

#16
0317425

1
2 **ORDINANCE _____**

3 AN ORDINANCE relating to regular property taxes; requesting that a special election be held
4 concurrent with the August 7, 2012, general election for submission to the qualified
5 electors of the City a proposition to lift the limit on regular property taxes under Chapter
6 84.55 RCW and authorize the City to levy additional taxes for up to seven years for the
7 purpose of supporting, maintaining and improving core public library services;
authorizing creation of a new subfund; ratifying and confirming certain prior acts; and
providing for effective dates.

8 WHEREAS, The Seattle Public Library (Library) was established in 1890 and since that time has
9 served as a free source of information and a community gathering place for residents of
Seattle and the region; and

10 WHEREAS, in 1998 Seattle voters overwhelmingly supported the Libraries for All bond
11 measure, which made Library services more accessible throughout the City by supporting
12 the construction of four branch libraries in communities without library service, the
13 replacement or renovation of 22 existing branches and the development of a new
downtown Central Library; and

14 WHEREAS, the successful implementation of Libraries for All has contributed to a tremendous
15 growth in Library usage; in 2011 the Library recorded 6,700,000 in-person patron visits
16 system-wide, circulated over 11,000,000 items and hosted 1,500,000 public internet
sessions; and

17 WHEREAS, the Library provides residents with access to an array of free services and
18 programming, including computer and job search classes, tax preparation help and
19 citizenship classes and introduces Seattle to local and world-renowned authors through
author readings and book discussion groups; and

20 WHEREAS, the Library is an important partner in the education of Seattle's youth through
21 crucial literacy activities for young children, homework help, programs to encourage
22 reading over summer vacation, teen activities, partnerships with teachers and schools, and
other vital services; and

23 WHEREAS, the Library's public computers and wireless network provide free computer and
24 internet access for Seattle residents, and Library staff are available to help residents to
find, evaluate and use information; and

25 WHEREAS, the Library's mobile services bring books and other materials to seniors and other
26 residents who may lack the mobility to access their neighborhood branch library; and



1 WHEREAS, the Library has no dedicated funding source to keep operating budgets stable or
keep pace with increasing maintenance costs; and

2 WHEREAS, about 95 percent of the Library's 2012 operating budget is supported by the City's
3 General Fund; and

4 WHEREAS, the Library's 2012 capital budget is primarily supported by the City's General Fund
5 and Real Estate Excise Tax (REET) revenues; and

6 WHEREAS, the City applies a 0.5 percent REET to all real estate sales transactions in Seattle,
7 and because the amount of revenue that the City receives from REET is determined by
8 both the volume and value of these transactions, the Library's capital budget is similarly
subject to this volatility; and

9 WHEREAS, the weakening of the national and local economies in recent years has affected City
10 revenues and placed significant spending pressures on the General Fund and REET; and

11 WHEREAS, the Library's heavy reliance on the General Fund and REET makes it particularly
12 vulnerable to the constraints on the growth of these revenue sources; and

13 WHEREAS, the Library's reliance on the City's General Fund and REET places it in
14 competition for funding with other city priorities, and

15 WHEREAS, as a result of constraints on the City's General Fund, the entire Library system has
16 been closed for one week every year since 2009, Library employees have taken an unpaid
17 furlough of one week every year since 2009, fifteen of the 26 neighborhood branch
libraries are currently closed two days per week and the Library's collections budget has
been cut by more than 13 percent since 2009; and

18 WHEREAS, the Library's capital budget has been cut by 50 percent since 2009 as a result of
19 constraints on the City's General Fund and REET revenues; and

20 WHEREAS, the City's financial situation is not expected to significantly improve within the
21 next three to four years and further reductions in General Fund support for the Library
appear to be unavoidable; and

22 WHEREAS, the Library has already restructured to gain efficiencies, so further reductions
23 related to the anticipated 2013 General Fund shortfall would have a significant impact on
Library services; and

24 WHEREAS, the City Council may not increase regular property taxes by more than one percent
25 per year without a vote of the people; and

26 WHEREAS, levy proceeds support library system operations in other jurisdictions, including
27 Port Townsend, Washington, and Multnomah County (Portland), Oregon; and



1 WHEREAS, in response to a 2010 Statement of Legislative Intent (2010 SLI 95-1-A-1), the
2 Library, City Council and Mayor reviewed and considered alternative funding sources
3 that could be used to support the Library's operations; and

4 WHEREAS, the Library, City Council and Mayor identified a property tax levy lid lift as the
5 revenue source that could most feasibly be used in combination with the City's General
6 Fund and REET support; and

7 WHEREAS, during 2010-11 the Library developed a Strategic Plan based on an extensive public
8 engagement process, using a series of open houses, public forums, an advisory committee
9 and a community survey that generated nearly 33,000 responses; and

10 WHEREAS, in early 2012 the Library held three public forums and conducted an online survey
11 in order to help identify and prioritize the Library services that levy proceeds could be
12 used to support, maintain and improve; and

13 WHEREAS, the Library worked with the City Council and Mayor to consider the levels of
14 funding that would be required to support, maintain and improve core Library services;
15 and

16 WHEREAS, it is the intent of the City Council and Mayor to continue to provide General Fund
17 and REET support to the Library at 2012 service levels, adjusted proportionately based
18 on increases or decreases to such support for comparable City departments; and

19 WHEREAS, the City Charter authorizes the Library Board to oversee the Library's annual
20 operating and capital budgets; and

21 WHEREAS, the Library Board recognizes the need for additional revenue to support, maintain
22 and improve core Library services, understands the current constraints on the City's
23 General Fund and REET revenues and, therefore, supports a property tax levy lid lift that
24 would provide the Library with a new revenue source that could be used in combination
25 with General Fund and REET; NOW, THEREFORE,

26 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

27 Section 1. Findings. The City Council makes the following findings and declarations:

28 A. A strong Library system supports the economic, educational and cultural vitality of
the City and helps to foster an informed community;

B. Libraries are anchor institutions in Seattle neighborhoods; and

C. A new dedicated and stable source of funding would diversify the Library's existing
funding base. A stable source of funding, in combination with the City's General Fund and



1 REET revenue, is needed if the Library is to continue to provide the operating hours, collections,
2 services, technology and programs valued by Seattle residents, and preserve the recent capital
3 investments in Library buildings that were supported by Libraries for All.

4 Section 2. Definitions. The following terms, when used and capitalized in this
5 ordinance, shall have definitions stated below:

6 A. "City" means the City of Seattle.

7 B. "Library Services" means the programs, services, capital improvements and
8 administration referred to in Section 5, with such modifications as the City Council may from
9 time to time authorize by ordinance.

10 C. "Library Board" means the board of trustees of the Library, a five-member body
11 appointed by the Mayor and confirmed by the City Council, with exclusive control of the
12 finances of the Library under RCW Chapter 27.12.210 and sole authority to expend the Library
13 Fund under Article XII of the Seattle City Charter, consistent with the annual appropriation of
14 funds by the City Council.

15 D. "Proceeds" means that portion of regular property taxes levied and collected as
16 authorized by voter approval pursuant to this ordinance that are above the limits on levies
17 provided for in RCW 84.55.010, and all interest and other earnings derived from that portion of
18 the levy.

19 Section 3. Levy of Regular Property Taxes – Submittal. The City hereby submits to the
20 qualified electors of the City a proposition as authorized by RCW 84.55.050 to exceed the levy
21 limitation on regular property taxes contained in Chapter 84.55 RCW, as it now exists or may
22 hereafter be amended, for property taxes levied in 2012 through 2018 for collection in 2013
23 through 2019, respectively, raising up to \$122,630,099 in aggregate over a period of up to seven
24 years. The proposition shall be limited so that the City shall not levy more than \$17,000,000 in
25 the first year, in addition to the maximum amount of regular property taxes it would have been
26 limited to by RCW 84.55.010 in the absence of voter approval under this ordinance, plus other
27 authorized lid lifts. Proceeds shall be used to provide operational and capital funding to the
28



1 Library. Pursuant to RCW 84.55.050(4), the maximum regular property taxes that may be levied
2 in 2019 for collection in 2020 and in later years shall be computed as if the levy lid in RCW
3 84.55.010 had not been lifted under this ordinance.

4 Section 4. Application of Levy Proceeds. Unless otherwise directed by ordinance,
5 Proceeds shall be deposited in the Library Levy Fund. The Director of Finance and
6 Administrative Services, or the Director's designee, is authorized to create subfunds or accounts
7 within the Library Levy Fund as may be needed or appropriate to implement the purposes of this
8 ordinance. Proceeds may be temporarily deposited or invested in such manner as may be lawful
9 for the investment of City money, and interest and other earnings shall be used for the same
10 purposes as the Proceeds.

11 Section 5. Library Services. Levy Proceeds will be used, in combination with the annual
12 budget appropriation of City General Fund and REET to the Library, for Library Services. Levy
13 investments will be made in the following four categories of Library Services:

14 A. Hours and Access. Major program elements include supporting operating hours at the
15 neighborhood branches and Central Library, and providing support for in-person reference
16 services.

17 B. Collections. Major program elements include providing variety and depth in the
18 Library's collections with new titles in print and other formats, increasing the size and quality of
19 the digital collection, and making local history resources more widely available through
20 digitization.

21 C. Technology. Major program elements include replacements and upgrades to the
22 Library's public computer inventory and online resources, including user-focused improvements
23 to the catalog and public website.

24 D. Maintenance. Major program elements include enhanced resources to provide regular
25 care and major maintenance, such as repair or replacement of structural elements and building
26 systems, for the Library's heavily-used buildings as they age, to prolong their useful life and
27 ensure they are clean, safe and welcoming.



1 These program elements are illustrative examples. The levy proceeds will be spent in
2 accordance with the annual City budget process for each year of the levy. The City Librarian and
3 Library Board shall submit to the Mayor and City Council the Library Services and funding
4 expenditure plan that will support, maintain and improve the core Library Services identified in
5 this section. Each year the Library Board shall adopt an annual operations plan and capital
6 budget.

7 Section 6. Reporting. The City Librarian and the Library Board will submit to the City
8 Council, Mayor and citizens of Seattle annual progress reports on the implementation of the levy
9 and how levy Proceeds were used to restore, maintain and improve the core Library Services
10 identified in Section 5. The report shall be due to the City Council and Mayor by no later than
11 March 1 of calendar years 2014 through 2020.

12 Section 7. Election – Ballot Title. The City Council directs that the City Clerk file this
13 ordinance with the Director of Elections of King County, Washington, as ex officio supervisor of
14 elections, requesting that the Director of Elections call and conduct a special election in the City
15 in conjunction with the general election to be held on August 7, 2012, for the purpose of
16 submitting to the qualified electors of the City the proposition set forth in this ordinance. The
17 City Clerk is directed to certify to the King County Director of Elections the ballot title approved
18 by the City Attorney in accordance with his responsibilities under RCW 29A.36.071. The
19 following ballot title is submitted to the City Attorney for his consideration:
20

21 THE CITY OF SEATTLE
22 PROPOSITION NUMBER 1
23 REGULAR TAX LEVY INCLUDING SEATTLE PUBLIC LIBRARIES
24

25 The City of Seattle's Proposition 1 concerns supporting, maintaining and improving
26 core Library Services.
27
28



1 This proposition would increase library collections, support library hours and services,
2 update technology and maintain library facilities, as provided in Ordinance _____. It authorizes
3 regular property taxes above RCW 84.55 limits, allowing additional 2013 collection of up to
4 \$17,000,000 (approximately \$0.15/\$1,000 assessed value) and up to \$122,630,099 over seven
5 years. In 2013, total City taxes collected would not exceed \$3.60 per \$1,000 of assessed value.
6 Should this levy be approved?

7 Yes

8 No

9 Those in favor shall vote "Yes"; those opposed shall mark their ballots "No".

10 Section 9. Ratification. Certification of such proposition by the City Clerk to the King
11 County Director of Elections in accordance with law prior to the date of such election on August
12 7, 2012, and any other act consistent with the authority and prior to the effective date of this
13 ordinance, are hereby ratified and confirmed.

14 Section 10. Severability. In the event any one or more of the provisions of this
15 ordinance shall for any reason be held to be invalid, such invalidity shall not affect any other
16 provision of this ordinance or the levy of the taxes authorized herein, but this ordinance and the
17 authority to levy those taxes shall be construed and enforced as if such invalid provisions had not
18 been contained herein; and any provision which shall for any reason be held invalid shall be
19 deemed to be in effect to the extent permitted by law.

20 Section 11. Those portions of this ordinance providing for the submission of a ballot
21 proposition to the voters shall take effect and be in force immediately upon the approval by the
22 Mayor; or if returned to the Council by the Mayor unsigned, then immediately upon its return; or
23 if not approved and returned by the Mayor within 10 days after presentation, then on the 11th
24 day after its presentation to the Mayor; or if vetoed by the Mayor, then immediately after its
25 passage over his veto. All provisions of this ordinance that have not taken effect on an earlier
26 date shall take effect and be in force 30 days from and after the Mayor's approval of this
27 ordinance, but if this ordinance shall not be approved and returned by the Mayor within ten days
28



1 after presentation, such provisions shall take effect as provided by Seattle Municipal Code
2 Section 1.04.020.

3 Passed by the City Council the ____ day of _____, 2012, and
4 signed by me in open session in authentication of its passage this
5 ____ day of _____, 2012.

6 _____
7 _____
8 President _____ of the City Council

9
10 Approved by me this ____ day of _____, 2012.

11 _____
12 _____
13 Michael McGinn, Mayor

14
15 Filed by me this ____ day of _____, 2012.

16 _____
17 _____
18 Monica Martinez Simmons, City Clerk

19 (Seal)

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FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
The Seattle Public Library	Marilynne Gardner / 233-5109 Tim Morrison / 615-1336	Karl Stickel / 684-8085

Legislation Title:

AN ORDINANCE relating to regular property taxes; requesting that a special election be held concurrent with the August 7, 2012, general election for submission to the qualified electors of the City a proposition to lift the limit on regular property taxes under Chapter 84.55 RCW and authorize the City to levy additional taxes for up to seven years for the purpose of supporting, maintaining and improving core public library services; authorizing creation of a new subfund; ratifying and confirming certain prior acts; and providing for effective dates.

Summary of the Legislation:

The proposed ordinance would submit a \$122,630,099 seven-year Library Levy ("Levy") package to the voters of Seattle for their approval in August of 2012. The proposed Levy would be raised under the provisions of RCW 84.55.050, which allows a city to obtain voter approval to exceed the "lid" on regular property taxes for any purposes. Levy proceeds would be intended to support the following four categories of library services for the period January 2013-December 2019:

1) Open hours and access - \$26,860,000 (annual average - \$3,840,000)

The Seattle Public Library (Library) will add back operating hours at branch libraries and bolster reference services to support patrons at branches and the Central Library. Funding will also be provided for operational functions that support open hours, such as security services, technology support, and maintenance. All libraries will have Sunday hours and two more libraries (Columbia and Northgate) will be open 7 days a week. The system will no longer need to impose a week-long closure each year.

2) Collections - \$17,320,000 (annual average - \$2,470,000)

The variety and depth of the Library's collection will be increased to better meet patron demand for materials in all formats. The collections component of the Levy will also fund a significant increase in purchasing of downloadable materials such as e-books, and more copies of popular material in print, digital and other formats.

3) Technology - \$10,590,000 (annual average - \$1,510,000)

The Library will replace and upgrade computers and technology infrastructure that was purchased during the Libraries for All (LFA) capital program, providing users access to up-to-date technology tools and resources. Levy funding will also fund improvements to online services to ensure patrons can successfully find and use online material and exchange knowledge using the Library's online platform.

4) Maintenance

Regular maintenance of facilities - \$10,680,000 (annual average - \$1,530,000)

The Levy will provide additional support for regular maintenance to sustain the public's investment in the Central Library and 26 branches that were constructed or remodeled as a result of the 1998 LFA bond measure. Seattle's libraries are among the most heavily used public buildings in the City and require additional resources as they age in order to preserve environments that are clean, safe and welcoming.

Major maintenance of facilities - \$15,280,000 (annual average - \$2,180,000)

The Levy will provide for sustained stewardship of library facilities. The Library's capital improvement program (CIP) is largely funded by allocations from the City's Real Estate Excise Tax (REET). When the original LFA capital program was approved, REET projections indicated there would be sufficient revenue to support the Library's CIP once the buildings were completed. With the real estate market downturn, the Library's CIP is at a historically low level - \$820,000 per year. The Library's projected annual cost for major maintenance and building renewal, based upon an asset management plan, is \$3,000,000. This includes necessary maintenance for basic building components such as roofs, floors, finishes, HVAC and mechanical systems. It does not include any funding for new or expanded library space.

Additionally, Levy proceeds totaling \$39,490,000 (annual average - \$5,640,000) would be used to preserve, at 2012 levels, core Library services that would otherwise be lost due to the City's continuing fiscal challenges. The City Budget Office currently projects a \$40,000,000 General Fund shortfall in 2013. Based on this projection, the Library's proportional share of 2013 cuts would amount to a \$5,000,000 reduction to the Library's 2013 baseline budget (2012 General Fund appropriation adjusted for inflation). The \$39,491,000 over seven years is the amount required to sustain the \$5,000,000 in core services starting in 2013 that would otherwise be cut throughout the life of the Levy, assuming that operating costs increase annually by 4% due to inflation.

It is also anticipated that 1- 2% of Levy proceeds will be spent on administrative costs over the course of the 7-year Levy. This funding will be used to support implementation and accountability measures for Levy programs and annual reporting to the public on Levy outcomes. Spending in this area for 2013 is estimated at \$150,000.

An under-recovery rate of about 1% is also assumed in the revenue projections.

Additional information about the services provided by the Levy is included in Attachment 1 to this fiscal note.

Background:

The Library is one of Seattle's most intensively used community resources. In 2011 there were 6,700,000 in-person visits to Library facilities, an additional 7,600,000 visits to the Library web site, 11,600,000 items circulated, 1,500,000 computer sessions, and over 16,000 programs offered. These services are more important during tough economic times as people increasingly

turn to libraries for assistance for job searches, education, and free access to technology, learning resources and programming.

Three factors have put these services at risk:

- **Budget reductions.** Since 2009 the Library's operating budget has been reduced by 9% after adjusting for inflation. Since 2009 the capital budget has been reduced by 50%. These reductions have resulted in the loss of 190 open hours per week (the equivalent of the total weekly hours for four branches), a 13% reduction to the collections budget, and significant reductions to management and support services.
- **Increasing Cost Pressures.** The budget reductions come at a time when maintenance costs are increasing as buildings and technology provided by the LFA capital program age. Demand for digital and web-based resources and services is growing and patron usage remains high.
- **Future Reductions.** Significant reductions in 2013 are anticipated and would seriously erode the current level of service provided by the Library. Over the last three years, the Library has restructured its service approach and staffing to gain efficiencies and preserve public service as much as possible. Further reductions would have a severe impact on services for the public.

The proposed Levy, the first of its kind for the Library and for the City, would help stabilize core operating and capital funding, restore high demand services lost in recent years, and ensure that Seattle residents have the ability to use first-rate library services to support education, personal growth and success in the global economy.

The following table shows the anticipated allocation of Levy dollars between maintaining existing programs and supporting restored/improved services above 2012 levels.

Projected Total Library Sources and Uses (inclusive of all fund sources)

Amounts in \$1,000s	2012 Adopted	2013 Proj.	2014 Proj.	2015 Proj.	2016 Proj.	2017 Proj.	2018 Proj.	2019 Proj.
Sources								
Voter Approved Tax Measure		17,000	17,170	17,342	17,515	17,690	17,867	18,046
Under-collection (1% of Annual Levy Amount)		(170)	(172)	(173)	(175)	(177)	(179)	(180)
Misc Revenue	2,479	2,479	2,479	2,479	2,479	2,479	2,479	2,479
Baseline GF/REET Support - CIP	820	820	820	820	820	820	820	820
Baseline GF Support - Operations	49,325	46,298	48,150	50,075	52,079	54,162	56,328	58,581
Total Sources	52,624	66,427	68,447	70,543	72,717	74,974	77,316	79,746
Uses								
Current Base - Operations	(51,804)	(53,744)	(55,762)	(57,860)	(60,043)	(62,312)	(64,673)	(67,128)
Current Base - CIP	(820)	(853)	(887)	(922)	(959)	(998)	(1,038)	(1,079)
Levy - Additional Annual Spending		(9,996)	(10,527)	(11,081)	(11,656)	(12,254)	(12,876)	(13,523)
Levy - (Carry Forward)/Use of Balance		(1,834)	(1,271)	(680)	(60)	590	1,271	1,984
Total Uses	(52,624)	(66,427)	(68,447)	(70,543)	(72,717)	(74,974)	(77,316)	(79,746)
GENERAL FUND SAVINGS		5,000	5,200	5,408	5,624	5,849	6,083	6,327
CUMULATIVE GF SAVINGS		5,000	10,200	15,608	21,232	27,082	33,165	39,491
Levy - Support for Base		5,000	5,200	5,408	5,624	5,849	6,083	6,327

The Library Board has exclusive control of the finances of the Library under RCW Chapter 27:12.210 and sole authority to expend the Library Fund under Article XII of the Seattle City Charter. In connection with this fiduciary responsibility and the City's annual budget process, the Library Board shall annually review the allocation of Levy funding to determine the funding allocations that will support, maintain and improve the Library Services identified in Section 5 of the ordinance.

This legislation does not have any financial implications.

This legislation has financial implications.

Estimated Appropriations:

Year	Fund Name and Number	Department	Budget Control Level*	Estimated Appropriation
2013	Library Levy Fund #tbd	SPL		14,995,683
2014	Library Levy Fund #tbd	SPL		15,727,471
2015	Library Levy Fund #tbd	SPL		16,488,530
2016	Library Levy Fund #tbd	SPL		17,280,031
2017	Library Levy Fund #tbd	SPL		18,103,192
2018	Library Levy Fund #tbd	SPL		18,959,280
2019	Library Levy Fund #tbd	SPL		19,849,611
	TOTAL			121,403,798

*Library funds are appropriated at the department level.

Appropriations Notes:

Revenue collected from the Levy will be deposited to a Library Levy Fund created for this purpose. Expenses for CIP projects will be charged directly to the Levy Fund. There will be a yearly operating transfer from the Levy Fund to the Library Operating Fund (#10410) for all other Levy-related expenses. The appropriation authority for this spending will be included in the Library's adopted budget.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Year	Fund Name and Number	Department	Revenue Source	Anticipated Revenue
2013	Library Levy Fund #tbd	SPL	Levy Proceeds	16,830,000
2014	Library Levy Fund #tbd	SPL	Levy Proceeds	16,998,300
2015	Library Levy Fund #tbd	SPL	Levy Proceeds	17,168,283
2016	Library Levy Fund #tbd	SPL	Levy Proceeds	17,339,966
2017	Library Levy Fund #tbd	SPL	Levy Proceeds	17,513,365
2018	Library Levy Fund #tbd	SPL	Levy Proceeds	17,688,499
2019	Library Levy Fund #tbd	SPL	Levy Proceeds	17,865,384
	TOTAL			\$121,403,798

Revenue/Reimbursement Notes:

Levy proceeds are based on a \$17,000,000 allocation in 2013 which grows by 1% in each subsequent year of the Levy. The under-recovery rate is assumed to be 1%. See Attachment 3 for more detail.

Anticipated revenue will exceed appropriations in the early years of the Levy, resulting in a relatively small amount of interest earnings. The amount of earnings is estimated at less than \$300,000 over the life of the Levy. This amount is not included in the revenue or appropriation tables. If interest earnings do accrue as expected, a decision on their use will be made in the latter years of the Levy.

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

The Seattle Public Library operates its own personnel system, separate from the City of Seattle. The Washington State Administrative Code and the City Charter grant the Library Board of Trustees exclusive control of Library expenditures for Library purposes. The Library Board adopts an annual operation plan that includes authorized personnel. Unlike other City departments, the Library does not submit its position list as part of the budget. The following table shows position and FTE counts associated with Levy funding for additional services and is intended for information only. The positions shown are anticipated to be in place throughout the 7-year life of the Levy.

Division	PT/FT	Positions	FTE
Public Services	26/12	38	29.3
Technical and Collections Services	0/3	3	3.0
Information Technology	0/5	5	5.0
Facilities	0/7	7	7.0
Security	0/2	2	2.0
Administrative Services	0/1	1	1.0
TOTAL	26/30	56	47.3

Position Notes:

Do positions sunset in the future?

No

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

The Levy provides for the level of service described in Attachment 1. Maintaining this level of service through the Levy assumes that General Fund support will grow according to the rate of inflation each year. A reduction in General Fund or REET support below that shown in the table of Projected Library Revenue and Expenditures would likely result in a decrease in the level of service that the Library can provide.

Revenue at the end of this Levy will be approximately \$2,000,000 less than annual Levy expenditures because levy revenues can only grow by 1% per year while spending is projected to increase by 4% per year due to inflation. Continuing the level of service established by the Levy beyond 2019 will require maintaining funding, either from renewal of the Levy at approximately the current level (adjusted for inflation), from increasing General Subfund and REET support, or from some other funding mechanism. The Library will work with the Mayor and City Council in the intervening years to identify the best way forward.

b) What is the financial cost of not implementing the legislation?

The cost will be diminished levels of library service and insufficient support for the investment made in facilities by the LFA program. While trying to maintain open hours and collections services as much as possible in the face of recent budget reductions, the Library has significantly reduced and streamlined business and staffing structures across the organization. If further reductions are required (as projected in 2013), the only viable options are deeper cuts to direct services, including collections (the lifeblood of the library system), open hours, and possibly closing facilities. By way of example, absorbing a \$5,000,000 reduction to the Library's 2013 base General Fund budget would be equivalent to closing 5 of 26 branch libraries and reducing the current \$5,000,000 collections budget by 50%, or eliminating services on Fridays at all libraries currently open on that day, including the Central Library, and reducing the current collections budget by 50%. It would also likely result in the loss of approximately 32 FTE positions.

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

Some branch libraries are co-located with parks and/or neighborhood service centers. Some of these locations would see higher levels of activity due to increased library hours, but this is not expected to create any added costs.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

An increase in General Subfund and REET support would achieve the same objective, but given the current demands on those funding sources this is not a realistic alternative.

e) Is a public hearing required for this legislation?

Yes, a public hearing is scheduled for April 3, 2012 at 5:30 p.m. in City Council chambers.

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

No

g) Does this legislation affect a piece of property?

No

h) Other Issues:

None.

List attachments to the fiscal note below:

Attachment 1: Description of 2012 and Levy-supported 2013 levels of service

Attachment 2: Levy Rate and Annual Cost to Homeowner

Attachment 3: Projected Expenditures and Revenues for 2012 Library Levy

Attachment 4: Letter from Marcellus Turner, City Librarian and Marie McCaffrey, President of the Library Board of Trustees to Mayor Michael McGinn and the Honorable Richard Conlin

Attachment 1
Description of 2012 and proposed Levy-supported 2013 levels of service

Service Area	2012 Key Service Levels	2013 Service Levels with Levy
Hours and related Services	Central Library open 7 days/62 hours per week 11 branch libraries open 7 days/60 hours per week 15 branch libraries open 5 days/35 hours per week One-week system-wide closure Reduced reference and programming services at 8 smallest branches	Central Library open 7 days/62 hours per week 13 branch libraries open 7 days/60 hours per week 13 branches open 6 days/39 hours per week (current hours plus Sundays) System open 52 weeks a year Restored reference and programming services at 8 smallest branches
Collections	\$5,000,000 annual collections budget One new copy purchased for every 6 holds placed. Reserve limit: 25 items on hold per patron at any one time	\$6,300,000 annual collections budget One new copy purchased for every 5 holds placed Reserve limit: 50 items on hold per patron at any one time Increase e-content purchasing by 45% Increase collection depth by an additional 5,000 titles each year
Technology	Inadequate funding to replace and upgrade 1,150 public computers, aging public copiers and printers Infrastructure replacement budget underfunded by \$200,000 Skeleton staffing adequate for only basic web site maintenance	Fully fund replacement and upgrade program for public computers, copiers and printers Fully fund ongoing technology infrastructure upgrades Sufficient staffing to significantly improve high demand web services
Facilities – Regular Maintenance	Staffing and budget resources are beginning to fall short of increased demand for maintenance and repair of aging, heavily used buildings	Sufficient staffing and budget resources to keep up with day-to-day building maintenance and ensure a clean, welcoming environment at all libraries
Facilities – Major Maintenance	Annual CIP budget of \$820,000 (less than \$2 per square foot)	Average annual CIP budget of \$3,000,000 to provide full funding to maintain structures and buildings systems to maximize the useful life of all Library buildings

Attachment 2
Levy Rate and Annual Cost to Homeowner

Total Levy Amount: \$122,630,099

Tax Year	Assessed Value Estimate	% Growth from Prior Year	Annual Levy Amount	Rate per \$1,000 of Assessed Value
2013	115,629,000,000		\$17,000,000	\$0.147
2014	116,785,000,000	1.00%	\$17,170,000	\$0.147
2015	120,289,000,000	3.00%	\$17,341,700	\$0.144
2016	125,702,000,000	4.50%	\$17,515,117	\$0.139
2017	131,358,000,000	4.50%	\$17,690,268	\$0.135
2018	137,269,000,000	4.50%	\$17,867,171	\$0.130
2019	143,447,000,000	4.50%	\$18,045,843	\$0.126

Tax Year	Annual Cost to Owner of Home Assessed at \$300,000 in 2013	Annual Cost to Owner of Home Assessed at \$350,000 in 2013 ¹	Annual Cost to Owner of Home Assessed at \$400,000 in 2013	Annual Cost to Owner of Home Assessed at \$450,000 in 2013
2013	\$44.11	\$51.46	\$58.81	\$66.16
2014	\$43.67	\$50.95	\$58.22	\$65.50
2015	\$43.67	\$50.96	\$58.23	\$65.51
2016	\$43.69	\$50.97	\$58.25	\$65.53
2017	\$43.70	\$50.99	\$58.27	\$65.55
2018	\$43.72	\$51.01	\$58.29	\$65.58
2019	\$43.73	\$51.03	\$58.31	\$65.60

1. \$350,000 is the approximate projected Median Residential Assessed Value for Seattle in 2013 (City estimate based on King County Assessor's Office median residential assessed value series.)

Attachment 3
Projected Expenditures and Revenues for the 2012 Library Levy

LEVY EXPENDITURES:	2013	2014	2015	2016	2017	2018	2019	Total
Maintain 2012 Levels	5,000,000	5,200,000	5,408,000	5,624,320	5,849,293	6,083,265	6,326,595	39,491,472
Open Hours and Related Services	3,284,856	3,456,943	3,635,913	3,822,042	4,015,617	4,216,934	4,426,304	26,858,609
Collections	2,118,575	2,229,563	2,344,990	2,465,034	2,589,881	2,719,721	2,854,754	17,322,518
Technology	1,295,079	1,362,926	1,433,486	1,506,869	1,583,187	1,662,558	1,745,103	10,589,208
Facilities – Regular Maintenance	1,306,042	1,374,463	1,445,620	1,519,624	1,596,589	1,676,631	1,759,876	10,678,845
Facilities – Major Maintenance	1,840,898	1,947,334	2,058,028	2,173,149	2,292,875	2,417,390	2,546,885	15,276,558
Administration	150,233	156,243	162,493	168,992	175,752	182,782	190,093	1,186,588
TOTAL EXPENDITURES:	\$14,995,683	\$15,727,471	\$16,488,530	\$17,280,031	\$18,103,192	\$18,959,280	\$19,849,611	\$121,403,798
LEVY ESTIMATED REVENUE:	2013	2014	2015	2016	2017	2018	2019	Total
Levy Legal Allocation (per Ordinance)	17,000,000	17,170,000	17,341,700	17,515,117	17,690,268	17,867,171	18,045,843	122,630,099
Estimated property taxes to be collected	16,830,000	16,998,300	17,168,283	17,339,966	17,513,365	17,688,499	17,865,384	121,403,798
Investment Earnings (Est)	0	0	0	0	0	0	0	0
TOTAL REVENUES:	\$16,830,000	\$16,998,300	\$17,168,283	\$17,339,966	\$17,513,365	\$17,688,499	\$17,865,384	\$121,403,798

Marilynne Gardner/Tim Morrison/Sara Belz/Patricia Lee
SPL Library Levy FISC
April 4, 2012
Version #11

March 6, 2012

Mayor Mike McGinn
City of Seattle
City Hall, 7th Floor

Honorable Richard Conlin
Chair, Special Committee on the Library Levy
Seattle City Council
City Hall, 2nd Floor

Dear Mayor McGinn and Councilmember Conlin:

We are pleased to transmit the attached proposed Council Bill requesting that a special election be held to authorize the City to levy additional taxes in order to support essential public library services. The weakening of the national and local economy has affected City revenues and particularly impacted a department like the Library that relies almost entirely on General Fund and Real Estate Excise Tax revenues. Although the Library has made every effort to operate more efficiently, cycles of budget cuts in recent years have resulted in significant reductions to library services and resources.

Libraries are critical community resources in tough economic times. People turn to libraries for educational materials and classes, job resources, Internet access, early learning and adult literacy support, homework help, citizenship workshops, tax preparation help, finance and business information, computer instruction and much more. Partnerships with other educational and human service agencies allow us to offer opportunities that meet the wide-ranging interests and needs of Seattle residents.

Seattle's system of 26 branches and the Central Library are among the most heavily used public resources in the city. Nearly 7 million people walk through our doors annually and another 7 million tap Library resources online. Libraries are highly valued neighborhood civic and social anchors. Nearly 33,000 Seattle residents helped shape the Library's strategic plan in 2010 and in early 2012 another 5,000 people provided input to the service priorities that are proposed for levy funding.

This legislation is the culmination of a two year review of Library funding and alternative funding sources that could be used to address the Library's funding challenges. We believe a Library levy will preserve essential services and effectively support the next generation of Library users.

We appreciate the involvement of you and your staff during this review process and your support for the proposed measure.

Sincerely,

Marcellus Turner
City Librarian

Marie McCaffrey
President, The Seattle Public Library Board of Trustees



The Seattle Public Library

March 6, 2012

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City of Seattle
City Hall, 7th Floor

Honorable Richard Conlin
Chair, Special Committee on the Library Levy
Seattle City Council
City Hall, 2nd Floor

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We appreciate the involvement of you and your staff during this review process and your support for the proposed measure.

Sincerely,


Marcellus Turner
City Librarian


Marie McCaffrey
President, The Seattle Public Library Board of Trustees



City of Seattle
Office of the Mayor

March 13, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill requesting that a special election be held to authorize the City to levy additional taxes in order to support core public library services. The proposed Council Bill would levy \$17 million annually, or \$122.6 million over seven years, to maintain existing Library services, increase collections resources, support open hours and services, replace outdated technology and maintain Seattle's investment in Libraries for All facilities. Levy proceeds would be used in combination with the Library's annual appropriation of General Fund and Real Estate Excise Tax (REET) to sustain a strong and vital library system for the people of Seattle.

The recession and resulting fiscal challenges of recent years have taken a toll on Library services. The Library has restructured its operations to be as lean as possible, cut its collections budget, reduced the schedule for more than half of its 26 branches, and has closed system-wide for a week every year since 2009, among other service reductions. Unfortunately, revenue projections indicate that additional, serious cuts in 2013 are inevitable without an additional source of revenue. The proposed Library Levy will enable us to restore and improve core service areas while preserving, at 2012 levels, services that would otherwise be lost due to continuing fiscal limitations.

Seattle residents are active Library users, and the public input process associated with development of this proposal demonstrates how passionately they care about maintaining an excellent library system. Our libraries are a source of pride, as well as a lifeline for the many people, young and old, who count on having free access to information, technology and good books to read. Libraries are the city's classroom, and they also provide a place where neighbors meet and civic engagement is fostered. As neighborhood anchors and learning centers, libraries play an important role in the economic vitality of Seattle. Libraries also play a key role in the early learning efforts that are so important to my Youth & Families Initiative, delivering story times and homework help sessions throughout the city on a daily basis.

The City Council adopted Resolution 31345 setting forth a structure, process and schedule for developing a Library Levy proposal for the August 2012 election. The Library Levy proposal is the result of a collaborative effort between my office, the City Council, the Library, and the many members of the public who contributed to the discussion of library priorities. It represents an important opportunity to sustain and strengthen Library services.

Michael McGinn, Mayor
Office of the Mayor
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TDD (206) 615-0476
mike.mcgin@seattle.gov



Thank you for your consideration of this legislation. Should you have questions, please contact City Librarian Marcellus Turner at 386-4102.

Sincerely,

A handwritten signature in black ink, appearing to be 'Michael McGinn', written over a horizontal line.

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council