

# City of Prosser

## *Estimated Impact of Initiative 1033*

### 1. What is Initiative 1033?

This measure would limit annual growth of City general fund revenues to the rate of inflation and population growth. Any general fund revenues exceeding this limit must be used to reduce the following year's City property tax levy. The initiative could reduce City services such as police patrol, dispatch, parks maintenance and operations, library services, senior center building availability, swimming pool and recreation maintenance and operations, economic development, code enforcement, animal control, fire department operations, and many other general governmental services provided within the City of Prosser.

The City's first year's cost under the initiative is estimated to be \$33,000 with each subsequent year estimated to increase by about \$100,000 over the prior year (year 2 - \$122,000; year 3 - \$206,000; year 6 the cost is estimated to be \$504,000).

### 2. What does that really mean to an average property taxpayer?

With an estimated population growth of 1.2% and an inflation rate of 1.7% to 2% annually, a property taxpayer with a \$200,000 home would save approximately \$18 in the first year the initiative is implemented. After the first year, the amount of savings would increase by approximately \$45 annually (year 2 savings - \$65; year 3 savings - \$109; and so on).

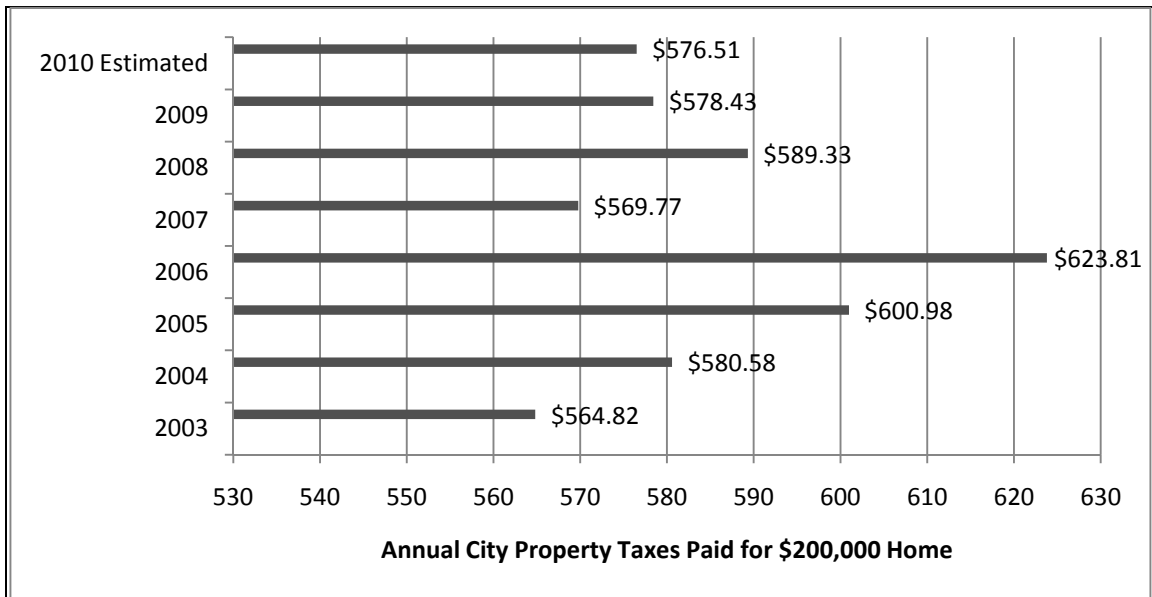
### 3. What does this initiative mean in relation to population growth or economic development?

Today, the City's property tax revenues respond to the development activity that is seen in our community. Even though the City's total property tax revenue collected may increase, the amount each current property taxpayer in our community pays may not increase. That is because, in many cases, the City's assessed valuation has increased and much of that increase is paid by those developing or constructing new residential or commercial buildings.

Growth for the community is included in the City's Comprehensive Plan, which has been adopted by the City Council after an extensive public process. Initiative 1033 alters the fiscal benefits of growth by limiting the City's revenues to a factor of inflation plus population growth despite increases in demands for services that are incurred as the City grows. As a result, the City's growth plans and its Comprehensive Plan will need additional review and consideration if the initiative is implemented. The initiative does allow for voter approval of revenues. That option will be considered in the overall growth analysis should the initiative pass.

4. What has a homeowner with a \$200,000 home paid in City property taxes over the last 7 years and what are property taxes estimated to be in 2010?

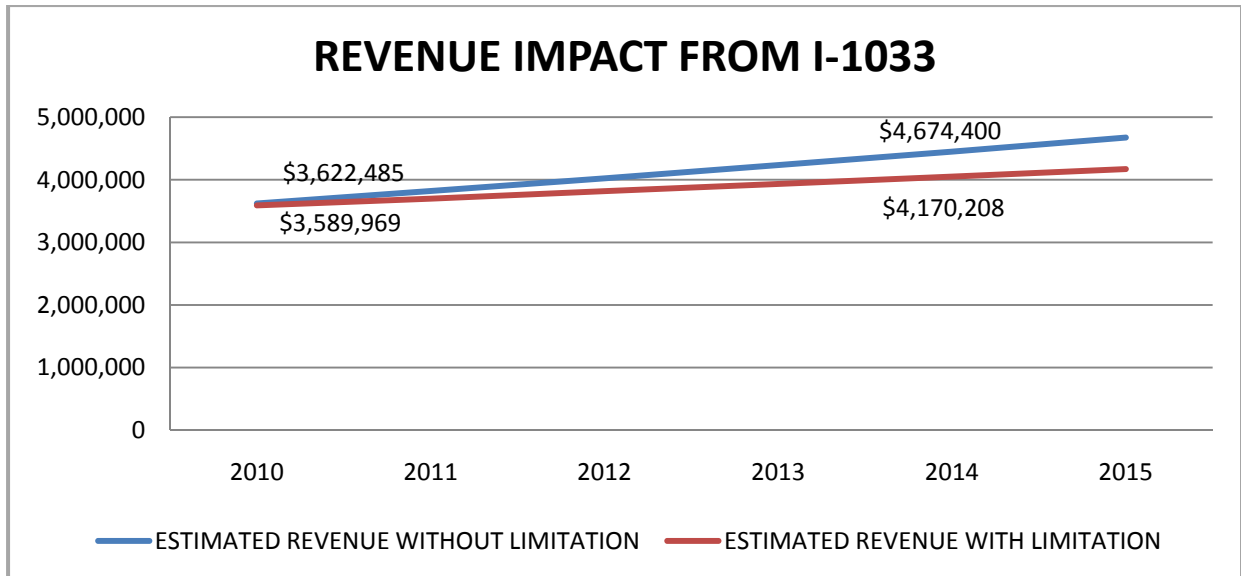
Year	Annual City Property Taxes on \$200,000 Home
2003	\$564.82
2004	\$580.58
2005	\$600.98
2006	\$623.81
2007	\$569.77
2008	\$589.33
2009	\$578.43
2010 Estimated	\$576.51



5. What would the City receive in revenue today based on average cost increases in comparison to the initiative limitations?

General fund revenues are estimated to grow 2.11% to 5.51% annually based on historical projections. Property taxes are expected to grow 3.67% to 7.67% annually, primarily due to new development.

Year	Estimated General Fund Revenues Without Limitation	Estimated General Fund Revenues With Limitation
2010	\$3,622,485	\$3,589,969
2011	\$3,820,292	\$3,698,444
2012	\$4,024,077	\$3,817,682
2013	\$4,234,431	\$3,933,037
2014	\$4,451,141	\$4,051,877
2015	\$4,674,400	\$4,170,208



6. What costs contribute to the need for the City to increase revenues?

Like so many others, in most years, the City’s health insurance rates rise 5% to 10%. In 2010, the 10% increase in employee health insurance is estimated to cost the City an extra \$19,000 in the general fund. While the City has been able to reduce costs in the general fund for electricity, property and casualty insurance, and fuel by implementing cost-saving measures, a reduction in these areas is not common. A rise in the cost for all these items is expected in the future. The City will continue to implement any other cost-saving measures that are available to keep the community’s costs down.

In addition to the items already listed, the City has collective bargaining agreements that require the City to pay a 2% to 4% cost of living allowance (COLA) annually in addition to any necessary market adjustments based on comparisons with other similar jurisdictions. It is estimated in 2010 that the City will pay \$40,500 from the general fund for a 2% COLA or \$73,000 if a 4% COLA is negotiated.

If revenues were limited to an increase of \$100,000 annually, and salary and benefit increases alone cost \$59,500 to \$92,000, the City will be required to cut services and staffing to offset the increase in expenditures.

7. What will be the City’s costs to implement the initiative?

Implementation of the initiative will require close coordination with the County, which collects property taxes, additional work by the City’s accounting staff to establish and manage the necessary accounts, and management of the system to determine and allocate the amount of property tax reduction to be provided to each property owner. The City has not calculated direct and indirect costs for these items as there are still a lot of unknowns regarding how the initiative will

need to be implemented. However, those are some of the work items that will need to be completed to implement the initiative.

8. What does it cost the City to provide the essential general services it provides today?

<b>DEPARTMENT</b>	<b>2010 COST OF SERVICE</b>	<b>ANNUAL COST PER PROPERTY OWNER**</b>
Mayor & Council	\$ 45,000	\$ 24
Recreation & Swimming Pool	\$ 205,000	\$ 108
Parks	\$ 220,000	\$ 116
Administration	\$ 204,000	\$ 108
Police	\$1,237,000	\$ 651
Dispatch	\$ 406,000	\$ 214
Jail	\$ 102,000	\$ 54
Legal/Prosecution	\$ 133,000	\$ 70
Fire	\$ 275,000	\$ 145
Finance/Human Resources/Risk Management	\$ 283,000	\$ 149
Ambulance Services Payment to Hospital	\$ 28,000	\$ 15
Library	\$ 174,000	\$ 92
Senior Center	\$ 33,000	\$ 17
City Hall Facility Operations	\$ 82,000	\$ 44
Information Technology & Records Services	\$ 245,000	\$ 129
Building/Code Enforcement/Animal Control	\$ 160,000	\$ 84
Planning & Economic Development	\$ 137,000	\$ 72
<b>TOTAL COST OF SERVICES*</b>	<b>\$3,969,000</b>	<b>\$2,092</b>

\*Figures are not exact but encompass all major City operations

\*\*Based on 1,900 utility accounts which include residential and commercial users

9. What will happen to City staffing and services if the initiative is approved?

If the City does not request voter approval of some or all of its revenues, and if the City does not consider changes in the structure by which it provides its services, such as annexing into Mid Columbia Library District (Mid Columbia Library District is not subject to Initiative 1033 and this action would preserve solid funding for library services), then the City will gradually begin reducing staff and services as a result of the initiative. The Prosser City Council has developed the following prioritization of its services and initial discussions regarding reductions in services would start with the lowest priorities. The pace of service cuts under the initiative would depend upon factors such as the rate of inflation, rate of population growth, the growth in the City's actual costs, and the demand for services in the City.

<b>Priority #</b>	<b>Service</b>
26	Emergency Management
25	Tree Planting & Maintenance
24	City Website
23	Recycling Services
22	Historic Downtown Prosser Assn.
21	Licensing and Permitting Services
20	Solid Waste Services
19	Library Services
18	Tourism Promotion (through contract with Chamber of Commerce)
17	Senior Center
16	Prosser Economic Development Assn. Support
15	Media/Citizen Communications
14	Storm Water Management
13	Grant Writer (through partnership with several other agencies)
12	Emergency Medical Services (support through contract)
11	Records Management
10	Public Safety Dispatch
9	City Facilities Maintenance and Development
8	Planning
7	Streets and Sidewalks
6	Parks & Recreation
5	Building Department (includes Code Enforcement and Animal Control)
4	Utilities (Water, Sewer, Irrigation)
3	Fire
2	Police Patrol
1	Gang Prevention