BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
Legislative Department	Brian Goodnight/4-5597	

1. BILL SUMMARY

Legislation Title: AN ORDINANCE authorizing the Mayor to execute an Interlocal Agreement between the City of Seattle, Washington, and the North Highline Fire District that outlines the terms and conditions of payments to the North Highline Fire District to mitigate the financial impacts associated with the City of Seattle's annexation of the Duwamish Annexation Area.

Summary and background of the Legislation: This legislation authorizes the execution of an interlocal agreement between the City of Seattle (City) and the North Highline Fire District (Fire District) that establishes terms and conditions for payments to the Fire District to mitigate the loss of property tax revenues associated with the City's annexation of the Duwamish Annexation Area.

On February 10, 2014, the Seattle City Council adopted Resolution 31502 calling for the annexation, by election, of contiguous unincorporated territory referenced as the Duwamish Annexation Area. In anticipation of a successful annexation, the City and the Fire District entered into negotiations to address the resultant loss of property tax revenues to the Fire District. It was determined that a successful annexation of the Duwamish Annexation Area would result in the loss of approximately $170,000 in revenues (property tax and benefit charge) to the Fire District. This loss in revenues would require the Fire District to reduce staff that provides fire protection and emergency services to the Fire District's remaining service area. This would result in the Fire District unable to fully staff one of its three shifts and leaving the residents/businesses with inadequate fire protection and emergency response services during that period.

In order to maintain an appropriate level of fire protection and emergency response services in the Fire District's remaining service area, the City and Fire District negotiated an interlocal agreement that mitigates the financial impact of the City's annexation of the Duwamish Annexation Area. The City will provide an annual payment, up to a period not to exceed ten (10) years after the effective date of the annexation, solely from regular property tax revenues generated in the Duwamish Annexation Area to the Fire District to help cover the costs associated with maintain fire protection and emergency response services in the Fire District's remaining service area. In 2015, this was estimated at $145,000.

The interlocal agreement outlines other terms and conditions associated with the City's annexation of the Duwamish Annexation Area.

2. CAPITAL IMPROVEMENT PROGRAM

__n/a_ This legislation creates, funds, or amends a CIP Project.
(If box is checked, please attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page.)

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

_XX_ This legislation has direct financial implications. (If the legislation has direct fiscal impacts

Note: The fiscal impact of this legislation does not occur until after the Seattle City Council adopts a Resolution establishing an effective date of the Duwamish Annexation Area. If passed by the voters in the affected area, it is expected to take effect in 2017 (outside the two-year range of this Fiscal Note). See "Other Implications" section for detailed discussion.

___ This legislation does not have direct financial implications.

Budget program(s) affected:				
Estimated $ Appropriation change:	**General Fund $**		**Other $**	
	2015	**2016**	**2015**	**2016**
Estimated $ Revenue change:	**Revenue to General Fund**		**Revenue to Other Funds**	
	2015	**2016**	**2015**	**2016**
Positions affected:	**No. of Positions**		**Total FTE Change**	
	2015	**2016**	**2015**	**2016**
Other departments affected:				

3.a. Appropriations

___ This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/#*	2015 Appropriation Change	2016 Estimated Appropriation Change
TOTAL				

Appropriations Notes:

3.b. Revenues/Reimbursements

____ This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
TOTAL				

Revenue/Reimbursement Notes:

3.c. Positions

____ This legislation adds, changes, or deletes positions.
(If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications)

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)
TOTAL							

* *List each position separately*

Position Notes:

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

Yes. Under the terms of the interlocal agreement, the City of Seattle would make payments estimated at up to $145,000 per year, not to exceed a ten (10) year period, to the North Highline Fire District on a semi-annual basis. The payments would begin on

the "effective date of the annexation" which is estimated to be 2017. The payments are expected to reduce over the ten (10) year period as Seattle's "regular" property tax rate drops in response to the state-mandated one percent (1%) limitation, with the exception of new construction, in revenue growth.

b) Is there financial cost or other impacts of not implementing the legislation?

If this legislation is not implemented, then the City of Seattle would not be able to provide resources to the North Highline Fire District after a successful annexation of the Duwamish Annexation Area. As a result, the North Highline Fire District would not have adequate resources to provide an adequate level of fire protection and emergency response services to the Fire District's remaining service area.

c) Does this legislation affect any departments besides the originating department?

No.

d) Is a public hearing required for this legislation?

A public hearing is not required for approval of the interlocal agreement.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

f) Does this legislation affect a piece of property?

No.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

The financial resources provided as a result of the interlocal agreement will allow the North Highline Fire District to continue to provide an adequate level of fire protection and emergency response services to its remaining service area. The Fire District's service area includes the White Center and Roxhill neighborhoods which are considered vulnerable and historically disadvantaged communities.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

N/A

i) Other Issues:

N/A

List attachments below: