

From: [Jeff Dairiki](#)
To: [City Council](#); [Keith Scully](#)
Cc: [Betsy Robertson](#); [Chris Roberts](#); [John Ramsdell](#); [Laura Mork](#); [Eben Pobee](#); [Doris McConnell](#); [Sandra Distefano](#); [Lisa](#); [Phil Brock](#)
Subject: [EXTERNAL] Further comments on the Levy Lid Lift
Date: Monday, August 15, 2022 10:58:20 AM
Attachments: [2022-08-15 Letter to Council on Levy Lid Lift.pdf](#)

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Dear Councilmembers & Staff,

Attached is a further comment on the Levy Lid Lift. As you probably know, the County Assessor has now published a report on 2022 assessment values in the City. The increase in total assessed value for the areas east of Aurora is significantly higher than estimates assumed by staff when preparing their recommendations on the lid lift. (The Assessor's report for the area West of Aurora appears not to have been published yet.) As such, the Lid Lift proposed by proposition 1 now represents a larger tax increase than staff estimates indicated when you passed resolution 492 to put prop 1 on the ballot.

(Please see my letter in the attached PDF for more.)

Please enter the attached PDF as a public comment to the council. (It is not in response to anything specifically on tonight's agenda.)

Regards,
Jeff Dairiki

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July 12, 2022

Shoreline City Council
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Dear Councilmembers,

I'm writing regarding Resolution no 492, the Levy Lid Lift which you passed at the July 18 Council meeting. I wrote to you before that meeting and made a spoken comment at the meeting as well.

Property Assessments are Increasing Rapidly

In my letter of July 12, I argued that the staff's predictions of the effect of the proposed Levy Rate on total gross revenue were underestimates.

The County Assessor has just published a report on the 2022 assessments for the central and eastern parts of Shoreline. (As far as I can tell, a 2022 report on the Western part of the City has not yet been published.) That report lists increases in assessment values:

- An increase of 20.6% for "area 2" (the central part of Shoreline between I-5 and Aurora)
- An increase of 22.1% for "area 3" (East of I-5)

(I just received our Official Property Value postcard from the Assessor — the assessment on our modest North City home has, indeed, increased by 22.8%.)

In my letter of July 12, based on data from Zillow's Home Value Index, I had guessed that 2022 assessments would increase by 20% over 2021 assessments. At that time, staff had been using an estimate of a 12% rise in total assessment value, though they updated that to 17%, apparently after the receipt of my letter.

Anyhow, the math is now becoming more clear. We are still waiting on the Assessor's report for the Western third of the City, but it seems safe to assume an increase in total assessed values for 2022 of around 21%.

$$\frac{\$1.39}{\$1.13} \times 1.21 = 1.488$$

With that assumption, **the \$1.39 Levy Rate represents a 49% increase in gross revenue.**

Inflation rates are spiking, but are expected to be around 10% — well under the proposed increase in tax revenue. Also, please remember that while inflation affects the City's budget, it also affects the homeowner's budget. Finances tighten on both sides.

To compare Levy Rates with neighboring Cities: Lake Forest Park: \$0.84; Kenmore: \$1.06; Mountlake Terrace: \$1.11; Brier: \$0.71; Edmonds: \$0.84; Seattle: \$2.17(! — but that's apples to oranges.)

On Allowance for Growth

At the July 18 meeting, Mayor Scully expressed concern about the ability to pay for the future expected growth in the City.

While that is a legitimate worry, I would like to point out that allowance for growth is already written into RCW 88.55 (the law that imposes the Levy Lid.)

That is, revenue increases over the Lid limit factor (e.g. CPI-U) are allowed in proportion to increases in total assessment value due to new construction, and improvements. (See [RCW 88.55.010](#), (1)(a) and (1)(c).) Presumably, any significant future growth in population will be accompanied by corresponding new construction, thus allowing for a further increase in revenue.

The City had a *budget surplus* last year. Though expenses will certainly rise in the future, the surplus makes it hard to justify such a large tax increase. Staff predicted the \$1.39 Levy Rate would produce an additional \$15 million surplus over five years — given that staff's estimate of total revenue was low, the actual surplus is likely to be significantly higher. To put that in perspective, the total Shoreline property tax levy for 2022 is \$15 million. That's more than just "wiggle room" to allow for unforeseen expenses.

The City should set a budget (as it has), then set taxes so as to cover its expenses. It seems irresponsible to collect taxes significantly over and above budgeted expenses and then decide what to do with the excess revenue later.

(Yes, in theory, the Levy Lid Lift just sets a maximum. Were surpluses to become too large, the City could set rates lower than the Lid. But as Mayor Scully said at the July 18 meeting: "It's a little unrealistic to think that a future council will dial it back.")

I expect that it is now too late for you to amend the \$1.39 Levy Rate proposed in Prop 1, but if it is at all possible, I urge you to give it some consideration.

Respectfully,

Jeff Dairiki