

What if the Fairwood PAA were to...

STAY UNINCORPORATED

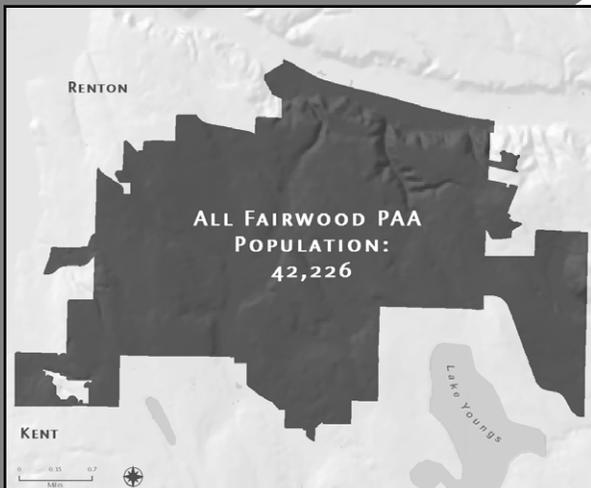
UNINCORPORATED FAIRWOOD PAA

If the area chooses to remain unincorporated, Fairwood residents and businesses would see no change in the providers of governmental service. Fairwood would continue to receive the majority of local services from King County, including local courts, sheriff, roads and land use planning. Fire services will continue to be provided by Fire District 40. Library services will continue to be provided by the King County Library System. Water and sewer services will continue to be provided by Soos Creek and Cedar River Water and Sewer Districts.

As a small part of a very large county, Fairwood residents would have limited ability to influence governmental decisions that affect most local services. King County decisionmakers take many actions that

directly or indirectly impact local services in Fairwood, including public safety, roads, and land use planning. Fairwood residents represent less than 3% of the voting population in the county. In 2005, the voters of King County voted to reduce the number of Council members from 13 to 9. As a result, the populations they represent increased from approximately 138,000 to 200,000. Residents in the western part of the Fairwood PAA, previously part of a predominantly rural council district, are now part of two Council Districts: Council District 5 which is primarily urban, and Council District 9, mostly rural.

If Fairwood were to remain unincorporated, residents would maintain a greater share of local control over fire and water and sewer services.



TAX BURDEN

If the area remains unincorporated, taxes would not change from their current levels.

If recent history is an indicator of the future, Fairwood residents could expect to see their taxes increase faster if they remain unincorporated than if the area either annexes to Renton or incorporates. For illustration purposes only, from 2000 to 2005, a selected Fairwood PAA homeowner with a house valued at \$250,000 saw their total property tax payment increase by 20%. Owners of the same value home saw their property taxes increase by 15% in Renton.

King County currently does not have authority to levy utility and most business taxes, while a city (Renton or a new City of Fairwood) does levy both utility taxes and a business license fee. This means that for most Fairwood businesses, annual tax burdens would increase with annexation. The incorporation feasibility study assumes the City of Fairwood would levy a small amount of utility taxes but not a business license fee.

	Stay Unincorporated	Incorporate	Annex to Renton
PROPERTY TAXES			
Consolidated Levy	\$4.33	\$4.33	\$4.33
Property Tax (City)	0.00	1.60	3.23
Road Levy (County)	1.83	0.00	0.00
School Levy	4.80	4.80	4.80
Fire Levy	0.99	0.99	0.00
Hospital Levy	0.09	0.09	0.09
Library	0.53	0.53	0.05
EMS	0.23	0.23	0.23
Flood Levy	0.00	0.00	0.00
Total Regular Levy	\$12.80	\$12.57	\$12.72
Total Property Tax	\$3,674	\$3,607	\$3,651
OTHER TAXES AND FEES			
Utility Taxes	\$0	\$66	\$190
Fire District 40 Benefit Charge	\$142	\$142	\$0
Surface Water Fee	102	102	65
Cable Franchise Fee (5%)	24	24	24
Total Other Taxes & Fees	\$268	\$334	\$279
SERVICE COSTS			
Soos Creek Water & Sewer charges	\$0	\$0	\$0
Cedar River Water & Sewer charges	1,027	1,027	1,027
Solid Waste Collection Charges	256	256	256
Total Service Costs	\$1,283	\$1,283	\$1,283
TOTAL TAXES/FEES/SERVICE COSTS	\$5,225	\$5,225	\$5,213
Difference from Unincorporated		\$0	-\$11

This table is based on actual 2005 taxes and fees, and is for illustration purposes only. Individual tax experiences will vary by household based on consumption. There are 16 levy codes in Fairwood. This tax burden was based on levy code 5160 and a house valued at \$287K.

SHOULD FAIRWOOD EXPECT TO SEE REDUCED SERVICE LEVELS FROM KING COUNTY?

From 2002 to 2005, King County general fund revenues increased at a rate of 2.7% per year. At the same time, the basic costs of providing services increased at more than twice that rate. The County estimates that, in order to maintain 2002 staffing levels and levels of service in 2005, King County would have needed an additional \$137 million in general fund revenues in 2005 (25% more than the County actually received).

Without an increase in tax rates, the County's structural deficit will continue to erode its effective resources. This means that, for the foreseeable future, the County will have to make difficult choices when it comes to the provision of local government services. The County is in a position where it must first fund state-mandated services (criminal justice and public health) and regional services (sewer and courts) before it provides local services (such as parks, human services, and police services).

King County's general fund is where most of the revenues are collected by the county to pay for day-to-day operations. The short answer is that, services provided out of King County's general fund will all be under pressure to reduce expenditures in urban unincorporated areas.

- The Sheriff's Office budget relies on funding from the King County general fund. Resources will be increasingly constrained.
- Roads are funded from a source other than the general fund, so road maintenance dollars would still be available. However, the construction and capital funding for roads would be increasingly constrained.
- As a result of constraints on the County's general fund, parks and recreation expenditures have been scaled back in recent years. In some instances, active maintenance of local parks in unincorporated King County has ceased altogether.
- King County Library System voters recently approved a library levy to replace and upgrade facilities, and to augment operation of the Library System's buildings. This includes improvements to the Fairwood library planned for 2011.



It is difficult to say which services may be cut or reduced in unincorporated areas as available revenues continue to decline. Those decisions must be made each year through the County's budget adoption process. However, until the County is able to fully address its structural deficit, the County will be forced to make cuts across all of its service areas, including services to local urban unincorporated areas.

In urban unincorporated King County, there are ten large areas (including West Hill, Fairwood, North Highline and Juanita) that have yet to be annexed to a city or incorporate into a new city. There are now about 218,000 residents in these urban areas for whom King County currently provides local services.

Due to the budgetary issues described above, in 2004, the King County Executive created the County's Annexation Initiative. The Initiative is a three-year encouragement for these areas, through funding and other resources, to discuss and plan changes in governance to incorporated status. The Initiative is intended to be a positive step toward assisting communities in determining their own future.

The County cannot compel a community to annex or incorporate. At the same time, it is clear that the level of service provided by the County will begin to erode in those communities that don't transition to incorporated status over the next few years. This also assumes that the state legislature will not provide counties with additional funding and/or taxing authority that has been requested in the past.