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PRESS RELEASE FOR IMMEDIATE RELEASE

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Prosser City Council Adopts Resolution Opposing Initiative 1033

After a work session and a public comment period, the Prosser City Council decided to unanimously adopt a resolution opposing Initiative 1033 on Tuesday evening. The initiative will appear on the November statewide ballot.

Initiative 1033 would limit annual growth of the City's General Fund to the rate of inflation plus the City's annual rate of population growth. Any excess revenues would be placed into a reserve account that would reduce future tax levies by the amount of the excess revenue collected by the City. Prosser Staff estimate that for the owner of a \$200,000 home in Prosser, taxes would be reduced an estimated \$18 in the first year the initiative is implemented and would then decrease by about \$45 annually. Voter-supported revenues are exempt from the initiative.

Prosser budgeted \$3.5 million in General Fund revenue for 2009. Its General Fund revenue is projected to grow to \$4.7 million by 2015 without the initiative in place. With the initiative in place, Prosser's General Fund revenue is estimated to be \$4.2 million in 2015. Prosser's General Fund provides services such as police patrol, dispatch, parks maintenance and operations, library services, facilities such as the senior center and library, swimming pool, recreation, economic development, code enforcement, animal control, planning, building inspection and review, fire department operations, and other general governmental services.

Based upon historical averages, Prosser staff estimated that the City's General Fund revenues will grow by 5.51% annually. However, under the initiative, its growth would be limited to the amount of inflation plus the City's annual rate of population growth, an amount which is estimated to be 1% to 3.5% for Prosser in future years. The City's General Fund growth is typically driven by items such as health care costs, which routinely rise by 10% or more, and labor costs, for which the City is contractually obligated to provide increases through its labor contracts for nearly 80% of its employees. In addition, other items, such as insurance, routinely rise at an annual 5% or greater rate.

In his review of the initiative, Mayor Paul Warden stated, "As many of our annual cost increases are the costs incurred by having employees and by being in business, and are thus unavoidable or difficult to contain, the long term impact of the initiative may be permanent service cuts. The only way to avoid those cuts may be fundamentally changing the structure of the government, through voter approval, or seeking voter approval each year for the City's revenue above the initiative limit."

Additional factual information about the initiative and its impacts in Prosser are available on the City's website at www.cityofprosser.com.

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