

**M E M O R A N D U M**

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**DATE:** September 22, 2009

**TO:** Councilmember Terri Briere  
Members of Renton City Council

**CC:** Denis Law, Mayor  
Jay Covington, Chief Administrative Officer

**FROM:** Marty Wine, Assistant Chief Administrative Officer

**SUBJECT:** **Clarifying facts about the City of Renton**

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Recently a circular in the Fairwood area titled 9/02/2009, *SUPPORT FAIRWOOD'S [sic] SMALL BUSINESSES SUPPORT THE CITY OF FAIRWOOD* inaccurately represented information regarding the City of Renton. Attached are requested clarifications requested by you and community members about the factual nature of the statements made in the circular.

***Statement:** If we vote "no", Renton's annexation of all of Fairwood's Shopping centers can take place immediately. This will happen on November 4th, without a vote. The rest of Fairwood will be annexed to Renton by "inter-local agreement". This method of annexation was added to state law during this last legislative session. Simply put, if Renton and King County agree, Renton can annex Fairwood, without a vote of the citizens.*

Information about pending annexations and policy can be found on Renton's website, <http://rentonwa.gov/government/default.aspx?id=6186>. Renton's annually-adopted 2009-2014 business plan states that Renton will "maintain services to current residents while welcoming annexation areas that desire to become part of Renton." Renton has received two annexation petitions from residents or property owners in the Fairwood area. First is a petition for an area called "Red Mill" which includes much of the shopping area in Fairwood, and was received and accepted by Renton in late 2007, when property owners submitted a petition initiating annexation using the 60% petition method. Second is an election-method petition in which 10% of the registered voters in Fairwood requested annexation of the entire Fairwood area, accepted by Renton in late 2008.

If Fairwood incorporation vote fails, the Red Mill annexation petition could theoretically move forward, but the BRB has returned the Notice of Intent to the City of Renton because the city is now holding the annexation "in abeyance" under state law. So the City of Renton would either need to resubmit the Notice of Intent or move forward with an annexation by resolution of the entire Fairwood area, which would go to a vote of the people.

Neither Renton nor King County nor Fire Protection District 40 have discussed or initiated another method of annexation that is now allowed by law via interlocal agreement. The Washington State Legislature passed ESSB 5808 in 2009, creating a new method of annexation by interlocal agreement, in which a city, county and fire protection district could jointly agree to annex. Among other provisions, the law provides that an annexation by a city or town that is proposing to annex territory served by one or more fire protection districts may be accomplished by ordinance after entering into an interlocal agreement (ILA) with the county and the fire protection district or districts that have jurisdiction over the territory proposed for annexation. If the fire protection district, annexing city or town, and county reach an agreement on the enumerated goals, the annexation ordinance may proceed and is not subject to referendum. The annexing city is required, at least through the budget cycle in which the annexation occurs, or the following budget cycle if the annexation occurs in the last half of the current budget cycle in which the annexation occurs, maintain existing fire protection and emergency services response times in the newly annexed areas consistent with response times recorded prior to the annexation. Again, the City of Renton has had no discussion of this method of annexation.

***Statement:** Renton has recently made their position known, they want Fairwood as part of their city.*

The City of Renton's past public testimony at the Boundary Review Board suggested that Renton supports an approach in which residents have the opportunity to decide their own governance future. Renton's annually-adopted 2009-2014 business plan states that Renton will "maintain services to current residents while welcoming annexation areas that desire to become part of Renton." No elected or appointed city official has made an official statement supporting or opposing either incorporation or annexation as a governance option on behalf of the City.

***Statement:** The tax model of our comparison city, Maple Valley, is better suited to the needs of small business owners than the model used in Renton.*

Taxing authority for cities in Washington is identical from city to city and guided by state law. Determinants of the level of tax paid by small business include many factors including the business, industrial and residential tax base, property tax rate, existence and level of business license fee, and each City Council makes choices about the tax and fee levels that will be employed to raise revenues to offer services to their residents. It is not known and is the subject of debate about what tax model best suits business owners. These choices would be up to a new city of Fairwood council if incorporated. A prior incorporation feasibility study noted that the Fairwood would be one of the most tax-base-poor cities in King County.

***Statement:** The City of Renton has been quoted, on more than one occasion, saying they expect a tax surplus if they annex Fairwood. According to the latest study, this tax surplus is*

*over three million dollars annually. This number takes into account the current economic situation.*

Please see

<http://rentonwa.gov/uploadedFiles/Government/AJLS/Annexation/PAA%20Fiscal%20Analysis%20-%203.pdf>. Renton's February 2009 analysis of an annexation scenario does not envision a tax surplus in Fairwood. Contrary to this statement, the City's fiscal analysis which can be found at the website listed above shows a general governmental operating deficit of \$800,000 to \$1.2 million per year for the Fairwood area, an additional \$300,000-\$900,000 per year in the City's enterprise (utility) funds to provide services to Fairwood at City of Renton levels of service. And additional capital investments to improve streets, drainage and parks have been estimated to be nearly \$5 million per year.

***Statement:*** *Keep your taxes low. Fairwood's tax burden would be lower than Renton's. The vast majority of Fairwood's revenue would come from taxes considered "non-discretionary". These are revenue streams that do not dry up in down times, such as property taxes, gasoline taxes and utilities taxes. Using the City of Maple Valley as a comparison city, Fairwood's total tax burden would be less than we would pay under the City of Renton. For instance, Fairwood's Utility tax would be set at 2.25 %, while Renton's is maxed out under state law at 6%. Renton relies heavily on sales tax on things such as cars. This type of tax is "discretionary", and helps to explain why the City of Renton is forecasting a deficit of up to 8 million dollars next year. This also helps to explain why Renton is suddenly very interested in Fairwood, and our three million dollar surplus.*

A 2005 analysis of the total tax burden comparison between a household in a new city of Fairwood and the city of Renton showed that the total taxes and fees that a household would pay would be roughly equal, about \$5,213 for a household in the city of Renton and about \$5,225 for a household in a City of Fairwood. Generally, cities have three main sources of tax revenue: sales tax, property tax and utility tax and employ all three. In 2009, most local governments across Washington State are facing projected budget shortfalls for 2010 as a result of the economic downturn, with downturns in all three tax sources. Renton's neighboring cities in Puget Sound, including Seattle, Auburn, Kent, Maple Valley, Newcastle are all facing projected shortfalls for 2010 and state law requires a balanced budget be adopted for the upcoming year.

***Statement:*** The Renton Housing Authority has a board member appointed by the Major [sic] of Renton.

The Mayor of Renton appoints all members of the Housing Authority board. RCW 35.82.040 states regarding appointment to city housing authority boards that "upon receiving such notice, the mayor shall appoint five persons as commissioners of the authority created for the city."

***Statement:*** *Protect the quality of your Childs Education. If 400 families from Renton's downtown "at risk" community move to Fairwood, the quality of the education provided to your child would be devastated.*

The City of Renton is part of the Renton School District and the Fairwood area includes territory in both the Renton and Kent School Districts. It is not clear from this statement where the referenced families are moving from and to. It is unlikely that families moving in and out of the Renton School District have a material affect on the quality of a child's education. It would be useful to consult with the Renton School District to understand how educational and academic standards are maintained throughout the entire school district.

***Statement:*** *In comparison, Renton's on-line study shows they would staff their entire PAA, from the Talbot rd. to Lake Desire with three officers. Renton's budget problems have affected their Police Department. RPD members recently voted to accept across the board pay cuts to avoid laying off officers.*

One of the priorities of the current Renton City administration is to preserve public safety. Renton has a choice about where to deploy patrol officers to meet this goal. The 2008 Benson Hill Annexation increased the number of patrol districts citywide from 7 to 10, with two districts responsible for the newly annexed area. With 20% of the patrol districts in Benson Hill, the calls-for-service have been tracking around 13-14% of total city calls for service. Should the Fairwood communities choose to be annexed to Renton, Renton would re-district the city, adding one additional patrol district. This redistricting would result in two patrol districts covering the Fairwood area. Our staffing model as proposed would also include four Traffic Officers, three Detectives, three Proactive Officers, a Parking Enforcement Officer, and an Animal Control Officer.

In order to balance the 2009 city budget, all City of Renton employees agreed to one-time wage concessions. The Police Department did not lose any of its staff because of employees' willingness to reduce their wages in 2009, an action which preserved the same number of patrol districts and officers covering the city each day. Every city in the region and nation has faced similar choices given the current economic crisis.

***Statement:*** *Increase Fire Department staffing levels. Fairwood's Fire District 40 currently contracts with Renton Fire. If Fairwood ends up annexed to Renton, Renton's lower staffing levels will be adopted, leaving fewer firefighters on duty in the Fairwood Area.*

Renton Fire & Emergency Services staffing focuses on coverage to address any type of call, with over 80% of most responses focusing on medical aid. Renton F&ES serves 115,000 residents including Fire Districts 25 and 40 via contract, with accompanying economies of scale to have back-up coverage from this larger service area so that the number of firefighters on duty at any single station will not be the only response a Renton

neighborhood can expect. Renton consistently meets the standards established by the King County Fire District 40 Board of Fire Commissioners for on-scene presence for fire and emergency medical calls, and does not proscribe set staffing levels for any geographic area.

***Statement:** If Fairwood annexes to Renton, we will be able to control one seat.*

The Renton City Council members are elected at large and not by geographic area. Each council member represents all Renton residents. Therefore, if annexed, Fairwood voters would be a portion of voters electing all seven Renton City Councilmembers as well as the Mayor.

***Statement:** Renton is fixing up their downtown, displacing a lot of their "at risk" citizens. Moving them out to Fairwood is a good option.*

Renton has begun a new Community Planning element of its Comprehensive Plan which authorizes communities to develop plans based on their localized character and needs which goes a long way to address concerns related to define community character. Renton's Comprehensive Plan envisions an enlivened downtown core in its City Center, with housing, amenities and services for the full range of incomes. In the past five years, Renton's City Center has seen the development of new luxury, senior and affordable housing projects, as well as new restaurants, retail and entertainment venues. It is not within the City's authority to redevelop private property. And it is the goal of the City to create additional opportunities for people of all walks of life.