



# CITY OF LAKE FOREST PARK

## CITY COUNCIL

### AGENDA COVER SHEET

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<b>Meeting Date</b>	September 26, 2024
<b>Originating Department</b>	Executive
<b>Contact Person</b>	Phillip Hill, City Administrator
<b>Title</b>	Resolution 24-1971/Confirming the city's share of the 2025-2026 Regional Crisis Response Agency Budget

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#### Legislative History

- First Presentation – September 26, 2024
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#### Attachments:

1. Resolution 24-1971 – Confirming the city's share of the 2025/2026 RCR Budget
  2. RCR Memo identifying the city's share of the 2025/2026 RCR Budget
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#### Executive Summary

In Fall 2022, the city entered into an interlocal agreement with the cities of Kirkland, Bothell, Kenmore, and Shoreline to create the Regional Crisis Response Agency (RCR), providing a consolidated and standardized regional mobile crisis response to address immediate crisis response, de-escalation, resource referral, and follow-up tailored to the specific needs of those experiencing behavioral health challenges.

Pursuant to Section 12(b) of the RCR Agency Interlocal Agreement, notice has been provided advising the Principal Agencies of their required financial participation for the 2025/2026 biennium. In accordance with the RCR Agency Interlocal Agreement, each participating agency must provide confirmation of approval by their legislative authority of their respective shares of the budget, as evidenced by resolution or other appropriate method, to be received by the RCR Agency no later than December 1, 2024.

#### Background

At the formation of the agency, the city of Kirkland assumed a disproportionate share of the cost during the 2023/2024 biennium, resulting in a cost to the City of Lake Forest Park of \$183,804. The member agencies agreed at that time that in the following biennia, costs would be allocated to each city on a

pro-rata share. Cost estimates at that time identified a 2025/2026 cost to LFP of \$249,360. The executive board has approved the 2025-2026 draft preliminary budget, with a cost allocation to LFP of \$244,538. All executive board meeting materials and minutes related to the budget process can be found by clicking [here](#).

Following the first year of operations, the agency is in a good position financially. The executive board has established a 5% Operating Reserve, a 2.5% Contingency Reserve, an Equipment Replacement Reserve, and a Rate Stabilization Reserve. The Operating & Contingency (\$246K) and the Equipment Replacement Reserves (\$152K) are fully funded, with no projected use.

The Rate Stabilization Reserve currently stands \$800,000. Of that total, \$400,000 is allocated to revenues for use in the 2025-2026 Budget; \$400K remains in the reserve. The Rate Stabilization Reserve was established as part of the Agency’s reserve policies to identify, reserve, and accumulate unexpended resources for use in mitigating the impact of future rate increases (to participant contributions) and assisting with the transition to higher rates. The money in this fund reflects the savings to the agency between the principal’s contributions, unanticipated grant revenue and delayed expenditures in starting up the agency.

<b>REGIONAL CRISIS RESPONSE AGENCY LONG-RANGE PLANNING: 2023-2028 PROJECTED CHANGE IN FUND BALANCE</b>						
	2023 ACTUAL	2024 ESTIMATE	2025 PRELIM.	2026 PRELIM.	2027 FORECAST	2028 FORECAST
BEGINNING FUND OPERATING BALANCE	\$ -	\$ 849,660	\$ 1,021,482	\$ 942,304	\$ 902,493	\$ 424,944
OPERATING REVENUE - GRANTS	\$ 556,919	\$ 1,565,245	\$ 1,127,920	\$ 732,626	\$ 436,000	\$ 436,000
OPERATING REVENUE - PRINCIPAL AGENCIES	\$ 2,202,763	\$ 2,046,255	\$ 2,113,978	\$ 2,307,008	\$ 2,307,008	\$ 2,307,008
SUBTOTAL OPERATING REVENUE	\$ 2,759,682	\$ 3,611,500	\$ 3,241,898	\$ 3,039,634	\$ 2,743,008	\$ 2,743,008
OPERATING EXPENDITURES	\$ 1,910,022	\$ 2,639,678	\$ 3,459,363	\$ 3,279,445	\$ 3,401,846	\$ 3,528,930
CURRENT YR BALANCE	\$ 849,660	\$ 971,822	\$ (217,465)	\$ (239,811)	\$ (658,838)	\$ (785,922)
% CHG. IN PRINCIPAL AGENCY CONTRIBUTION		-7%	3%	9%	0%	0%
USE OF FUND BALANCE		\$ -	\$ 17,465	\$ 39,811	\$ 458,838	\$ 585,922
TRANSFER (TO)/FROM RATE STABILIZATION RESERVE		\$ (800,000)	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
TRANSFER (TO)/FROM OPR./CONT. RESERVE			\$ (61,713)	\$ -	\$ (18,711)	\$ -
TOTAL ENDING FUND OPERATING BALANCE	\$ 849,660	\$ 1,021,482	\$ 942,304	\$ 902,493	\$ 424,944	\$ (160,978)
CURRENT YEAR RESERVES						
OPERATING RESERVE	\$ 122,830	\$ -	\$ 41,142	\$ -	\$ 12,474	\$ -
CONTINGENCY RESERVE	\$ 61,415	\$ -	\$ 20,571	\$ -	\$ 6,237	\$ -
RATE STABILIZATION RESERVE	\$ -	\$ 800,000	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)
EQUIPMENT REPLACEMENT RESERVE	\$ 23,898	\$ 38,560	\$ 44,010	\$ 45,330	\$ 46,690	\$ 48,091
PRIOR YEAR RESERVES	\$ -	\$ 208,143	\$ 1,046,703	\$ 952,426	\$ 797,756	\$ 663,158
SUBTOTAL CUMULATIVE RESERVES	\$ 208,143	\$ 1,046,703	\$ 952,426	\$ 797,756	\$ 663,158	\$ 511,248
TOTAL ENDING FUND BALANCE AND RESERVES	\$ 1,057,803	\$ 2,068,185	\$ 1,894,730	\$ 1,700,249	\$ 1,088,102	\$ 350,270

### Fiscal & Policy Implications

American Rescue Plan Act (ARPA) lost revenue funds were identified by the Administration and approved by Council for the 2023-2024 principal agency contribution. The Administration recommends Council utilize ARPA lost revenue funds the city continues to hold in reserves to fund the 2025-2026 principal agency contribution.

**Staff Recommendation**

Provide questions and any requests for additional information to be reported back to council at the October 10, 2024 regular city council meeting.