

Diking District No. 2
Snohomish County, Washington
Review of System of Assessments
County Engineer Report
June, 2021

Introduction

RCW 85.38.160 requires the County to establish and periodically review the system of assessment for Diking District 2 (District). The District's current system of assessment was established by Snohomish County Ordinance No. 17-052 on August 9, 2017.

RCW 85.38.160(4) requires that the system or systems of assessment of each special purpose district be reviewed by the county engineer and finalized by the county legislative authority at least once every four years. Under this statute, the County is reviewing the District's system of assessment for the first time.

The attached proposed ordinance (Attachment 1) sets forth the assessment system and rates for a \$1,000 hypothetical budget for the District. The deadline for finalization of the system of assessment by ordinance is September 1st in the calendar year of finalization.

Legal Authority and Responsibility

Snohomish County's role in establishing and reviewing a special assessment system is defined in Chapter 85.38 RCW. The statutory procedure for the alternative financing method for special districts, codified as Chapter 85.38 RCW, was adopted in 1985.

Under Chapter 85.38 RCW, the County Engineer has the responsibility for proposing a preliminary system or systems of assessment for a special district. The County Council then holds a public hearing on the preliminary system or systems of assessment proposed by the County Engineer and adopts an ordinance finalizing the system or systems of assessment, including any changes deemed necessary by the County Council. Thereafter the system or systems of assessment shall be reviewed by the County Engineer and finalized by the County Council every four years. The system or systems of assessment must be finally adopted by the County Council on or before September 1st of the year that the assessment is finalized for use in preparation of the district's budget for the succeeding calendar year.

On or before December 1st, the governing body of the District must adopt a budget for the succeeding year and impose special assessments, pursuant to the system established by the County, in an amount sufficient to finance the budget. The District must immediately forward a copy of the District's resolution and budget to the County Council and the County Treasurer. Although the County Council receives an informational copy of the District's budget, the Council is not required to review and approve the District's budget.

The County Treasurer collects the special assessment which must be due at the same time the property taxes are due. The County Treasurer can, but is not required to, mail the notice of the special assessment on the property tax statement or in the same envelope with the notice of property taxes. The County Treasurer may also impose a fee for collecting the special

assessment. However, the Treasurer's fee may not exceed one (1) percent of the dollar value of the special assessments collected.

District Background

Diking District No. 2 was formed in 1905 under the authority of the original 1895 Diking Districts Act, Ch. 85.05 RCW and included approximately 400 acres in Snohomish County, bounded by Ebey Slough on the west, and Sunnyside Blvd. on the east. The district was formed “for the reason that the said land is low marsh bottom land and during period of freshets is overflowed and covered with water and that if a proper dike is constructed around the same, said lands will not overflow and will become highly productive and the value thereof will very likely materially increase.” An additional 156 acres were annexed by Resolution No. 2011-02 dated February 2, 2011, extending the boundary of the District to the south of US2 (See Figure 1, Vicinity Map, and Figure 2, Diking District No. 2). The annexation of land under the provisions of RCW 85.38.200 required the District thereafter measure and impose special assessments upon real property within the entire enlarged area in accordance with RCW 85.38.150 through 85.38.170.

Assessment Background

The original system of assessment for the District was established shortly after the formation of the District in 1905 in accordance with statutory procedures at that time. That system consisted of a per acre assessment on the lands benefitted by the District’s system of levees. The current system of assessment was established by Snohomish County Ordinance No. 17-052 on August 9, 2017 according to the requirements of RCW 85.38.150 through 85.38.170 as the exclusive method by which the district could extend assessments to the newly annexed area. The current system maintains the original per acre assessment for benefitted lands across the entire district.

Proposed Assessment Method

The commissioners for the District have requested that the current system of assessment be continued without change. Pursuant to RCW 85.38.150(1), special assessments may be imposed only on real property within the district which will receive a special benefit from the operations and facilities maintained by the district. Special assessments imposed upon real property shall be a function of the dollar value of benefit or use per acre and the assessment zone within which the real property is located. RCW 85.38.150(2). Differing assessment zones are to be established where properties within a district receive a different relative ratio of benefit or use per acre from the operations and facilities of the special district. RCW 85.38.150(3).

Under the current and proposed system of assessment, all property within the District which is within the 100-year floodplain, as defined by the Federal Emergency Management Agency (FEMA), and adopted by Snohomish County, are specially and equally benefitted by the facilities and operations maintained by the District. These properties are designated Zone 1 with full 100% benefit. There is a small portion of real property within the District which is outside of the 100-year floodplain and, thus, does not receive a special benefit from those facilities and operations maintained by the District. These properties are designated Zone 2 with no benefit.

The County Engineer has reviewed the benefit zones for the current system of assessment and agrees that these are still an accurate representation of the benefits provided to properties from the activities of the District. The zone descriptions are summarized as follows:

Zone 1 – Any parcels falling within the FEMA Floodplain. The assessment level for Zone 1 is 100%.

Zone 2 – Parcels that receive no benefit from the District (and fall outside of the FEMA Floodplain). Zone 2 is a no-benefit zone in which no assessments are imposed.

The assessment rates for the \$1,000 hypothetical budget under Chapter 85.38.160 RCW are:

(a) Zone 1 consists of 555.53 acres and would be assessed a rate of \$1.80 per acre to generate revenues totaling \$1,000 for the District.

(b) Zone 2 consists of 1.87 acres. No-benefit zone – no per acre assessment

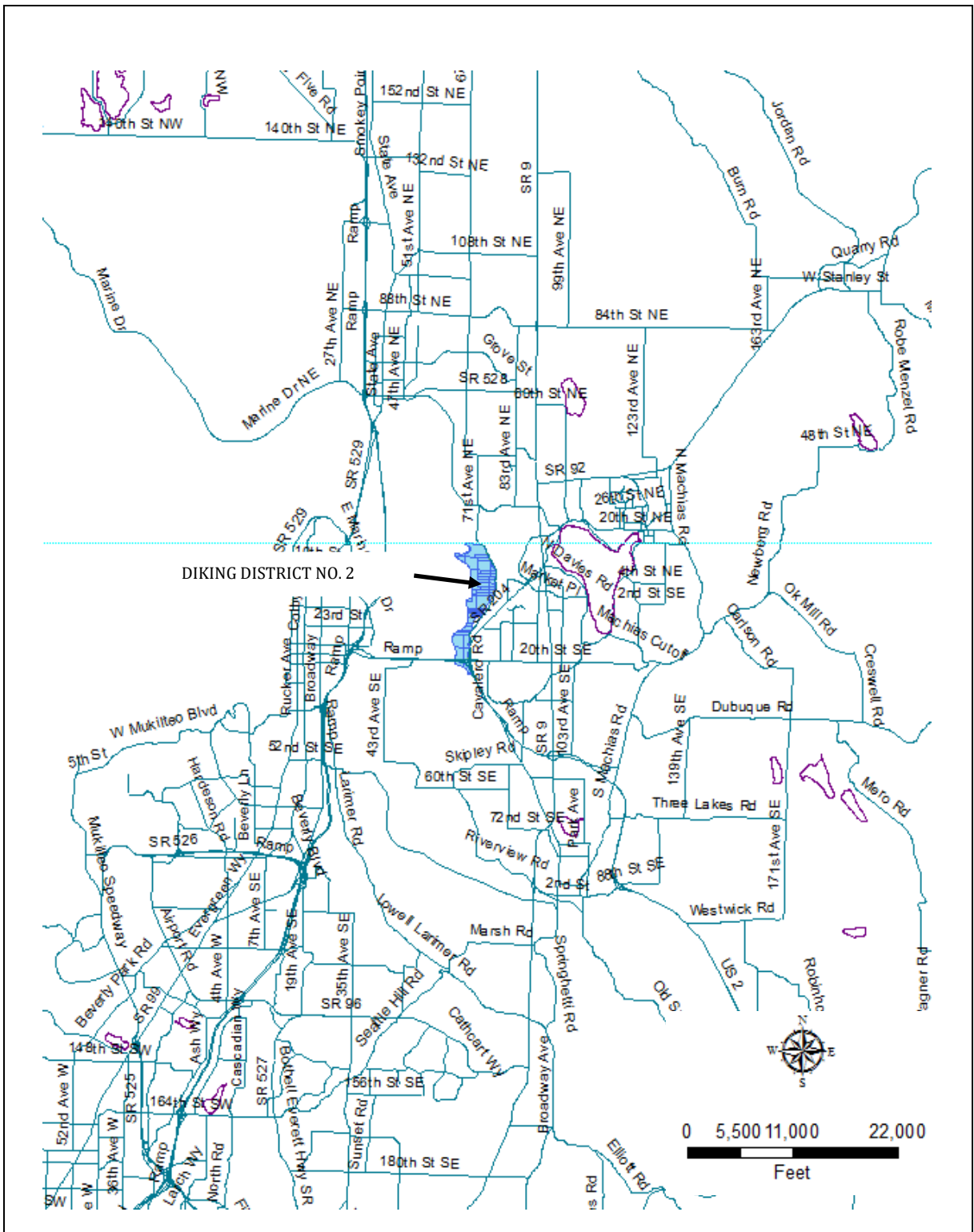


Figure 1: Vicinity Map

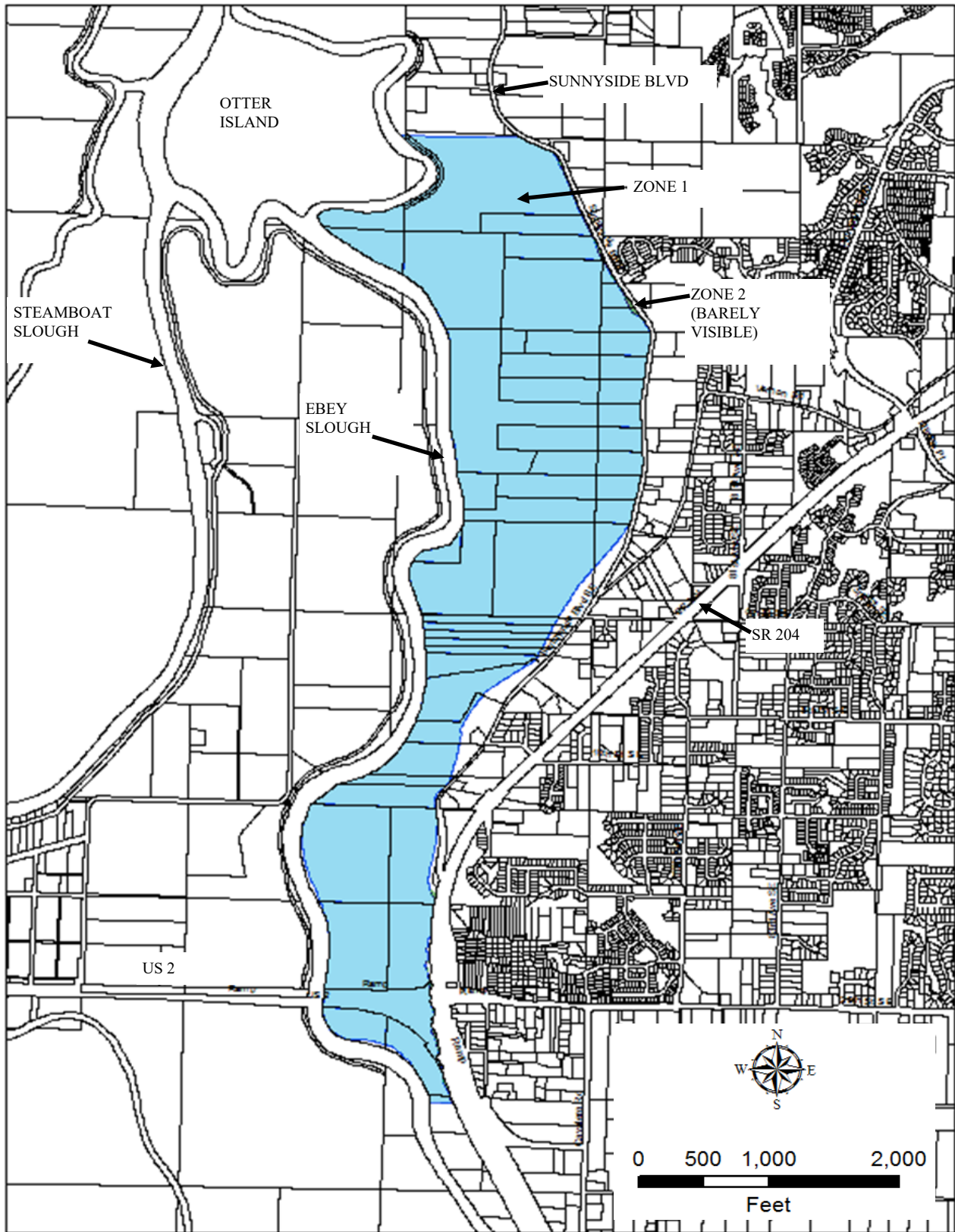


Figure 2: Diking District No. 2

Assessment Levels

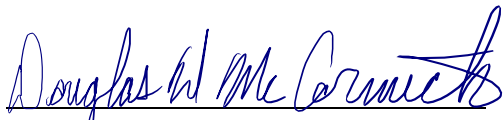
Prior to December 1, 2017, the District will submit to the County Council and County Treasurer the budget for the coming year (Budget). The assessments, as applied to acreage, will be calculated using a factor that divides the Budget by \$1000. Table 1, below, shows the associated dollar value of benefits for a \$1,000 hypothetical budget used to determine assessment rates and the assessments and effective rates based on the 2017 actual budget of \$22,295.20.

ITEM	TOTAL
Total Zone 1 acres	555.53
Total Zone 2 acres	1.87
Hypothetical assessment collected per acre	\$1.80
TOTAL HYPOTHETICAL BUDGET	\$1,000.00
Actual assessment collected per acre (2021)	\$40.00
TOTAL ACTUAL BUDGET	\$22,221.20

Table 1: District Budget (Hypothetical and Actual)

Recommendation

The assessment method as reviewed is consistent with the requirements of Chapter 85.38 RCW. It is recommended that the County Council adopt the attached ordinance finalizing a system of assessments for Diking District No. 2 pursuant to Chapter 85.38 RCW.



Douglas W. McCormick, P.E.

Public Works Deputy Director/County Engineer

6/2/2021
Date

Attachment 1
Proposed Ordinance

APPROVED:
EFFECTIVE:

SNOHOMISH COUNTY COUNCIL
SNOHOMISH COUNTY, WASHINGTON

ORDINANCE NO. 21-___

FINALIZING A SYSTEM OF ASSESSMENT FOR DIKING DISTRICT NO. 2
PURSUANT TO CHAPTER 85.38 RCW

WHEREAS, RCW 85.38.160 requires that Snohomish County (“County”) establish and periodically review a system of assessment for Diking District 2 (“District”); and

WHEREAS, the District’s current system of assessment was adopted under Ordinance 17-052 on August 9, 2017; and

WHEREAS, RCW 85.38.160(4) requires that the County Engineer shall review and the Snohomish County Council (“Council”) shall finalize the system of assessment for the District at least once every four years; and

WHEREAS, after proper notice a public hearing to finalize the District’s system of assessment was held on _____, 2021; and

WHEREAS, the Council has given due consideration to the County Engineer’s review of the District’s system of assessment; and

WHEREAS, it is deemed necessary and advisable that the proposed system of assessment for the District be finalized;

NOW, THEREFORE, BE IT ORDAINED:

Section 1. The Council hereby finds and determines that the system of assessment for the District complies with chapter 85.38 RCW and other applicable laws of the State of Washington, and that the system of assessment described in Sections 2 and 3 is hereby finalized.

Section 2. Assessment Zones. The District has two assessment zones; a full benefit zone and a non-benefit zone. Parcels or portions of parcels in Zone 1 shall be

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assessed a per acre assessment based upon the benefit or use received by the District's operations and facilities and portions of parcels in Zone 2 shall not be assessed because those portions of parcels are outside of the mapped Floodplain and are not benefitted by the District's operations and facilities.

- Zone 1 – Any parcels or portions of parcels falling within the FEMA Floodplain. The assessment level for Zone 1 is 100%.
- Zone 2 – Portions of parcels that receive no benefit from the District (those portions of parcels located outside of the FEMA Floodplain). Zone 2 is a no-benefit zone in which no assessments are imposed.

Section 3. System of Assessment.

- (1) Parcels, or portions thereof, receive full benefit of District operations and facilities in Zone 1 and no benefit in Zone 2.
- (2) Assessment rates, expressed as amounts per \$1,000 of revenue raised by the District, shall be as follows:
 - (a) Zone 1 acreage assessment (100% benefit):
\$1.80 per acre (\$1,000 | 555.53 acres).
 - (b) Zone 2 non-benefit:
\$0.00 per acre (\$0.00 | 1.87 acres).
- (3) The application of the system of assessment to generate \$1,000 of revenue is as follows:

Acreage in Zone 1 (555.53 acres total)	\$1,000.00
Acreage in Zone 2 (1.87 acres total)	<u>\$0.00</u>
TOTAL	\$1,000.00

Section 4. The District shall adopt an annual budget and special assessments based upon application of the finalized system of assessments sufficient to finance the adopted budget. The District shall forward a copy of its resolution approving the budget, the budget and special assessments sufficient to finance the budget to the County Council and to the County Treasurer, as required by RCW 85.38.170.

Section 5. As provided in RCW 85.38.170, the special assessments shall be collected by the County Treasurer. Notice of the special assessments due may be included in the notice of property taxes due, may be included on separate notice that is mailed with the notice of property taxes due, or may be sent separately from the notice of property taxes due. Special assessments shall be due at the same time property taxes are due and shall constitute liens on the land or improvements upon which they are imposed. Delinquent special assessments shall be foreclosed in the same manner, and subject to the same time schedules, interest and penalties as delinquent property taxes. The County Treasurer may

impose a fee for collection of special assessments not to exceed one percent of the dollar value of special assessments collected.

Section 6. This ordinance shall have a prospective effect and shall supersede the District's system of assessment last finalized by Snohomish County Ordinance 17-052 adopted on August 9, 2017.

PASSED this ___ day of _____, 2021.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

Chair

ATTEST:

Clerk of the Council

() APPROVED

() EMERGENCY

() VETOED

DATE

County Executive

ATTEST:

Approved as to form only:

Deputy Prosecuting Attorney

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