CITY OF LAKE FOREST PARK
CITY COUNCIL
AGENDA COVER SHEET

Meeting Date	November 12, 2026
Originating Department	Finance Department
Contact Person	Leslie Peterson, Finance Director
Title	2027-2028 Biennial Budget and related items

Legislative History

- September 10, 2026 – 2027-2032 Capital Improvement Plan
- September 17, 2026 – 2027-2028 Projected Revenues
- September 24, 2026 – Mayor's Preliminary 2027-2028 Biennial Budget
- October 22, 2026 – Public Hearing on the 2027-2028 Biennial Budget, 2027 Property Tax Levy, 2027 General Taxes
- November 12, 2026

Attachments:

1. Ordinance 26-1325/Adopting the 2027-2028 Biennial Budget and attachments
2. Ordinance 26-1320/Adopting the 2027 Property Tax Levy
3. Ordinance 26-1321/Adopting the 2027 General Taxes
4. Resolution 26-2103/Adopting the 2027 Sewer Rate
5. Resolution 26-2104/Adopting the 2027 Surface Water Rate

Executive Summary

The Mayor's Preliminary 2027-2028 Biennial Budget is balanced as required by law. Balancing the 2027-2028 biennial budget has only been possible through proposed increases to certain utility rates, the use of unallocated fund balance, and utilization of the 2026 anticipated ending fund balance, also

commonly referred to as the City's unallocated ending fund balance.

In the previous biennial budgeting process, the City Council took commendable steps to close the gap between general fund expenditures and revenues. The Council's approval of a forward-thinking investment policy has also resulted in additional interest income across all funds. Regrettably, all that good and difficult work was quickly negated by inflation, significant increases in jail and dispatch expenditures, and increases in necessary consultant services.

The City is proposing to use $4.5 million in unallocated fund balance in the general fund, and forecast projections show future year expenditures drastically outpacing revenues, as we have been discussing for over five years. The City Council has begun exploring potential new sources of revenue due to the limitations of the 1% cap on property tax revenues which will generate $21,751 in new revenue for 2027.

Property Tax Increase for 2027:

The preliminary budget does include increasing the allowable levy limit by the1% which equates to $21,751 for 2027. Although the City approves a biennial budget the property taxes must be approved by Council on an annual basis.

See the table below for the financial makeup to match the ordinances presented in the packet.

2026 Regular Property Tax Levy	$3,564,937
Limit Factor 1%	$35,649
Subtotal	**$3,600,586**
New Construction	$7,918
Re-levy prior year refunds	$9,819
Subtotal	**$3,618,323**
New Levy	*$950,819*
Estimated 2027 Property Tax Levy	**$4,569,142**

Sewer Rate Increases 2027

King County's sewer charges will be increased by 12.75% in 2027, which equals a $7.99 monthly increase in 2027 to the 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, 2027, as stated in Resolution 26-2103.

The City has also included a rate increase of 5% for 2027 based on a 2004 rate study that will go into effect on January 1, 2027. That will increase the sewer rate by $1.18 per month for 2027. Both rate increases, totaling $9.17 for 2027, are included in the 2027-2028 biennial budget. Sewer utility rate increases are also shown on the 2027 User Fee Schedule.

See the sewer rate increases in the table below:

Sewer Monthly Service

Monthly Residential Rates	**2024**	**2025**	**2026**	**2027**
King County	55.11	58.28	62.66	70.65
City	21.39	22.46	23.58	24.76
Monthly	$ 76.50	$ 80.74	$ 86.24	$ 95.41
Monthly Increase:	$ 3.62	$ 4.24	$ 5.50	$ 9.17
Total Increase:	5.0%	5.5%	6.8%	10.6%
County Portion	5.75%	5.75%	7.50%	12.75%
City Portion	3.0%	5.0%	5.0%	5.0%

Commercial & Multi-Family

Sewer Monthly Service

Commercial & Multi-Family	**2024**	**2025**	**2026**	**2027**
King County	$ 6.95	$ 7.35	$ 7.90	$ 8.91
City	$ 4.33	$ 4.55	$ 4.77	$ 5.01
	11.28	11.90	$ 12.68	$ 13.92
	$ 0.50	$ 0.62	$ 0.78	$ 1.25
	4.7%	5.5%	6.5%	9.8%

Surface Water Rate Increases 2027 and 2028

To address the ongoing maintenance and operations costs associated with the City's surface water infrastructure, the 2027-2028 budget includes a 10% increase in surface water rate, which equals a $2.99 monthly increase in 2027 and a $3.28 increase for Lake Forest Park residents in 2028. A portion of this increase is dedicated to an NPDES Project Manager position that is being funded due to increasing federal stormwater requirements and operational demands.

The table below shows the annual amount that will be charged for Surface Water on homeowner's property tax bill within City limits. Surface Water utility rate increases are shown on the 2027 User Fee Schedule.

Surface Water				
class	class description	type	2027 Rate	2028 Rate
1	single family residential	house	$ 394.03	$ 433.43
		mobile home	$ 394.03	$ 433.43
2	very light (0-10 IA)	commercial unit	$ 394.03	$ 433.43
3	light (10-20% IA)	commercial unit	$ 947.10	$ 1,041.81
4	moderate (20-45% IA)	commercial unit	$ 1,904.78	$ 2,095.26
		condo unit	$ 1,904.78	$ 2,095.26
5	moderately heavy (45-65%	commercial unit	$ 3,678.15	$ 4,045.96
		condo unit	$ 3,678.15	$ 4,045.96
6	heavy (65-85% IA)	commercial unit	$ 4,663.30	$ 5,129.63
		condo unit	$ 4,663.30	$ 5,129.63
7	very heavy (85-100% IA)	commercial unit	$ 6,108.32	$ 6,719.15
		condo unit	$ 6,108.32	$ 6,719.15

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 Preliminary 2027-2028 Biennial Budget and video recordings of the Budget and Finance Committee budget deliberations are all posted and available on the City's website and YouTube channel.

Fiscal & Policy Implications

The proposed 2027-2028 budget ordinance will provide funding for city services through December 31, 2028. The proposed budget is balanced using an unallocated ending fund balance to supplement where ongoing revenues lag ongoing expenditures and maintain reserves in accordance with the City's adopted financial policy.

Staff Recommendation

Adopt Ordinance 26-1325/Adopting the 2027-2028 Biennial Budget and attachments

Adopt Ordinance 26-1320/Adopting the 2027 Property Tax Levy

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Adopt Resolution 26-2103/Adopting the 2027 Sewer Rate

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