

Newcastle Mayor Bashes Newcastle Citizens

In the January 6, 2017 issue of the *Newcastle News (Opinion page)*, Mayor Rich Crispo, characterized comments by residents, who addressed the City's budget and proposed utility tax as emotional pleas, condemnation of past actions, and even threats based on half-truths and misinformation. In the same breath, he admits that the budget process for the 2017 City budget was inept and put "*the cart before the horse.*" It should be noted that Mayor Crispo and the City Manager put the cart before the horse when they set the original Council agenda. But the entire Council bears part of the blame for the fiasco for failing to require the City Manager to submit a preliminary balanced budget as required by City financial policies.

Next to Mayor Crispo's article, is a long editorial by the *Newcastle News*--the first in over a year--describing the City's attempt to impose a major new utility tax increase as "*rushed and underhanded...it certainly felt like the city was attempting to quietly impose the tax without much notice.*"

Following public criticism, the Council managed to balance the budget without a large utility tax for 2017, which would have cost homeowners between \$200 and \$500 more a year in taxes, but it was done with smoke and mirrors. Only half of the Operating Budget deficit of \$500,000 was covered with real budget cuts. The other half of the deficit was covered with transfers from the reserves of other funds and the delayed hiring of two additional employees until the second-half of 2017. One example of the mirage: \$75,000 from REET funds, restricted for capital expenditures that could have been used to help pay for the alleyway by Tapatio's to ensure public safety and access to and from the shopping center, was transferred to the Operating Budget to pay for a consultant to conduct the fourth study of the downtown in the past 15 years.

The City paid \$1.5 million for previous downtown studies and nothing good has happened in the two strip malls targeted for redevelopment, because the owners of

the properties, not the residents, decide whether to redevelop or not. It should also be noted that shopping mall development generally, except for basic services, is declining as online shopping increases. Furthermore, in the past, the City has not followed its own downtown plan, e.g., the location of the new City Hall. The commercial zoning resulting from previous downtown studies has also been an unmitigated disaster resulting in six-story apartment buildings, none of which the residents want.

In the Mayor's article, "Should Newcastle Remain A City," Mayor Crispo admits "*Without new taxes, we are not viable long-term.*" But he misinforms Newcastle citizens about the City's tax structure and strategic alternatives. Crispo notes that other cities have a variety of taxes--including a utility tax that Newcastle doesn't have--implying that new taxes can easily be imposed in Newcastle to cover forthcoming budget deficits. (The operating deficit in 2018 is likely to be well over \$1 million.)

The real issue, however, isn't the type or the number of taxes a city has, the real issues are: What is the total city tax burden on its residents? What level of services does the city provide? What level of services do the residents demand? And how much are residents willing to pay to live in a smaller city? We believe Newcastle residents are willing to accept a somewhat lower level of services, only if total city taxes do not exceed that of surrounding full service cities. Newcastle, after all, is a limited services city with very high property tax, much higher than Bellevue's. Our city taxes are currently comparable to Bellevue's, a city with much higher service levels.

Mayor Crispo is also uninformed about the City's strategic alternatives. Crispo's only alternative to having new taxes is to "*unincorporate and return to King County. Then we would be hit with all those new taxes.*" That alternative has never been proposed by anyone. Only one alternative has been proposed so far: The councils of Newcastle and Bellevue could approve a consolidation between Bellevue and

Newcastle that would give Newcastle comparable total taxes and obtain what Newcastle has long sought, a viable economic tax base to sustain the population in the future. There is a second alternative: dramatically reduce expenses in the City and live within our current revenues, but the present Council has little appetite for that solution.

Mayor Crispo also argues that since the City of Newcastle has been able to exist on its economic base for 22 years, it should be able to be able to do so in the future with new taxes. What he fails to discuss--and is well known to many--is that the City has lived off development fees and sales taxes from new construction for the past 22 years, but now most of the vacant land is gone and that game is over. As the *Newcastle News* in it's editorial pointedly states:

"Well, the time has come, Newcastle...City expenses are outpacing revenues and future budgets are seeing red. It's not a surprise to city leaders--at least it shouldn't be. This reality has been looming for a few years now as the pool of development revenue begins to evaporate."

The City is planning a retreat soon to discuss the City's strategic position and tax policy. Here's what they should discuss: Can Newcastle exist as a stand-alone City if our citizens are willing to accept limited services, and we can deliver those services at a tax cost less than the surrounding full-service cities? This will require the City to corral the runaway spending of the last few years and tighten its belt. As the editorial in the *Newcastle News* suggests, *"Newcastle needs to find a way to fix the coming deficits if it wants to remain a city--which is a separate but parallel conversation."* It's a parallel conversation that the City Manager and most councilmembers for years have refused to engage in. It's time for this conversation to begin.

Mayor Crispo was right to ask if Newcastle should remain a city, but to castigate citizens, who offer their opinions on the issue, is just plain wrong. We have worked hard to keep the discussion informed and factually accurate in our Guest Columns in

the *Newcastle News*, at council meetings, and on Nextdoor. The City should not only welcome public comment--and yes, criticism--but also encourage it. After all the City Council and the City Staff are servants of the public, not the other way around.

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