)

House Bill 1406 allows cities, with voter approval, to implement an affordable housing levy up to \$0.50 per \$1,000 of assessed valuation for ten years. MRSC believes this levy would require an annual vote. There is no minimum on the amount of the levy but if the County also obtains an approval for this levy, the two levies cannot exceed \$0.50 in the aggregate. If the two levies exceed the \$0.50, the levy adopted last would adjust down until the aggregate is below \$0.50.

Before the City could go to the voters for this levy, the following is required by RCW 84.52.105 (see Attachment 2):

- The governing body of the county, city, or town declares the existence of an emergency with respect to the availability of housing that is affordable to very low-income households in the taxing district; and
- The governing body of the county, city, or town adopts an affordable housing financing plan to serve as the plan for expenditure of funds raised by a levy authorized under this section, and the governing body determines that the affordable housing financing plan is consistent with either the locally adopted or state-adopted comprehensive housing affordability strategy, required under the Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec. 12701, et seq.), as amended.

For tax year 2019, the following are amounts that could be realized from this tax levy:

- \$0.01 per \$1,000 AV \$ 28,850
- \$0.10 per \$1,000 AV \$ 288,500
- \$0.25 per \$1,000 AV \$ 721,250
- \$0.50 per \$1,000 AV \$ 1,442,500

QLT – Levy Lid Lift restricted solely to affordable housing

House Bill 1406 allows cities, with voter approval, to implement an affordable housing levy lid lift to our existing property tax levy. There is no minimum or maximum rate per \$1,000 of assessed value but the levy would be subject to our \$1.60 property tax jurisdictional limit. However, Municipal Research Services Center (MRSC) has confirmed with the Department of Revenue that a city cannot request a levy lid lift while it still has banked property tax capacity. The City of Monroe would have to exhaust our banked capacity before we could request a levy lid lift, regardless of the use for the voted levy. In addition, we cannot use our banked capacity as a qualifying local tax as this amount would not be subject to voter approval. The City of Monroe’s current property tax banked capacity is \$252,852