



CITY OF LAKE FOREST PARK

CITY COUNCIL

AGENDA COVER SHEET

Meeting Date	November 10, 2022
Originating Department	Finance Department
Contact Person	Lindsey Vaughn, Finance Director
Title	2023-2024 Biennial Budget and related items

Legislative History

- First Presentation - September 8, 2022 Mayor's Proposed 2023-2024 Biennial Budget
 - Second Presentation – October 27, 2022 Public Hearing
 - Third Presentation – November 10, 2022 Public Hearing
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Attachments:

1. Ordinance 1256 Adopting the 2023-2024 Biennial Budget and attachments
 2. Ordinance 1255 Adopting the 2023 Property Tax Levy
 3. Ordinance 1257 Adopting an updated Vehicle Licensing Fee
 4. Ordinance 1258 Imposing a 1/10th of One Percent Sales & Use Tax in the Transportation Benefit District
 5. Ordinance 1259 Creating Chapter 3.19 Sewer, Stormwater, and Surface Water utility tax
 6. Resolution 1864 Adopting the 2023 Surface Water Rate
 7. Resolution 1865 Adopting the 2023-2024 Sewer Rates
 8. Resolution 1866 Adopting the 2023 User Fees
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Executive Summary

The 2023-2024 budget is balanced through the use of approximately \$1.3M in one-time funds generated during the 2021-2022 biennium, as ongoing expenditures continue to outpace ongoing revenues. The Mayor's Proposed Budget has cautiously begun increasing the revenues from the sharp downturn related to the pandemic. Departments were instructed for this biennium to take a "zero-based" budget approach identifying the need for each budget line item and not relying on past history in building any particular budget. The 2023-2024 budget also includes a 1% property tax levy increase as allowed by law through the action of the City Council.

King County's sewer charges will be increased by 5.75%, which equals a \$2.84 monthly increase to City of Lake Forest Park residents that will have to be passed through as a rate increase. The rate increase will go into effect on January 1, 2023. The City has also included a rate increase of 6% based on a 2004 rate study that will go into effect on January 1, 2023. That will increase the sewer rate by \$0.61 per month. Both rate increases were included in the 2023-2024 biennial budget.

To address the ongoing maintenance and operations costs associated with the City's surface water infrastructure, the 2023-2024 budget includes a 10% increase to surface water rates which equals a \$1.87 monthly increase for City of Lake Forest Park residents.

Household Example: Utility Rate Increase

Lake Forest Park Residential Customer

Increase:

Monthly about **\$ 5.32**

Annually **\$ 63.79**

2023 Monthly:

Sewer Rate	\$72.88
Surface Water	<u>\$20.52</u>
Total	\$93.40

2022 Monthly:

Sewer Rate	\$69.43
Surface Water	<u>\$18.65</u> (rounded)
Total	\$88.08

2023 Annually:

Sewer Rate	\$ 874.56
Surface Water	<u>\$ 246.24</u>
Total	\$1,120.80

2022 Annually:

Sewer Rate	\$ 833.16
Surface Water	<u>\$ 223.85</u>
Total	\$1,057.01

New Revenue

After long and thoughtful consideration, the City Council has directed the administration to include the following new revenue sources to begin addressing the ongoing deficit between revenues and expenditures.

- Transportation Benefit District Vehicle Licensing Fee Increase - \$10.00 per vehicle
- Transportation Benefit District Sales Tax - 0.10% on purchases within the corporate limits of Lake Forest Park

- Sewer Utility Tax – 6%
- Surface Water Utility Tax – 6%

The example below represents the new (2023) annual cost to a residential customer of \$1,120.80 which is inclusive of the proposed rate increases to both utilities, the proposed utility taxes, and the increase in vehicle licensing fees, assuming 2 vehicles per household as compared to the 2022 annual cost of \$1,208.04, an annual increase of \$87.24, or roughly \$7.27 per month.

HOUSEHOLD EXAMPLE: NEW REVENUE

Lake Forest Park Residential Customer

2023 Annually:

2023 (w/rate increases)	\$1,120.80	
Vehicle Licensing Fee	\$ 20.00	(assuming 2 vehicles/household at \$10)
Sales Tax would vary per household		
Sewer Utility Tax 6%	\$ 52.47	(based on proposed 2023 annual sewer rate of \$874.56)
SW Utility Tax 6%	\$ 14.77	(based on proposed 2023 annual surface water rate of \$246.24)
Total	\$1,208.04	

Annual increase about \$ 87.24

Background

The City adopts a biennial budget every other year in even-numbered years. The budget process begins with the Mayor proposing a budget, followed by City Council deliberations on the Mayor's proposal and public hearings. The City Council can make any changes that it desires to the Mayor's proposal and when the City Council has a budget that it is satisfied with, then the City Council moves to adopt the budget. The budget ordinance will be the result of this process. The budget must be adopted by December 31 to ensure the continuity of city services.

The currently proposed budget will continue existing levels of service for all city services. The Mayor's Proposed 2023-2024 Biennial Budget and video recordings of the Budget and Finance Committee budget deliberations are all posted and available on the City's website.

Fiscal & Policy Implications

The proposed 2023-2024 budget ordinance will provide funding for city services through December 31, 2024. The proposed budget is balanced while using some one-time funds to supplement where ongoing revenues lag ongoing expenditures and maintains reserves in accordance with the City's adopted financial policy.

Staff Recommendation

Hold and close the public hearing on November 10, 2023, and November 17, 2022, for the 2023-2024 biennial budget and associated rates and taxes.